

# Third Quarter Report 2014

---

Company Announcement No. 10/2014

26 November 2014

---



UNITED INTERNATIONAL ENTERPRISES LIMITED

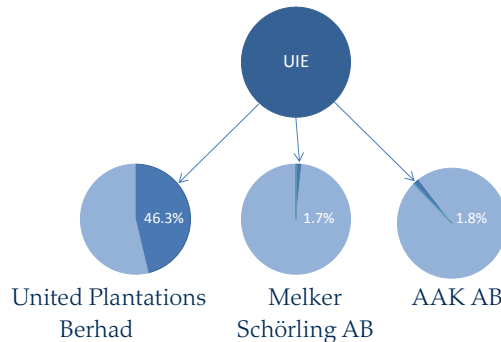


## United International Enterprises Limited in Brief

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 through 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 stages of the vegetable oil value chain.

Our portfolio mainly consists of the following three companies on 30 September 2014:



## Measurement of Performance

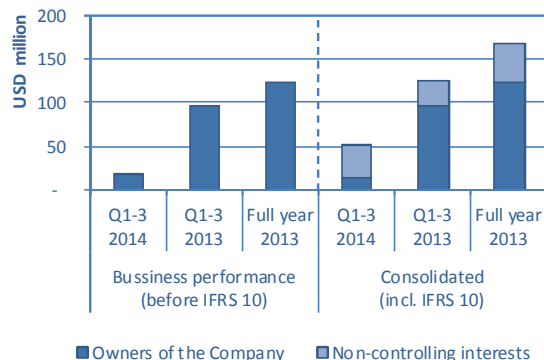
According to International Financial Reporting Standards, as adopted by the EU, UIE must account for United Plantations Berhad ("UP") as a subsidiary and thus, UP is fully consolidated in the financial statements. However, as UIE is a holding company, the Board is of the view that the most appropriate 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).

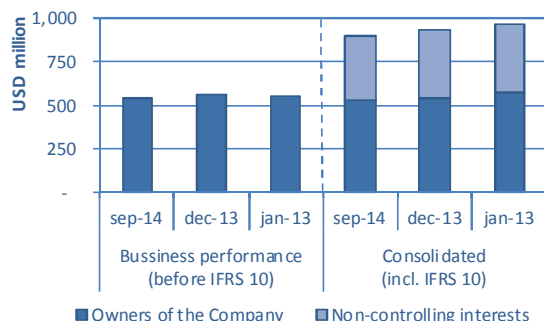
As shown in the graph, the net profit in the Business Reporting is, in all material aspects, equal to the amount attributable to the owner of the Company in the Consolidated Financial Statements.

In relation to UIE's shareholders' share of equity, the net impact is USD 17.8 million negative on 30 September 2014.

### Net Profit



### Shareholders' Equity





## Highlights – Business Performance



Net profit in the first nine months of 2014 amounted to USD 18.1 million and included a contribution from UP of USD 29.2 million which was partly offset by a decrease in the fair value of the investments in MSAB and AAK of USD 8.9 million (after including dividends received and a realised gain on AAK shares sold). The decrease in the fair value of the investments in MSAB and AAK is due to a devaluation of the SEK and a decrease in the AAK share price.

The share buy-back programme announced in the Half Year Report 2014 was completed on 8 October 2014 with an additional 86,000 treasury shares being acquired for an aggregate consideration of USD 17.2 million.

All of UIE's treasury shares (744,425 shares) is expected to be cancelled before 31 December 2014 and thereby reduce UIE's issued share capital to USD 35,555,750 consisting of 3,555,575 shares of USD 10.00 each.

## UIE's Investment Portfolio



Net profit in the first nine months of 2014 was MYR 206 million (USD 63 million); an increase of 28% compared to the first nine months of 2013.

Profit before tax increased by 5% in the plantation division, which is UP's main activity. The rise was mainly attributable to higher production of both crude palm oil ("CPO") and palm kernels ("PK"), which increased by 9% and 6%, respectively, as well as a significantly higher selling price of PK as a consequence of the improvement in the global vegetable oil prices.



Net profit in the first nine months of 2014 was SEK 4,442 million (USD 664 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 331 per share at the end of September 2014, representing an increase of 12%.

During the first nine months of 2014, the MSAB share price increased by 10% and the fair value of UIE's investment in MSAB consequently increased by SEK 58 million. However, as the SEK weakened significantly relative to the USD in the period under review, the fair value in USD of UIE's investment in MSAB decreased by 2% or USD 2.1 million (USD 1.7 million including dividend received from MSAB).



Net profit amounted to SEK 588 million (USD 88 million) in the first nine months of 2014; an increase of 15% relative to the first nine months of 2013.

Record high operating profit (EBIT) of SEK 903 million (USD 135 million), which is equivalent to a 14% increase compared to the first nine months of 2013. The increase is primarily due to a significant improvement in the Chocolate & Confectionary Fats division.

The fair value of UIE's investment in AAK (including realised gain on shares sold) decreased by USD 7.8 million or 17% during the first nine months of 2014 (USD 7.2 million including dividend received from AAK). Even though a gain (in USD) was realised on the AAK shares sold in the period under review, the fair value of UIE's remaining shareholding in AAK decreased as the AAK share price decreased by 8% and as the SEK devaluated significantly relative to the USD.



## 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 relative fair value, 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.

### UIE's Investment Portfolio

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

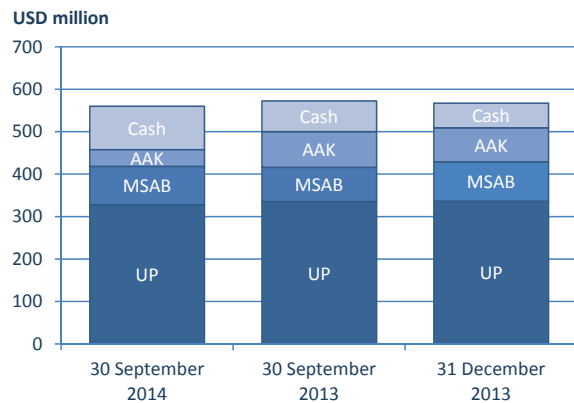
In July 2014, UIE acquired 260,000 shares in UP for a consideration of MYR 7.2 million (USD 2.2 million), whereby UIE's control of UP increased by 0.1% to 46.3%.

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 32.8 million). In addition, AAK issued 540,500 new shares in connection with its incentive programme to senior executives and key employees, which resulted in UIE's ownership in AAK being reduced from 3.1% to 1.8%.

During the third quarter of 2014, UIE acquired 44,242 treasury shares under the share buy-back programme announced in the Half Year Report 2014 along with the purchase of 59,799 treasury shares in the first quarter of 2014, which completed the share buy-back programme announced in the Third Quarter Report 2013.

On 30 September 2014, the investment portfolio accounted for 82% of UIE's total assets (based on Business Reporting), and the remaining assets for the most part therefore comprises cash reserves. As shown in the graph below, UP is by far UIE's largest investment and accounts for 72% (using the equity method of accounting), whereas MSAB and AAK (using fair value accounting) account for 20% and 8% of the total investment portfolio.

