

# ANNUAL REPORT 2014



UNITED INTERNATIONAL ENTERPRISES LIMITED

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# **Group Presentation**



# **United International Enterprises**

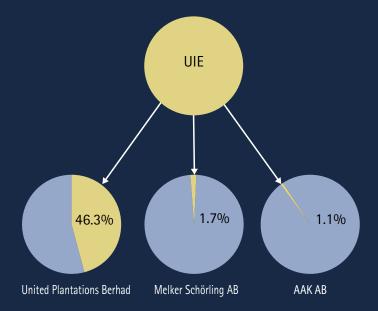
United International Enterprises Limited ("UIE") is a holding company which primarily invests in companies in the agroindustrial sector. UIE exercises long-term and active ownership via involvement at board level and via close dialogue with the management about operational and strategic issues.

UIE is committed to invest in companies that are operated and developed in a sustainable as well as socially responsible way.

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

UIE's 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. The portfolio mainly consists of the following three companies:

# Group Structure on 31 December 2014



# **UIE's Strategic Investments**

# **UP** United Plantations Berhad

United Plantations Berhad's ("UP") primary business activity is cultivation and processing of palm oil and coconuts in a sustainable manner in Malaysia as well as Indonesia. UP is one of the most efficiently managed, eco-friendly and innovative plantation companies in the world. In addition, UP is globally known for its best agricultural practices and high quality standards.

In Malaysia, UP's total planted area with oil palms and coconuts consists of 38,937 hectares (35,766 oil palms and 3,171 coconut palms), and in Indonesia 9,655 hectares with oil palms. UP operates one refinery and five palm oil mills in Malaysia and one palm oil mill in Indonesia.

At 31 December 2014, UP employed 5,805 people in Malaysia and 1,481 people in Indonesia. UP was founded in 1906 and is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). UP was also listed on NASDAQ until 31 December 2013.

# MSAB Melker Schörling

Melker Schörling AB ("MSAB") is a holding company focusing upon long-term industrial development. MSAB's current portfolio primarily consists of investments in six publicly listed companies, holding more than 10% of the voting rights. In addition, MSAB holds shares in VBG AB and H&M Hennes & Mauritz AB. MSAB continues to support the existing companies in the portfolio, but also intends to make new investments in listed as well as unlisted companies with significant development potential.

MSAB was founded in 1999 and is listed on NASDAQ Stockholm.

# AarhusKarlshamn

AarhusKarlshamn AB ("AAK") is one of the world's leading manufacturers of high value-added vegetable speciality oils and fats. AAK refines a number of different vegetable oils for specialised products used in many different business areas, including chocolate & confectionery, baking industry, food service, baby foods, technical products, feed and cosmetics.

At 31 December 2014, AAK employed 2,438 people globally and operated in Belgium, Colombia, Denmark, Mexico, the Netherlands, Sweden, Great Britain, Uruguay and the US.

AAK was formed as a merger between Aarhus United A/S and Karlshamns AB in 2005 and is listed on NASDAQ Stockholm.

# Highlights - Business Performance<sup>1</sup>



UIE's profit before tax in 2014 amounted to USD 31.9 million, which is significantly below the profit before tax of USD 123.5 million reported in 2013. However, when comparing the results for the two years under review, it should be noted that the profit before tax in 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 2014 was USD 47.8 million lower compared to 2013. Even though the share price of MSAB and AAK increased during 2014, the combined fair value of the investment in MSAB and AAK (converted to USD) decreased by USD 3.7 million in 2014 due to a significant devaluation of the SEK. In 2013, there was a combined positive change in fair value of USD 44.6 million.

UIE paid a special interim dividend of USD 4.00 per share on 3 October 2014 in recognition of the interim extraordinary special dividend received from UP in September 2014. In addition, the Board has resolved to recommend a final dividend of USD 4.00 per share to be paid in June 2015.

During 2014, UIE acquired 145,799 treasury shares for a consideration of USD 29.3 million. All of UIE's treasury shares were cancelled on 18 December 2014 and the issued share capital was thereby reduced to USD 35,555,750, consisting of 3,555,575 shares.

The Board is of the view that UIE's net profit attributable to equity holders of the Company for 2015 is expected to be better than the result reported in 2014.

# **UIE's Strategic Investments**



Net profit in 2014 was MYR 279 million (USD 85 million); an increase of 11% compared to 2013.

Profit before tax decreased by 6% in the plantation division, which is UP's main activity. The decrease is primarily due to lower selling prices of CPO and higher costs of production for CPO as well as PK.

**MSAB** 

Net profit in 2014 was SEK 8,686 million (USD 1,261 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 367 per share at 31 December 2014, representing an increase of 24%.

During 2014, the MSAB share price increased by 23% and thereby the fair value of UIE's investment in MSAB increased by SEK 139 million. However, as the value of the SEK fell to the USD during 2014, the fair value in USD of UIE's investment in MSAB only increased by 2% or USD 2.2 million (USD 2.7 million including dividend received from MSAB).



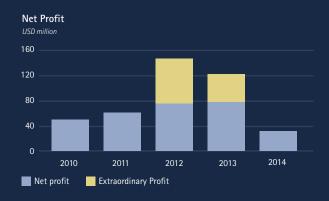
Net profit amounted to SEK 887 million (USD 129 million) in 2014; an increase of 20% relative to 2013.

