

Britain's economy shrinks by fifth

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● BoE expects UK economy to contract by 9.5 pc for 2020

AFP News



While shoppers have since returned to shops, lockdowns sent Britain's economic output crashing by just over a fifth in the April through June period

Britain's economy shrank by a fifth in the second quarter, higher than any European neighbour, as the coronavirus pandemic slammed businesses and plunged the country into a record recession. "It is clear that the UK is in the largest recession on record," the Office for National Statistics said after gross domestic product (GDP) contracted by 20.4 per cent in April-June.

Britain's recession -- its first since 2009 amid the global fi-

financial crisis -- was confirmed after two quarterly contractions in a row.

GDP shrank 2.2 per cent in the first three months of this year.

The statistics office said that the contraction for the first six months of 2020 "was slightly below the 22.7 pc seen in Spain but was more than double the 10.6 pc fall in United States GDP over this period".

But Britain's second-quarter contraction beat Spain's GDP of

minus 18.5 pct.

The Office for National Statistics (ONS) said Britain's dire second quarter was driven by a 20-pc drop in output in April, "the biggest monthly fall on record reflecting widespread... declines in output across the services, production, and construction industries".

'Hard times'

Finance minister Rishi Sunak said the data "confirm

that hard times are here". He added: "Hundreds of thousands of people have already lost their jobs, and sadly in the coming months many more will."

Chancellor of the Exchequer Sunak plans to end in October the government's furlough scheme that is paying up to 80 pc of wages for nearly ten million workers.

Rebound begins

While officially in recession, the UK economy is beginning to rebound as the government eases strict restrictions.

GDP output growth was 8.7 pct in June as the economy slowly emerged from its lockdown implemented in late March, the ONS said.

That helped the pound to steady on Wednesday, while London's stock market was up 0.9 pc in mid-morning deals.

Rising unemployment

To help the economy recover, the Bank of England (BoE) is

7.5pc

The BoE expects the unemployment rate to shoot to around 7.5 pc by the end of the year from 3.9 pc currently.

pumping out hundreds of billions of pounds in cash stimulus and has slashed its main interest rate to a record-low 0.1 pc.

ONS data released Monday showed that around 730,000 workers have been removed from the payrolls of British companies since March.

The BoE expects the unemployment rate to shoot to around 7.5 pc by the end of the year from 3.9 pc currently.

And it forecasts that the UK economy will have contracted by 9.5 pc for the whole of 2020.

The BoE estimates that UK gross domestic product will rebound in 2021 by nine pc.

OPEC trims 2020 oil demand

Reuters | London

OPEC yesterday said world oil demand will fall more steeply in 2020 due to the coronavirus pandemic and said next year's recovery faces large uncertainties pointing to growing headwinds for the group.

World oil demand will fall by 9.06 million barrels per day (bpd) this year, the Organisation of the Petroleum Exporting Countries said in a monthly report, more than the 8.95 m bpd decline expected a month ago.

"Crude and product price developments in the second half of 2020 will continue to be impacted by concerns over a second wave of infections and higher global stocks," OPEC said in the report.

OPEC stuck to its forecast that in 2021 oil demand would rebound by 7 m bpd but said the view was subject to large uncertainties that may result in "a negative impact on petroleum consumption".



United Gulf Investment Corporation BSC

Condensed interim consolidated statement of financial position as at 30 June 2020 (Unaudited) (Expressed in Bahrain Dinars)

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	34,050,319	35,293,094
Investment in an associate	994,690	929,983
Right-of-use asset	394,018	422,406
	<u>35,439,027</u>	<u>36,645,483</u>
Current assets		
Financial assets at fair value through profit or loss	256,000	256,000
Inventories	23,142,462	18,653,121
Trade and other receivables	7,240,745	6,745,497
Mudaraba deposits	1,945,819	1,903,323
Cash and bank balances	6,206,533	4,429,240
	<u>38,791,559</u>	<u>31,987,181</u>
Total assets	<u>74,230,586</u>	<u>68,632,664</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	20,000,000	20,000,000
Statutory reserve	2,853,603	2,853,603
Share premium	116,328	116,328
Other reserves	2,147,681	2,113,464
Equity attributable to shareholders of the parent company	25,117,612	25,083,395
Non-controlling interest	5,898,455	5,894,950
	<u>31,016,067</u>	<u>30,978,345</u>
Non-current liabilities		
Non-current portion of term loans	22,708,727	24,622,745
Non-current portion of lease liabilities	390,165	447,638
Employees' terminal benefits	666,372	655,624
	<u>23,765,264</u>	<u>25,726,007</u>
Current liabilities		
Current portion of term loans	12,674,181	7,127,183
Current portion of lease liabilities	321,738	236,675
Trade and other payables	6,453,336	4,564,454
	<u>19,449,255</u>	<u>11,928,312</u>
Total equity and liabilities	<u>74,230,586</u>	<u>68,632,664</u>

Condensed interim consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020 (Unaudited) (Expressed in Bahrain Dinars)