#### Total Assets in UIE





## Future Investments

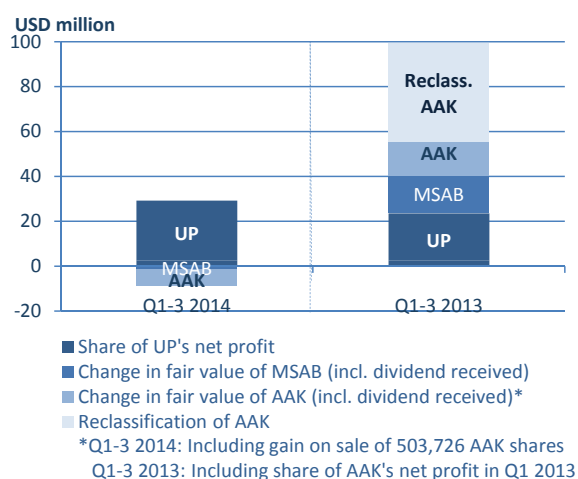
UIE's Board is currently reviewing the possibility of broadening the Company's investment portfolio. UIE is a long-term investor focusing on value creation, and the Board will assess thoroughly potential acquisitions that align with the Company's investment criteria. Emphasis will primarily be based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

## Financial Review – Business Reporting

### Business Performance Review

Operating income for the first nine months of 2014 totalled USD 20.5 million and comprised, primarily, the items shown in the graph below:

#### Income in UIE



UIE's profit before tax in the first nine months of 2014 amounted to USD 18.1 million, a decrease of 81% or USD 79.3 million compared to the first nine months of 2013.

When comparing the results for the two periods under review, it should be noted that the profit before tax in the first nine months 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 nine months of 2014 was USD 35.5 million lower compared to the first nine months of 2013.

The decrease of USD 35.5 million is entirely due to the fact that whilst there was a positive change in the fair value of the investment in MSAB and AAK of USD 31.0 million in the first nine months of 2013, the fair value of the investment in MSAB and AAK decreased in the first nine months of 2014 due to a devaluation of the SEK and a decrease in the AAK share price.

### Business Performance

USD '000	Q1 2014	Q2 2014	Q3 2014	Q1-3 2014	Q1 2013	Q2 2013	Q3 2013	Q1-3 2013
Share of UP's net profit	12,294	6,576	<b>10,306</b>	<b>29,176</b>	9,643	8,482	5,436	23,561
Change in fair value of MSAB	10,980	(4,114)	<b>(9,015)</b>	<b>(2,149)</b>	16,420	(10,414)	10,878	16,884
Change in fair value of AAK <sup>1</sup>	1,805	994	<b>(10,617)</b>	<b>(7,818)</b>	801	(1,946)	15,298	14,153
Reclassification of UIE's investment in AAK to fair value	-	-	-	-	-	43,759	-	43,759
Dividend income (MSAB & AAK)	-	1,042	-	<b>1,042</b>	-	1,159	-	1,159
Other	29	114	<b>66</b>	<b>209</b>	226	75	235	536
Total operating income	25,108	4,612	<b>(9,260)</b>	<b>20,460</b>	27,090	41,115	31,847	100,052
Administrative expenses	(744)	(757)	<b>(541)</b>	<b>(2,042)</b>	(750)	(869)	(665)	(2,284)
Net finance income	614	(127)	<b>(787)</b>	<b>(300)</b>	(50)	(245)	(64)	(359)
Profit before tax	24,978	3,728	<b>(10,588)</b>	<b>18,118</b>	26,290	40,001	31,118	97,409

1) Q1-3 2014: Include realised gain on sale of 503,726 AAK shares sold.

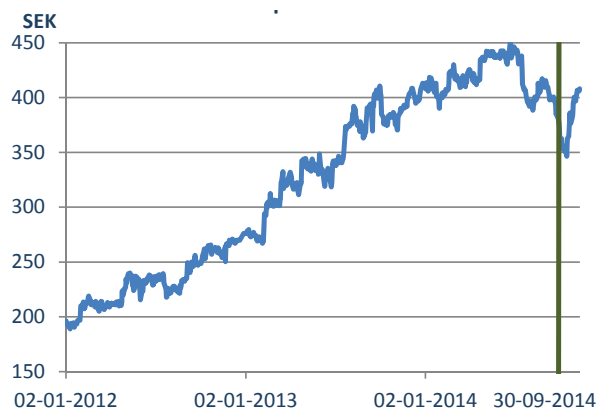
Q1-3 2013: Include the contribution from AAK of USD 0.8 million in first quarter 2013 when AAK was classified as an associated company.



#### Share Price Development – MSAB



#### Share Price Development – AAK



#### UP

A USD 29.2 million contribution from UP in the first nine months of 2014 reflected an increase of USD 5.6 million or 24% compared to the first nine months of 2013.

The increase represented a rise of 28% in UP's net profit in the first nine months of 2014 due to a higher production of CPO and PK as well as significantly higher selling prices of PK.

UIE's contribution from UP was diluted by UP's functional currency, the Malaysian Ringgit, 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 on 31 December 2013 to SEK 333.99 on 30 September 2014, representing an increase of 10% (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 1% on 30 September 2014.

The fair value of UIE's investment in MSAB increased by SEK 57.6 million or 10%. However, as the SEK weakened considerably relative to the USD in the period under review, the fair value of UIE's investment in MSAB, converted to USD, decreased by 2% or USD 2.1 million during the first nine months of 2014. During the equivalent period last year, the fair value increased by USD 16.9 million or 27% mainly due to an increase in the MSAB share price and to a lesser extent an appreciation of the SEK toward the USD.

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

#### 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 decreased from SEK 411.33 on 31 December 2013 to SEK 378.06 on 30 September 2014, representing a decrease of 8% (during the same period, the NASDAQ OMX Stockholm All-Share PI index increased by 6%).

The 8% decrease in the AAK share price combined with a weaker SEK led to a decrease of USD 7.8 million or 17% in the fair value of UIE's investment in AAK during the first nine months of 2014. This included a realised gain of USD 0.6 million on the 503,726 AAK shares sold during the first nine months of 2014 at an average share price of SEK 427.

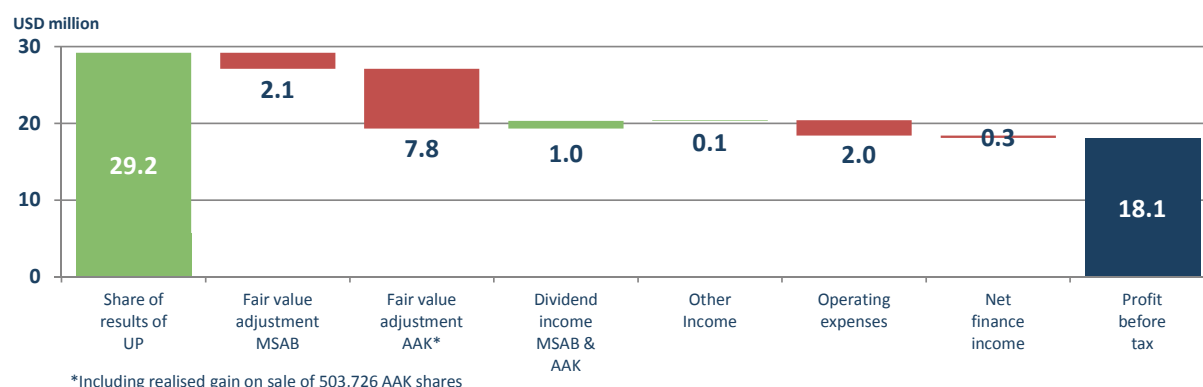
During the first nine months of 2014, UIE received a dividend of USD 0.5 million from AAK. Even though AAK paid a higher dividend per share in May 2014 compared to May 2013, the total dividend to UIE decreased due to a lower equity interest in AAK as well as the weakening of the SEK.

