

# THIRD QUARTER REPORT

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20 November 2017



UNITED INTERNATIONAL ENTERPRISES LIMITED



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# UIE IN BRIEF

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**U**nited International Enterprises Limited (“UIE”) is a holding company which primarily invests 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.

UIE is committed to invest in companies that value sustainability as one of their key guiding principles.

UIE was founded in 1982 and is listed on NASDAQ Copenhagen.

The investment portfolio mainly consists of the following two companies:



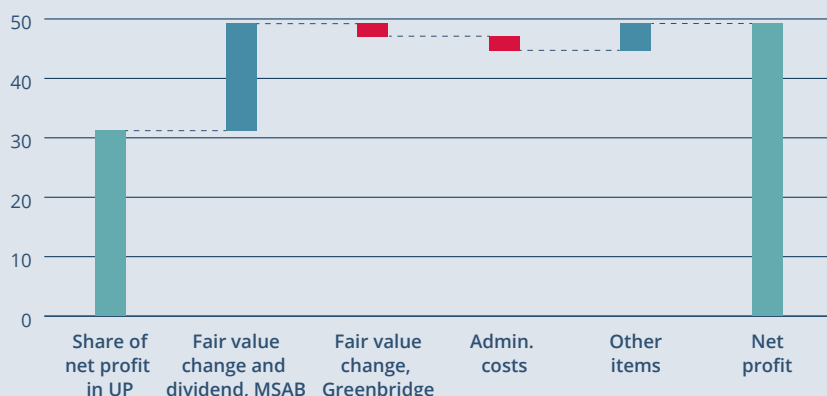


# UIE KEY FIGURES

## BUSINESS PERFORMANCE<sup>1</sup>

### NET PROFIT IN Q1-3 2017

USD MILLION



UIE's net profit in the first nine months of 2017 amounted to USD 49.3 million compared to USD 38.3 million in the first nine months of 2016.

UIE's share of UP's net profit was USD 31.2 million, which is an increase of 25% compared to the first nine months of 2016.

The net fair value change of the investment in MSAB and Greenbridge was an increase of USD 15.1 million in the first nine months of 2017, compared to a net increase of USD 14.4 million in the first nine months of 2016.

### EARNINGS PER SHARE Q1-3 2017

14.2

USD

▲ 32% ON Q1-3 2016

### CASH AS AT 30 SEPTEMBER 2017

95

USD MILLION

▼ 1% ON YEAR-END 2016

### SHARE PRICE AS AT 30 SEPTEMBER 2017

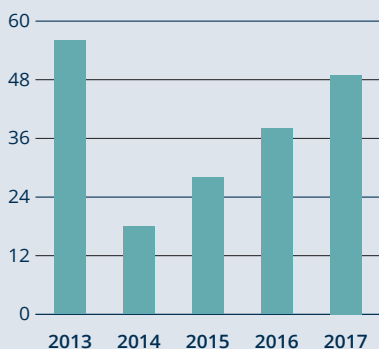
1,320

DKK

▲ 6% ON YEAR-END 2016

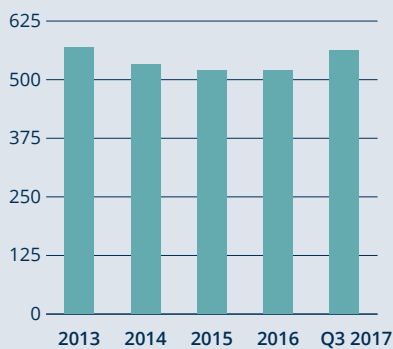
### NET PROFIT Q1-3 2017

USD MILLION



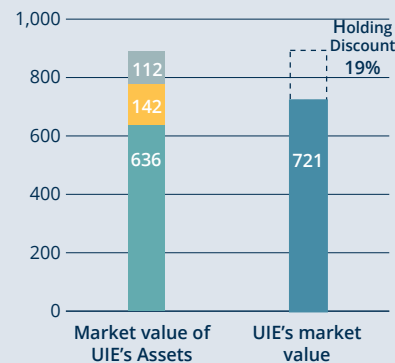
### SHAREHOLDERS' EQUITY

USD MILLION



### MARKET VALUE OF UIE'S ASSETS AS AT 30 SEPTEMBER 2017

USD MILLION



■ UP ■ MSAB/Greenbridge ■ Net current assets

1) See page 6 for further explanation of Business Reporting and Accounting Policies.



# UIE'S STRATEGIC INVESTMENTS

## FINANCIAL PERFORMANCE

### UP UNITED PLANTATIONS BERHAD

Profit before tax in the first nine months of 2017 was MYR 375.0 million (USD 86.3 million); an increase of 34% compared to the first nine months of 2016.

In the plantation division, profit before tax increased by 44% due to a higher production of CPO and PK as well as improved selling prices.

Net profit in the first nine months of 2017 was MYR 287.8 million (USD 66.2 million); an increase of 33% compared to the first nine months of 2016.

#### UP PROFIT BEFORE TAX BY SEGMENT

MYR million	Q1-3 2017	Q1-3 2016	% Change
Plantation	321.5	223.2	44%
Refining	56.5	49.5	14%
Other	(3.0)	6.9	N/A
<b>Total profit before tax</b>	<b>375.0</b>	<b>279.6</b>	<b>34%</b>

### MSAB MELKER SCHÖRLING AB

Net profit in the first nine months of 2017 was SEK 9,319 million (USD 1,083 million), which relates to dividends received and a change in the fair value of the Company's portfolio of investments.

Net asset value per share increased from SEK 492 at the end of 2016 to SEK 567 on 30 September 2017, representing an increase of 15%.

#### MSAB NET ASSET VALUE

SEK million	30 Sep. 2017	31 Dec. 2016	% Change
Net asset value of investments	65,063	56,909	14%
Net cash	2,413	1,677	44%
<b>Total net asset value</b>	<b>67,476</b>	<b>58,586</b>	<b>15%</b>



# FINANCIAL REVIEW

## - BUSINESS REPORTING

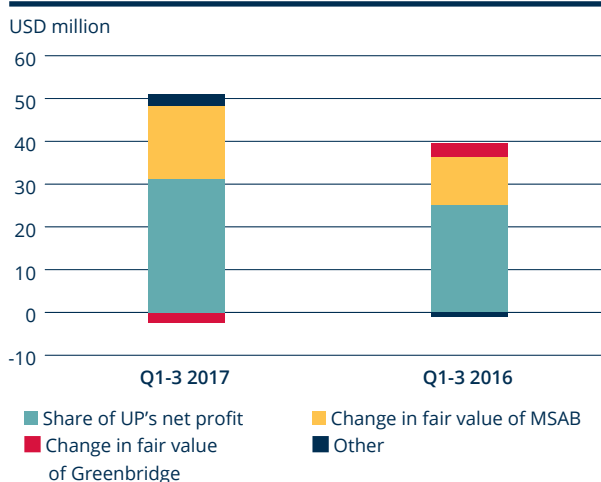
**U**IE's net profit amounted to USD 49.3 million in the first nine months of 2017 - an increase of 29% compared to the corresponding period of 2016 - due to strong performance in UP and an increase in the fair value of MSAB.

### BUSINESS PERFORMANCE REVIEW

UIE's operating income amounted to USD 49.3 million in the first nine months of 2017, which is 24% higher than the USD 39.9 million reported in the first nine months of 2016.

The increase is primarily due to UIE's share of UP's net profit increasing by USD 6.2 million in the first nine months of 2017 relative to the result in the corresponding period in 2016. Furthermore, the fair value change of the investment in MSAB increased by USD 17.3 million in the first nine months of 2017 compared to USD 11.3 million in the corresponding period in 2016.

### INCOME IN UIE



UIE's net profit in the first nine months of 2017 amounted to USD 49.3 million, up 29% on the USD 38.3 million reported in the corresponding period of 2016.

### UP

UP's net profit, measured in MYR (UP's financial currency), increased by 33% in the first nine months of 2017. However, measured in USD (UIE's functional currency), net profit increased by 25% due to the depreciation of

## BUSINESS REPORTING - MEASUREMENT OF PERFORMANCE

According to IFRS, UIE is deemed to have de facto control of UP (even though it holds less than 50% of UP's voting rights). Hence, UP's result is now consolidated in UIE's consolidated financial statements.

However, as UIE is a non-operating holding company, the Board of UIE is of the view that a more appropriate measurement of the performance of the investment in UP is to equity account (monitoring UIE's share of the profit). Accordingly, this measurement is used in the internal reporting as well as in the reporting to shareholders, referred to as "Business Reporting" in the Directors' Report.

The performance of other investments is measured by changes in their respective fair value.

The difference between the Business Reporting in the Directors' Report and the consolidated financial statements is described in note 1. Net profit in the Business Reporting is substantially the same as the amount attributable to the owners of the Company in the consolidated financial statements.



