

# Half Year Report 2014

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Company Announcement No. 8/2014

27 August 2014

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UNITED INTERNATIONAL ENTERPRISES LIMITED

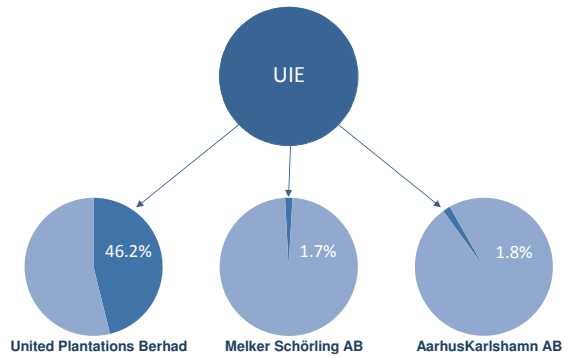


## United International Enterprises Limited in Brief

United International Enterprises Limited ("UIE") is a holding company which primarily invests in companies in the agro-industrial sector. UIE exercises long-term and active ownership via involvement at board level and via close dialogue with the management regarding operational and strategic issues.

Our current portfolio is built around the world of vegetable oils and is primarily involved in the first and second phases of the vegetable oil value chain.

Our portfolio mainly consists of the following three companies at 30 June 2014:



## Measurement of Performance

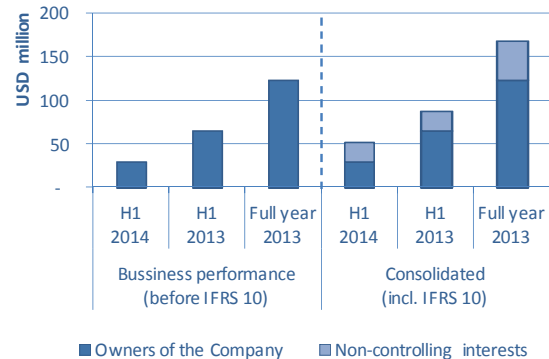
According to International Financial Reporting Standards, as adopted by the EU, UIE must account for United Plantations Berhad ("UP") as a subsidiary and thus, UP is fully consolidated in the financial statements. However, as UIE is a holding company, the Board is of the view that the best measurement of performance of the investments in UP is to equity account, as has been the case up to the end of 2013.

Therefore, the investment in UP is measured by UIE's share of UP's net profit, whilst the other investments (primarily Melker Schörling AB ("MSAB") and AAK AB ("AAK")) are measured on the basis of changes in fair value in the internal reporting and the reporting to shareholders (referred to as Business Reporting).

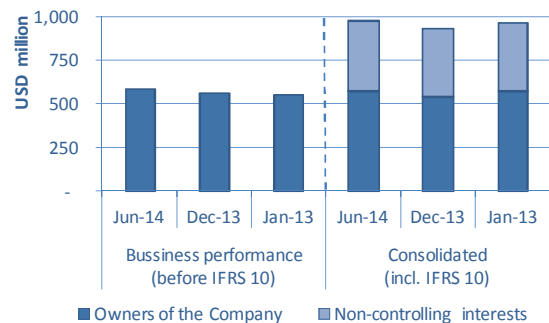
As shown in the graph, the net profit in the Business Reporting is, in all material aspects, equal to the amount attributable to the owner of the Company in the Consolidated Financial Statements.

In relation to the UIE's shareholders' portion of equity, the net impact is USD 16.1 million negative at 30 June 2014.

### Net Profit



### Shareholders' Equity





## Highlights – Business Performance



Net profit in the first half of 2014 amounted to USD 28.7 million and included a contribution from UP of USD 18.9 million as well as an increase in the fair value of the investments in MSAB and AAK of USD 10.7 million (including dividends received and a realised gain on AAK shares sold).

The share buy-back programme, announced in the Third Quarter Report 2013, was completed during the first quarter of 2014 with an additional 59,799 treasury shares being acquired for an aggregate consideration of USD 12.1 million.

A special interim dividend of USD 4.00 per share will be paid on 3 October 2014 in recognition of the interim extraordinary special dividend, which UP declared in their Half Year Interim Report 2014.

## UIE's Investment Portfolio

### UP

Net profit in the first half of 2014 was MYR 135 million (USD 41 million); an increase of 11% compared to the first half of 2013.

Profit before tax increased by 12% in the plantation division, which is UP's main activity. The rise was mainly due to higher production of both crude palm oil ("CPO") and palm kernels ("PK"), which increased by 9% and 1% respectively as well as significant higher selling price of PK as a consequence of the improvement in the global vegetable oil prices.

### AAK

Net profit amounted to SEK 363 million (USD 55 million) in the first half of 2014; an increase of 17% relative to the first half of 2013.

Record high operating profit (EBIT) of SEK 559 million (USD 85 million), which is equivalent to a 15% increase compared to the first half of 2013. The increase is primarily due to a significant improvement in the Chocolate & Confectionary Fats division and the continued strong performance in the Food Ingredients division.

The fair value of UIE's investment in AAK (including realised gain on shares sold) increased by USD 2.8 million during the first half of 2014 (USD 3.4 million including dividend received from AAK).

### MSAB

Net profit in the first half of 2014 was SEK 3,922 million (USD 599 million), which substantially relates to a change in the fair value of the company's portfolio of investments plus dividend income from these companies.

Net asset value per share increased from SEK 296 at the end of 2013 to SEK 327 per share at the end of June 2014 representing an increase of 10%.

During the first half of 2014, the fair value of UIE's investment in MSAB increased by 7%, or USD 6.9 million (USD 7.3 million including dividend received from MSAB).



## Directors' Report

### Changes in Accounting Policies

IFRS 10 Consolidated Financial Statements, as adopted by the EU, became effective on 1 January 2014, from which date the accounting standard was adopted by UIE. Even though UIE holds less than 50% of UP's voting rights, de facto control exists as defined under IFRS 10. Therefore, UIE is required to account for UP as a subsidiary rather than as an associate, which had been the accounting treatment up to 31 December 2013.

With effect from 1 January 2014, UP's result is consolidated in UIE's financial statements. The Board of UIE, however, is of the view that the best measurement of the performance of UIE's investment in UP as a holding company and not an operational company is to equity account (monitor UIE's share of UP's net profit), as had been the case up to the end of 2013. Accordingly, this measurement is retained in the internal reporting as well as in the reporting to shareholders (referred to as Business Reporting in the Directors' Report in the quarterly statements).

The other investments (primarily AAK and MSAB) are measured by changes in their fair value(s), as in 2013.

The difference between the Business Reporting in the Directors' Report and the consolidated financial statements is specified in the segment note on page 21. As shown in the graphs on page 2, the net profit in the Business Reporting is substantially equal to the amount attributable to the owners of the Company in the consolidated financial statements.

The only difference is that UP's net assets, recognised in UIE's consolidated statement of financial position, include fair value adjustments related to the retrospective acquisition accounting of UP, which is deemed to have taken place in 2003.

Based upon current exchange rates, the annual post tax amortisation of these fair value adjustments is estimated to be less than USD 1 million for the foreseeable future.

The net impact on equity attributable to the shareholders of UIE is USD 16.1 million negative at 30 June 2014. Despite the positive fair value adjustments included in UP's net assets in UIE's consolidated statement of financial position, there is a net reduction in equity which mainly arises from acquisitions of UP shares at fair value after 2003. The excess fair value compared to the carrying amount of net assets is accounted for as a reduction of retained earnings.

### UIE's Investment Portfolio

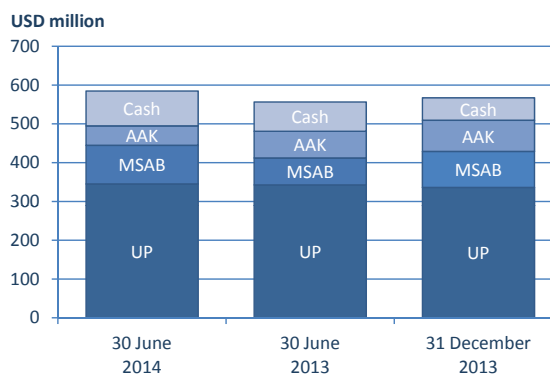
There were only minor changes to UIE's investment portfolio in the first half of 2014.

During this period, the equity interest in AAK was slightly reduced following the sale of 503,726 AAK shares for a consideration of SEK 215.3 million (USD 32.9 million). In addition, AAK issued 532,000 new shares in connection with its incentive programme for senior executives and key employees. As a consequence, UIE's ownership in AAK was reduced from 3.1% to 1.8%.

Besides the purchase of 59,799 treasury shares in the first quarter of 2014, no new acquisitions were undertaken by UIE during the first half of 2014.

At 30 June 2014, the investment portfolio accounted for 84% of UIE's total assets (based on Business Reporting), and the remaining assets for the most part comprises cash reserves. As shown in the graph below, UP is by far UIE's largest investment and accounts for 70% (using the equity method of accounting), whereas MSAB and AAK (using fair value accounting) account for 20% and 10% respectively of the total investment portfolio.

Total Assets in UIE



### Future Investments

UIE's Board is currently reviewing the possibility of broadening the Company's investment portfolio. UIE is a long-term investor focusing on value creation, and the Board will assess thoroughly potential acquisitions that align with the Company's investment criteria. Emphasis will primarily be based on investments within the agro-industrial sector.