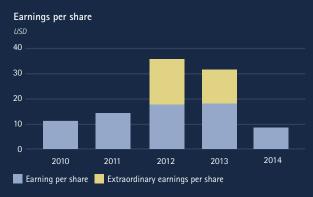
Record high operating profit (EBIT) of SEK 1,242 million (USD 180 million), which is equivalent to a 10% increase compared to 2013. The increase is primarily due to a significant improvement in the Chocolate & Confectionary Fats division.

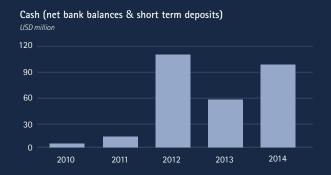
Despite a 1% increase in the AAK share price during 2014, the significant weakening of the SEK led to a decrease of USD 5.9 million in the fair value of UIE's investment in AAK during 2014 (including realised gain on 826,953 AAK shares sold).

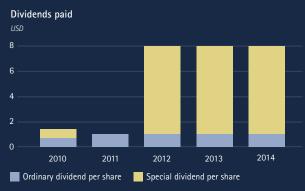
1) Highlights - Business Performance is presented as if UP was equity-accounted, see page 8.

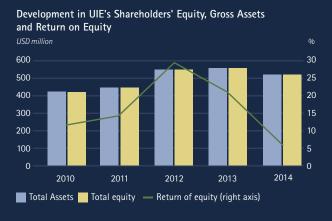
# Key Figures - Business Performance

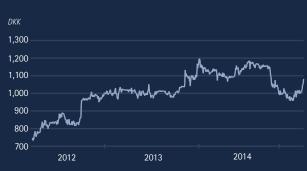












Share Price Development







# **Directors' Report**

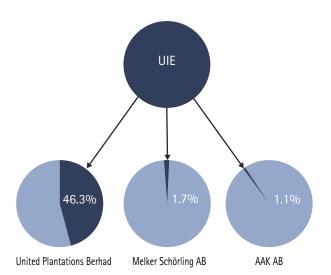
# Changes in Accounting Policies

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 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. However, as UIE is a holding company and not an operational company, the Board of UIE is of the view that the best measurement of the performance of the investment in UP is to equity account for the investment (monitor UIE's share of the profit), which was 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.

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

## Group Structure on 31 December 2014



The difference between the Business Reporting in the Directors' Report and the consolidated financial statements is specified in note 1.1 on page 55. The net profit in the Business Reporting is substantially equal to the amount attributable to the owners of the Company in the consolidated financial statements. The only difference is that UP's net assets, recognised in UIE's Consolidated Statement of Financial Position, include fair value adjustments related to the retrospective acquisition accounting of UP, which is deemed to have taken place in 2003.

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

The net impact on equity attributable to the shareholders of UIE is USD 16.1 million negative on 31 December 2014. Despite the positive fair value adjustments included in UP's net assets in UIE's Consolidated Statement of Financial Position, there is a net reduction in equity which mainly arises from acquisitions of UP shares at fair value after 2003. The excess fair value compared to the carrying amount of net assets is accounted for as a reduction of retained earnings.

# **UIE's Investment Portfolio**

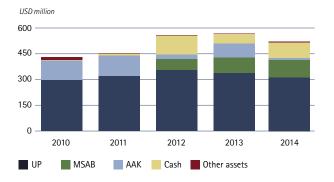
There were a few changes to UIE's investment portfolio in 2014.

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 ownership in UP increased by 0.1% to 46.3%.

During the year, the equity interest in AAK was reduced following the sale of 826,953 AAK shares for a consideration of SEK 348.4 million (USD 50.8 million). In addition, AAK issued 597,250 new shares in connection with its incentive programme for senior executives and key employees, which resulted in UIE's ownership in AAK being reduced from 3.1% to 1.1%.

In February 2015, UIE ceased to be an investor in AAK, as the Company sold its remaining shareholding in AAK (456,453 shares) during January and the first week of February 2015 for a consideration of SEK 199.3 million (USD 25.4 million).

Total Assets in UIE



# **Future Investments**

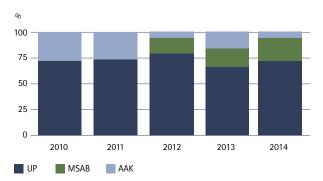
UIE's Board is currently reviewing the possibility of broadening the Company's investment portfolio. UIE is a long-term investor focusing on value creation and the Board will thoroughly assess potential acquisitions that

During 2014, UIE acquired 145,799 treasury shares, which completed the share buy-back programmes announced in the Third Quarter Report 2013 as well as in the Half Year Report 2014.

On 18 December 2014, all UIE's treasury shares were cancelled and the issued share capital of the Company was thereby reduced to USD 35,555,750, divided into 3,555,575 shares of USD 10.00 each.

On 31 December 2014, the investment portfolio accounted for 80% of UIE's total assets (based on Business Reporting), and the remaining assets primarily comprised cash reserves. As shown in the graph below, UP is by far UIE's largest investment and accounts for 72% of the total investment portfolio (using the equity method of accounting), whereas MSAB and AAK (using fair value accounting) account for 22% and 6%, respectively.

# Split of Investments in UIE



align with the Company's investment criteria. Emphasis will primarily be on investments within the agroindustrial sector.