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.



### Profit Before Tax in the First Nine Months of 2014



### 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 of USD 0.1 million during the period under review.

In the first nine months of 2014, general and administrative expenses totalled USD 2.0 million, which is marginally lower than the amount incurred in the first nine months of 2013.

### Financial Position

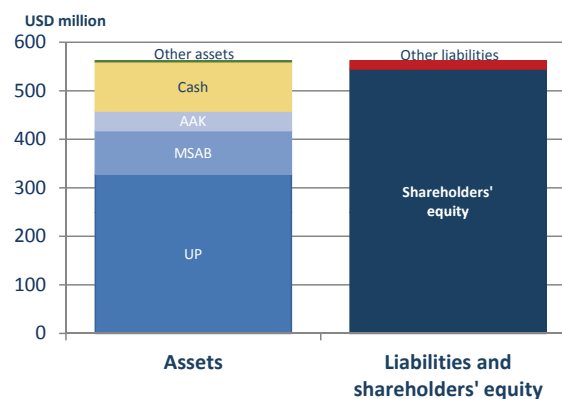
The development in the value of UIE's investment in UP, MSAB and AAK is shown in the table below. The total value of the investments decreased by USD 51.0 million, primarily due to UP paying generous dividends (May and September 2014) exceeding UP's net profit in the period and the sale of 503,726 AAK shares in the period under review as well as the negative fair value change of both MSAB and AAK.

### Value of UIE's Investments

USD '000	UP	MSAB	AAK	Total
Balance at 1 January 2014	336,275	92,610	80,227	509,112
Acquisitions	2,245	-	-	2,245
Change in fair value	-	(2,149)	(7,818)	(9,967)
Proceeds from sale	-	-	(32,896)	(32,896)
Equity in earnings	29,176	-	-	29,176
Equity adjustment on foreign currency translation	1,989	-	-	1,989
Dividends received	(41,577)	-	-	(41,577)
Total on 30 September 2014	328,108	90,461	39,513	458,082

Shareholders' equity decreased from USD 568.4 million on 31 December 2013 to USD 545.2 million on 30 September 2014. The decrease comprised the acquisition of treasury shares amounting to USD 21.4 million, a dividend payment of USD 7.3 million and a dividend declared of USD 14.4 million, partly offset by the net profit of USD 18.1 million and other reserves of USD 1.8 million (primarily a positive equity adjustment on foreign currency translation arising from the conversion of UIE's interests in UP into USD).

### Assets, Liabilities and Shareholder's Equity







## Share Buy-Back Programmes

The share buy-back programme, which was 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.

The share buy-back programme, initiated in July 2014 (announced in the Half Year Report 2014), was completed on 8 October 2014. In connection with this buy-back programme, an additional 86,000 treasury shares were acquired (equivalent to 2.0% of the issued share capital) for an aggregate consideration of USD 17.2 million (hereof 44,242 treasury shares were acquired during the third quarter of 2014 for a consideration of USD 9.3 million and the balance was acquired during October 2014).

## Cancellation of treasury shares

After the completion of the share buy-back programme in October 2014, UIE's current holding of treasury shares amounts to 744,425 shares, corresponding to 17.3% of the issued share capital, which pursuant to the authorisation given at the Annual General Meeting on 8 June 2012 is expected to be cancelled before 31 December 2014.

UIE's issued share capital will thereby be reduced to USD 35,555,750 consisting of 3,555,575 shares of USD 10.00 each.

## Cash Flow

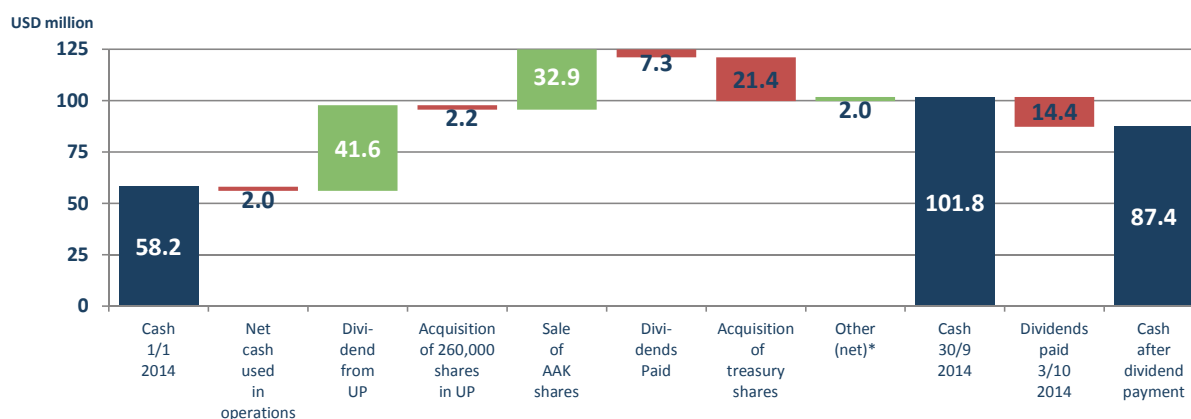
Total net cash reserves in UIE increased from USD 58.2 million on 31 December 2013 to USD 101.8 million on 30 September 2014, an increase of USD 43.6 million.

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 42.6 million in total, less the funds used to acquire treasury shares of USD 21.4 million and the dividend payment of USD 7.3 million.

The special interim dividend of USD 4.00 per share declared in connection with the Half Year Report 2014 did not have any effect on cash flow in the third quarter of 2014 as it was paid on 3 October 2014. The dividend payment amounted to USD 14.4 million.

As announced in the Half Year Report 2014, there will not be another special interim dividend payment in December 2014, as in 2012 and 2013. In addition, the Board will focus on paying future dividends annually, namely in connection with the Annual General Meeting.

Development in Cash Flow from 1 January 2014 - 3 October 2014



\* incl. dividend from MSAB & AAK





## 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 the First Nine Months of 2014

'000	UP	UP	Fair	UP
	figures in MYR	figures in USD	value adjust- ments USD	IFRS figures USD
Revenue	789,532	243,105	-	243,105
Other income	5,928	1,802	-	1,802
Operating expenses	(546,267)	(168,620)	(428)	(169,048)
Financial items (net)	20,146	6,544	-	6,544
Share of results of equity-accounted investments	(569)	(177)	-	(177)
Profit before tax	268,770	82,654	(428)	82,226
Tax	(62,449)	(19,230)	366	(18,864)
Profit after tax	206,321	63,424	(62)	63,362

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 nine months of 2014, UP reported a net profit of MYR 206 million (USD 63 million), which was 28% (converted to USD 24%) above the MYR 161 million (USD 51 million) reported in the first nine months of 2013.

### The Plantation Operations

Plantation operations (UP's main activity) recorded a profit before tax of MYR 246 million, reflecting an increase of 5% compared to the MYR 235 million reported in the first nine months of 2013. The increase is a result of a higher production of CPO and PK, which increased by 9% and 6%, respectively, coupled with significantly better selling prices for PK, which increased by 47% in the first nine months 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	Jan-Sep	Jan-Sep	Change
		2014 MYR/ tonnes	2013 MYR/ tonnes	
Malaysia	CPO	<b>2,457</b>	2,651	(7%)
Indonesia	CPO	<b>2,343</b>	2,095	12%
Average	CPO	<b>2,432</b>	2,597	(6%)
Malaysia	PK	<b>1,766</b>	1,212	46%
Indonesia	PK	<b>1,399</b>	868	61%
Average	PK	<b>1,705</b>	1,159	47%

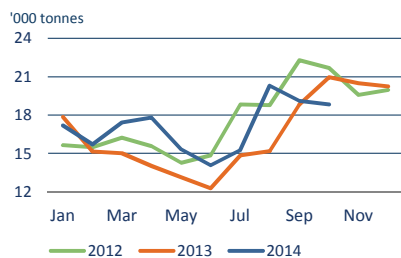
The difference between CPO and PK prices in Malaysia and Indonesia is the result of variations in the respective duty structures of CPO, PK and the refined products in the two countries.