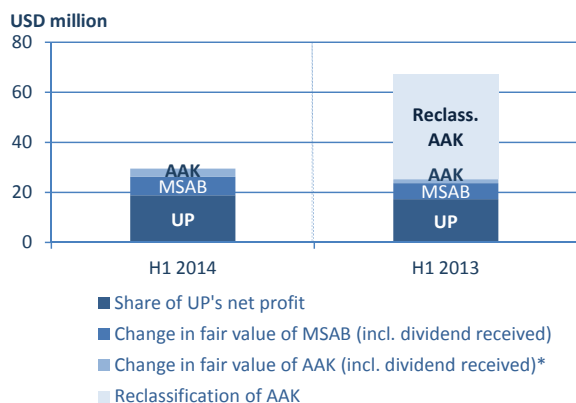


## Financial Review – Business Reporting

### Business Performance Review

Income for the first half of 2014 totalled USD 30.2 million and comprised, primarily, the items shown in the graph below:

#### Income in UIE



\* H1 2014: Include realised gain on sale of 503,726 AAK shares sold.  
 H1 2013: Include the contribution from AAK of USD 0.8 million in first quarter 2013 when AAK was classified as an associated company.

UIE's profit before tax in the first half of 2014 amounted to USD 28.7 million, a decrease of 57% or USD 37.6 million compared to the first half of 2013.

When comparing the results for the two periods under review, it should be noted that the profit before tax in the first half of 2013 was positively affected by USD 43.8 million as the investment in AAK was reclassified to an investment at fair value in May 2013. Excluding this reclassification of AAK, UIE's profit before tax in the first half of 2014 was USD 6.2 million or 27% higher compared to the first half of 2013.

### Business Performance

USD '000	Q1 2014	Q2 2014	H1 2014	Q1 2013	Q2 2013	H1 2013
Share of UP's net profit	12,294	6,576	18,870	9,643	8,482	18,125
Change in fair value of MSAB	10,980	(4,114)	6,866	16,420	(10,414)	6,006
Change in fair value of AAK <sup>1</sup>	1,805	994	2,799	801	(1,946)	(1,145)
Reclassification of UIE's investment in AAK to fair value	-	-	-	-	43,759	43,759
Dividend income (MSAB & AAK)	-	1,042	1,042	-	1,159	1,159
Other	29	114	143	226	75	301
<b>Total operating income</b>	<b>25,108</b>	<b>4,612</b>	<b>29,720</b>	<b>27,090</b>	<b>41,115</b>	<b>68,205</b>
Administrative expenses	(744)	(757)	(1,501)	(750)	(869)	(1,619)
Net foreign exchange	614	(127)	487	(50)	(245)	(295)
<b>Profit before tax</b>	<b>24,978</b>	<b>3,728</b>	<b>28,706</b>	<b>26,290</b>	<b>40,001</b>	<b>66,291</b>

1) H1 2014: Include realised gain on sale of 503,726 AAK shares sold.

H1 2013: Include the contribution from AAK of USD 0.8 million in first quarter 2013 when AAK was classified as an associated company.



#### Share Price Development - MSAB



#### UP

The contribution from UP of USD 18.9 million in the first half of 2014 corresponded to an increase of USD 0.7 million or 4% compared to the first half of 2013.

The increase reflected a rise of 11% in UP's net profit in the first half of 2014 due to a higher production of CPO and PK as well as significant higher selling prices of PK.

UIE's contribution from UP was diluted by the Malaysian currency, which is UP's reporting currency, weakening relative to the USD during the periods under review.

#### MSAB

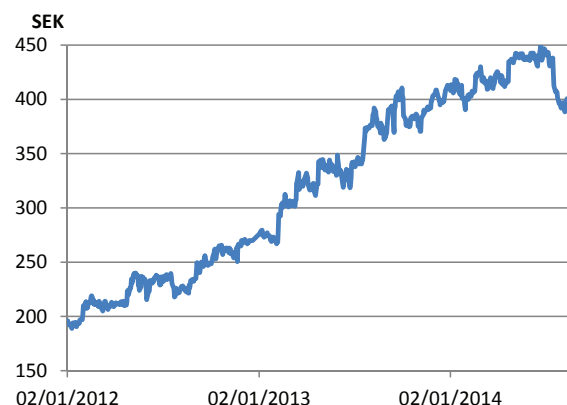
UIE's investment in MSAB is accounted for at fair value with movements being recognised in the income statement.

The share price of MSAB increased from SEK 304.71 at 31 December 2013 to SEK 339.48 at 30 June 2014, representing an increase of 11% (during the same period the NASDAQ OMX Stockholm All-Share PI index increased by 6%). At the end of 2013, MSAB was trading at a premium of 3% to the net asset value per share compared to a premium of 4% at 30 June 2014.

The fair value (in USD) of UIE's investment in MSAB increased by 7% or USD 6.9 million during the first half of 2014 compared to an increase of USD 6.0 million in the equivalent period last year. As the SEK was diluted relative to the USD in the period under review, the fair value (in USD) did not increase to the same extent as the increase in MSAB's share price.

During the first half of 2014, UIE received a dividend of USD 0.5 million from MSAB compared to USD 0.4 million received in the first half of 2013.

#### Share Price Development - AAK



#### AAK

UIE's investment in AAK is also accounted for at fair value with any movement in the fair value being recognised in the income statement.

The share price of AAK increased from SEK 411.33 at 31 December 2013 to SEK 443.35 at 30 June 2014, representing an increase of 8% (during the same period, the NASDAQ OMX Stockholm All-Share PI index increased by 6%).

The fair value of UIE's investment in AAK increased by USD 2.8 million or 3% during the first half of 2014 and included a realised gain on the 503,726 AAK shares sold during the first half of 2014 at an average share price slightly below the share price at 30 June 2014. As the SEK was diluted relative to the USD in the period under review, the fair value (in USD) did not increase to the same extent as the increase in AAK's share price.

During the first half of 2014, UIE received a dividend of USD 0.6 million from AAK. Even though AAK paid a higher dividend per share in May 2014 compared to May 2013, the total dividend to UIE decreased due to a lower equity interest in AAK as well as the weakening of the SEK.

In May 2013, when AAK was reclassified to an investment accounted for at fair value, the market value of UIE's investment in AAK was USD 43.8 million higher than the carrying value at 31 March 2013, and this difference is included in UIE's income statement for the second quarter of 2013.

The performance within UP, MSAB and AAK is reported in the sections "UP Segment", "Melker Schöring AB" and "AAK AB" on pages 9-13.



### Other Income and Administration Costs

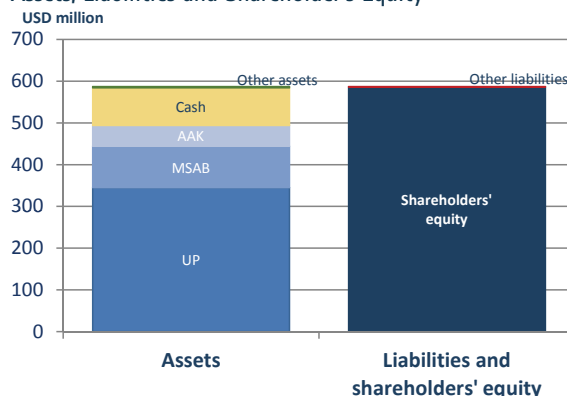
A small proportion of UIE's cash reserve is invested in a portfolio of equities as well as in trading of soft commodities. The net effect of these activities produced a small gain during the period under review.

In the first half of 2014, general and administrative expenses totalled USD 1.5 million, which is in line with the amount incurred in the first half of 2013.

### Financial Position

The development in the value of UIE's investment in UP, MSAB and AAK is shown in the table below. The total value of the investments decreased by USD 14.3 million, despite the increase in the equity value of UP and the positive fair value change of both MSAB and AAK as a consequence of the sale of 503,726 AAK shares in the period under review.

### Assets, Liabilities and Shareholder's Equity



Shareholders' equity increased from USD 568.4 million at 31 December 2013 to USD 586.1 million at 30 June 2014. The increase comprised the net profit of USD 28.7 million and other reserves of USD 8.4 million (primarily a positive equity adjustment on foreign currency translation arising from the conversion of UIE's interests in UP into USD), as well as the acquisition of treasury shares amounting to USD 12.1 million and dividend payment of USD 7.3 million.

### Value of UIE's Investments

USD '000	UP	MSAB	AAK	Total
Balance at 1 January 2014	336,275	92,610	80,227	509,112
Change in fair value	-	6,866	2,799	9,665
Proceeds from sale	-	-	(32,897)	(32,897)
Equity in earnings	18,870	-	-	18,870
Equity adjustment on foreign currency translation	8,771	-	-	8,771
Dividends received	(18,730)	-	-	(18,730)
Total at 30 June 2014	345,186	99,476	50,129	494,791



## Share Buy-Back Programmes

The share buy-back programme, announced in the Third Quarter Report 2013, was completed during the first quarter of 2014 with an additional 59,799 treasury shares being acquired (equivalent to 1.4% of the issued share capital) for an aggregate consideration of USD 12.1 million.

Based on the authorisation given at the Annual General Meeting in June 2014, the Board of Directors decided in July 2014 to initiate a new buy-back programme with the intention of purchasing up to 2% of UIE's share capital so long as the shares continue to be traded at a material holding discount.

UIE will not acquire shares in the periods where UIE would be considered an insider as well as during the three weeks immediately preceding the announcement of interim and annual reports. The purchase price must not deviate more than 10% from the price quoted on NASDAQ OMX Copenhagen A/S at the time of acquisition.

Under this new share buy-back programme, the Company has during July and the first week of August 2014 acquired 36,650 treasury shares (equivalent to 0.9% of the issued share capital) for a consideration of USD 7.7 million.

The total current holding of treasury shares amounts to 695,075 shares, corresponding to 16.2% of UIE's issued share capital.

## Special Interim Dividend

The Board of the Company has resolved to declare a special interim dividend of 40% (or USD 4.00 per share) in recognition of the interim extraordinary special dividend that UP announced in its Half Year Interim Report 2014.

UP has decided to declare the extraordinary special dividend due to its strong balance sheet and substantial cash position. Furthermore, the extraordinary special dividend will not compromise the future growth possibilities of the company. Despite payment of the extraordinary dividend, UP will maintain a strong balance sheet and cash position, which will ensure that the company is able to fully fund its operations as well as to sustain and improve the high standards of its operations. In addition, UP will have the capability to strategically and prudently invest in order to grow its business and take advantage of opportunities, regardless of market conditions.