# Financial Review - Business Reporting

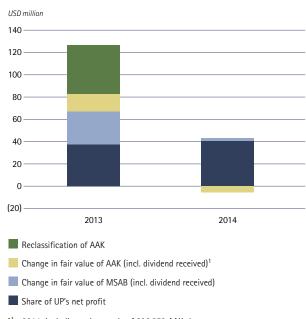
#### **Business Performance Review**

UIE's profit before tax in 2014 amounted to USD 31.9 million, which is significantly below the profit before tax of USD 123.5 million reported in 2013. However, when comparing the results for the two years, it should be noted that the profit before tax in 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 (extraordinary item), UIE's profit before tax in 2014 was USD 47.8 million lower compared to 2013. This decrease is entirely due to the fact that there was a combined positive change in fair value of the investments in MSAB and AAK of USD 44.6 million in 2013. However, even though the share price of MSAB and AAK increased during 2014, the combined fair value of the investments in MSAB and AAK (converted to USD) decreased by USD 3.7 million in 2014 due to a significant devaluation of the SEK.

Operating income for 2014 totalled USD 36.8 million (2013: USD 126.7 million) and comprised, primarily, the items shown in the graph below:

#### Income in UIE



 <sup>2014:</sup> Including gain on sale of 826,953 AAK shares.
 2013: Including share of AAK's net profit in Q1 2013 and gain on sale of 100,000 AAK shares.

#### **Business Performance**

USD '000	2014	2013
Share of UP's net profit	39,150	36,700
Change in fair value of MSAB	2,239	29,192
Change in fair value of AAK <sup>2</sup>	(5,889)	15,422
Reclassification of UIE's		
investment in AAK to fair value	-	43,759
Dividend income (MSAB and AAK)	1,042	1,159
Other	278	497
Total operating income	36,820	126,729
Administrative expenses	(2,863)	(3,160)
Net interest income	164	526
Foreign exchange loss	(2,209)	(597)
Profit before tax	31,912	123,498

 2014: Includes realised gain on sale of 826,953 AAK shares.

2013: Includes the contribution from AAK of USD 0.8 million in the first quarter 2013 when AAK was classified as an associated company and gain on sale of 100.000 AAK shares.

#### UP

The contribution from UP of USD 39.2 million in 2014 corresponded to an increase of USD 2.5 million or 7% compared to 2013.

The increase represented a rise of 11% in UP's net profit in 2014 and was primarily a consequence of an increase in the result of the refinery operations and plantation operations in Indonesia coupled with an unrealised foreign exchange gain on loans to the Indonesian subsidiary. The better result was partly offset by a decrease in the Malaysian plantation division's net profit due to lower CPO prices and higher production costs for CPO and PK.

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

#### Share Price Development - MSAB



#### **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 303.8 on 31 December 2013 to SEK 375.4 on 31 December 2014, representing an increase of 24% (during the same period, the NASDAQ Stockholm All-Share PI index increased by 12%). At the end of 2013, MSAB was trading at a premium of 3% to the net asset value per share compared to a discount of 2% on 31 December 2014.

The fair value of UIE's investment in MSAB increased by SEK 139.2 million or 23%. However, as the SEK was diluted considerably relative to the USD in 2014, the fair value of UIE's investment in MSAB, converted to USD, only increased by 2% or USD 2.2 million during 2014.

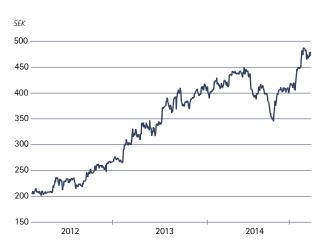
During 2013, the fair value increased by USD 29.2 million or 46% mainly due to an increase in the MSAB share price and to a lesser extent an appreciation of the SEK towards the USD.

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

#### Share Price Development - AAK



The share price of AAK increased from SEK 412.0 on 31 December 2013 to SEK 417.5 on 31 December 2014, representing an increase of 1% (during the same period, the NASDAQ Stockholm All-Share PI index increased by 12%).

Despite the 1% increase in the AAK share price, the significant weakening of the SEK led to a decrease of USD 5.9 million in the fair value of UIE's investment in AAK during 2014 (including realised gain on the 826,953 AAK shares sold). The 826,953 AAK shares were sold at an average share price of SEK 421.3, generating proceeds of SEK 348.4 million. Compared to the carrying value prior to 3 May 2013, where AAK was reclassified to an investment accounted for at fair value, a gain of SEK 242 million was made on the 826,953 AAK shares sold during 2014. This is partly included in the fair value change reported in 2013 and to a lesser extent included in the fair value change reported in 2014.

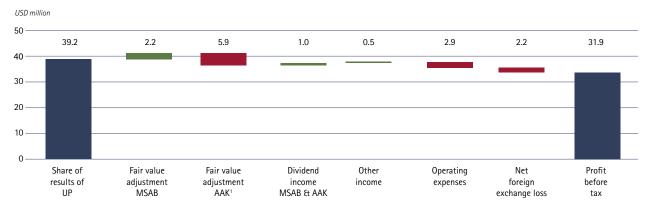
During 2014, UIE received a dividend of USD 0.6 million from AAK. Even though AAK paid a higher dividend per share in May 2014 compared to May 2013, UIE's total dividend decreased due to a lower equity interest in AAK as well as the weakening of the SEK.

In May 2013, when AAK was reclassified as 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. 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 Schörling AB" and "AAK AB" on pages 16-26.