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

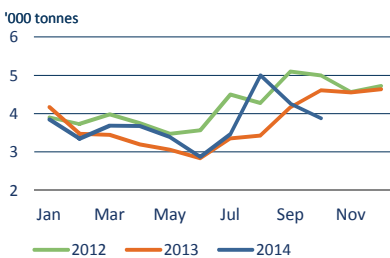
In the first nine months of 2014, interest income increased marginally by 1% relative to the corresponding period in 2013.



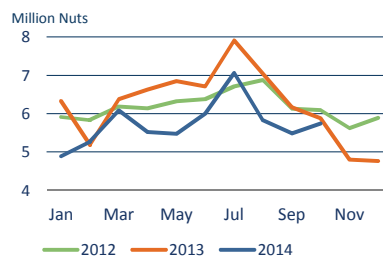
**CPO Production**



**PK Production**



**Coconut Production**



### The Refinery Operations

Profit before tax in the refinery operations (Unitata) increased by 20% relative to the first nine months of 2013 due to favourable hedging and trading positions in commodities and foreign exchange.

### Others

Since the beginning of the year, the Indonesian currency has appreciated against the MYR, leading to an unrealised foreign exchange gain on loans to Indonesian subsidiaries of MYR 1 million in the first nine months of 2014 compared to a loss of MYR 31 million in the first nine months 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 2,200 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

On 30 September 2014, UP's total current assets amounted to MYR 958 million (31 December 2013: MYR 1,049 million), of which cash at bank amounted to MYR 719 million (31 December 2013: MYR 779 million).

Net change in cash and cash equivalents amounted to MYR 60 million negative in the first nine months of 2014 (the first nine months of 2013: MYR 53 million positive). The main reason for the change is dividend payments of MYR 288 million in the first 9 months of 2014 compared to MYR 132 million in the first 9 months of 2013.

### Business Performance per Activity for the First Nine Months of 2014:

MYR million	Plantations	Refining	Other segments	Elimination	Total
<b>Revenue</b>					
External sales	320	468	1	-	789
Inter-segment sales	175	-	-	(175)	-
	495	468	1	(175)	789
<b>Profit before tax</b>	246	24	(1)	-	269



## Melker Schörling AB

MSAB is a holding company focusing on 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.

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.

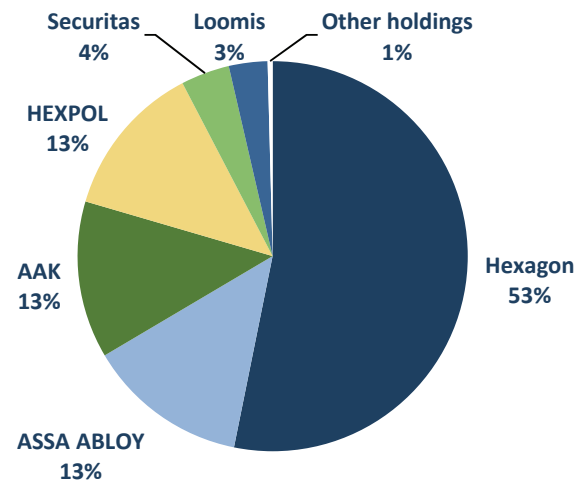
AAK is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterised by a high level of technological content and innovation. AAK's solutions are used as substitutes for butter-fat and cocoa butter, trans-free and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

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 on 30 September 2014



### Financial Highlights

MSAB's net profit was SEK 4,442 million (USD 664 million) in the first nine months 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.

On 30 September 2014, the market value of MSAB's portfolio amounted to SEK 40,655 million (USD 5,594 million) and as the net debt amounted to SEK 1,219 million, the net asset value amounted to SEK 39,436 million (USD 5,426 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 331 per share on 30 September 2014, representing an increase of 12% (during the same period the NASDAQ OMX Stockholm All-Share PI index increased by 6%).



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

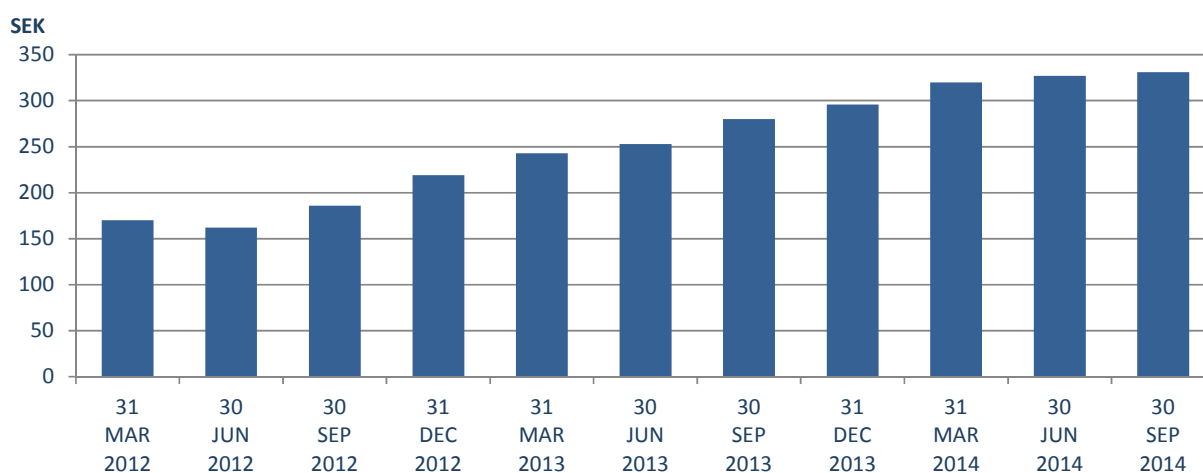
The weighted average growth in operating profit (EBIT) in the portfolio companies was 12% (the first nine months of 2013: 8%).

Net interest-bearing debt amounted to SEK 1,192 million on 30 September 2014.

### MSAB Holding and Net Asset Value

	30 September 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	228.90	21,622	94,461,582	203.30	19,204
ASSA ABLOY	14,532,216	372.60	5,414	14,472,216	339.80	4,918
AAK	14,053,800	377.00	5,298	14,318,350	411.00	5,885
HEXPOL	9,040,277	576.50	5,212	9,040,277	480.00	4,339
Securitas	20,501,500	80.10	1,642	20,501,500	68.30	1,400
Loomis	6,300,300	206.00	1,298	6,300,300	152.00	958
Other			169			239
<b>Total</b>			<b>40,655</b>			<b>36,943</b>
Net debt			(1,219)			(1,681)
Net asset value			39,436			35,262
No. of shares			119,097,595			119,097,595
Net asset value per share (SEK)			331			296

### Development in Net Asset Value Per Share





## 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

AAK reported a record high operating profit (EBIT) of SEK 903 million (USD 135 million) in the first nine months of 2014, an improvement of 14% compared to the operating profit of SEK 789 million (USD 121 million) reported in the first nine months of 2013. The improvement was mainly driven by a significant progress in the Chocolate & Confectionery Fats division.