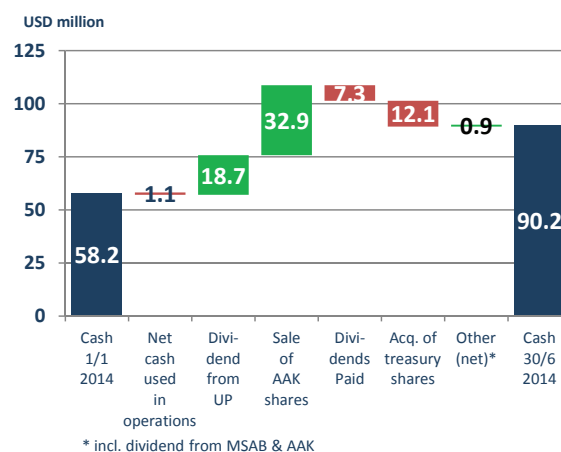
Payment of the special interim dividend will take place on 3 October 2014 to shareholders on the register 2 October 2014 (Ex. dividend date is 30 September 2014).

UIE paid a special interim dividend in December 2012 and 2013. However, in relation to the (announced) special interim dividend to be paid in October, shareholders should not expect another dividend payment in December 2014. In addition, the Board would like to focus on paying future dividends annually, namely in connection with the Annual General Meeting.

## Cash Flow

Total net cash reserves in UIE increased from USD 58.2 million at 31 December 2013 to USD 90.2 million at 30 June 2014, an increase of USD 32.0 million. As shown in the graph below, the increase primarily reflects the net effect of the consideration of USD 32.9 million received from the sale of AAK shares and dividend received from UP, MSAB and AAK of USD 19.8 million in total, less the funds used to acquire treasury shares of USD 12.1 million and dividend payment of USD 7.3 million.

### Development in Cash Flow







## UP Segment

UP's principal business activity is the cultivation and processing of palm oil and coconuts in a sustainable manner in Malaysia and Indonesia. Globally, UP is one of the most efficiently managed, eco-friendly and innovative plantation companies and it is recognised for its good agricultural practices and high quality standards.

## Key Financial Figures

### Business Performance in First Half Year 2014

'000	UP	UP	Fair	UP
	figures in MYR	figures in USD	value adjust- ments USD	IFRS figures USD
Revenue	508,839	155,696	-	155,696
Other income	7,045	2,122	-	2,122
Operating expenses	(356,515)	(109,919)	(284)	(110,203)
Financial items (net)	13,245	4,810	-	4,810
Share of results of equity-accounted investments	50	15	-	15
Profit before tax	172,664	52,724	(284)	52,440
Tax	(38,116)	(11,653)	242	(11,411)
Profit after tax	134,548	41,071	(42)	41,029

In the following section, the explanation of the development within UP is based on the figures reported in MYR, which is UP's functional currency. The UP figures in the table above have been converted to USD, and these are used in the financial reporting for UIE.

The fair value adjustments figures (in USD) relate to the amortisation of the fair value adjustment of UP's net assets as part of the acquisition accounting in 2003. The fair value adjustments are explained in note 3 on page 24.

## Business Performance Review

In the first half of 2014, UP reported a net profit of MYR 135 million (USD 41 million), which was 11% (converted to USD 5%) above the MYR 122 million (USD 39 million) reported in the first half of 2013.

### The Plantation Operations

Plantation operations (UP's main activity) recorded a profit before tax of MYR 159 million, reflecting an increase of 12% compared to the MYR 142 million reported in the first half of 2013. The increase is a result of higher production of CPO and PK, which increased by 9% and 1% respectively coupled with significant better selling prices for PK, which increased by 53% in the first half of 2014 due to the improvement in global vegetable oil prices.

The Average Selling Prices of CPO and PK Achieved for the Periods under Review were as follows:

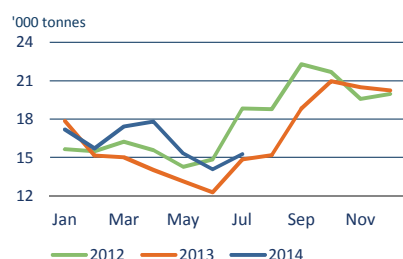
Country	Product	June	June	Change
		2014	2013	
		MYR/ tonnes	MYR/ tonnes	%
Malaysia	CPO	<b>2,508</b>	2,644	(5%)
Indonesia	CPO	<b>2,416</b>	2,060	17%
Average	CPO	<b>2,486</b>	2,524	(2%)
Malaysia	PK	<b>1,768</b>	1,187	49%
Indonesia	PK	<b>1,528</b>	813	88%
Average	PK	<b>1,722</b>	1,123	53%

The difference between CPO and PK prices in Malaysia and Indonesia is the result of variations in the respective duty structures of CPO, PK and the refined products in the two countries.

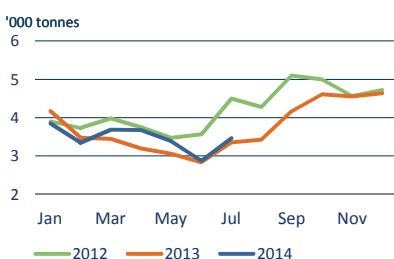
The CPO windfall tax amounted to MYR 1.2 million in the first half of 2014. No charge arose in the first half of 2013, as the monthly average CPO price was below the windfall gains tax threshold price of MYR 2,500 per tonne.



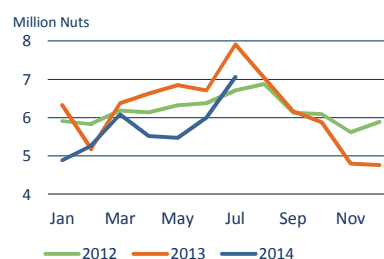
#### CPO Production



#### PK Production



#### Coconut Production



In the first half of 2014, interest income decreased by 1% relative to the corresponding period in 2013 due to a higher amount of deposits placed under tax-advanced income trust funds which yielded a lower return before tax than conventional fixed deposits.

#### The Refinery Operations

Profit before tax in the refinery operations (Unitata) decreased by 14% relative to the first half of 2013. This was mainly because of a 16% drop in sales.

#### Others

Since the beginning of the year, the Indonesian currency has appreciated against the MYR leading to an unrealised foreign exchange gain arising on loans to Indonesian subsidiaries of MYR 3 million in the first half of 2014 compared to MYR 2 million in the first half of 2013.

Along with production volumes, UP's profitability is highly dependent upon palm oil prices which can fluctuate significantly. During 2013, CPO traded in a range between MYR 2,200 – 2,500 per tonne. In March 2014, the CPO price increased to MYR 2,900, but it has since decreased considerably. The current CPO spot price is approximately MYR 2,000 per tonne.

It is the policy of UP to hedge a proportion of future production revenues, thus mitigating the impact of spot price volatility in the short term.

#### Financial Position and Cash Flow

At 30 June 2014, UP's total current assets amounted to MYR 1,039 million (31 December 2013: MYR 1,049 million), of which cash at bank amounted to MYR 774 million (31 December 2013: MYR 779 million).

Net change in cash and cash equivalents amounted to MYR 4 million negative in the first half of 2014 (the first half of 2013: MYR 47 million positive) and comprises ordinary cash flow from operations less dividends paid and regular maintenance investments.

#### Business Performance per Activity for the First Half of 2014:

MYR million	Plantations	Refining	Other segments	Elimination	Total
<b>Revenue</b>					
External sales	200	308	1	-	509
Inter-segment sales	114	-	-	(114)	-
	314	308	1	(114)	509
<b>Profit before tax</b>					
	159	13	1	-	173



## Melker Schörling AB

MSAB is a holding company focusing upon long-term industrial development. MSAB's current portfolio primarily consists of investment in six publicly listed companies, holding over 10% of the voting rights. Aside from supporting its existing investments, MSAB intends to make new investments in listed as well as unlisted companies offering significant development potential.

### MSAB's six largest investments:

HEXAGON is a leading global supplier of design, measurement and visualisation technologies. The company's customers can design, measure and position objects as well as process and present data to stay one step ahead of a changing world.

AAK is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterised by a high level of technological content and innovation. AAK's solutions are used as substitutes for butter-fat and cocoa butter, trans-free and low saturated solutions but also addressing other needs of their customers.

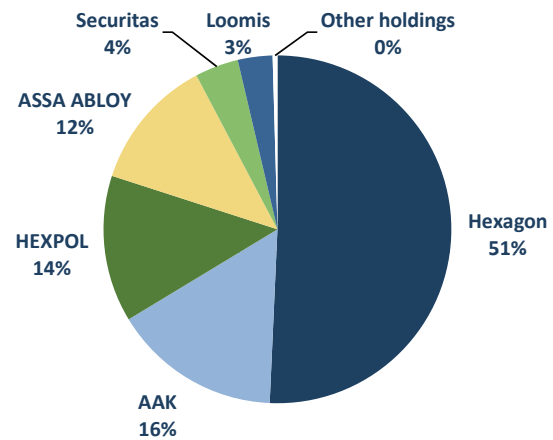
HEXPOL is a world-leading polymer group with strong global positions in advanced polymer compounds, gaskets for plate heat exchangers and wheels made of plastic and rubber materials for truck and castor wheel applications.

ASSA ABLOY is the world's leading lock group and offers a more complete product range for lock and door solutions than any other company on the market, including access control, identification technology, entrance automation and hotel security.

SECURITAS is a global knowledge leader in security. They provide a broad range of services of specialised guarding, technology solutions and consulting and investigations that are suited to the individual customer's needs.

LOOMIS offers safe and effective comprehensive solutions for the distribution, handling and recycling of cash for banks, retailers and other commercial companies via an international network consisting of almost 400 branch offices in 16 countries.