#### Profit before tax in 2014



1) Including realised gain on sale of 826,953 AAK shares.

#### Other Income and Administration Costs

A small proportion of UIE's cash reserve was 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 in 2014.

In 2014, general and administrative expenses totalled USD 2.9 million, which is marginally lower than the expenses incurred in 2013.



The buffalo assisted method is used successfully at UP's plantations for the evacuation of fresh fruit bunches, especially within lower lying areas that are difficult to access with heavy vehicles and where mechanized evacuation is impeded during monsoon season.



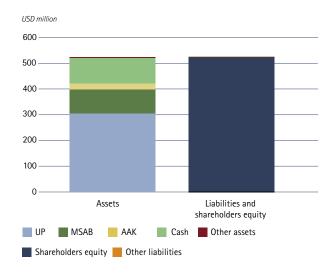
# **Financial Position**

The development of 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 80.3 million, partly due to UP paying significant dividends (May, September and December 2014), which exceeded UP's net profit for the period.

The value of UIE's investments was also affected by the sale of 826,953 AAK shares during the year as well as the negative fair value change of AAK, partly offset by the positive fair value change of MSAB.

Shareholders' equity decreased from USD 568.4 million on 31 December 2013 to USD 531.7 million on 31 December 2014. The decrease comprised the acquisition of treasury shares amounting to USD 29.3 million, a dividend payment of USD 21.7 million and other reserves of USD 13.8 million (primarily a negative equity adjustment on foreign currency translation arising from the conversion of UIE's interests in UP into USD), partly offset by the net profit of USD 31.9 million.

## Assets, Liabilities and Shareholder's Equity



# Value of UIE's Investments

USD '000	UP	MSAB	AAK	Total
D. 1. 44 Y 2014	22/ 255	00 (40	00.005	500 44 <b>0</b>
Balance at 1 January 2014	336,275	92,610	80,227	509,112
Acquisitions	2,245	-	966	3,211
Change in fair value	-	2,239	(5,889)	(3,650)
Proceeds from sale	-	-	(50,848)	(50,848)
Equity in earnings	39,150	-	-	39,150
Equity adjustment on foreign currency translation	(18,081)	-		(18,081)
Dividends received	(50,084)	-	_	(50,084)
Total on 31 December 2014	309,505	94,849	24,456	428,810



# Dividend Paid and Proposed

On 3 October 2014, UIE paid a special interim dividend of USD 4.00 per share in recognition of the interim extraordinary special dividend, which UP paid in September 2014.

In addition, the Board of Directors has resolved to recommend a final dividend of 40% (or USD 4.00 per share) for financial year 2014, in the form of an unchanged ordinary dividend of USD 1.00 per share and a special final dividend of USD 3.00 per share. Payment is expected to take place on 9 June 2015 to shareholders on the register on 8 June 2015.

# Share Buy-Back Programmes

During 2014, UIE acquired 145,799 treasury shares, which completed the share buy-back programmes announced in the Third Quarter Report 2013 as well as in the Half Year Report 2014.

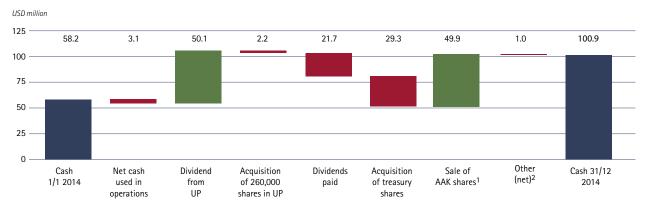
# **Cancellation of Treasury Shares**

After the completion of the share buy-back programme in October 2014, UIE's holding of treasury shares amounted to 744,425 shares, corresponding to 17.3% of the issued share capital. On 18 December 2014, UIE cancelled its entire holding of treasury shares, which reduced the issued share capital 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 100.9 million on 31 December 2014, an increase of USD 42.7 million. As shown in the graph below, the increase primarily reflects the net effect of the consideration of USD 49.9 million received from the sale of AAK shares and dividend received from UP, MSAB and AAK of USD 51.1 million in total, less the funds used to acquire treasury shares of USD 29.3 million and the dividend payment of USD 21.7 million.

# **Development in Cash Flow**



- 1) Net of the funds used to acquire 20,000 AAK shares.
- 2) Including dividend from MSAB & AAK and differences on currency transactions.

UP: UP's unique rail system enables transport of fresh fruit bunches ("FBB") from the fields to UP's oil mills, thus ensuring efficiency and oil quality. The rail system stretches beyond 525 km and is an economical and environmental friendly transport system, as it uses approximately 10 times less fossil fuel per tonne of FFB transported compared to lorries.

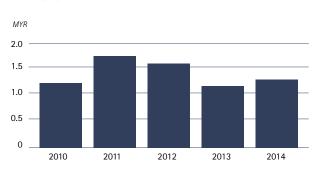




# Net Profit and Average CPO Selling Price in Malaysia



# Earnings per Share



# Development in Shareholders' Equity, Gross Assets, Solvency Ratio and Return on Equity



# Book Value per Share



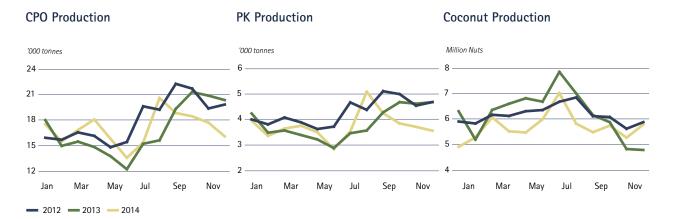
# Dividend per share



# Share Price







# **UP** Group

In 2014, UP reported a net profit of MYR 279 million (USD 85 million), which was 11% higher than the MYR 252 million (USD 80 million) reported in 2013.