Net profit amounted to SEK 588 million (USD 88 million) in the first nine months of 2014, an increase of 15% compared to the SEK 512 million (USD 78 million) achieved in the first nine months of 2013.

### Food Ingredients

The Food Ingredients division reported an operating profit of SEK 583 million in first nine months of 2014 (the first nine months of 2013: SEK 553 million), an increase of 5%. Total volumes increased by 4% relative to the first nine months of 2013, which comprise increasing volumes for speciality and semi-speciality products as well as volume from recent acquisitions partly offset by lower commodity volumes. Despite dilutive impact from acquisitions, operating profit per kilo increased by 1% compared to the first nine months of 2013.

## Chocolate & Confectionery Fats

Operating profit in the Chocolate & Confectionery Fats division was SEK 332 million in the first nine months of 2014, an increase of 31%. Volumes increased by 5% and operating profit per kilo increased by 24% 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

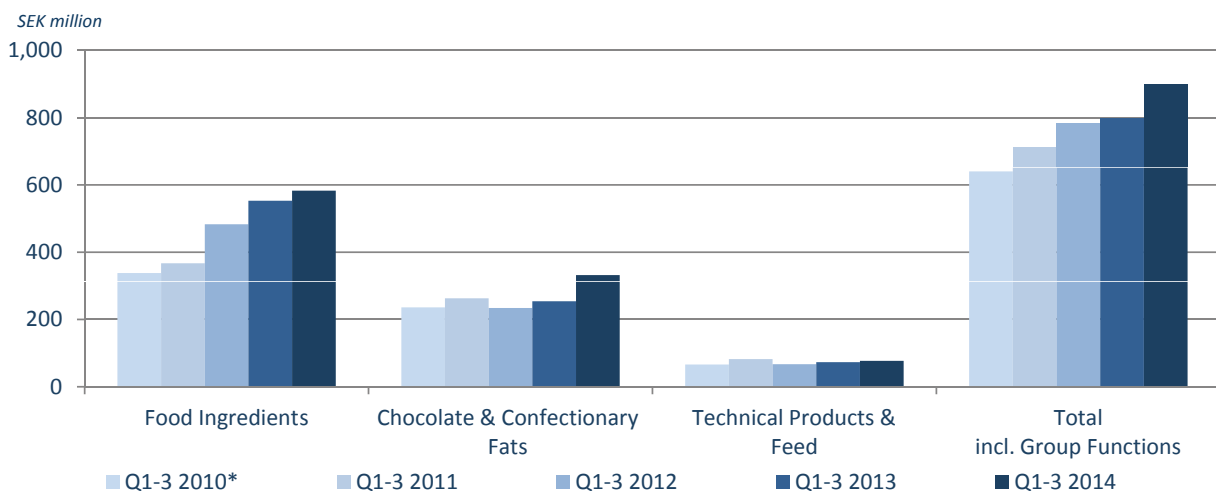
The Technical Products & Feed division reported an operating profit of SEK 77 million in the first nine months of 2014, an increase of 5%. Volumes increased by 1% and operating profit per kilo increased by 5%.

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

ROCE, calculated on a rolling 12 months basis, was 16.5% on 30 September 2014 compared to 16.4% on 31 December 2013.

Net interest-bearing debt amounted to SEK 2,886 million on 30 September 2014 (SEK 2,255 million on 31 December 2013). The equity/asset ratio amounted to 42% (43% on 31 December 2013).

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





## 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.

## Financial Calendar 2015

27 March 2015	Annual Report 2014
28 May 2015	First Quarter Report 2015
3 June 2015	Annual General Meeting
26 August 2015	Half Year Report 2015
25 November 2015	Third Quarter Report 2015

As the announcement of the Annual Report 2014 has been moved forward to the end of March 2015, as opposed to previous years where the annual report was announced during April, UIE will not release a preliminary announcement of its financial result of 2014.

## Outlook

The outlook for UIE is substantially dependent upon the performance of UP, which does not release profit estimates. 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.

During the third quarter of 2014, the palm oil market experienced volatile trading between MYR 2,436 per MT of CPO to a new 5½ year low at MYR 1,914 per MT of CPO. During September 2014, the CPO price increased to MYR 2,217 per MT due to good export demand mainly from India and China.

The current supply of both grains, oilseeds and vegetable oils is abundant with the Malaysian palm oil stock exceeding 2 million MT. and the all-time record high US soybean yields as key factors. Also the prospects for another record crop of soybeans out of Brazil and Argentina (which is planted during fourth quarter) has weighed on prices.

On the more positive side, the Malaysian Government announced that there will be no duty on CPO exports

out of Malaysia for the remaining part of 2014, which has had a positive effect on prices.

Looking at fourth quarter price developments as well as expectations for 2015, the South American weather for planting together with palm oil production and the downward trend in mineral oil prices are key variables that seem likely to keep a lid on vegetable oil prices, subject to unusual weather conditions in the main crop producing regions.

Whilst UP continued to replant a large proportion of its old oil palm areas in Malaysia in 2014, the resulting lower crop was compensated for by the Indonesian operations, which are now all in production.

In view of the above, and with the current prices of palm oil and palm kernels, the factors going forward look slightly more challenging. Nevertheless, with the prices contracted under UP's forward sales policy and with the Indonesian production compensating for the loss of production from the replanted areas in Malaysia, UP expects that the results for 2014 will be satisfactory.

Equity markets, which directly affect the contributions of AAK and MSAB, have been volatile in recent months and considering the current global geopolitical tumult and a world economy still in recovery (US at a faster pace than Europe), this volatility is likely to continue.

Since the start of 2014, the SEK has depreciated by more than 14% against the USD, which has impacted negatively on UIE's income statement. The market values of MSAB and AAK are denominated in SEK and any change in the value of these two companies is then converted into USD (at the rate prevailing at the close of each quarter).

At the current share prices of AAK and MSAB, converted into USD at the current rate, the fair value adjustment for the fourth quarter 2014 is presently positive, while the fair value adjustment for the full year 2014 will be roughly neutral, compared to an increase of USD 44.6 million included in the net profit in 2013.

In addition, it should be noted that UIE's net profit in 2013 included a one-off gain of USD 43.8 million arising 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.



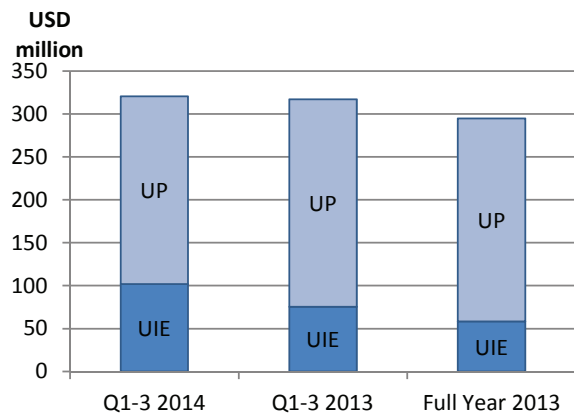
## Key Figures – UIE Consolidated Financial Statements