Share of Total Assets at 30 June 2014



### Financial Highlights

MSAB's net profit was SEK 3,922 million (USD 599 million) in the first half of 2014, which fundamentally reflects the change in fair value of the company's portfolio of investments and dividend income.

The net asset value is MSAB's most significant key indicator, since it reflects the value of MSAB's assets which consist of the underlying share portfolio at fair value less the company's net debt.

At 30 June 2014, the market value of MSAB's portfolio amounted to SEK 40,130 million (USD 5,973 million) and as the net debt amounted to SEK 1,214 million, the net asset value amounted to SEK 38,916 million (USD 5,792 million) compared to SEK 35,262 million (USD 5,444 million) at the end of 2013.

Net asset value per share increased from SEK 296 at the end of 2013 to SEK 327 per share at 30 June 2014, representing an increase of 10% (during the same period the NASDAQ OMX Stockholm All-Share PI index increased by 6%).

During the first half of 2014, the portfolio companies have furtherly improved their competitiveness through a combination of investments of new products/services, improved productivity and completion of strategic acquisitions. The weighted average organic growth in MSAB's portfolio companies was 4% (the first half of 2013: 3%) and in addition, certain portfolio companies completed acquisitions during the same period. The weighted average growth in operating profit (EBIT) in the portfolio companies was 9% (the first half of 2013: 8%).

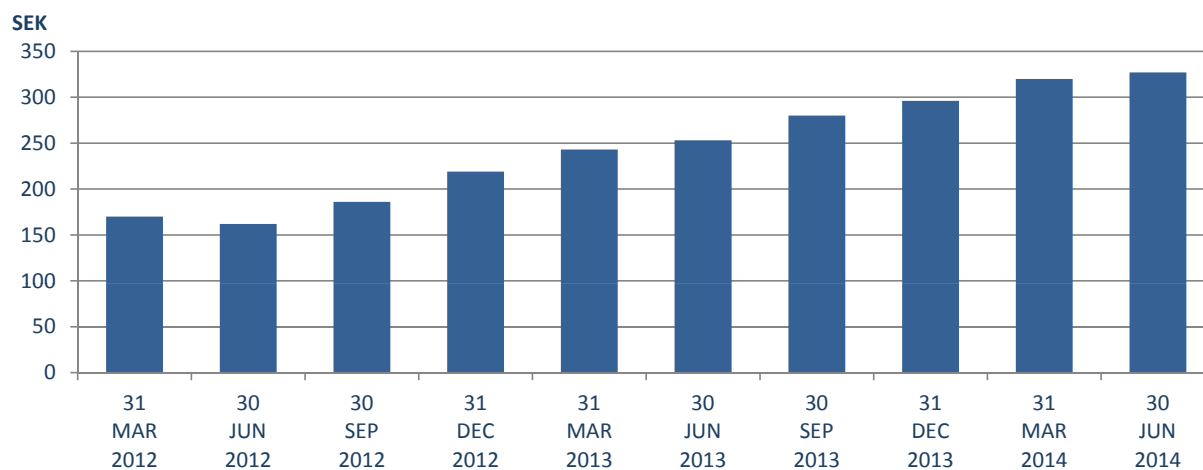
Net interest-bearing debt amounted to SEK 1,193 million at 30 June 2014.



### MSAB Holding and Net Asset Value

	30 June 2014			31 December 2013		
	No. of shares	Fair value SEK/share	SEK million	No. of shares	Fair value SEK/share	SEK million
Hexagon	94,461,582	215.40	20,347	94,461,582	203.30	19,204
AAK	14,053,800	446.30	6,272	14,318,350	411.00	5,885
HEXPOL	9,040,277	605.50	5,474	9,040,277	480.00	4,339
ASSA ABLOY	14,532,216	340.00	4,941	14,472,216	339.80	4,918
Securitas	20,501,500	79.25	1,625	20,501,500	68.30	1,400
Loomis	6,300,300	204.50	1,288	6,300,300	152.00	958
Other			183			239
<b>Total</b>			<b>40,130</b>			<b>36,943</b>
Net debt			(1,214)			(1,681)
Net asset value			<b>38,916</b>			<b>35,262</b>
No. of shares			<b>119,097,595</b>			<b>119,097,595</b>
Net asset value per share (SEK)			<b>327</b>			<b>296</b>

### Development in Net Asset Value





## AAK AB

AAK is one of the world's leading manufacturers of high value-added speciality vegetable oils and fats. AAK refines a variety of vegetable oils for specialised products used in many different business areas, including chocolate and confectionery, bakery, food service, baby foods, technical products, feed and cosmetics

### Financial Highlights

In the first half of 2014, AAK reported a record high operating profit (EBIT) of SEK 559 million (USD 85 million), an improvement of 15% compared to the operating profit of SEK 486 million (USD 75 million) reported in the first half of 2013. The improvement was mainly driven by a significant improvement in the Chocolate & Confectionery Fats division and continued strong performance in the Food Ingredients division.

AAK reported a net profit of SEK 363 million (USD 55 million) in the first half of 2014, an increase of 17% compared to the SEK 311 million (USD 48 million) achieved in the first half of 2013.

### Food Ingredients

The Food Ingredients division reported an operating profit of SEK 372 million in first half of 2014 (the first half of 2013: SEK 342 million), an increase of 9%. Total volumes increased by 1% relative to the first half of 2013 which comprise increasing volumes for speciality and semi-speciality products offset by lower commodity volumes. Operating profit per kilo increased by 7% compared to the first half of 2013, which was due to the favourable product mix.

### Chocolate & Confectionery Fats

Operating profit in the Chocolate & Confectionery Fats division was SEK 207 million in the first half of 2014, an increase of 39%. Volumes increased by 7% and operating profit per kilo increased by 29% as a result of double digit growth in speciality products supported by the dramatic increase in cocoa butter prices during the same period.

### Technical Products & Feed

The Technical Products & Feed division reported an operating profit of SEK 53 million in the first half of 2014, an increase of 8%. Volumes increased by 4%, mainly driven by the Feed and Binol businesses, and operating profit per kilo increased by 3%.

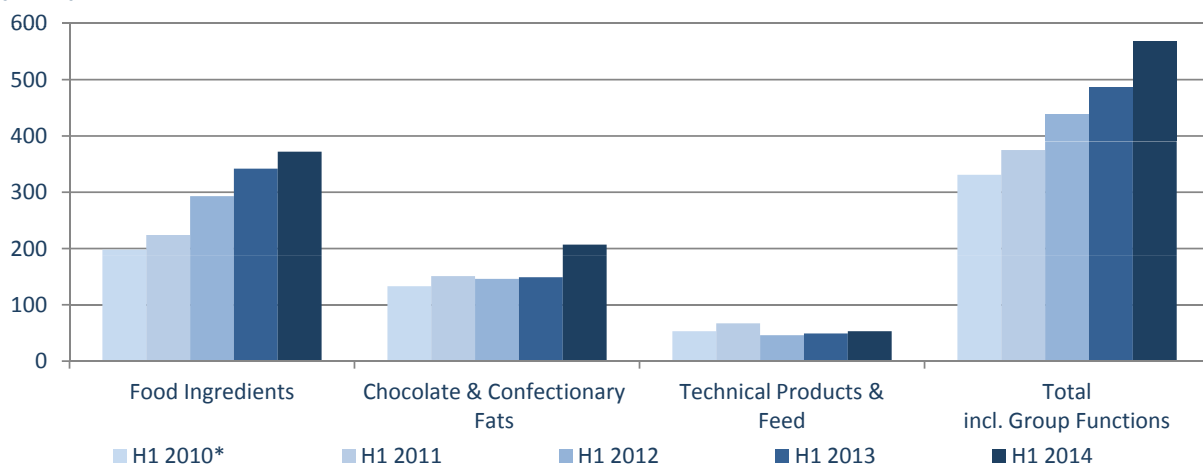
### Return on Capital Employed ("ROCE") and Net Interest-Bearing Debt

ROCE, calculated on a rolling 12 months basis, was 16.8% at 30 June 2014 compared to 16.4% at 31 December 2013.

Net interest-bearing debt amounted to SEK 2,482 million at 30 June 2014 (SEK 2,255 million at 31 December 2013). The equity/asset ratio amounted to 44% (43% at 31 December 2013).

### Divisional Operating Profit (EBIT), Excluding Non-Recurring Items

SEK million



\* Excl. IAS 39 adjustment



## Risk Factors

There have been no changes to the risk factors which UIE is exposed to. Reference is made to Directors' Report in UIE's Annual Report 2013 page 38 and Note 12 on pages 72-74.

## Events after the Reporting Date

Beside the acquisition of 36,650 treasury shares described on page 8, UIE acquired 260,000 shares in UP in July 2014 for the consideration of USD 2.2 million, and therefore UIE's holding in UP increased from 46.16% to 46.29%

## Financial Calendar 2014

26 November 2014 - Third Quarter Report 2014

## Outlook

The outlook for UIE remains substantially dependent upon the performance of UP, which does not release a formal profit estimate. In addition, the contributions from MSAB and AAK are determined by the development in their fair values, which are substantially a reflection of the performance of the respective share prices during the relevant period under review. Given these factors, it is not possible to provide shareholders with more than a very general outlook statement.

UP continues to replant a large proportion of its old oil palm areas in Malaysia in 2014. The Indonesian operations are all in production, thus compensating for the lower crop from the replanted areas in Malaysia.

The US and South America soybean crop production and ending stocks are expected to increase during 2014 and 2015 due to an increase in supply, which has already resulted in pressure on vegetable oil prices. Favourable weather conditions in the US and South America continue to depress prices further. In addition, increased demand for soy meal has also resulted in higher quantities of soya oil being available.

Palm oil stocks in Malaysia and Indonesia were higher than expected in June 2014 as the supply of palm oil and palm kernel oil from increased mature oil palm plantations, notably in Indonesia, entered the market. This, coupled with the lower than expected domestic usage of biodiesel in Indonesia and a recent decline in Chinese import of CPO, have further pressured the current price levels of CPO, which have dropped more than MYR 700 from the price levels at the beginning of the year; reaching a 4 year low. Nevertheless, the dry weather in Malaysia and parts of Indonesia has softened the bearishness stemming from the above factors.