## BUSINESS PERFORMANCE

USD '000	Q1 2017	Q2 2017	Q3 2017	Q1-3 2017	Q1 2016	Q2 2016	Q3 2016	Q1-3 2016
Share of UP's net profit	8,272	11,964	10,933	31,169	6,858	8,498	9,622	24,978
Change in fair value of MSAB	2,664	6,758	7,863	17,285	(2,775)	(2,691)	16,779	11,313
Change in fair value of Greenbridge	(760)	(861)	(542)	(2,163)	115	1,595	1,381	3,091
Dividend income MSAB	-	824	-	824	-	730	-	730
Other	831	739	592	2,162	(378)	(65)	237	(206)
Total operating income	11,007	19,424	18,846	49,277	3,820	8,067	28,019	39,906
Administrative expenses	(722)	(662)	(993)	(2,377)	(405)	(652)	(634)	(1,691)
Net interest income	198	234	264	696	74	110	208	392
Net foreign exchange	1,337	305	311	1,953	1,737	(1,931)	59	(135)
Profit before tax	11,820	19,301	18,428	49,549	5,226	5,594	27,652	38,472
Income tax	(28)	(166)	(30)	(224)	(15)	(161)	(5)	(181)
Profit after tax	11,792	19,135	18,398	49,325	5,211	5,433	27,647	38,291

the MYR against the USD. UIE's share of UP's net profit amounted to USD 31.2 million, an increase of USD 6.2 million compared to the first nine months of 2016.

**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 by 3%, from SEK 537.5 on 31 December 2016 to SEK 556.0 on 30 September 2017. During the same period, the NASDAQ Stockholm All-Share PI index increased by 10%.

On 30 September 2017, MSAB was trading at a discount of 2% compared to its net asset value (as opposed to a premium of 9% on 31 December 2016).

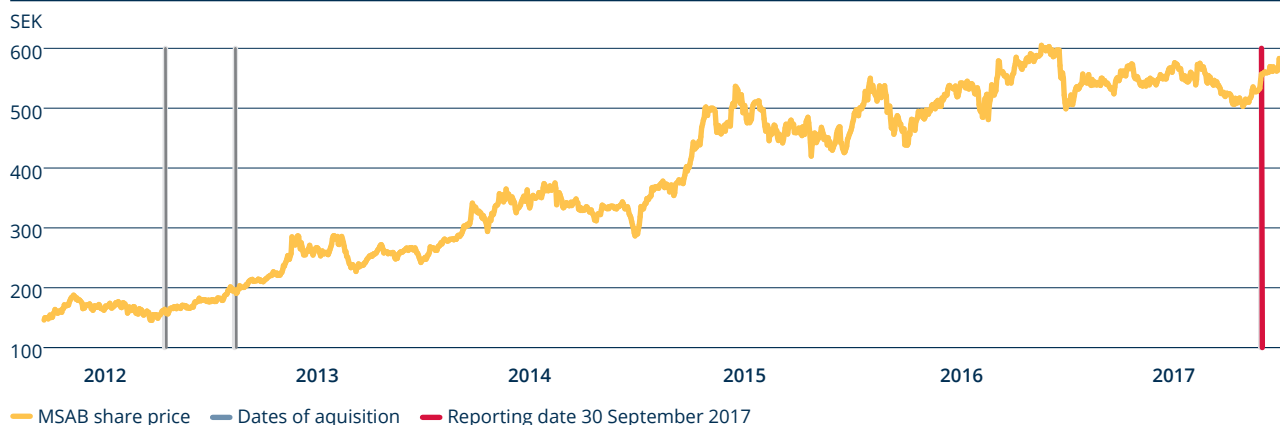
In the first nine months of 2017, the fair value of UIE's investment in MSAB increased by SEK 36.4 million, or 3%, but the fair value, measured in USD, increased by 15% (USD 17.3 million) due to a 10% strengthening of the SEK against the USD during the first nine months of 2017.

UIE received a net dividend from MSAB in the second quarter of 2017, amounting to USD 0.7 million.

**GREENBRIDGE**

UIE's investment in Greenbridge is accounted for at fair value, with movements being recognised in the Income Statement.

During the first nine months of 2017, the fair value of UIE's investment in Greenbridge decreased by USD 2.2 million compared to an increase of USD 3.1 million

**MSAB SHARE PRICE DEVELOPMENT**



in the corresponding period in 2016. The fair value change in the first nine months of 2017 relates mainly to a share price decrease of Greenbridge's investment in NEXT Biometrics Group.

**OTHER INCOME AND ADMINISTRATION COSTS**

Approximately USD 19 million representing roughly 20% of UIE's cash reserve is invested in a liquid and diversified portfolio of equities, fixed income products as well as in trading of soft commodities. The result of these activities, together with other income, produced a gain of USD 2.2 million in the first nine months of 2017 (loss of USD 0.2 million in the corresponding period in 2016).

In the first nine months of 2017, general and administrative expenses totalled USD 2.4 million, compared to USD 1.7 million in the first nine months of 2016.

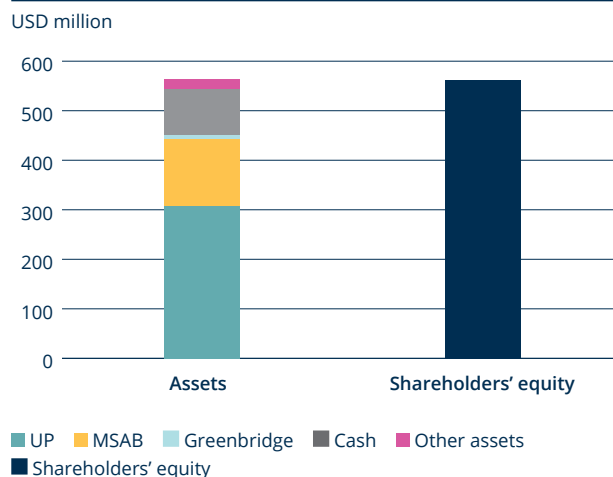
**FINANCIAL POSITION**

The development in the value of UIE's investments in UP, MSAB and Greenbridge is shown in the table below. The total value of the investments recognised in the financial position increased by USD 44.2 million during the period under review. The increase primarily derived from UIE's share of UP's result (offset by dividend received from UP), a strengthening of the MYR against the USD during the first nine months of 2017 and positive fair value adjustments relating to MSAB, offset by a negative fair value adjustment of the investment in Greenbridge.

Shareholders' equity increased from USD 520.4 million on 31 December 2016 to USD 562.0 million on 30 September 2017. The increase comprised net profit of USD 49.3 million and an increase of translation reserves of USD 17.7 million (primarily a positive equity adjustment arising from the conversion of UIE's interests in UP from

MYR into USD), offset by dividends and share buy-backs of USD 17.4 million and USD 8.0 million, respectively.

**ASSETS AND SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2017**



Total net cash reserves in UIE decreased from USD 96.4 million on 31 December 2016 to USD 94.7 million on 30 September 2017. The decrease was mainly due to the net effect of a tax refund of USD 9.7 million received from the Malaysian Tax Authorities in February 2017 and USD 19.3 million in dividend income received from UP, less dividends paid to UIE shareholders and share buy-backs, which amounted to USD 25.4 million, as well as net investment in equities and fixed income products of USD 5.9 million.

**SHARE BUY-BACK PROGRAMME**

In June 2016, UIE initiated a new share buy-back programme with the intention of acquiring up to 5% of its share capital before the end of December 2017, so long as the shares continue to be traded at a significant holding discount.

**VALUE OF UIE'S INVESTMENTS**

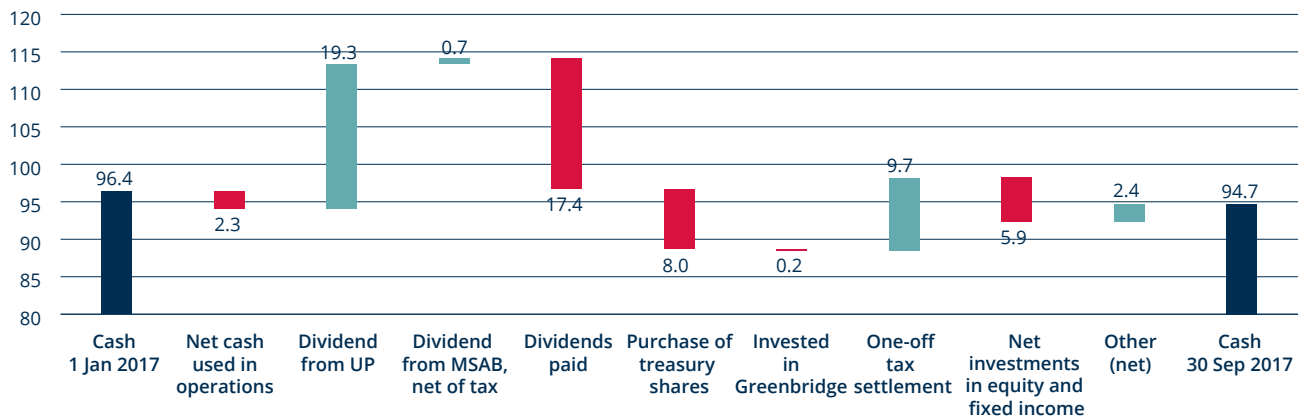
USD '000	UP Equity method	MSAB Fair value	Greenbridge Fair value	Total
Balance at 1 January 2017	279,448	116,774	9,065	405,287
Change in fair value	-	17,285	(2,163)	15,122
Investments during the period	-	-	219	219
UIE share of results	31,169	-	-	31,169
Dividend received	(19,262)	-	-	(19,262)
Equity adjustments on foreign currency translation	16,988	-	-	16,988
<b>Total on 30 September 2017</b>	<b>308,343</b>	<b>134,059</b>	<b>7,121</b>	<b>449,523</b>





## CASH FLOW IN Q1-3 2017

USD million



As reported in Company Announcement no. 6 2016, UIE initiated its share buy-back in two parallel programmes; one under the Safe Harbour regulation with a maximum outlay of DKK 100 million and one Block trade programme carried out outside the safe Harbour regulation. The total number of shares acquired under the two programmes may not exceed 5% of the share capital.