USD '000	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full Year 2013
Revenue	<b>87,408</b>	65,510	<b>243,105</b>	213,321	300,209
Profit before income tax	<b>8,893</b>	45,320	<b>71,169</b>	144,845	195,143
Net Profit	<b>1,440</b>	37,850	<b>52,305</b>	125,483	168,008
Current assets	<b>395,466</b>	382,359	<b>395,466</b>	382,359	378,765
Hereof cash <sup>1</sup>	<b>320,777</b>	317,207	<b>320,777</b>	317,207	294,612
Non-current assets	<b>591,977</b>	624,148	<b>591,977</b>	624,148	628,810
Total assets	<b>987,443</b>	1,006,507	<b>987,443</b>	1,006,507	1,007,575
Total liabilities	<b>91,110</b>	68,074	<b>91,110</b>	68,074	73,987
Equity attributable to owners of the Company	<b>527,362</b>	559,036	<b>527,362</b>	559,036	552,673
Non-controlling interests	<b>368,971</b>	379,397	<b>368,971</b>	379,397	380,915
Total equity	<b>896,333</b>	938,433	<b>896,333</b>	938,433	933,588
Return on equity <sup>2</sup> (%)	<b>n/a</b>	n/a	<b>3.2</b>	23.56	22.68
Solvency ratio (%)	<b>90.77</b>	93.21	<b>90.77</b>	93.21	92.66

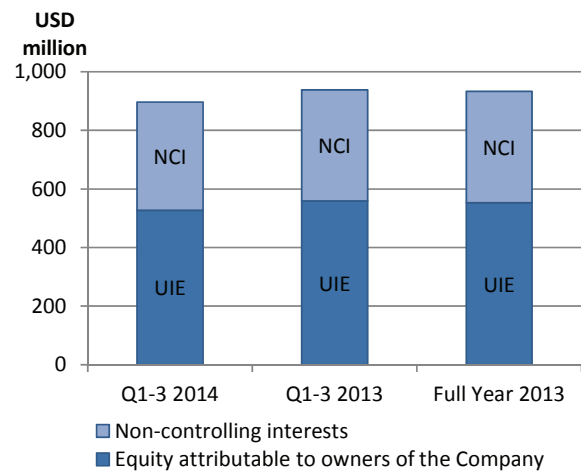
1) Cash & short term deposits

2) Annualised

### Cash & Short Term Deposits



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





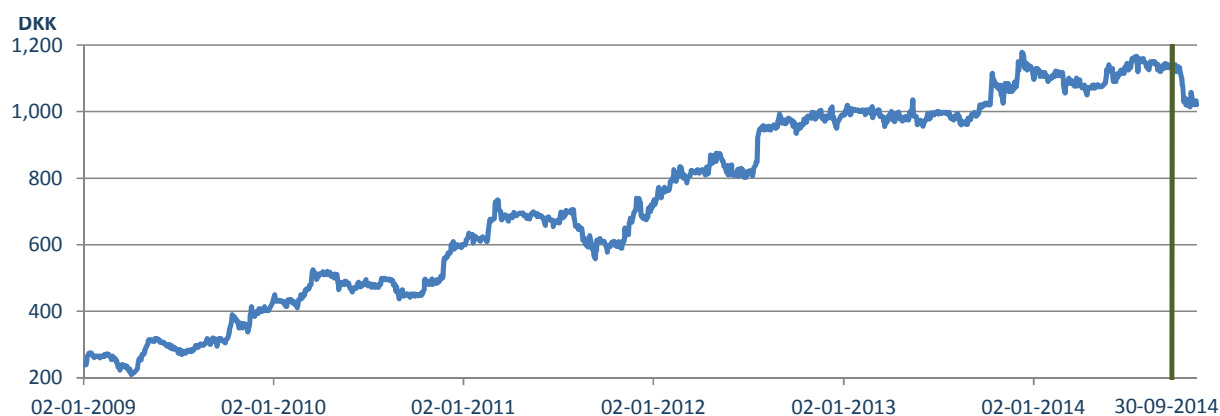


## Share Based Key Figures

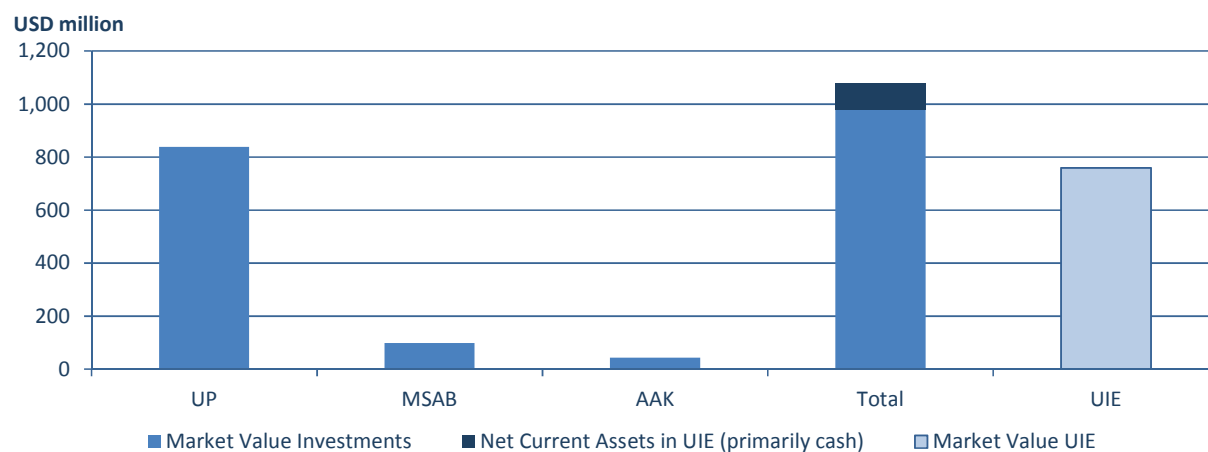
	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full Year 2013
Earnings per share (USD)	(4.34)	8.32	3.56	25.27	32.53
Earnings per share (DKK)	(24.53)	46.74	19.67	143.02	182.57
Share Price, end of period (USD)	192.37	184.96	192.37	184.96	208.03
Share Price, end of period (DKK) <sup>1</sup>	1,137.90	1,021.44	1,137.90	1,021.44	1,125.99

1) Average rate on balance sheet date.