In view of the above and given the current prices of palm oil and palm kernels prevailing in the market, prospects are slightly more challenging. Nevertheless, with the prices contracted under UP's forward sales policy and with its Indonesian production compensating for the drop from the replanted areas in Malaysia, UP expects that the results for 2014 will be quite satisfactory.

In recent weeks, global equity markets have been negatively affected by the turbulence in the Middle East and Ukraine. In addition, the slower than anticipated recovery of the global economy has also recently affected global equity markets negatively. If the current prices of AAK and MSAB were to remain stable during the second half of 2014, the fair value adjustment recognised in UIE's income statement for the second half of 2014 will be negative. It should also be noted that UIE's net profit in 2013 included USD 43.8 million from the reclassification of AAK from an associated company to an investment accounted for at fair value.

Based on the above, the Board is of the view that UIE's net profit attributable to equity holders of the Company for 2014 will be significantly lower than in 2013.



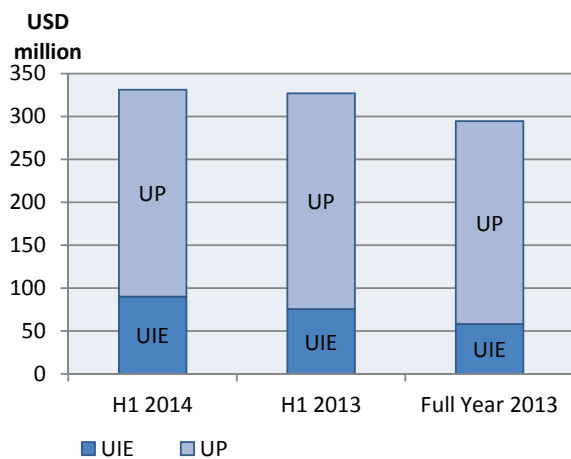
## Key Figures – UIE Consolidated Financial Statements

USD '000	Q2 2014	Q2 2013	H1 2014	H1 2013	Full Year 2013
Revenue	<b>76,475</b>	77,983	<b>155,696</b>	147,811	300,209
Profit before tax	<b>16,457</b>	55,891	<b>62,276</b>	99,527	195,143
Net Profit	<b>11,442</b>	49,985	<b>50,865</b>	87,634	168,008
Current assets	<b>416,020</b>	385,991	<b>416,020</b>	385,991	378,765
Hereof cash <sup>1</sup>	<b>331,328</b>	326,922	<b>331,328</b>	326,922	294,612
Non-current assets	<b>622,860</b>	618,354	<b>622,860</b>	618,354	628,810
Total assets	<b>1,038,880</b>	1,004,345	<b>1,038,880</b>	1,004,345	1,007,575
Total liabilities	<b>77,908</b>	74,984	<b>77,908</b>	74,984	73,987
Total equity	<b>960,972</b>	929,361	<b>960,972</b>	929,361	933,588
Equity attributable to owners of the Company	<b>569,922</b>	542,630	<b>569,922</b>	542,630	552,673
Non-controlling interests	<b>391,050</b>	386,731	<b>391,050</b>	386,731	380,915
Return on equity <sup>2</sup> (%)	<b>n/a</b>	n/a	<b>21.41</b>	48.81	90.70
Solvency ratio (%)	<b>92.50</b>	92.53	<b>92.50</b>	92.53	92.66

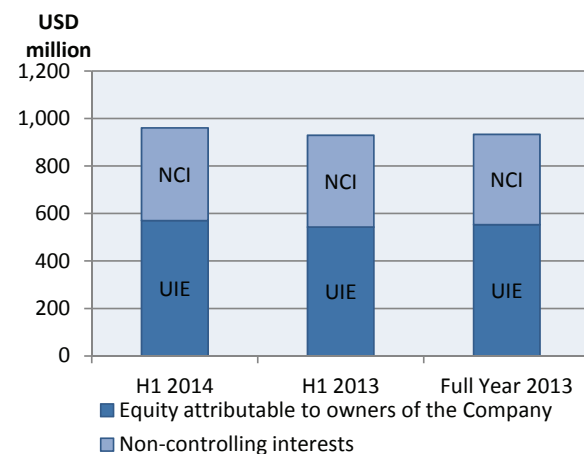
1) Cash & short term deposits

2) Annualised

### Cash & Short Term Deposits



### Equity Attributable to Owners of the Company versus Non-controlling Interests





## Share Based Key Figures

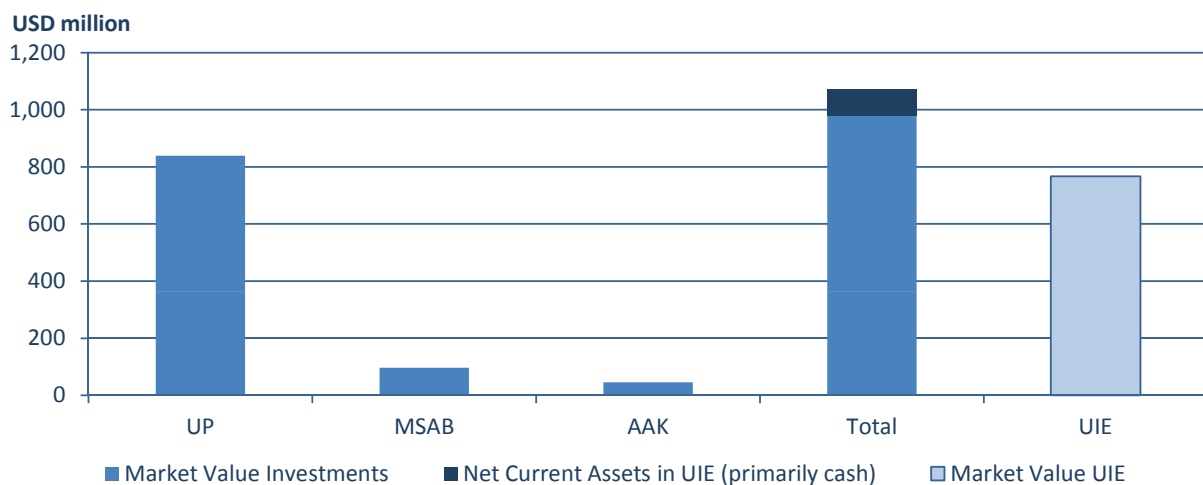
	Q2 2014	Q2 2013	H1 2014	H1 2013	Full Year 2013
Earnings per share (USD)	1.01	10.45	7.85	16.98	32.53
Earnings per share (DKK)	5.48	60.05	42.68	96.60	182.57
Share Price, end of period (USD)	208.05	175.15	208.05	175.15	208.03
Share Price, end of period (DKK) <sup>1</sup>	1,135.75	998.76	1,135.75	998.76	1,125.99

1) Average rate on balance sheet date.

### UIE - Share Price Development



### Market Value of Portfolio Investments & Cash versus UIE Market Value at 30 June 2014







## Consolidated Income Statement for the Period Ended 30 June 2014

(The figures have not been audited)

USD'000	Q2 2014	Q2 2013	H1 2014	H1 2013	Full Year 2013
Revenue	<b>76,475</b>	77,983	<b>155,696</b>	147,811	300,209
Operating expenses	<b>(52,195)</b>	(61,649)	<b>(111,627)</b>	(108,730)	(208,984)
Other income	<b>(3,558)</b>	5,047	<b>2,125</b>	6,593	4,175
Profit from operations before financial items	<b>20,722</b>	21,381	<b>46,194</b>	45,674	95,400
Net fair value change MSAB & AAK	<b>(3,120)</b>	31,399	<b>9,665</b>	47,819	88,373
Dividend income MSAB & AAK	<b>1,042</b>	1,159	<b>1,042</b>	1,159	1,159
Net fair value change trading assets	<b>91</b>	(75)	<b>63</b>	(18)	1,307
Finance income	<b>1,884</b>	2,373	<b>5,302</b>	4,532	8,963
Finance costs	<b>(4,173)</b>	(258)	<b>(5)</b>	(310)	(624)
Share of results of associated company <sup>1</sup>	-	-	-	801	565
Share of results of jointly controlled entity	<b>11</b>	(88)	<b>15</b>	(130)	-
Profit before tax	<b>16,457</b>	55,891	<b>62,276</b>	99,527	195,143
Tax	<b>(5,015)</b>	(5,906)	<b>(11,411)</b>	(11,893)	(27,135)
Profit for the period	<b>11,442</b>	49,985	<b>50,865</b>	87,634	168,008
Earnings per share (USD)	<b>1.01</b>	10.45	<b>7.85</b>	16.98	32.53
<b>Profits attributable to</b>					
Owners of the Company	<b>3,674</b>	40,033	<b>28,640</b>	66,288	124,311
Non-controlling interests	<b>7,768</b>	9,952	<b>22,225</b>	21,346	43,697
	<b>11,442</b>	49,985	<b>50,865</b>	87,634	168,008
<b>Other comprehensive income</b>					
Profit for the period	<b>11,442</b>	49,985	<b>50,865</b>	87,634	168,008
Items that are or may be reclassified to profit or loss					
Equity adjustment on					
foreign currency translation, net of tax	<b>9,978</b>	(12,363)	<b>17,732</b>	(22,900)	(54,968)
Cash flow hedges,					
net change in fair value, net of tax	-	92	-	133	133
	<b>9,978</b>	(12,271)	<b>17,732</b>	(22,767)	(54,835)
Other comprehensive income	<b>9,978</b>	(12,271)	<b>17,732</b>	(22,767)	(54,835)
Total comprehensive income	<b>21,420</b>	37,714	<b>68,597</b>	64,867	113,173
<b>Total comprehensive income attributable to</b>					
Owners of the Company	<b>8,291</b>	34,439	<b>36,657</b>	55,484	98,484
Non-controlling interests	<b>13,129</b>	3,275	<b>31,940</b>	9,383	14,689
	<b>21,420</b>	37,714	<b>68,597</b>	64,867	113,173

1) For the full year 2013 this includes equity in net income of associated company and loss on acquisition of treasury shares acquired by UP.