Further information on the share buy-back programme is contained in Company Announcement no. 6 2016.

As at 30 September 2017, a total of 115,607 shares, corresponding to 3.25% of the share capital, had been acquired, of which 39,785 shares were acquired during the first nine months of 2017 for a total consideration of DKK 52.7 million (USD 8.0 million).

## OVERALL STRATEGY OF UIE

UIE's Board is actively searching for operational investment opportunities to broaden the Company's investment portfolio. UIE is a long-term investor focusing on value creation and consequently, the Board will regularly assess potential acquisitions that align with the Company's investment criteria. The emphasis and focus will primarily be on investments within the agro-industrial sector.

## EVENTS AFTER THE REPORTING DATE

On 14 November 2017, it was announced that UIE has agreed to exchange its shares in MSAB with shares in a

newly formed unlisted company, Schörling & Partners AB ("S&P"), which on the same day made an unconditional cash offer to the shareholder of MSAB to acquire all shares of MSAB.

S&P is jointly owned by Melker Schörling Tjänste AB, Stefan Persson, Mikael Ek Dahl AB and UIE. All of these were previously shareholders in MSAB, holding in total 92.6% of the shares in MSAB.

When the offer to the remaining shareholders in MSAB has expired, S&P will initiate a compulsory redemption of any remaining shareholders in MSAB, and MSAB will be delisted.

As a consequence UIE will, instead of holding 1.7% of the shares in MSAB, hold 1.8% of the shares in S&P, which after completion of the offer to the remaining shareholders will hold all shares in MSAB. UIE's shareholding will thus increase, but the debt in S&P will increase in order to finance the redemption of the other shareholders.

The transactions between UIE and S&P are handled as an exchange of shares and will thus not involve any cash to or from UIE. The investment will continue to be accounted for at fair value through profit or loss. The fair value will be based on the net asset value of MSAB as opposed to previously where the fair value was based on the share price of MSAB.

For further information, see Company Announcement no. 54.



# UP KEY FIGURES

## NET PROFIT Q1-3 2017

288

MYR MILLION

▲ 33% ON Q1-3 2016

## CASH AS AT 30 SEPTEMBER 2017

823

MYR MILLION

▲ 19% ON YEAR-END 2016

## SHARE PRICE AS AT 30 SEPTEMBER 2017

27.30

MYR

▼ 4% ON YEAR-END 2016

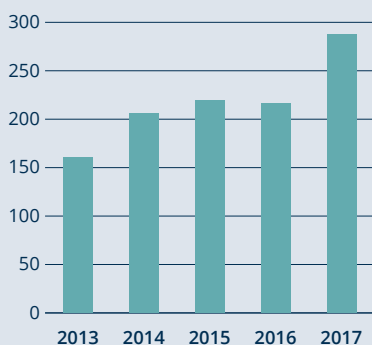
## UIE OWNERSHIP

47.3%

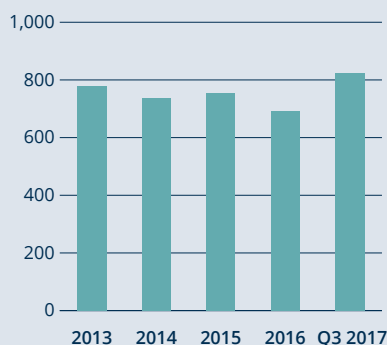
UNCHANGED ON YEAR-END 2016

## FINANCIAL PERFORMANCE

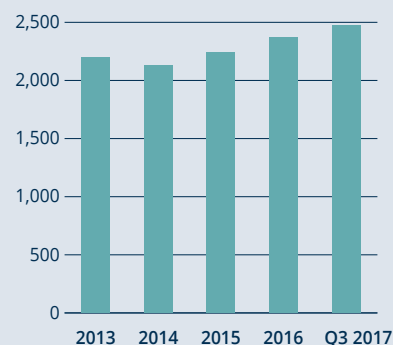
### NET PROFIT Q1-3 2017 MYR MILLION



### CASH AND SHORT TERM DEPOSITS MYR MILLION



### SHAREHOLDERS' EQUITY MYR MILLION



## KEY FIGURES - PRODUCTION IN Q1-3 2017

### CPO PRODUCTION

155.9

THOUSAND TONNES

▲ 21% ON Q1-3 2016

### PK PRODUCTION

33.0

THOUSAND TONNES

▲ 20% ON Q1-3 2016

### COCONUT PRODUCTION

58.52

MILLION NUTS

▼ 13% ON Q1-3 2016



## UP SEGMENT

UP's net profit increased by 33% in the first nine months of 2017. The significant increase is primarily due to higher CPO and PK production as well as higher sales prices as compared to the corresponding period in 2016.

### BUSINESS PERFORMANCE REVIEW

Net profit amounted to MYR 287.8 million (USD 66.2 million) in the first nine months of 2017, an increase of 33% compared to the net profit of MYR 215.7 million (USD 52.9 million) achieved in the first nine months of 2016. However, measured in USD, the net profit did not increase to the same extent (increased by 25% or USD 13.3 million) due to the depreciation of the MYR against the USD compared to the first nine months of 2016.

### PLANTATION OPERATIONS

UP's main activity, its plantation operations, recorded profit before tax of MYR 321.5 million, reflecting a significant increase of 44% compared to the MYR 223.2 million reported in the first nine months of 2016. The increase is due to higher production, lower costs of production per tonne and higher selling prices.

When comparing the two periods under review, it should be noted that the profit before tax in the plan-

tation operations in the first nine months of 2016 includes a non-recurring gain of MYR 15.2 million related to the disposal of UP's minority stake in AAK's refinery in Mexico. Adjusted for this non-recurring event, profit before tax in the plantation operations in Q1-3 2017 and Q1-3 2016 was MYR 321.5 million and MYR 208.0 million, respectively – an increase of 55%.

In accordance with its replanting policy, UP has continued to replant large areas of its older and less productive oil palm stands in Malaysia during 2017. Cost efficiencies and improved productivity will therefore continue as a vital part of sustaining UP's positive development.

### BUSINESS REPORTING - UP SEGMENT

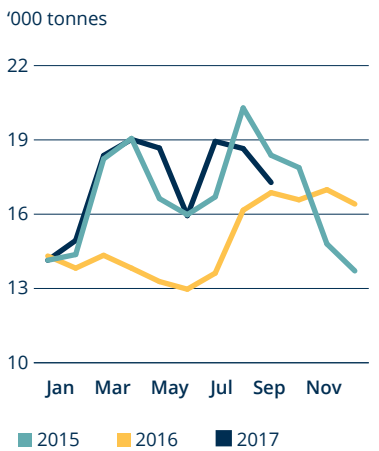
In the following section, the description of developments within UP is based on figures reported by UP in MYR, UP's functional currency. However, the UP figures in the table below have been converted to USD and are used in the financial reporting for UIE.

### UP'S BUSINESS PERFORMANCE IN Q1-3 2017

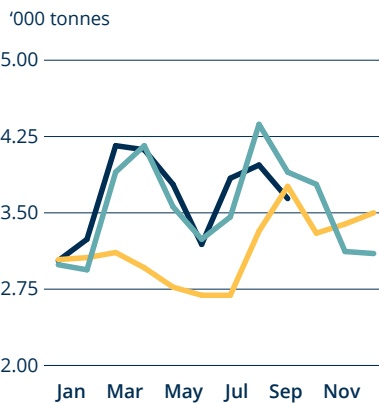
'000	Q1-3 2017		Q1-3 2016	
	in MYR	in USD	in MYR	in USD
Revenue	1,105,315	254,333	830,985	203,758
Other income	18,043	4,152	54,541	13,373
Operating expenses	(766,905)	(176,465)	(626,642)	(153,653)
Operating income	356,453	82,020	258,884	63,478
Net finance income	18,564	4,271	20,706	5,077
Profit before tax	375,017	86,291	279,590	68,555
Tax	(87,206)	(20,066)	(63,886)	(15,665)
Net profit	287,811	66,225	215,704	52,890



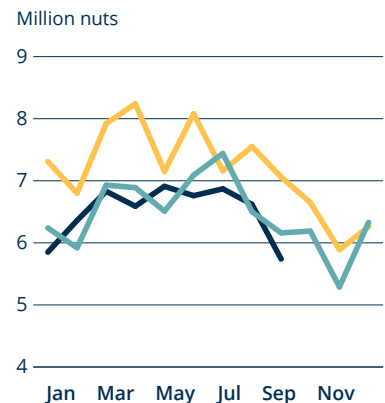
**CPO PRODUCTION**



**PK PRODUCTION**



**COCONUT PRODUCTION**



**PLANTATION OPERATIONS - PRODUCTION**

UP's profitability is highly dependent on production volumes as well as on the selling prices of CPO and PK. In the first nine months of 2017, UP's overall production of CPO and PK increased by 21% and 20%, respectively.