### UIE – Share Price Development



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





**Consolidated Income Statement for the Period Ended 30 September 2014**  
(The figures have not been audited)

USD'000	Q3 2014	Q3 2013	Q1-3 2014	Q1-3 2013	Full Year 2013
Revenue	<b>87,408</b>	65,510	<b>243,105</b>	213,321	300,209
Operating expenses	<b>(59,348)</b>	(46,899)	<b>(170,976)</b>	(155,630)	(208,984)
Other income	<b>(319)</b>	(1,444)	<b>1,806</b>	5,148	4,175
Profit from operations before financial items	<b>27,741</b>	17,167	<b>73,935</b>	62,839	95,400
Net fair value change MSAB & AAK	<b>(19,631)</b>	26,176	<b>(9,966)</b>	73,995	88,373
Dividend income MSAB & AAK	-	-	<b>1,042</b>	1,159	1,159
Net fair value change trading assets	<b>28</b>	102	<b>91</b>	84	1,307
Finance income <sup>1</sup>	<b>8,324</b>	2,230	<b>13,626</b>	6,762	8,963
Finance costs <sup>2</sup>	<b>(7,377)</b>	(233)	<b>(7,382)</b>	(543)	(624)
Share of results of associated company <sup>3</sup>	-	-	-	801	565
Share of results of jointly controlled entity	<b>(192)</b>	(122)	<b>(177)</b>	(252)	-
Profit before tax	<b>8,893</b>	45,320	<b>71,169</b>	144,845	195,143
Tax	<b>(7,453)</b>	(7,470)	<b>(18,864)</b>	(19,362)	(27,135)
Profit for the period	<b>1,440</b>	37,850	<b>52,305</b>	125,483	168,008
Earnings per share (USD)	<b>(4.34)</b>	8.32	<b>3.56</b>	25.27	32.53
<b>Profits attributable to</b>					
Owners of the Company	<b>(15,686)</b>	31,146	<b>12,954</b>	97,434	124,311
Non-controlling interests	<b>17,126</b>	6,704	<b>39,351</b>	28,049	43,697
	<b>1,440</b>	37,850	<b>52,305</b>	125,483	168,008
<b>Other comprehensive income</b>					
Profit for the period	<b>1,440</b>	37,850	<b>52,305</b>	125,483	168,008
Items that are or may be reclassified to profit or loss					
Equity adjustment on					
foreign currency translation, net of tax	<b>(15,365)</b>	(26,424)	<b>2,366</b>	(49,325)	(54,968)
Cash flow hedges,					
net change in fair value, net of tax				133	133
	<b>(15,365)</b>	(26,424)	<b>2,366</b>	(49,192)	(54,835)
Other comprehensive income	<b>(15,365)</b>	(26,424)	<b>2,366</b>	(49,192)	(54,835)
Total comprehensive income	<b>(13,925)</b>	11,426	<b>54,671</b>	76,291	113,173
<b>Total comprehensive income attributable to</b>					
Owners of the Company	<b>(17,538)</b>	18,752	<b>19,119</b>	74,236	98,484
Non-controlling interests	<b>3,613</b>	(7,326)	<b>35,552</b>	2,055	14,689
	<b>(13,925)</b>	11,426	<b>54,671</b>	76,291	113,173

1) Including foreign exchange gain

2) Including foreign exchange loss

3) 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 September 2014**  
(The figures have not been audited)

USD'000	30 September 2014	31 December 2013	1 January 2013
<b>Assets</b>			
Current assets:			
Inventories	33,320	43,042	58,388
Cash & short term deposits	320,777	294,612	357,383
Trade and other receivables	38,517	38,424	34,339
Trading assets	1,861	1,716	1,398
Current tax asset	991	971	65
<b>Total current assets</b>	<b>395,466</b>	<b>378,765</b>	<b>451,573</b>
Non-current assets:			
Goodwill	7,096	7,096	7,096
Biological assets	127,720	122,713	133,235
Property, plant and equipment	309,663	311,528	333,666
Land use rights	9,944	9,442	11,131
Associated company	-	-	28,011
Investment in equities	129,974	172,837	63,418
Other financial assets	7,580	5,194	2,106
<b>Total non-current assets</b>	<b>591,977</b>	<b>628,810</b>	<b>578,663</b>
<b>Total assets</b>	<b>987,443</b>	<b>1,007,575</b>	<b>1,030,236</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities:			
Current tax liability	4,487	5,289	9,166
Trade and other payables	24,004	22,542	26,432
Dividends payable	14,464	-	-
Other current liabilities	550	1,567	5,203
<b>Total current liabilities</b>	<b>43,505</b>	<b>29,398</b>	<b>40,801</b>
Non-current liabilities:			
<b>Total non-current liabilities</b>	<b>47,605</b>	<b>44,589</b>	<b>45,314</b>
Share capital	43,000	43,000	43,000
Reserves	484,362	509,673	500,754
<b>Equity attributable to owners of the Company</b>	<b>527,362</b>	<b>552,673</b>	<b>543,754</b>
Non-controlling interests	368,971	380,915	400,367
<b>Total equity</b>	<b>896,333</b>	<b>933,588</b>	<b>944,121</b>
<b>Total liabilities and shareholders' equity</b>	<b>987,443</b>	<b>1,007,575</b>	<b>1,030,236</b>



## Consolidated Statement of Changes in Equity for the Period Ended 30 September 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
On 1 January 2014	43,000	11,076	(77,146)	5,422	570,321	552,673	380,915	933,588
Profit for the period	-	-	-	-	12,954	12,954	39,351	52,305
Other comprehensive income	-	-	-	6,165	-	6,165	(3,799)	2,366
Total comprehensive income for the year	-	-	-	6,165	12,954	19,119	35,552	54,671
<b>Transactions with the owners of the Company</b>								
Treasury shares purchased	-	-	(21,363)	-	-	(21,363)	-	(21,363)
Dividends paid	-	-	-	-	(7,283)	(7,283)	(46,646)	(53,929)
Dividends proposed	-	-	-	-	(14,389)	(14,389)	-	(14,389)
Total contributions and distributions	-	-	(21,363)	-	(21,672)	(43,035)	(46,646)	(89,681)
<b>Changes in ownership interests</b>								
Acquisition of non-controlling interests without change of control								
	-	-	-	-	(1,395)	(1,395)	(850)	(2,245)
Changes in ownership interests	-	-	-	-	(1,395)	(1,395)	(850)	(2,245)
Total transactions with owners of the company	-	-	(21,363)	6,165	(10,113)	(25,311)	(11,944)	(37,255)
<b>On 30 September 2014</b>	<b>43,000</b>	<b>11,076</b>	<b>(98,509)</b>	<b>11,587</b>	<b>560,208</b>	<b>527,362</b>	<b>368,971</b>	<b>896,333</b>

USD '000	Share capital	Share premium	Treasury shares	Other Reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2013	43,000	11,076	(19,459)	31,041	478,097	543,755	400,367	944,122
Profit for the period	-	-	-	-	97,434	97,434	28,049	125,483
Other comprehensive income	-	-	-	(23,198)	-	(23,198)	(25,994)	(49,192)
Total comprehensive income for the year	-	-	-	(23,198)	97,434	74,236	2,055	76,291
<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)	(23,198)	89,765	17,542	(16,652)	890
On 30 September 2013	43,000	11,076	(68,484)	7,843	567,862	561,297	383,715	945,012



**Consolidated Statement of Cash Flows for the Period Ended 30 September 2014**  
 (The figures have not been audited)

USD'000	Q1-3 2014	Q1-3 2013	Full Year 2013
<b>Cash flows from operating activities</b>			
Receipts from customers	232,057	217,570	304,825
Payments to suppliers	-	-	(99,900)
Payments of operating expenses	(134,203)	(121,705)	(79,547)
Payments of taxes	(17,160)	(23,122)	(28,709)
Other receipts	1,390	-	-
Net cash generated from operating activities	82,084	72,743	96,669
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	308	897	1,460
Interest income	7,035	6,793	9,128
Dividend income	1,071	1,184	1,187
Purchase of NCI	(2,245)	-	-
Proceeds from sale of investment	35,306	1,458	8,747
Purchase of investments	(2,464)	(1,825)	(2,653)
Purchase of own shares	(21,363)	(51,378)	(60,417)
Dividend received from a subsidiary company	-	-	-
Pre-cropping expenditure incurred	(10,698)	(9,357)	(13,428)
Purchase of property, plant and equipment	(8,424)	(13,962)	(19,573)
Land use rights payment made	(325)	(262)	(540)
Investment in jointly controlled entity	(2,048)	(1,570)	(2,134)
VAT received	15	-	-
Grant received from Government	-	-	99
Net cash used in investing activities	(3,832)	(68,022)	(78,124)
<b>Cash flows from financing activities</b>			
Interest paid	(9)	(7)	(12)
Dividends paid	(53,930)	(28,535)	(62,937)
Associated company balances	-	(2)	(2)
Net cash used in financing activities	(53,939)	(28,544)	(62,951)
Net increase in cash and cash equivalents	24,313	(23,823)	(44,406)
Cash and cash equivalents at the beginning of year	294,612	357,357	357,357
Foreign exchange movement	1,830	(16,333)	(18,339)
Cash and cash equivalents at end of period	320,755	317,201	294,612
Deposits with licensed banks	32,137	47,030	41,833
Cash at banks and on hand	288,640	270,178	252,779
Bank overdrafts	(22)	(6)	-
	320,755	317,201	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 through 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 stages 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 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 explained in detail in note 3.