**Consolidated Statement of Financial Position for the Period Ended 30 June 2014**  
(The figures have not been audited)

USD'000	30 June 2014	31 December 2013	1 January 2013
<b>Assets</b>			
Current assets:			
Inventories	33,841	43,042	58,388
Cash & short term deposits	331,328	294,612	357,383
Trade and other receivables	47,059	38,424	34,339
Trading assets	2,009	1,716	1,398
Current tax asset	1,783	971	65
<b>Total current assets</b>	<b>416,020</b>	<b>378,765</b>	<b>451,573</b>
Non-current assets:			
Goodwill	7,096	7,096	7,096
Biological assets	129,578	122,713	133,235
Property, plant and equipment	318,018	311,528	333,666
Land use rights	9,964	9,442	11,131
Associated company	-	-	28,011
Investment in equities	149,605	172,837	63,418
Other financial assets	8,599	5,194	2,106
<b>Total non-current assets</b>	<b>622,860</b>	<b>628,810</b>	<b>578,663</b>
<b>Total assets</b>	<b>1,038,880</b>	<b>1,007,575</b>	<b>1,030,236</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Current tax liability	7,309	5,289	9,166
Trade and other payables	22,620	22,542	26,432
Other current liabilities	487	1,567	5,203
<b>Total current liabilities</b>	<b>30,416</b>	<b>29,398</b>	<b>40,801</b>
Non-current liabilities:			
<b>Total non-current liabilities</b>	<b>47,492</b>	<b>44,589</b>	<b>45,314</b>
Share capital	43,000	43,000	43,000
Reserves	526,922	509,673	500,754
<b>Equity attributable to owners of the Company</b>	<b>569,922</b>	<b>552,673</b>	<b>543,754</b>
Non-controlling interests	391,050	380,915	400,367
<b>Total equity</b>	<b>960,972</b>	<b>933,588</b>	<b>944,121</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,038,880</b>	<b>1,007,575</b>	<b>1,030,236</b>



## Consolidated Statement of Changes in Equity for the Period Ended 30 June 2014

(The figures have not been audited)

USD '000	Share capital	Share premium	Treasury shares	Other Reserves	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2014	43,000	11,076	(77,146)	5,422	570,321	552,673	380,915	933,588
Profit for the period	-	-	-	-	28,640	28,640	22,225	50,865
Other comprehensive income	-	-	-	8,017	-	8,017	9,715	17,732
Total comprehensive income for the year	-	-	-	8,017	28,640	36,657	31,940	68,597
<b>Transactions with the owners of the Company</b>								
Treasury shares purchased	-	-	(12,124)	-	-	(12,124)	-	(12,124)
Dividends	-	-	-	-	(7,284)	(7,284)	(21,805)	(29,089)
Total contribution and distributions	-	-	(12,124)	-	(7,284)	(19,408)	(21,805)	(41,213)
Total transactions with owners of the company	-	-	(12,124)	8,017	21,356	17,249	10,135	27,384
<b>At 30 June 2014</b>	<b>43,000</b>	<b>11,076</b>	<b>(89,270)</b>	<b>13,439</b>	<b>591,677</b>	<b>569,922</b>	<b>391,050</b>	<b>960,972</b>

USD '000	Share capital	Share premium	Treasury shares	Other Reserves	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2013	43,000	11,076	(19,459)	31,041	478,097	543,755	400,367	944,122
Profit for the period	-	-	-	-	66,288	66,288	21,346	87,634
Other comprehensive income	-	-	-	(10,804)	-	(10,804)	(11,963)	(22,767)
Total comprehensive income for the year	-	-	-	(10,804)	66,288	55,484	9,383	64,867
<b>Transactions with the owners of the Company</b>								
Treasury shares purchased	-	-	(49,025)	-	-	(49,025)	-	(49,025)
Dividends	-	-	-	-	(7,669)	(7,669)	(18,707)	(26,376)
Total contribution and distributions	-	-	(49,025)	-	(7,669)	(56,694)	(18,707)	(75,401)
Total transactions with owners of the company	-	-	(49,025)	(10,804)	58,619	(1,210)	(9,324)	(10,534)
30 June 2013	43,000	11,076	(68,484)	20,237	536,716	542,545	391,043	933,588



## Consolidated Statement of Cash Flows for the Period Ended 30 June 2014

(The figures have not been audited)

USD'000	H1 2014	H1 2013	Full Year 2013
<b>Cash flows from operating activities</b>			
Receipts from customers	139,152	155,660	304,825
Payments to suppliers	-	-	(99,900)
Payments of operating expenses	(83,325)	(79,663)	(79,547)
Payments of taxes	(8,833)	(12,092)	(28,709)
Other receipts	1,294	3,926	-
Net cash generated from operating activities	48,288	67,831	96,669
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	237	98	1,460
Interest income	4,157	4,361	9,128
Dividend income	1,067	1,184	1,187
Proceeds from sale of investment	34,561	925	8,747
Purchase of investments	(1,895)	(928)	(2,653)
Purchase of own shares	(12,124)	(49,025)	(60,417)
Dividend received from a subsidiary company	-	-	-
Pre-cropping expenditure incurred	(6,803)	(6,329)	(13,428)
Purchase of property, plant and equipment	(6,441)	(9,054)	(19,573)
Land use rights payment made	(265)	(247)	(540)
Investment in jointly controlled entity	(1,408)	(1,359)	(2,134)
Grant received from Government	-	-	99
Net cash used in investing activities	11,086	(60,374)	(78,124)
<b>Cash flows from financing activities</b>			
Interest paid	(7)	(15)	(12)
Dividends paid	(29,089)	(29,889)	(62,937)
Associated company balances	-	-	(2)
Net cash used in financing activities	(29,096)	(29,904)	(62,951)
Net increase in cash and cash equivalents	30,278	(22,447)	(44,406)
Cash and cash equivalents at the beginning of year	294,522	357,357	357,357
Foreign exchange movement	6,525	(8,036)	(18,339)
Cash and cash equivalents at end of period	331,325	326,874	294,612
Deposits with licensed banks	32,137	70,452	41,833
Cash at banks and on hand	299,191	256,470	252,779
Bank overdrafts	(3)	(48)	-
	331,325	326,874	294,612

Cash and cash equivalents comprise cash at bank and short-term deposits.



## Note 1 – Segmentation

The segment reporting includes the following two segments:

**UIE:** a holding company which primarily invests in companies in the agro-industrial sector. UIE exercises long-term and active ownership via involvement at board level and via close dialogue with the management about operational and strategic issues. Its current portfolio is built around the world of vegetable oils and is primarily involved in the first and second phases of the vegetable oil value chain.

In the UIE segment, the investment in UP is measured by UIE's share of UP's net profit (equity accounting), and the other investments are measured by changes in the fair value of the investments.

**UP:** a company incorporated in Malaysia and its shares are publicly traded on Bursa Malaysia. Its primary business activity is cultivation and processing of oil palms and coconuts on plantations in Malaysia as well as palm oil cultivation and processing in Indonesia and the manufacturing and processing of oils and fats in Malaysia.

In the UP segment, the results, assets and liabilities are based on translations of UP's reported figures from Malaysian Ringgit to USD.

### Difference between Business Reporting and Consolidated Financial Statements

Both of the segments exclude the fair value adjustments of UP's assets, related to the retrospective acquisition accounting of UP in 2003, which are recognised in UIE's consolidated statement of financial position. The impact on equity and net profit is further explained in note 3.

#### First Half Year 2014

USD '000	UIE	UP	Total	Fair value adjustments	Eliminations	UIE Consolidated
Revenue	-	155,696	155,696	-	-	155,696
Other income	143	2,122	2,265	-	(77)	2,188
Changes in fair value of investment in equities	9,665	-	9,665	-	-	9,665
Dividend income	1,042	-	1,042	-	-	1,042
Operating expenses	(1,501)	(109,919)	(111,420)	(284)	77	(111,627)
Finance income	487	4,810	5,297	-	-	5,297
Share of results of equity-accounted investments	18,870	15	18,885	-	(18,870)	15
Profit before tax	28,706	52,724	81,430	(284)	(18,870)	62,276
Tax	-	(11,653)	(11,653)	242	-	(11,411)
Profit after tax	28,706	41,071	69,777	(42)	(18,870)	50,865
<b>Profits attributable to</b>						
Owners of the Company	28,706	40,777	69,483	(21,972)	(18,870)	28,641
Non-controlling interests	-	294	294	21,930	-	22,224
Total	28,706	41,071	69,777	(42)	(18,870)	50,865
Current assets	92,489	323,603	416,092	-	(72)	416,020
Non-current assets	494,836	425,265	920,101	40,849	(338,090)	622,860
Total assets	587,325	748,868	1,336,193	40,849	(338,162)	1,038,880
Current liabilities	1,254	29,234	30,488	-	(72)	30,416
Non-current liabilities	-	35,746	35,746	11,746	-	47,492
Equity attributable to owners of UIE	586,071	683,333	1,269,404	13,435	(712,917)	569,922
Non-controlling interest	-	555	555	15,668	374,827	391,050
Total shareholders' equity	586,071	683,888	1,269,959	29,103	(338,090)	960,972
Total liabilities and shareholders' equity	587,325	748,868	1,336,193	40,849	(338,162)	1,038,880



## Note 2 – Accounting Policies

UIE's interim report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements regarding interim reporting for listed companies. The accounting policies applied in these financial statements are the same as those applied in UIE's consolidated financial statements 2013, except as described below.