Coconut production decreased by 13% compared to the first nine months of 2016.

**OWN PRODUCTION**

Tonnes	Q1-3 2017	Q1-3 2016	Change %
CPO	155,942	129,174	21%
PK	32,982	27,395	20%
Coconut (million nuts)	58.52	67.25	(13%)

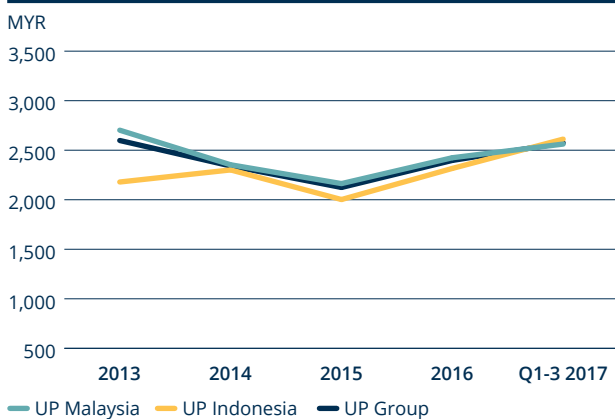
**CPO AND PK PRICE DEVELOPMENTS**

Along with production volumes, UP's profitability is highly dependent on sales prices. In the first nine months of 2017, UP achieved an average selling price of MYR 2,574 per tonne of CPO, corresponding to an increase of 12%, whilst the average selling price of PK increased by 40% compared to the first nine months of 2016.

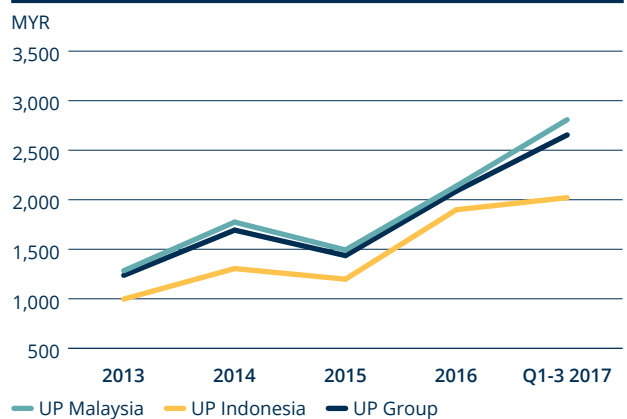
**THE AVERAGE SELLING PRICES OF CPO AND PK**

MYR per tonne	Q1-3 2017	Q1-3 2016	Change %
<b>CPO</b>			
Malaysia	2,562	2,327	10%
Indonesia	2,612	2,197	19%
Average	2,574	2,297	12%
<b>PK</b>			
Malaysia	2,808	1,924	46%
Indonesia	2,021	1,746	16%
Average	2,654	1,889	40%

**AVERAGE SELLING PRICE CPO**



**AVERAGE SELLING PRICE PK**





Palm oil prices can fluctuate significantly and it is the policy of UP to hedge a proportion of future production revenues to mitigate the impact of spot price volatility.

In the first nine months of 2017, the selling prices achieved for Malaysia were marginally lower than the market prices due to certain CPO quantities having been sold earlier, based on UP's forward sales policy.

#### PRODUCTION COSTS

In the first nine months of 2017, production costs per tonne of CPO and PK decreased by 15% and 3%, respectively, primarily due to higher productivity and higher production volumes.

#### REFINERY OPERATIONS

In the first nine months of 2017, profit before tax at the refinery increased by 14% to MYR 56.5 million from MYR 49.5 million reported in the corresponding period of 2016. Favourable hedging and trading positions also contributed to the increase.

#### OTHER

Current intercompany loans to the Indonesian subsidiary are denominated in Indonesian Rupiah. During the first nine months of 2017, the MYR strengthened against the Indonesian currency, leading to an unrealised foreign exchange loss of MYR 9.0 million, compared to an unrealised foreign exchange gain of MYR 3.1 million in the corresponding period of 2016.

## FINANCIAL POSITION AND CASH FLOW

On 30 September 2017, UP's current assets amounted to MYR 1,223.3 million (31 December 2016: MYR 1,186.3 million), of which cash, cash equivalents and short-term funds amounted to MYR 823.4 million (31 December 2016: MYR 690.9 million).

Total non-current assets amounted to MYR 1,523.0 million (31 December 2016: MYR 1,455.6 million), of which biological assets and property, plant and equipment amounted to MYR 1,472.6 million (31 December 2016: MYR 1,419.4 million).

Total equity increased from MYR 2,367.6 million on 31 December 2016 to MYR 2,471.2 million at the end of September 2017. The increase relates mainly to the net profit of MYR 287.8 million for the period under review offset by dividend payments of MYR 176.6 million.

Positive cash flow from operating activities amounted to MYR 452.2 million, compared to MYR 188.2 million in the first nine months of 2016. Negative cash flow from investments, excluding net change in short-term funds, amounted to MYR 143.0 million (first nine months of 2016: MYR 33.5 million negative). Net change in cash, cash equivalents and short-term funds amounted to MYR 132.5 million positive in the first nine months of 2017 (first nine months of 2016: MYR 9.3 million positive).

### UP'S SEGMENTAL INFORMATION FOR THE FIRST NINE MONTHS OF 2017

MYR '000	Plantations	Refining	Other segments	Elimination	Total
<b>Segment Revenue</b>					
External sales	313,900	790,313	1,102	-	1,105,315
Intersegment sales	284,293	-	-	(284,293)	-
	598,193	790,313	1,102	(284,293)	1,105,315
<b>Segment Results</b>					
Operating profit (EBIT)	309,585	56,095	(9,227)	-	356,453
Profit before tax	321,452	56,528	(2,963)	-	375,017



# MSAB KEY FIGURES

NET PROFIT Q1-3 2017	NET ASSET VALUE AS AT 30 SEPTEMBER 2017	SHARE PRICE AS AT 30 SEPTEMBER 2017	NET ASSET VALUE DISCOUNT AS AT 30 SEPTEMBER 2017
9,319 SEK MILLION	67.5 SEK BILLION	556.0 SEK	2%
▲ 91% ON Q1-3 2016	▲ 15% ON YEAR-END 2016	▲ 3% ON YEAR-END 2016	PREMIUM OF 9% AT YEAR-END 2016

The performance of UIE's investment in MSAB is measured by changes in fair value.

## MSAB KEY INVESTMENTS



**HEXAGON** | OWNERSHIP 26%

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.



**ASSA ABLOY** | OWNERSHIP 4%

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, incl. access control, identification technology, entrance automation, hotel security.



**AAK** | OWNERSHIP 33%

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.



**HEXPOL** | OWNERSHIP 26%

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.



**SECURITAS** | OWNERSHIP 5%

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** | OWNERSHIP 1%

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.



## FINANCIAL HIGHLIGHTS

MSAB's net result amounted to a gain of SEK 9,319 million (USD 1,083 million) in the first nine months of 2017, which relates to the change in the fair value of the company's portfolio of investments and dividends received.

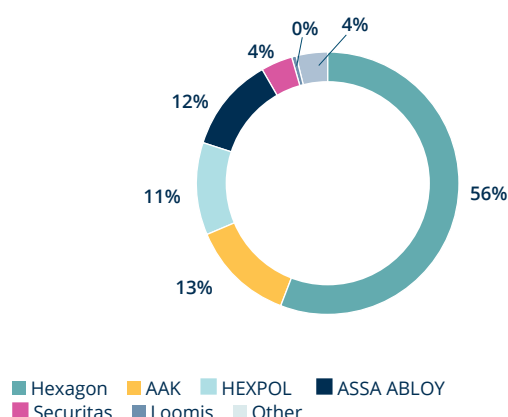
The net asset value is MSAB's most important key indicator since it reflects the value of MSAB's assets, which comprise the underlying share portfolio at fair value and the company's net cash reserves.

On 30 September 2017, the market value of MSAB's portfolio amounted to SEK 65,063 million (USD 7,968 million); net cash amounted to SEK 2,413 million (USD 296 million) and therefore the net asset value amounted to SEK 67,476 million (USD 8,264 million) compared to SEK 58,586 million (USD 6,465 million) at the end of 2016.