# The Plantation Operations

Plantation Operations (UP's main activity) recorded an operating profit (EBIT) of MYR 298 million, reflecting a decrease of 11% compared to the MYR 336 million reported in 2013. The decrease is primarily due to lower selling prices of CPO and higher costs of production for CPO as well as PK.

## Production within the Plantation Operations

UP's profitability is highly dependent on production volume and the selling prices for CPO and PK. In 2014, UP's overall production of CPO increased by 1%, whereas the PK production decreased by 2% compared to 2013. The 1% increase in the Group's overall production (equal to 2,111 tonnes CPO) was due to the improved performance at UP's Indonesian estates, where production rose by 13% (equal to 4,911 tonnes CPO), cushioning the decline in production of 2% (equal to 2,800 tonnes CPO) on UP's Malaysian estates.

The decrease in production on the Malaysian estates is due to an ongoing large replanting programme amounting to 2,625 hectares in 2014, compared to 3,040 hectares in 2013. In addition, production on UP's Malaysian estates were negatively affected by the following two weather extremities during 2014:

1. During the first quarter of 2014, most parts of Malaysia suffered an unprecedented drought which depleted national water reservoirs and catchment areas to record low levels. For the first time ever, UP had to stop processing Fresh Fruit Bunches (FFB) at the Ulu Bernam Palm Oil Mill due to salt water ingression up the Bernam

River, which resulted in chronic water shortages. The oil palms were exposed to a prolonged period of acute moisture deficit, which negatively impacted production 5-6 months later.

2. During the tail end of the year, the extreme weather manifested itself again, this time through periods of unprecedented high monsoon rainfall notably in November and December, resulting in serious floods across most parts of Malaysia, including sections of UP's Malaysian estates. It was claimed by the Malaysian authorities that these floods were supposedly the worst Malaysia had experienced in 42 years with over 170,000 people being evacuated from their homes. A total of 190,600 hectares of oil palm estates in Malaysia were affected by these floods, including about 5,000 hectares on UP, where water levels ranging from 1 to 4 feet hampered all field operations. This impacted UP's production through higher field losses in the last 2 months of 2014.

UP Indonesia's production accounted for 22% of UP's total CPO production in 2014 compared to 20% in 2013.

UP's total area planted with oil palms in Malaysia and Indonesia was 45,421 hectares at 31 December 2014, which was slightly less than the previous year. The decrease is primarily due to the fact that the immature area increased (large replanting in Malaysia). In 2014, the immature areas accounted for 17% of the total planted area compared to 16% in 2013.

## **CPO** production

			Change
Tonnes	2014	2013	%
Malaysia	144,162	146,962	(1.91)
Indonesia	41,440	36,529	13.44
Total UP Group	185,602	183,491	1.15

In 2014, UP's coconut production amounted to 68.4 million nuts compared to 74.7 million nuts in 2013, a decrease of 8%. The decrease was a result of the coconut palms recovering from the biological resting phase, coupled with the consequences of the drought during the first quarter of 2014, which inhibited bud formation as well as pollination and thereby nut production. The average yield decreased to 25,056 nuts per hectare compared to 26,858 nuts per hectare achieved in 2013.

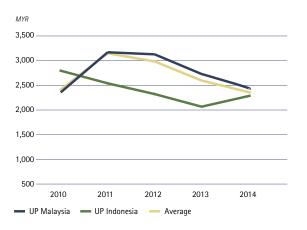
#### Development in market price and UP's selling price

Along with production volume, 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 thereafter fell considerably and during the last three quarters of 2014 generally traded in a range between MYR 2,100 – 2,300 per tonne (almost all major commodities prices have declined dramatically during the second half of 2014).

The contributing factors for this decline were, amongst others, the rising CPO stocks in Malaysia and Indonesia, coupled with larger supplies of soya beans, particularly due to the large harvest in USA and, most importantly, the dramatic decline in mineral oil prices, which reversed the financial viability of the biodiesel industry.

The CPO spot price as at end-March 2015 is approximately MYR 2,200 per tonne.

#### Average Selling Price CPO



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

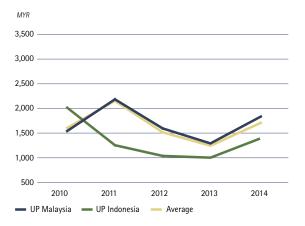
In 2014, UP achieved an average selling price of MYR 2,353 per tonne for the CPO produced in Malaysia, which is a decrease of 13% compared to the average selling price achieved in 2013. Nevertheless, UP's average CPO price was in line with the Malaysian Palm Oil Board's ("MPOB") average price of MYR 2,384 per tonne.

UP's average selling price for PK produced in Malaysia recorded a significant increase of 38% to MYR 1,774 per tonne in 2014. UP's average PK price was higher than the Malaysian Palm Oil Board's average price of MYR 1,671 per tonne, a result of UP's forward sales policy, which in 2014 had a favourable impact.