It should be noted that UIE should apply IAS 41 in the case of UP's biological assets. This accounting standard applies to biological assets, which are required to be accounted for in a manner reflecting changes in their fair value, such as UP's operations in Malaysia and Indonesia. UP reports in accordance with the applicable Financial Reporting Standards in Malaysia. These standards do not require an entity to account for biological assets and agricultural produce in accordance with IFRS.

However, UP has (in Note 10a in its Annual Report 2013) presented the financial effect on its financial statements if biological assets had been measured at fair value in accordance with IAS 41 Agriculture. The effect on UIE's financial statements is shown in UIE's Annual Report 2013, under Note 5 (page 66-67). The impact on net profit in 2013 would be USD 3.7 million, and the impact on equity representing exchange differences of USD 4.8 million negative would be included in equity adjustment on foreign currency translation. At the end of June 2014, UP's Directors reassessed the assumptions upon which the valuation is based, and are of the opinion that these have not changed significantly. Therefore, there is no significant variation in the fair value from the valuation made at 31 December 2013.

UP's Directors will continue to review these key assumptions every quarter. However, the valuation will only be updated at year end, or earlier if any of these assumptions change significantly, resulting in a material change to the valuation.

The following changes in accounting policies are expected to be reflected in the UIE's consolidated financial statements as at and for the year ending 2014.

### Changes to accounting policies

The Group has adopted the following standards and amendments: IFRS 10-12 with related amendments to IAS 27 (2011) and IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 and IFRIC 21, with a date of initial application of 1 January 2014. The new standards, amendments to standards and interpretation have not impacted the income statement nor the financial position of the Group. The impact of the implementation of IFRS 10 are described in note 3, except for the implementation of IFRS 10.

In addition, the Group has implemented new accounting policies related to the activities of UP. The new accounting policies have been described below.

#### Biological Assets

Biological assets comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop at the following rates which are deemed as the useful economic lives of the crop:

##### Pre-cropping expenditure

- oil palm: over 20 years or 5%
- coconuts: over 30 years or approximately 3.33%

#### Property, Plant and Equipment and Depreciation

Property, plant and equipment are measured at cost less depreciation and any impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. In general, constructions of major investments are self-financed and thus, no material borrowing costs are capitalised.

If significant parts of one item of PPE have different useful lives, they are accounted for as separate items of PPE.



Depreciation is provided under the straight line method to residual value over the estimated useful life as follows:

Buildings	2% -5%
Bulking installations	5%
Railways	over 25 years or 4%
Rolling Stock	over 14 years or approximately 7.14%
Plant and machinery	5% -20%
Furniture and office equipment	10% -20%
Motor vehicles, tractors and implements	13% -25%
Aircrafts	5%
Long-term leases	55- 99 years

Freehold land and capital work-in-progress are stated at cost less any accumulated impairment losses. The residual value of useful life and depreciation method are reviewed each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates.

#### Land Use Rights

Land use rights are initially measured at cost. Subsequently, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

#### Inventories

Contracted produce stocks are stated at contracted price, and uncommitted produce stocks are stated at market value at the reporting date.

All other inventories are valued at the lower of cost and estimated net realisable value. Cost includes the actual cost of materials, labour and appropriate production overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of goods

Revenue from sale of produce stocks and finished goods is recognised when the significant risk and rewards of the ownership of the produce stocks and finished goods have passed to the buyer.

#### (ii) Revenue from services

Revenue from services is recognised when services are rendered and invoiced.

#### (iii) Rental income

Rental income is recognised on a time proportion basis.

#### Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its assets besides inventories, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong and prorated to the asset by reference to the cost of the assets to the cost of the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at re-valued amount. Any impairment loss of a re-valued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is immediately recognised in the income statement, unless the asset is carried at re-valued amount. A reversal of an impairment loss on a re-valued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same re-valued assets was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.



### Research and Development Costs

All general research and development costs are expended as incurred.

### Government Grants

Grants that compensate the Group for replanting expenses incurred are credited against the pre-cropping expenditure and are amortised over the economic life of the crop.

Grants received as incentives by the Group are recognised as income in the periods the incentives are receivable or/and where there is reasonable assurance that the grant will be received.

### Defining materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

## Note 3 – IFRS 10: changes in accounting policies

IFRS 10 Consolidated Financial Statements, as adopted by the EU, became effective as of 1 January 2014, from which date the accounting standard was adopted by UIE.

The new standard introduces the requirement that the assessment of control should be based on whether UIE has de facto control over other entities. As such, UIE has reassessed its investment in UP and has determined that although it holds less than 50% of UP's voting shares, de facto control exists as defined under IFRS 10.

The main factor that contributes to UP being considered a subsidiary of UIE under IFRS 10 rather than an associate under the existing IAS 27 is that the shares held by non-UIE related shareholders in UP are widely dispersed, and therefore UIE related shareholders have a greater ability to control votes at shareholder meetings.

Under IFRS 10, UIE is required to apply consolidation accounting from the date on which de facto control is deemed to have taken effect, and this has been determined to be 25 March 2003.

Accordingly, UIE will apply acquisition accounting to the investment at 25 March 2003 using IFRS 3: Business combinations (2008) as if UP had been consolidated from that date. The impact of the change in accounting policy for the Statement of Financial Position at 1 January 2013, 31 December 2013 and 30 June 2014, together with the impact on total comprehensive income for 2013, is as set out on the following pages.

### Reconciliation of UIE's net assets/equity at 31 December 2013:

USD million	31 December 2013
UIE net assets pre IFRS 10	568
Equity accounted investment in UP	(336)
UP net assets recognised	702
UIE net assets post IFRS 10	934
Portion attributable to:	
Non-controlling interests	381
UIE shareholders	553

The UP net assets recognised in UIE's consolidated statement of financial position at 31 December 2013 include USD 28.4 million (1 January 2013 include USD 29.7 million) of net fair value adjustments related to the retrospective acquisition accounting of UP in 2003.

Based upon current exchange rates, the annual post tax amortisation of these fair value adjustments is estimated to be less than USD 1 million in the foreseeable future.

The net impact on equity attributable to the shareholders of UIE is USD 15.7 million negative at 31 December 2013 (USD 15.8 million negative at 1 January 2013). Despite the positive fair value adjustments included in UP's net assets in UIE's consolidated statement of financial position, there is a net reduction in equity which mainly arises from acquisitions of UP shares at fair value after 2003. The excess fair value compared to carrying amount of net assets is accounted for as a reduction of retained earnings.





Consolidated Statement of Financial Position

1 January 2013	Effect of change in accounting policy		
USD '000	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
<b>Assets</b>			
<b>Current assets:</b>			
Inventories	-	58,388	58,388
Accounts receivable and other assets	357	33,525	33,882
Taxation recoverable	18	47	65
Derivatives	-	457	457
Trading assets	1,398	-	1,398
Short term deposits	61,353	-	61,353
Cash at bank	51,733	244,297	296,030
<b>Total current assets</b>	<b>114,859</b>	<b>336,714</b>	<b>451,573</b>
<b>Non-current assets:</b>			
Goodwill	-	7,096	7,096
Biological assets	-	133,235	133,235
Property, plant and equipment	73	333,593	333,666
Land use rights	-	11,131	11,131
Investments in equity-accounted investments	381,936	(353,925)	28,011
Investment in equities	63,418	-	63,418
Available for sale financial assets	-	2,106	2,106
<b>Total non-current assets</b>	<b>445,427</b>	<b>133,236</b>	<b>578,663</b>
<b>Total assets</b>	<b>560,286</b>	<b>469,950</b>	<b>1,030,236</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued charges	729	25,703	26,432
Taxation payable	-	9,166	9,166
Retirement benefit obligation	-	221	221
Derivatives	-	4,956	4,956
Bank overdraft	-	26	26
<b>Total current liabilities</b>	<b>729</b>	<b>40,072</b>	<b>40,801</b>
<b>Non-current liabilities:</b>			
Deferred taxation	-	41,582	41,582
Retirement benefit obligation	-	3,640	3,640
Derivatives	-	92	92
<b>Total non-current liabilities</b>	<b>-</b>	<b>45,314</b>	<b>45,314</b>
<b>Equity</b>			
Non-controlling interests	-	400,367	400,367
Attributable to the owners of the Company	559,557	(15,803)	543,754
<b>Total equity</b>	<b>559,557</b>	<b>384,564</b>	<b>944,121</b>
<b>Total liabilities and shareholders' equity</b>	<b>560,286</b>	<b>469,950</b>	<b>1,030,236</b>



Consolidated Statement of Financial Position – continued

31 December 2013 USD '000	Effect of change in accounting policy		
	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
<b>Assets</b>			
<b>Current assets:</b>			
Inventories	-	43,042	43,042
Accounts receivable and other assets	391	38,033	38,424
Taxation recoverable	-	971	971
Trading assets	1,716	-	1,716
Short term deposits	41,833	-	41,833
Cash at bank	16,368	236,411	252,779
<b>Total current assets</b>	<b>60,308</b>	<b>318,457</b>	<b>378,765</b>
<b>Non-current assets:</b>			
Goodwill	-	7,096	7,096
Biological assets	-	122,713	122,713
Property, plant and equipment	54	311,474	311,528
Land use rights	-	9,442	9,442
Investments in equity-accounted investments	336,275	(333,426)	2,849
Investment in equities	172,837	-	172,837
Available for sale financial assets	-	1,956	1,956
Derivatives	-	389	389
<b>Total non-current assets</b>	<b>509,166</b>	<b>119,644</b>	<b>628,810</b>
<b>Total assets</b>	<b>569,474</b>	<b>438,101</b>	<b>1,007,575</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued charges	1,036	21,506	22,542
Taxation payable	65	5,224	5,289
Retirement benefit obligation	-	411	411
Derivatives	-	1,066	1,066
Bank overdraft	-	90	90
<b>Total current liabilities</b>	<b>1,101</b>	<b>28,297</b>	<b>29,398</b>
<b>Non-current liabilities:</b>			
Deferred taxation	-	41,272	41,272
Retirement benefit obligation	-	3,317	3,317
<b>Total non-current liabilities</b>	<b>-</b>	<b>44,589</b>	<b>44,589</b>
<b>Equity</b>			
Non-controlling interests	-	380,915	380,915
Attributable to the owners of the Company	568,373	(15,700)	552,673
<b>Total equity</b>	<b>568,373</b>	<b>365,215</b>	<b>933,588</b>
<b>Total liabilities and shareholders' equity</b>	<b>569,474</b>	<b>438,101</b>	<b>1,007,575</b>