Net asset value per share increased from SEK 492 at the end of 2016 to SEK 567 per share on 30 September 2017, representing an increase of 15% (during the same period, the NASDAQ Stockholm All-Share PI index increased by 10%).

The weighted average organic growth in MSAB's portfolio companies was 4% (first nine months of 2016: 3%). The weighted average growth in operating profit (EBIT) in the portfolio companies was 10% (first nine months of 2016: 7%).

### SHARE OF TOTAL ASSETS ON 30 SEPTEMBER 2017

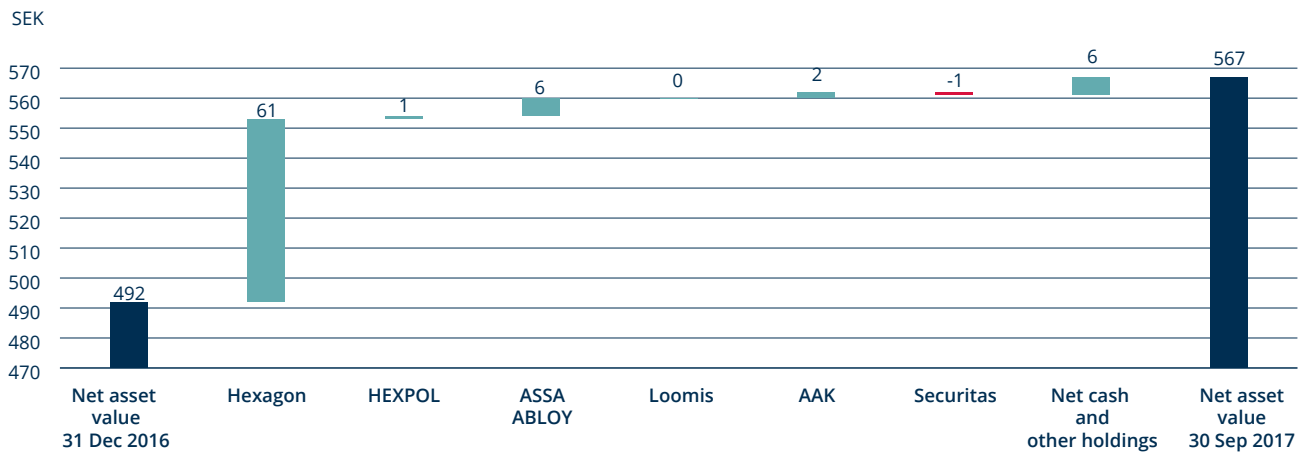


### MSAB HOLDINGS AND NET ASSET VALUE

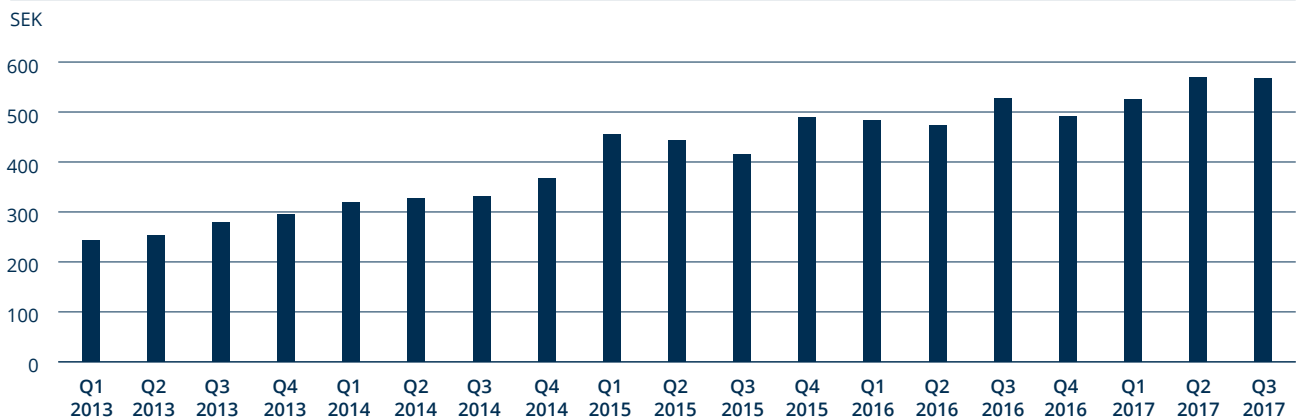
	30 September 2017			31 December 2016		
	No. of shares	Share Price (SEK)	SEK million	No. of shares	Share Price (SEK)	SEK million
Hexagon	93,679,899	403.30	37,781	93,679,899	326.10	30,549
HEXPOL	89,298,779	85.55	7,640	89,298,779	84.50	7,546
AAK	13,899,301	615.50	8,555	13,899,301	599.50	8,333
ASSA ABLOY	42,812,848	186.00	7,963	42,812,848	169.50	7,257
Securitas	19,734,600	136.30	2,690	19,734,600	143.50	2,832
Loomis	900,000	324.30	292	900,000	270.80	244
Other	-	-	142	-	-	148
<b>Total</b>			<b>65,063</b>			<b>56,909</b>
Net cash			2,413			1,677
Net asset value			67,476			58,586
No. of shares			119,097,595			119,097,595
Net asset value per share (SEK)			567			492



**CHANGE IN NET ASSET VALUE PER MSAB SHARE PER INVESTMENT - Q1-3 2017**



**DEVELOPMENT IN NET ASSET VALUE PER SHARE**







## RISK FACTORS

As a holding company, UIE is exposed to various general and specific commercial as well as financial risks.

Risk management is an inherent part of the decision-making process in UIE, and the Board of Directors is responsible for identifying and controlling risks as well as establishing risk policies. As virtually all UIE's investments are in listed companies (UP and MSAB), the management of these companies is consequently accountable for identifying and controlling their risks.

### COMMERCIAL RISKS

Due to the nature of UIE's business, the Company is indirectly exposed to various commercial risks through its investments in UP and MSAB. The primary commercial risk of UIE is its high level of exposure to the palm oil industry, which, through UP, accounts for approximately 68% of UIE's total consolidated assets of USD 950 million.

The following is a brief description of the most significant commercial risks of UIE.

#### UP

UP's income is highly dependent on both production volume and commodity prices.

Production is influenced by local and global weather patterns, such as El Niño, and is highly dependent on the seasonal and cyclical conditions of the plantation operations as well as the age profile of the oil and coconut palms. UP's production of CPO and PK is generally higher from March to September (peaking around July), then declining from October to February. Commodity prices are determined by the global supply and demand for edible oils and are to some extent correlated to the price of mineral oil. The prices obtainable and the production volumes therefore fluctuate and affect the profits of UP accordingly.

Other risk factors include the availability and cost of labour, changes in tax/duty structures and the impact of biodiesel demand on commodity prices.

See UP's Annual Report 2016 for further information regarding UP's risk factors.

#### MSAB

MSAB is a holding company which primarily invests in the industrial sector. MSAB's current portfolio primarily consists of investments in six publicly listed companies, and MSAB's risks are significantly linked to the risk factors in the respective companies.

See MSAB's Annual Report 2016 for further information on MSAB's risk factors.

### FINANCIAL RISKS

In the ordinary course of business, the Group is exposed to a variety of financial risks, which include market risks, credit risks as well as interest rate risks.

The Group is primarily exposed to the following market risks:

- Share price risk which is the risk that the value of investments will fluctuate due to changes in share prices
- Commodity price risk arises from fluctuations in the price of palm and palm kernel oil
- Foreign currency risks arising from investments and commodity sales in foreign currencies as the value of investments and cash flow fluctuations due to changes in foreign currency rates

In relation to credit risk, the primary risk is related to the Group's cash at bank. The Group manages its credit risk by ensuring that deposits are placed with a limited spread of highly rated banks.

As the Group has no interest-bearing debt, the interest rate risk arises on the interest earned on cash deposits.

See Note 4.6 in UIE's Annual Report 2016 for further information on UIE's financial risk management and exposure.

## FINANCIAL CALENDAR

5 March 2018	Annual Report 2017
26 April 2018	Annual General Meeting
24 May 2018	First Quarter Report 2018
21 August 2018	Half Year Report 2018
20 November 2018	Third Quarter Report 2018



## MEMBER TO THE BOARD OF DIRECTORS

To succeed Mr. John Madsen, the Board of Directors has resolved to elect Mr. Harald Sauthoff to the Board. Mr. Sauthoff's appointment will be presented to the shareholders for ratification at the Annual General Meeting in 2018.

Mr. Sauthoff has spent most of his career in the tropical oil business focusing on palm and lauric oils. As of October 2017, he retired from his commercial duties as BASF's Vice President Global Procurement after 45 years serving in the chemical and consumer goods manufacturing industry.

He has been a regular speaker at oils and fats conferences on market analysis and forecasts. He has also been passionate about sustainable production of palm oil and has been representing BASF's interests in various multistakeholder communities during the last one and a half decades.