The average selling prices of CPO and PK

MYR				Change
per tonne	Product	2014	2013	%
UP Malaysia	CPO	2,353	2,702	(12.92)
UP Indonesia	CPO	2,301	2,179	5.60
UP average	CPO	2,341	2,598	(9.89)
MPOB average	CPO	2,384	2,371	0.55
UP Malaysia	PK	1,774	1,283	38.27
UP Indonesia	PK	1,305	997	30.89
UP average	PK	1,693	1,237	36.86
MPOB average	PK	1,671	1,372	21.79

# Average Selling Price PK





The difference between CPO and PK prices in Malaysia and Indonesia is the result of variations in the respective duty structures combined with a weaker Indonesian currency against the MYR in the year under review.

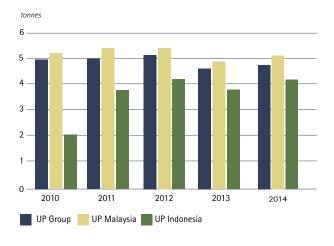
### UP average CPO yield

Tonnes per hectare	2014	2013	2012
UP Malaysian average yield UP Indonesian average yield		4.95 3.88	5.48 4.27
Total average yield for UP	4.87	4.69	5.21

UP's average yield increased from 4.69 tonnes of CPO per hectare in 2013 to 4.87 tonnes in 2014. Despite the increase, the yields are still low compared to historical levels in UP and this is primarily a consequence of the following factors:

- 1. Aging palm stands on several of UP's Malaysian estates which inherently have a lower yield profile, thus reducing the average yield.
- 2. Higher crop losses on UP's Malaysian estates arising from the serious floods experienced in November and December 2014.
- 3. The consequences of the extreme drought experienced during the first quarter of 2014 adversely impacted the yields on the Malaysian properties during the fourth quarter of 2014.
- 4. 24% or 6,868 hectares of UP's mature area in Malaysia has an age profile between 2.5 to 5 years. These have inherently lower yield profile compared to the yield profile for 6-18 year-old palms.

# **CPO** Yield per Hectare



#### UP yield versus Malaysian national yield

2014	2013	2012
3.84	3.85	4.00
4.87	4.69	5.21
21.40	20.83	23.40
22.77	22.50	22.27
5.02	5.14	5.33
	3.84 4.87 21.40 22.77	3.84 3.85 4.87 4.69 21.40 20.83 22.77 22.50

UP figures include the areas on the Indonesian plantations which have come into harvest.

# Production Costs and the CPO Windfall Gain Tax in Malaysia

Production costs (before depreciation and amortization) per tonne of CPO produced on the Malaysian estates increased by 5% from MYR 805 per tonne in 2013 to MYR 846 per tonne in 2014. The increase is due to the lower CPO production (2,800 tonnes) as well as the higher maintenance costs required to reinstate the UP standards. There were approximately two years of acute labour shortages on UP's Malaysian estates, which resulted in many essential work programmes to fall behind. These have, however, now been corrected.

The increase is also wage related as labour costs have increased by 40-45% for all harvesters and general field employees over the last four years. In order to cushion the rising production costs, UP is actively exploring various initiatives aimed at increasing efficiency and productivity throughout the operations.

# **CPO Extraction Rate**







 $\label{thm:composition} \textit{UP: Workers loading the coconut harvest from one of UP's coconut estates. During 2014, UP produced approximately 21\% of Malaysia's total coconut production.}$ 

The CPO windfall gain tax in Malaysia amounted to MYR 1.2 million in 2014 compared to MYR 0.3 million in 2013. In 2014, the average monthly market price of CPO was above the windfall gain tax threshold price of MYR 2,500 per tonne from January to May, whereas the average monthly price of CPO in 2013 was above the windfall gain threshold price for only the last two months of the year.

### Development of Planting Material and Replanting Policy

A vital part of UP's success is the continuous efforts made at the Research and Development Centre to further improve the planting material and agronomic practices.

In 2014, UP replanted 2,625 hectares with superior planting material produced exclusively in-house by UP's Research and Development Department. During the last 5 years, UP has replanted 12,457 hectares of oil palms at the estates in Malaysia, which is equal to 35% of the total area under oil palms.

UP's long-term replanting policy continues to be a high priority, also in times of high vegetable oil prices, as this is vital to ensure that the production and yields continue to develop favourably. Also in 2015, sizeable hectarage will be replanted on the estates in Malaysia.

# The Refinery Operations

Despite facing a tougher operating environment with margins coming under pressure, the refinery operations (Unitata) achieved an operating profit (EBIT) of MYR 26 million, reflecting an increase of 16% relative to 2013.

The interest in certified sustainable palm oil is increasing, and Unitata is especially seeing a demand for fully segregated and refined palm oil solutions, which Unitata is able to provide to the market. The improved results were mainly due to increased sales volumes of high quality, sustainable and traceable products, positive trading results as well as cost cutting measures.



#### Segmental information for 2014:

MYR'000	Plantations	Refining	Other segments	Elimi- nation	Total
Segment Revenue					
External Sales	407,898	612,312	1,633	_	1,021,843
Inter-segment Sales	225,030	-	-	(225,030)	-
	632,928	612,312	1,633	(225,030)	1,021,843
Segment Results					
Operating profit/(loss)	297,916	26,028	6,330	-	330,274
Profit before tax	321,279	27,225	7,100	-	355,604

#### Other

During 2014, the Indonesian currency has strengthened by 4.7% against the MYR, leading to an unrealised foreign exchange gain on loans to the Indonesian subsidiary of MYR 11 million in 2014 compared to an unrealised foreign exchange loss of MYR 42 million in 2013.