#### First Nine Months of 2014

USD '000	UIE	UP	Total	Fair value adjustments	Eliminations	UIE Consolidated
Revenue	-	243,105	243,105	-	-	243,105
Other income	209	1,802	2,011	-	(114)	1,897
Changes in fair value of investment in equities	(9,966)	-	(9,966)	-	-	(9,966)
Dividend income	1,042	-	1,042	-	-	1,042
Operating expenses	(2,042)	(168,620)	(170,662)	(428)	114	(170,976)
Net finance income <sup>1</sup>	(300)	6,544	6,244	-	-	6,244
Share of results of equity-accounted investments	29,176	(177)	28,999	-	(29,176)	(177)
Profit before tax	18,119	82,654	100,773	(428)	(29,176)	71,169
Tax	-	(19,230)	(19,230)	366	-	(18,864)
Profit after tax	18,119	63,424	81,543	(62)	(29,176)	52,305
Profits attributable to						
Owners of the Company	18,119	63,102	81,221	(39,090)	(29,176)	12,955
Non-controlling interests	-	322	322	39,028	-	39,350
Total	18,119	63,424	81,543	(62)	(29,176)	52,305
Current assets	103,801	291,685	395,486	-	(20)	395,466
Non-current assets	458,120	415,052	873,172	39,817	(321,012)	591,977
Total assets	561,921	706,737	1,268,658	39,817	(321,032)	987,443
Current liabilities	16,713	26,815	43,528	-	(23)	43,505
Non-current liabilities	-	36,236	36,236	11,369	-	47,605
Equity attributable to owners of UIE	545,208	643,093	1,188,301	13,133	(674,072)	527,362
Non-controlling interest	-	593	593	15,315	353,063	368,971
Total shareholders' equity	545,208	643,686	1,188,894	28,448	(321,009)	896,333
Total liabilities	561,921	706,737	1,268,658	39,817	(321,032)	987,443

1) Including net foreign exchange loss



## 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 presented (in Note 10a in its Annual Report 2013) 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 September 2014, UP's Directors reassessed the assumptions on which the valuation is based, and they are of the opinion that these have not changed significantly. Therefore, there is no significant variation in the fair value from the valuation made on 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 there are any significant changes to the assumptions, 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 is 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 produced stocks are stated at contracted price, and uncommitted produced stocks are stated at market value at the reporting date.

All other inventories are valued at the lower of cost and estimated at 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 produced stocks and finished goods is recognised when the significant risk and rewards of the ownership of the produced 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 of those assets having 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 from 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 a re-valued amount. Any impairment loss of a re-valued asset is treated as a revaluation decrease to the extent of any previously available 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 then 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 where 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 the 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 September 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 on 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 on 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 on 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	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	-	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 September 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	-	33,320	33,320
Accounts receivable and other assets	122	38,395	38,517
Taxation recoverable	-	991	991
Derivatives	-	-	-
Trading assets	1,861	-	1,861
Cash at bank	101,818	218,959	320,777
<b>Total current assets</b>	<b>103,801</b>	<b>291,665</b>	<b>395,466</b>
<b>Non-current assets:</b>			
Goodwill	-	7,096	7,096
Biological assets	-	127,720	127,720
Property, plant and equipment	38	309,625	309,663
Land use rights	-	9,944	9,944
Investments in equity-accounted investments	328,108	(328,108)	-
Investment in equities	129,974	-	129,974
Jointly controlled entity	-	4,709	4,709
Other financial assets	-	2,871	2,871
<b>Total non-current assets</b>	<b>458,120</b>	<b>133,857</b>	<b>591,977</b>
<b>Total assets</b>	<b>561,921</b>	<b>425,522</b>	<b>987,443</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued charges	2,249	21,755	24,004
Dividends payable	14,464	-	14,464
Taxation payable	-	4,487	4,487
Retirement benefit obligation	-	550	550
<b>Total current liabilities</b>	<b>16,713</b>	<b>26,792</b>	<b>43,505</b>
<b>Total non-current liabilities</b>		<b>47,605</b>	<b>47,605</b>
<b>Equity</b>			
Non-controlling interests	-	368,971	368,971
Attributable to the owners of the parent	545,208	(17,846)	527,362
<b>Total equity</b>	<b>545,208</b>	<b>351,125</b>	<b>896,333</b>
<b>Total liabilities and shareholders' equity</b>	<b>561,921</b>	<b>425,522</b>	<b>987,443</b>



## Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 December 2013	Effect of change in accounting policy		
	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
USD '000			
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 <sup>3</sup>	(71)	8,410	8,339
Share of results of equity-accounted investments <sup>4</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 foreign exchange gain
- 4) 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 September 2014 USD '000	Effect of change in accounting policy		
	UIE pre IFRS 10	Impact	Restated amount on adoption of IFRS 10
Revenue	-	(243,105)	243,105
Other income <sup>1</sup>	209	(1,688)	1,897
Results from investing activities MSAB & AAK	(9,966)	-	(9,966)
Dividend Income MSAB & AAK	1,042	-	1,042
Operating expenses <sup>2</sup>	(2,042)	168,934	(170,976)
UP Equity income	29,176	29,176	-
Finance income <sup>3</sup>	2,492	(11,134)	13,626
Finance costs <sup>4</sup>	(2,792)	4,590	(7,382)
Share of results of jointly controlled entity	-	177	(177)
<b>Profit before income tax</b>	<b>18,119</b>	<b>(53,050)</b>	<b>71,169</b>
Income tax	-	18,864	(18,864)
<b>Profit for the period</b>	<b>18,119</b>	<b>(34,186)</b>	<b>52,305</b>
Net profit attributable to:			
Owners of the Company	18,119	5,164	12,955
Non-controlling interests	-	(39,350)	39,350
<b>Items that are or may be reclassified to profit or loss</b>			
Equity adjustment on foreign currency translation, net of tax	1,753	(614)	2,367
Other comprehensive income, equity accounted investments	-	-	-
Cash flow hedges, net change in fair value, net of tax	-	-	-
Available for sale assets - net change in fair value, net of tax	-	-	-
<b>Other comprehensive income</b>	<b>1,753</b>	<b>(614)</b>	<b>2,367</b>
<b>Total comprehensive income</b>	<b>19,872</b>	<b>(34,800)</b>	<b>54,672</b>
Total comprehensive income attributable to:			
Owners of the Company	19,872	752	19,120
Non-controlling interests	-	(35,552)	35,552

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

2) Including general and administrative expenses

3) Including foreign exchange gain

4) Including foreign exchange loss





## 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, 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 profits for the Group.

## Note 5 – Events after the Reporting Date

Beside the acquisition of 41,758 treasury shares described on page 8 and the dividend payment of USD 14.5 million on 3 October 2014, 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 131.8 million and derivatives amounting to USD 0.9 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 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 September 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 22.

In our opinion, the report gives a true and fair view of the Group's assets, liabilities and financial position on 30 September 2014 and of the results of the Group's operations and cash flow for the period 1 January - 30 September 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, 26 November 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

## 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).