## OUTLOOK

The outlook for UIE remains significantly dependent on the performance of UP, which does not release a formal profit outlook. The contribution from MSAB is a function of movements in its fair value, which mainly reflects the performance of the share price during the relevant period under review, expressed in USD. Given these factors, it is not possible to provide shareholders with any more than a very general outlook statement.

Whilst the palm oil production recovery during the first half of 2017 was significantly higher compared to the same period last year, the production in the third quarter of 2017 was moderate. As a result prices appreciated during the quarter from the MYR 2,400 per MT level experienced in May and June to above MYR 2,700 per MT in September.

The anticipated recovery in overall palm oil production for the full year 2017 may therefore not be as large as initially expected. Combined with the strong consumption and exports, prices are therefore expected to stay at levels above MYR 2,700 per MT for the remaining part of 2017.

In the U.S., the soya bean harvest is currently being completed and weather has been favourable, hence, the U.S. soya bean production is expected to be historically high due to the increased planted acreage in combination with good yields. In South America the soya bean plantings are delayed in Argentina due to excessive rain and in the northern part of Brazil due to dry weather conditions. Nevertheless, a South American bumper crop is still expected in the first quarter of 2018. The increase in soya bean production is therefore expected to have a negative impact on prices during 2018 as global vegetable oil stocks are expected to recover from current levels.

Based on the above and the prices contracted under UP's forward sales policy, coupled with large areas steadily coming into maturity from the replanted areas in Malaysia, UP projects the results for 2017 to be satisfactory.

If the current fair value of MSAB in SEK as well as the SEK/USD exchange rate were to remain unchanged during the remaining part of 2017, the fair value adjustment recognised in UIE's Income Statement for 2017 would be positive compared to a loss of USD 9 million reported in 2016.

Based on the above, the Board is of the view that UIE's net profit attributable to equity holders of the Company for 2017 will be higher than the result reported in 2016.

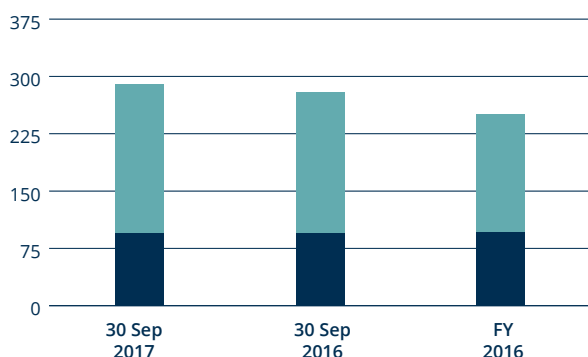


## CONSOLIDATED KEY FIGURES

USD '000	Q3 2017	Q3 2016	Q1-3 2017	Q1-3 2016	Full Year 2016
Revenue	86,795	71,793	254,333	203,758	296,409
Profit before income tax	37,606	45,841	105,391	84,748	93,162
Net profit	30,653	39,348	85,108	68,458	82,204
Net profit attributable to owners of the Company	18,442	28,603	49,851	40,549	39,459
Current assets	404,220	375,748	404,220	375,748	381,201
Cash and bank balances	207,483	192,651	207,483	192,651	157,094
Short-term funds	82,157	86,995	82,157	86,995	93,311
Non-current assets	545,740	534,106	545,740	534,106	493,756
Total assets	949,960	909,854	949,960	909,854	874,957
Total liabilities	77,029	66,474	77,029	66,474	74,434
Equity attributable to owners of the Company	551,147	528,347	551,147	528,347	510,179
Non-controlling interests	321,784	315,033	321,784	315,033	290,344
Total equity	872,931	843,380	872,931	843,380	800,523
Earnings per share attributable to owners of the Company (USD)	5.3	8.1	14.4	11.4	11.2
Share price, end of period (USD)	209.5	183.8	209.5	183.8	176.0
Share price, end of period (DKK)	1,320	1,227	1,320	1,227	1,241
Return on equity	3.4%	5.5%	9.4%	7.8%	7.8%
Solvency ratio	91.9%	92.7%	91.9%	92.7%	91.5%

### CASH, BANK BALANCES AND SHORT-TERM FUNDS

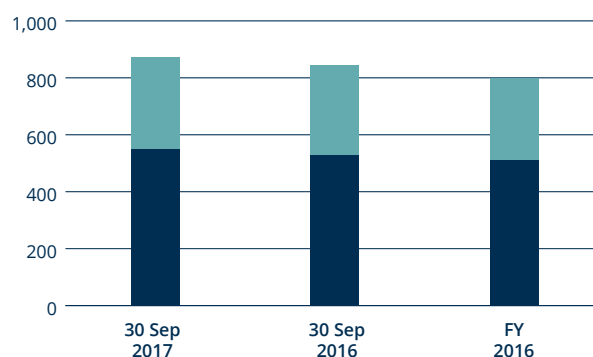
USD million



■ UIE ■ UP

### EQUITY ATTRIBUTABLE TO OWNERS VS. NCI

USD million



■ Owners of the Company (UIE) ■ Non-controlling Interests (NCI)



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## CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

USD '000	Q3 2017	Q3 2016	Q1-3 2017	Q1-3 2016	Full Year 2016
Revenue	86,795	71,793	254,333	203,758	296,409
Costs of goods sold	(60,643)	(47,799)	(178,046)	(152,645)	(219,266)
Other income	1,395	1,560	4,152	13,437	8,928
<b>Profit from operations before financial items</b>	<b>27,547</b>	<b>25,554</b>	<b>80,439</b>	<b>64,550</b>	<b>86,071</b>
Changes in fair value of MSAB	7,863	16,779	17,285	11,313	(9,062)
Changes in fair value of Greenbridge	(542)	1,381	(2,163)	3,091	2,133
Dividend income MSAB	-	-	824	730	730
Results from investing activities					
- portfolio investments	567	216	2,085	(270)	93
Interest income	1,867	1,854	4,979	5,474	6,998
Interest expense	(7)	(2)	(11)	(5)	(5)
Net foreign exchange gain/(loss)	311	59	1,953	(135)	6,204
Profit before income tax	37,606	45,841	105,391	84,748	93,162
Income tax	(6,953)	(6,493)	(20,283)	(16,290)	(20,906)
One-off settlement of tax position	-	-	-	-	9,948
<b>Net profit</b>	<b>30,653</b>	<b>39,348</b>	<b>85,108</b>	<b>68,458</b>	<b>82,204</b>
<b>Profits attributable to</b>					
Owners of the Company	18,442	28,603	49,851	40,549	39,459
Non-controlling interests	12,211	10,745	35,257	27,909	42,745
	<b>30,653</b>	<b>39,348</b>	<b>85,108</b>	<b>68,458</b>	<b>82,204</b>
Earnings per share attributable to owners of the Company (USD)	5.3	8.1	14.4	11.4	11.2

## OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

USD '000	Q3 2017	Q3 2016	Q1-3 2017	Q1-3 2016	Full Year 2016
Net profit	30,653	39,348	85,108	68,458	82,204
<b>Items that are or may be reclassified to the Income Statement</b>					
Equity adjustment on foreign currency translation, net of tax of nil USD	9,313	(20,287)	34,026	21,843	(24,474)
Other comprehensive income	9,313	(20,287)	34,026	21,843	(24,474)
<b>Total comprehensive income</b>	<b>39,966</b>	<b>19,061</b>	<b>119,134</b>	<b>90,301</b>	<b>57,730</b>
<b>Total comprehensive income attributable to</b>					
Owners of the Company	22,901	18,122	66,290	51,949	35,706
Non-controlling interests	17,065	939	52,844	38,352	22,024
	<b>39,966</b>	<b>19,061</b>	<b>119,134</b>	<b>90,301</b>	<b>57,730</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

USD '000	30 Sep 2017	30 Sep 2016	31 Dec 2016
<b>Assets</b>			
<b>Current assets:</b>			
Inventories	34,742	36,932	42,342
Cash and bank balances	207,483	192,651	157,094
Short-term funds	82,157	86,995	93,311
Trade and other receivables	59,972	43,936	75,042
Derivatives	589	147	770
Portfolio investments	19,277	11,397	11,216
Current tax receivable	-	3,690	1,426
<b>Total current assets</b>	<b>404,220</b>	<b>375,748</b>	<b>381,201</b>
<b>Non-current assets:</b>			
Goodwill	7,096	7,096	7,096
Bearer plants	110,183	111,405	104,212
Biological assets	7,943	7,956	6,301
Property, plant and equipment	267,391	253,845	239,883
Land use rights	8,383	8,746	8,067
Equity accounted investments	3,552	-	-
Deferred tax assets	-	-	2,346
Strategic investments	141,180	144,014	125,839
Other financial assets	12	12	12
Non-current derivatives	-	1,032	-
<b>Total non-current assets</b>	<b>545,740</b>	<b>534,106</b>	<b>493,756</b>
<b>Total assets</b>	<b>949,960</b>	<b>909,854</b>	<b>874,957</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Current tax liability	6,504	1,813	3,640
Trade and other payables	27,349	20,854	27,268
Derivatives	-	3	3,190
Other current liabilities	183	249	191
<b>Total current liabilities</b>	<b>34,036</b>	<b>22,919</b>	<b>34,289</b>
<b>Total non-current liabilities</b>	<b>42,993</b>	<b>43,555</b>	<b>40,145</b>
<b>Total liabilities</b>	<b>77,029</b>	<b>66,474</b>	<b>74,434</b>
Share capital	35,556	35,556	35,556
Treasury shares	(21,618)	(11,637)	(13,646)
Other reserves	537,209	504,428	488,269
Equity attributable to owners of the Company	551,147	528,347	510,179
Non-controlling interests	321,784	315,033	290,344
<b>Total equity</b>	<b>872,931</b>	<b>843,380</b>	<b>800,523</b>
<b>Total liabilities and shareholders' equity</b>	<b>949,960</b>	<b>909,854</b>	<b>874,957</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