#### Investments

# Indonesia

UP's operations in Central Kalimantan, Indonesia, continued to improve and generated a net profit of MYR 39 million in 2014, which was 39% higher than the MYR 28 million achieved in 2013. All 9,655 hectares planted (net of areas set aside for Plasma - please see page 39) have reached maturity and are being harvested.

Virtually all infrastructural investments have been completed and only minor additions are required. Some of the infrastructural investments made during 2014 include an additional 12 terraced houses and staff quarters, bringing the total number of high-quality living quarters to more than 350 units.

The development includes approximately 6,000 hectares of permanently reserved jungle areas as well as a biodiversity department.

UP's collaboration with Copenhagen Zoo continues to develop very satisfactorily as notable achievements have been reached and additional new initiatives are under way. The purpose of this cooperation is to provide UP with the necessary expertise for setting up, running and operating the biodiversity department in order for these softer - yet important - values to become an even stronger integral part of UP's agricultural operations.

UP's operations in Indonesia now provide employment for 1,481 people.

UP remains committed to its operations in Indonesia. However, as there continues to be difficulties in obtaining permits for future expansion, linked with prolonged delays and demands surrounding the issuance of the necessary permits, as well as significantly increased costs and lower selling prices of CPO and PK, the investment climate seems less favourable compared to 2006, when UP initiated the investment in Indonesia (notwithstanding the satisfactory results achieved in 2014). It has therefore been decided to consolidate the existing properties, where agricultural standards have now reached levels similar to those on UP's estates in Malaysia. Any further development in Indonesia will only be considered if the investment climate improves.

# UniOleon

On 1 August 2012, UP together with Oleon NV announced the formation of a 50:50 joint venture through the company UniOleon Sdn Bhd. ("UniOleon"). UniOleon will develop a food emulsifier plant in two phases and the first phase of the food esters factory in Pulau Indah (Malaysia) was officially inaugurated in November 2014.

The application and use of these oleo-derivatives products within the food segment will range from bakeries to dairies to confectionary industries. A dedicated application laboratory will be created in order to enhance the development of food emulsifiers. The highest quality standards will be combined with the guarantee of traceable, fully segregated sustainable raw materials.





UP: Workers transplanting 3 months old seedlings into the main nursery, where the seedlings will remain till they are 12 months in age.

# Financial Position and Cash Flow

At 31 December 2014, UP's total current assets amounted to MYR 960 million (31 December 2013: MYR 1,049 million), of which cash at bank amounted to MYR 738 million (31 December 2013: MYR 779 million).

Total non-current assets amounted to MYR 1,373 million (31 December 2013: MYR 1,347 million), of which biological assets and property, plant and equipment amounted to MYR 1,320 million (31 December 2013: MYR 1,298 million).

Shareholders' equity decreased from MYR 2,194 million at 31 December 2013 to MYR 2,127 million at the end of December 2014. The decrease was mainly due to the fact that the generous dividend payments of MYR 351 million were higher than the net profit of MYR 279 million.

Positive cash flow from operating activities amounted to MYR 375 million (2013: MYR 316 million). Cash flow from investments amounted to negative MYR 57 million (2013: negative MYR 58 million).

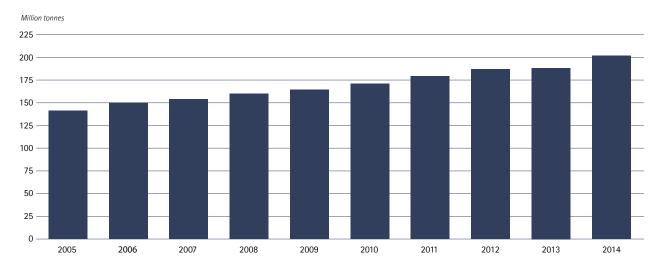
Net change in cash and cash equivalents amounted to negative MYR 32 million in 2014 (2013: MYR 53 million).

# Global Production of Vegetable Oils and Fats

The total global production of the 17 edible oils and fats reached 201 million tonnes in 2014, out of which palm oil and palm kernel oil production amounted to 66 million tonnes equivalent to 33%, which makes palm oil and palm kernel oil the most produced vegetable oils in the world.

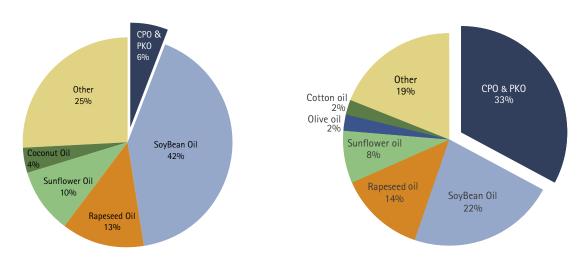
Palm oil and palm kernel oil now account for 65-70% of all net exports of vegetable oils worldwide.

### 17 Oils and Fats: World Production



10 Oilseeds: Planted Area 2014 (276.5 million hectares)

17 Oils and Fats: World Production 2014



Source: Oil World, March 2015



# 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.

Delevopment in Net Asset Value per Share and Share Price

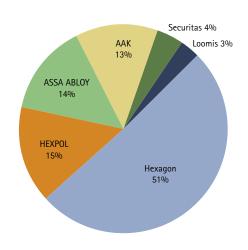


**HEXPOL** is a world-leading polymer group with strong global positions in advanced polymer compounds, gaskets for plate heat exchangers and wheels made of plastic and rubber materials for truck and castor wheel applications.