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)	Three months ended 30 June 2020 (Unaudited)	Three months ended 30 June 2019 (Unaudited)
Sales	13,929,874	16,587,439	7,630,154	8,726,168
Cost of sales	(12,876,777)	(17,603,212)	(6,763,715)	(9,274,730)
Gross profit/(loss)	1,053,097	(1,015,773)	866,439	(548,562)
Other income	25,232	129,946	2,011	89,112
	<u>1,078,329</u>	<u>(885,827)</u>	<u>868,450</u>	<u>(459,450)</u>
Expenses				
Indirect expenses	(718,147)	(792,975)	(336,722)	(318,496)
Finance costs	(165,485)	(166,855)	(84,676)	(99,245)
	<u>(883,632)</u>	<u>(959,830)</u>	<u>(421,398)</u>	<u>(417,741)</u>
Net profit/(loss) for the period before tax and share of profit from investment in an associate	194,697	(1,845,657)	447,052	(877,191)
Share of profit from investment in associate	64,707	54,085	12,929	25,384
Net profit/(loss) for the period before tax	259,404	(1,791,572)	459,981	(851,807)
Provision for Zakat	(221,682)	(123,943)	(115,632)	(42,925)
Net profit/(loss) and other comprehensive income/(loss) for the period	<u>37,722</u>	<u>(1,915,515)</u>	<u>344,349</u>	<u>(894,732)</u>
Net profit/(loss) attributable to:				
Shareholders of the Company	34,217	(1,471,765)	265,010	(685,214)
Non-controlling interest	3,505	(443,750)	79,339	(209,518)
	<u>37,722</u>	<u>(1,915,515)</u>	<u>344,349</u>	<u>(894,732)</u>
Basic and diluted earnings per share	<u>0.17 fils</u>	<u>(7.36 fils)</u>	<u>1.33 fils</u>	<u>(3.43 fils)</u>
Total comprehensive income/(loss) attributable to:				
Shareholders of the Company	34,217	(1,471,765)	265,010	(685,214)
Non-controlling interest	3,505	(443,750)	79,339	(209,518)
	<u>37,722</u>	<u>(1,915,515)</u>	<u>344,349</u>	<u>(894,732)</u>

Condensed interim consolidated statement of cash flows for the six months ended 30 June 2020 (Unaudited) (Expressed in Bahrain Dinars)

	Six months ended 30 June 2020 (Unaudited)	Six months ended 30 June 2019 (Unaudited)
Operating activities		
Net profit/(loss) for the period	37,722	(1,915,515)
Adjustments for:		
Depreciation	1,244,610	1,077,126
Amortisation of right-of-use asset	28,388	28,387
Share of profit from investment in an associate	(64,707)	(54,085)
Bank interest income	(25,156)	(40,834)
Finance costs	165,485	166,855
Changes in operating assets and liabilities:		
Inventories	(4,489,341)	(4,665,600)
Trade and other receivables	(495,248)	(1,382,180)
Trade and other payables	1,888,882	1,034,581
Employees' terminal benefits, net	10,748	33,576
Net cash used in operating activities	<u>(1,698,617)</u>	<u>(5,717,689)</u>
Investing activities		
Purchase of property, plant and equipment	(1,835)	(14,443)
Net movement in Mudaraba deposits	(42,496)	1,884,626
Bank interest income received	25,156	40,834
Net cash (used in)/provided by investing activities	<u>(19,175)</u>	<u>1,911,017</u>
Financing activities		
Finance costs paid	(137,895)	(136,819)
Proceeds from term loans	4,504,593	3,802,800
Repayment of term loans	(871,613)	(3,269,098)
Net cash provided by financing activities	<u>3,495,085</u>	<u>396,883</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,777,293</u>	<u>(3,409,789)</u>
Cash and cash equivalents, beginning of the period	4,429,240	10,418,816
Cash and cash equivalents, end of the period	<u>6,206,533</u>	<u>7,009,027</u>

Condensed interim consolidated statement of changes in shareholders' equity for the six months ended 30 June 2020 (Unaudited) (Expressed in Bahrain Dinars)

	Equity attributable to shareholders of the Parent Company						Non-controlling interest	Total
	Share capital	Statutory reserve	Share premium	Revaluation reserve	Other reserves Retained earnings/(accumulated losses)	Total		
At 1 January 2019 (Audited)	20,000,000	2,853,603	116,328	4,329,043	2,122,311	29,421,285	7,238,898	36,660,183
Total comprehensive loss for the period	-	-	-	-	(1,471,765)	(1,471,765)	(443,750)	(1,915,515)
At 30 June 2019 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	650,546	27,949,520	6,795,148	34,744,668
At 31 December 2019 (Audited)	20,000,000	2,853,603	116,328	4,329,043	(2,215,579)	25,083,395	5,894,950	30,978,345
Total comprehensive profit for the period	-	-	-	-	34,217	34,217	3,505	37,722
At 30 June 2020 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(2,181,362)	25,117,612	5,898,455	31,016,067

The consolidated financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:

Rashed Abdulla Al Suwaiket Hajri
Chairman

Abdulla Fahad Al-Subaie
Vice - Chairman