USD '000	Share capital	Share premium	Treasury shares	Trans-lation reserves	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2017	35,556	9,159	(13,646)	(69,736)	-	548,846	510,179	290,344	800,523
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	49,851	49,851	35,257	85,108
Equity adjustment on foreign currency translation	-	-	-	16,439	-	-	16,439	17,587	34,026
Total comprehensive income for the year	-	-	-	16,439	-	49,851	66,290	52,844	119,134
<b>Transactions with owners</b>									
Treasury shares purchased	-	-	(7,972)	-	-	-	(7,972)	-	(7,972)
Dividends paid	-	-	-	-	-	(17,350)	(17,350)	(21,404)	(38,754)
Total transactions with owners	-	-	(7,972)	-	-	(17,350)	(25,322)	(21,404)	(46,726)
<b>On 30 September 2017</b>	<b>35,556</b>	<b>9,159</b>	<b>(21,618)</b>	<b>(53,297)</b>	<b>-</b>	<b>581,347</b>	<b>551,147</b>	<b>321,784</b>	<b>872,931</b>

USD '000	Share capital	Share premium	Treasury shares	Trans-lation reserves	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2016	35,556	9,159	-	(66,081)	98	520,053	498,785	296,370	795,155
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	40,549	40,549	27,909	68,458
Equity adjustment on foreign currency translation	-	-	-	11,497	(98)	-	11,399	10,443	21,842
Total comprehensive income for the year	-	-	-	11,497	(98)	40,549	51,948	38,352	90,300
<b>Transactions with owners</b>									
Treasury shares purchased	-	-	(11,637)	-	-	-	(11,637)	-	(11,637)
Dividends paid	-	-	-	-	-	(10,749)	(10,749)	(19,689)	(30,438)
Total transactions with owners	-	-	(11,637)	-	-	(10,749)	(22,386)	(19,689)	(42,075)
<b>On 30 September 2016</b>	<b>35,556</b>	<b>9,159</b>	<b>(11,637)</b>	<b>(54,584)</b>	<b>-</b>	<b>549,853</b>	<b>528,347</b>	<b>315,033</b>	<b>843,380</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

USD '000	Q1-3 2017	Q1-3 2016	Full Year 2016
<b>Cash flows from operating activities</b>			
Receipts from customers	255,863	201,294	276,306
Payment to suppliers	-	-	(142,790)
Payment of operating expenses	(144,012)	(144,242)	(73,969)
Payment of taxes	(4,282)	(15,927)	(19,388)
Other receipts	3,692	3,450	9,021
Net cash generated from operating activities	111,261	44,575	49,180
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	58	2,140	2,119
Interest income	4,457	5,947	7,787
Investment in joint venture	(3,452)	-	-
Proceeds from sale of shares available for sale	-	5,253	5,075
Investment in Greenbridge	(220)	-	(3,158)
Dividend income	794	714	862
Portfolio investments, net	(5,905)	(321)	(1,455)
Pre-cropping expenditure incurred	(6,682)	(7,505)	(10,657)
Purchase of property, plant and equipment	(26,371)	(13,620)	(19,932)
Land use rights payments	(219)	(224)	(362)
Net change in deposits with a tenure more than 3 months	11,336	44,527	44,307
Net change in short-term funds	16,492	1,382	(15,872)
Net cash (used in)/generated from investing activities	(9,712)	38,293	8,714
<b>Cash flows from financing activities</b>			
Interest paid	(11)	(4)	(5)
Dividends paid	(38,676)	(30,438)	(38,716)
Purchase of treasury shares	(7,972)	(11,637)	(13,646)
Movement in associated company balances	-	-	(1)
Net cash used in financing activities	(46,659)	(42,079)	(52,368)
Net change in cash and cash equivalents	54,890	40,789	5,526
Cash and cash equivalents at the beginning of year	122,238	117,709	117,709
Foreign exchange adjustment	5,014	(5,011)	(997)
Cash and cash equivalents at end of period	182,142	153,487	122,238
Cash and cash equivalents	182,142	153,487	122,238
Bank overdrafts included in cash and cash equivalents	(4)	(3)	(24)
	182,146	153,490	122,262
Deposits with a tenure more than 3 months	25,337	39,161	34,832
Total cash and bank balances	207,483	192,651	157,094
Short-term funds	82,157	86,995	93,311
Cash and short-term funds	289,640	279,646	250,405





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1: SEGMENTATION

The segment reporting includes the following two segments:

- UIE
- UP

**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 translation 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, the adoption of amended IAS 41, which are recognised in UIE's consolidated financial statements, and changes due to translation of UP figures from Malaysian GAAP to IFRS.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 1: OPERATING ACTIVITIES – CONTINUED

USD '000	UIE	UP	Total	Adjustments to IFRS	Elimi- nations	UIE Con- solidated
<b>INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017</b>						
Revenue	-	254,333	254,333	-	-	254,333
Other income	77	4,152	4,229	-	(77)	4,152
Changes in fair value of MSAB	17,285	-	17,285	-	-	17,285
Changes in fair value of Greenbridge	(2,163)	-	(2,163)	-	-	(2,163)
Dividend income MSAB	824	-	824	-	-	824
Results from investing activities - portfolio	2,085	-	2,085	-	-	2,085
Share of results of equity-accounted investments	31,169	-	31,169	-	(31,169)	-
Total operating income	49,277	258,485	307,762	-	(31,246)	276,516
Operating expenses	(2,377)	(176,466)	(178,843)	720	77	(178,046)
Interest income	699	4,280	4,979	-	-	4,979
Interest expense	(3)	(8)	(11)	-	-	(11)
Foreign exchange gain/(loss)	1,953	-	1,953	-	-	1,953
Profit before tax	49,549	86,291	135,840	720	(31,169)	105,391
Income tax	(224)	(20,065)	(20,289)	6	-	(20,283)
Net profit	49,325	66,226	115,551	726	(31,169)	85,108
<b>Profits attributable to</b>						
Owners of the Company	49,325	65,852	115,177	344	(65,670)	49,851
Non-controlling interests	-	374	374	382	34,501	35,257

## STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2017

### Assets

Cash & short-terms funds	94,663	194,977	289,640	-	-	289,640
Other current assets	19,883	94,697	114,580	-	-	114,580
Strategic investments	449,523	-	449,523	-	(308,343)	141,180
Other non-current assets	104	360,650	360,754	36,710	7,096	404,560
Total assets	564,173	650,324	1,214,497	36,710	(301,247)	949,960

### Liabilities and shareholders' equity

Total liabilities	2,186	65,156	67,342	9,687	-	77,029
Shareholders' equity:						
Equity attributable to owners	561,987	583,605	1,145,592	12,792	(607,237)	551,147
Non-controlling interest	-	1,563	1,563	14,231	305,990	321,784
Total shareholders' equity	561,987	585,168	1,147,155	27,023	(301,247)	872,931
Total liabilities and shareholders' equity	564,173	650,324	1,214,497	36,710	(301,247)	949,960

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Operating activities	7,201	104,060	111,261	-	-	111,261
Investing activities	14,630	(5,080)	9,550	-	(19,262)	(9,712)
Financing activities	(25,325)	(40,596)	(65,921)	-	19,262	46,659



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 1: OPERATING ACTIVITIES – CONTINUED