## Consolidated Statement of Financial Position – continued

30 June 2014	Effect of change in accounting policy		
USD '000	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
<b>Assets</b>			
<b>Current assets:</b>			
Inventories		33,841	33,841
Accounts receivable and other assets	265	46,794	47,059
Taxation recoverable		1,783	1,783
Trading assets	2,009		2,009
Short term deposits	32,136		32,136
Cash at bank	58,079	241,113	299,192
<b>Total current assets</b>	<b>92,489</b>	<b>323,531</b>	<b>416,020</b>
<b>Non-current assets:</b>			
Goodwill	-	7,096	7,096
Biological assets	-	129,578	129,578
Property, plant and equipment	45	317,973	318,018
Land use rights	-	9,964	9,964
Investments in equity-accounted investments	345,186	(345,186)	-
Investment in equities	149,605	-	149,605
Available for sale financial assets	-	8,599	8,599
<b>Total non-current assets</b>	<b>494,836</b>	<b>128,024</b>	<b>622,860</b>
<b>Total assets</b>	<b>587,325</b>	<b>451,555</b>	<b>1,038,880</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued charges	1,235	21,385	22,620
Taxation payable	19	7,290	7,309
Retirement benefit obligation	-	487	487
<b>Total current liabilities</b>	<b>1,254</b>	<b>29,162</b>	<b>30,416</b>
<b>Non-current liabilities:</b>			
Deferred taxation	-	43,736	43,736
Retirement benefit obligation	-	3,581	3,581
Derivatives	-	175	175
<b>Total non-current liabilities</b>		<b>47,492</b>	<b>47,492</b>
<b>Equity</b>			
Non-controlling interests	-	391,050	391,050
Attributable to the owners of the Company	586,071	(16,149)	569,922
<b>Total equity</b>	<b>586,071</b>	<b>374,901</b>	<b>960,972</b>
<b>Total liabilities and shareholders' equity</b>	<b>587,325</b>	<b>451,555</b>	<b>1,038,880</b>



### Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 December 2013 USD '000	Effect of change in accounting policy		
	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
Revenue	-	300,209	300,209
Other income <sup>1</sup>	1,558	5,083	6,641
Change in fair value of investment in equities	88,373	-	88,373
Operating expenses <sup>2</sup>	(3,160)	(205,824)	(208,984)
Finance income	(71)	8,410	8,339
Share of results of equity-accounted investments <sup>3</sup>	36,798	(36,233)	565
Profit before tax	123,498	71,645	195,143
Tax	(262)	(26,873)	(27,135)
Profit for the year	123,236	44,772	168,008
Net profit attributable to:			
Equity holders of the parent	123,236	1,075	124,311
Non-controlling interest	-	43,697	43,697
Items that can be reclassified to profit or loss			
Equity adjustment on foreign currency translation, net of tax	(26,998)	(27,970)	(54,968)
Fair value of changes in cash hedges, net of tax	133	-	133
Other comprehensive income	(26,865)	(27,970)	(54,835)
Total comprehensive income	96,371	16,802	113,173
Comprehensive income attributable to:			
Equity holders of the Company	96,371	2,113	98,484
Non-controlling interest	-	14,689	14,689

1) Including net gain on trading assets and dividend income from investment in equities.

2) Including general and administrative expenses.

3) Including equity in net income of associated company and loss on acquisition of treasury shares by associated company.



### Consolidated Income Statement and Other Comprehensive Income

For the period ended 30 June 2014	Effect of change in accounting policy		
	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
USD '000			
Revenue	-	155,697	155,696
Other income <sup>1</sup>	1,122	2,060	3,182
Change in fair value of investment in equities	9,665	-	9,665
Operating expenses <sup>2</sup>	(1,501)	(110,127)	(111,627)
Finance income	550	4,810	5,360
Share of results of equity-accounted investments	18,870	(18,870)	-
Profit before tax	28,706	33,570	62,276
Tax	-	(11,411)	(11,411)
Profit for the period	28,706	22,159	50,865
Net profit attributable to:			
Equity holders of the parent	28,706	(66)	28,640
Non-controlling interest	-	22,225	22,225
Items that can be reclassified to profit or loss			
Equity adjustment on foreign currency translation, net of tax	8,401	9,331	17,732
Other comprehensive income	8,401	9,331	17,732
Total comprehensive income	37,107	31,490	68,597
Comprehensive income attributable to:			
Equity holders of the Company	37,107	(450)	36,657
Non-controlling interest	-	31,940	31,940

1) Including net gain on trading assets and dividend income from investment in equities.

2) Including general and administrative expenses.



## Note 4 – Seasonal and Cyclical Nature of UP's Products and Operations

The prices for the UP segment's products are not in total control of UP but are determined by the global supply and demand situation for edible oils, which is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production CPO and PK gradually increases from March, peaking around July to September, and then declines from October to February. This pattern can be affected by severe global weather conditions such as El-Niño.

The prices obtainable for UP's products as well as the volume of production, which is cyclical in nature, will affect the profits for the Group.

## Note 5 – Events after the Reporting Date

Beside the acquisition of 36,650 treasury shares and 260,000 UP shares, as described in the Directors' Report, no material events have occurred after the reporting date.

## Note 6 – Fair Value of Financial Instruments

The Group's financial instruments measured at fair value consist of investments in quoted shares amounting to USD 151.6 million and derivatives amounting to USD 2.2 million.

Other financial instruments include receivables and payables which are measured at amortised cost. The fair value is approximately equal to amortised cost.

The fair value of investments in quoted shares is determined based on quoted prices in active markets. The fair value of derivatives and debt instruments is determined by discounted cash flow models based on observable market data as interest and currency rates.

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques where all input that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use input, which have a significant effect on the recorded fair value that are not based on observable market data.



## Statement by the Board of Directors and the Management

The Board of Directors and the Management have discussed and approved the Company's report for the period 1 January - 30 June 2014.

The report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 Interim Financial Reporting and additional Danish reporting requirements for listed companies, except for the non-adoption of IAS 41 Agriculture as mentioned on page 21.

In our opinion, the report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2014, and of the results of the Group's operations and cash flow for the period 1 January - 30 June 2014.

In our opinion, the Directors' Report gives a true and fair account of the development in the operations and financial circumstances of the Group, the results for the period and the financial position of the Group. It also gives a fair account of the significant risks and uncertainty factors that may affect the Group.

Kuala Lumpur, 27 August 2014

### Board of Directors

**Dato' Carl Bek-Nielsen**  
Chairman

**Martin Bek-Nielsen**  
Deputy Chairman

**John A. Goodwin**

**John Madsen**

**Bent Mahler**

**Kjeld Ranum**

**Jørgen Balle**

### Management

**Ulrik Juul Østergaard**  
Managing Director



## Corporate Information

Country of Incorporation	The Commonwealth of The Bahamas
Board of Directors	Dato' Carl Bek-Nielsen, Chairman Martin Bek-Nielsen, Deputy Chairman John A. Goodwin* John Madsen Bent Mahler Kjeld Ranum* Jørgen Balle
Managing Director	Ulrik Juul Østergaard
Company Secretary	Alison Treco*
Registered Office	2nd Floor, One Montague Place East Bay Street Nassau, Bahamas
Copenhagen Representative Office	International Plantation Services Limited Plantations House 49 H.C. Andersens Boulevard, 3rd floor 1553 Copenhagen V, Denmark Phone: +45 33933330
Auditors	Ernst & Young
Attorneys	McKinney, Bancroft & Hughes Nassau, Bahamas Bech-Bruun Copenhagen, Denmark
Banks	Hongkong & Shanghai Banking Corp. Maybank Berhad Handelsbanken A/S Danske Bank A/S
Contact Person	Ulrik Juul Østergaard Phone: +45 33933330 E-mail: uie@plantations.biz
Links	<a href="http://www.uie.dk">www.uie.dk</a> <a href="http://www.unitedplantations.com">www.unitedplantations.com</a> <a href="http://www.aak.com">www.aak.com</a> <a href="http://www.melkerschoringab.se">www.melkerschoringab.se</a>

\*Member of the Audit Committee.





## Abbreviations

Company name:	Abbreviation:
United International Enterprises Limited	UIE or the Company
United Plantations Berhad	UP
AAK AB	AAK
Melker Schörling AB	MSAB
Currency:	Abbreviation:
United States dollar	USD
Malaysian ringgit	MYR
Swedish kroner	SEK
Danish kroner	DKK
Other:	Abbreviation:
Crude Palm Oil	CPO
Palm Kernel	PK
International Accounting Standards	IAS
First half year	H1

## Definitions

Earnings per share	<u>Net profit for the period attributable to equity holders of the company</u> Weighted average number of shares, excluding treasury shares
Book value per share	<u>Equity at the end of the period, excluding minority interests</u> Number of shares at the end of the period, excluding treasury shares
Return on equity <sup>1</sup>	<u>Net profit for the year attributable to equity holders of the company</u> Average equity, excluding minority interests
Solvency ratio	<u>Equity at the end of the period</u> Total assets at the end of the period

1) During the year net profit is annualised.

## Comparative Figures

The USD comparatives are expressed at the foreign exchange rates that applied at the date on which these were originally reported (all figures are converted at average exchange rates for the period/year except balance sheet figures, which are converted at period/year end exchange rates).