USD '000	UIE	UP	Total	Adjustments to IFRS	Elimi- nations	UIE Con- solidated
<b>INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016</b>						
Revenue	-	203,758	203,758	-	-	203,758
Other income	64	13,373	13,437	-	-	13,437
Changes in fair value of MSAB	11,313	-	11,313	-	-	11,313
Changes in fair value of Greenbridge	3,091	-	3,091	-	-	3,091
Dividend income MSAB	730	-	730	-	-	730
Results from investing activities - portfolio	(270)	-	(270)	-	-	(270)
Share of results of equity-accounted investments	24,978	-	24,978	-	(24,978)	-
<b>Total operating income</b>	<b>39,906</b>	<b>217,131</b>	<b>257,037</b>	<b>-</b>	<b>(24,978)</b>	<b>232,059</b>
Operating expenses	(1,691)	(153,653)	(155,344)	2,699	-	(152,645)
Interest income	392	5,082	5,474	-	-	5,474
Interest expense	-	(5)	(5)	-	-	(5)
Foreign exchange gain/(loss)	(135)	-	(135)	-	-	(135)
Profit before tax	38,472	68,555	107,027	2,699	(24,978)	84,748
Tax	(181)	(15,665)	(15,846)	(444)	-	(16,290)
<b>Net profit</b>	<b>38,291</b>	<b>52,890</b>	<b>91,181</b>	<b>2,255</b>	<b>(24,978)</b>	<b>68,458</b>
<b>Profits attributable to</b>						
Owners of the Company	38,291	52,777	91,068	(25,541)	(24,978)	40,549
Non-controlling interests	-	113	113	27,796	-	27,909

## STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 SEPTEMBER 2016

<b>Assets</b>						
Cash & short-terms funds	95,293	184,353	279,646	-	-	279,646
Other current assets	11,459	84,643	96,102	-	-	96,102
Strategic investments	440,783	-	440,783	-	(296,769)	144,014
Other non-current assets	144	344,768	344,912	38,086	7,094	390,092
<b>Total assets</b>	<b>547,679</b>	<b>613,764</b>	<b>1,161,443</b>	<b>38,086</b>	<b>(289,675)</b>	<b>909,854</b>
<b>Liabilities and shareholders' equity</b>						
Total liabilities	1,293	55,004	56,297	10,177	-	66,474
Shareholders' equity:						
Equity attributable to owners	546,386	557,729	1,104,115	(343,633)	(232,135)	528,347
Non-controlling interest	-	1,031	1,031	371,542	(57,540)	315,033
<b>Total shareholders' equity</b>	<b>546,386</b>	<b>558,760</b>	<b>1,105,146</b>	<b>27,909</b>	<b>(289,675)</b>	<b>843,380</b>
<b>Total liabilities and shareholders' equity</b>	<b>547,679</b>	<b>613,764</b>	<b>1,161,443</b>	<b>38,086</b>	<b>(289,675)</b>	<b>909,854</b>

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Operating activities	(1,583)	46,158	44,575	-	-	44,575
Investing activities	16,410	39,528	55,938	-	(17,645)	38,293
Financing activities	(22,386)	(37,338)	(59,724)	-	17,645	(42,079)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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 2016. See the Annual Report 2016 for a comprehensive description of the accounting policies applied.

Amendments to IAS 41, as adopted by the EU, was early implemented by the Group in 2015. The implementation of the amendments has resulted in biological assets (fruit bunches and nuts) growing on palms and trees (bearer biological assets) being measured at fair value less cost of sales. The change in the fair value of the biological assets in each accounting period is recognised in the consolidated income statements. In the first nine months of 2017, the change in the fair value of the biological assets amounted to USD 1.2 million and is recognised in the consolidated financial statements.

Please see pages 57-58 in the Annual Report 2016 for further explanation.

#### CHANGES TO ACCOUNTING POLICY

With effect from 1 January 2017, the Group implemented the Standards and Interpretations that became effective in the EU from 2017. None of these Standards and Interpretations have had material impact on profit or loss, assets, liabilities or equity.

#### JUDGMENTS AND ESTIMATES

The preparation of interim reports requires management to make accounting judgments as well as estimates that affect the use of accounting policies and recognized assets, liabilities, income and expenses. Actual results may differ from these estimates.

The most significant estimates made by management when using the Group's accounting policies and the most significant judgment uncertainties attached hereto are the same for the preparation of the interim report as for the preparation of the Annual Report 2016.

#### 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: SEASONAL AND CYCLICAL

#### NATURE OF UP'S PRODUCTS AND OPERATIONS

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

Crop production is seasonal. Based on statistics, the Group's production of CPO and PK gradually increases from March, peaking around July to September, and then declines from October to February. This pattern can, however, 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 Group's profits.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4: EVENTS AFTER THE REPORTING DATE

On 14 November 2017, it was announced that UIE has agreed to exchange its shares in MSAB with shares in a newly formed unlisted company, Schörling & Partners AB ("S&P"), which on the same day made an unconditional cash offer to the shareholder of MSAB to acquire all shares of MSAB.

S&P is jointly owned by Melker Schörling Tjänste AB, Stefan Persson, Mikael Ekdahl AB and UIE. All of these were previously shareholders in MSAB, holding in total 92.6% of the shares in MSAB.

When the offer to the remaining shareholders in MSAB has expired, S&P will initiate a compulsory redemption of any remaining shareholders in MSAB, and MSAB will be delisted.

As a consequence UIE will, instead of holding 1.7% of the shares in MSAB, hold 1.8% of the shares in S&P, which after completion of the offer to the remaining shareholders will hold all shares in MSAB. UIE's shareholding will thus increase, but the debt in the group will increase in order to finance the redemption of the other shareholders.

The transactions between UIE and S&P are handled as an exchange of shares and will thus not involve any cash to or from UIE. The investment will continue to be accounted for at fair value through profit or loss. The fair value will be based on the net asset value of MSAB as opposed to previously where the fair value was based on the share price of MSAB.

For further information, see Company Announcement no. 54.

### NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments measured at fair value consist of investments in quoted and unquoted shares and bonds amounting to USD 160.5 million and derivatives amounting to USD 0.1 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, which are based on observable market data, such 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 and liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques that use inputs, 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 today discussed and approved the Company's report for the period 1 January - 30 September 2017.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as at 30 September 2017, and of the results of the Group's operations and cash flow for the period 1 January - 30 September 2017.

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

Malta, 20 November 2017

### BOARD OF DIRECTORS

**Carl Bek-Nielsen**  
Chairman

**Martin Bek-Nielsen**  
Deputy Chairman

**John A. Goodwin**

**Bent Mahler**

**Jørgen Balle**

**Harald Sauthoff**

**Frederik Steen Westenholz**

### MANAGEMENT

**Ulrik Juul Østergaard**  
Managing Director



# COMPANY INFORMATION

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## **COUNTRY OF INCORPORATION**

The Commonwealth of The Bahamas

## **BOARD OF DIRECTORS**

Carl Bek-Nielsen, Chairman  
Martin Bek-Nielsen, Deputy Chairman  
John A. Goodwin  
Bent Mahler  
Jørgen Balle  
Frederik Steen Westenholz  
Harald Sauthoff

## **AUDIT COMMITTEE**

John Goodwin, Chairman  
Jørgen Balle  
Appalanaidu Ganapathy

## **MANAGING DIRECTOR**

Ulrik Juul Østergaard

## **COMPANY SECRETARY**

Alison Trecó

## **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

Kuala Lumpur, Malaysia

## **ATTORNEYS**

McKinney, Bancroft & Hughes  
Nassau, Bahamas

Bech-Bruun  
Copenhagen, Denmark

Shearn Delamore & Co.  
Kuala Lumpur, Malaysia

## **BANKERS**

Danske Bank A/S

Handelsbanken A/S

Hongkong & Shanghai Banking Corp.

Maybank Berhad

## **CONTACT PERSON**

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E-mail: uie-info@plantations.biz

## **LINKS**

[www.uie.dk](http://www.uie.dk)  
[www.unitedplantations.com](http://www.unitedplantations.com)  
[www.melkerschorlingab.com](http://www.melkerschorlingab.com)



# ABBREVIATIONS & DEFINITIONS

## COMPANY ABBREVIATIONS

<u>Company Name</u>	<u>Abbreviation</u>
Greenbridge Investment Limited Partnership	Greenbridge
Melker Schörling AB	MSAB
Schörling & Partners AB	S&P
<b>United International Enterprises Limited</b>	<b>UIE or the Company</b>
United Plantations Berhad	UP

## CURRENCY ABBREVIATIONS

<u>Currency</u>	<u>Abbreviation</u>
Danish Kroner	DKK
Euros	EUR
Indonesian Rupia	IDR
Malaysian Ringgits	MYR
Swedish Kroner	SEK
United States Dollars	USD

## OTHER ABBREVIATIONS

<u>Others Abbreviation</u>	
Crude Palm Oil	CPO
International Accounting Standards	IAS
International Financial Reporting Standards as adopted by the EU	IFRS
International Accounting Standards Board	IASB
Non-controlling interests	NCI
Palm Kernel	PK
Palm Kernel Oil	PKO

## DEFINITIONS

**Earnings per share** 
$$\frac{\text{Net profit for the period attributable to equity holders of the company}}{\text{Weighted average number of shares, excluding treasury shares}}$$

**Book value per share** 
$$\frac{\text{Equity at the end of the period, excluding minority interests}}{\text{Number of shares at the end of the period, excluding treasury shares}}$$

**Return on equity** 
$$\frac{\text{Net profit for the year attributable to equity holders of the company}}{\text{Average equity, excluding minority interests}}$$

**Solvency ratio** 
$$\frac{\text{Equity at the end of the period}}{\text{Total assets at the end of the period}}$$

## 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.)