**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 31 December 2014





# Financial Highlights

MSAB's net profit was SEK 8,686 million (USD 1,261 million) in 2014, which fundamentally reflects the change in fair value of the company's portfolio of investments and dividend income (SEK 610 million).

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 31 December 2014, the market value of MSAB's portfolio amounted to SEK 44,903 million (USD 5,763 million) and as the net debt amounted to SEK 1,223 million, the net asset value amounted to SEK 43,680 million (USD 5,606 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 367 per share on 31 December 2014, representing an increase of 24% (during the same period, the NASDAQ Stockholm All-Share PI index increased by 12%)

During 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 5% (2013: 3%) and in addition, certain portfolio companies completed acquisitions during the same period. The weighted average growth in operating profit (EBIT) in the portfolio companies was 14% (2013: 8%).

Net interest-bearing debt amounted to SEK 1,195 million on 31 December 2014.

### MSAB Holdings and Net Asset Value

	31 December 2014			31	December 20	13
		Fair value	SEK		Fair value	SEK
	No. of shares	SEK/share	million	No. of shares	SEK/share	million
Hexagon	94,461,582	241.80	22,841	94,461,582	203.30	19,204
HEXPOL	9,040,277	736.00	6,654	9,040,277	480.00	4,339
ASSA ABLOY	14,532,216	414.80	6,028	14,472,216	339.80	4,918
AAK	14,053,800	417.10	5,862	14,318,350	411.00	5,885
Securitas	20,501,500	94.40	1,935	20,501,500	68.30	1,400
Loomis	6,300,300	226.00	1,424	6,300,300	152.00	958
Other			159			239
Total			44,903			36,943
Net debt			(1,223)			(1,681)
Net asset value			43,680			35,262
No. of shares			119,097,595			119,097,595
Net asset value per share	(SEK)		367			296





# Financial Highlights

AAK reported a record high operating profit (EBIT), excluding non-recurring items of SEK 1,242 million (USD 180 million) in 2014, an improvement of 10% compared to the operating profit of SEK 1,127 million (USD 173 million) reported in 2013. The improvement was mainly driven by a significant improvement in the Chocolate & Confectionary Fats division.

Net profit amounted to SEK 887 million (USD 129 million) in 2014, an increase of 20% compared to the SEK 741 million (USD 114 million) achieved in 2013.

#### **Food Ingredients**

The Food Ingredients division reported an operating profit of SEK 803 million in 2014 (2013: SEK 771 million), an increase of 4%. Total volumes increased by 6% relative to 2013, which comprise increasing volumes for speciality and semi-speciality products as well as volume from recent acquisitions (relatively high commodity volumes). Due to dilutive impact from acquisitions and volume growth in commodity products, operating profit per kilo decreased by 2% compared to 2013.

#### **Chocolate & Confectionery Fats**

Operating profit in the Chocolate & Confectionery Fats division was SEK 460 million in 2014, an increase of 25%. Volumes increased by 5% and operating profit per kilo increased by 19% as a result of double digit growth in speciality products supported by the dramatic increase in cocoa butter prices during 2014.

### **Technical Products & Feed**

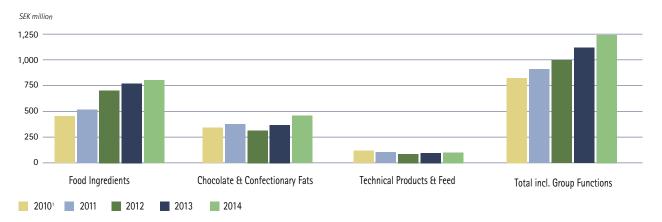
The Technical Products & Feed division reported an operating profit of SEK 102 million in 2014, an increase of 5%. Volumes were in line with 2013 and operating profit per kilo increased by 6%.

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

ROCE, calculated on a rolling 12 months basis, was 16% on 31 December 2014 compared to 16% on 31 December 2013. The ROCE has been negatively affected by acquisitions, initial greenfield investments in Brazil and China as well as higher working capital over the year.

Net interest-bearing debt amounted to SEK 2,508 million on 31 December 2014 (SEK 2,255 million on 31 December 2013). The equity/asset ratio amounted to 46% (43% on 31 December 2013).

### Divisional Operating Profit (EBIT), excluding Non-recurring Items



1) Excl. IAS 39 adjustment.





# **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. Virtually all UIE's investments are in listed companies (UP, MSAB and AAK), and the management of these companies is thus 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, MSAB and AAK. The primary commercial risk of UIE is its high level of exposure to one particular industry, the palm oil industry, as UP accounts for approximately 71% of UIE's total consolidated assets of USD 934 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 unfavourable local and global weather patterns, such as El-Niño, and is highly dependent on seasonal and cyclical nature within 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), whereas it declines 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 volume therefore fluctuate and may affect the profits of UP accordingly.

Other risk factors include availability and cost of labour, exchange rate fluctuation in relation to intercompany balances between the Malaysian and Indonesian operations, changes in tax/duty structures as well as impact of the biodiesel sector.

See UP's Annual Report 2014 for further information regarding the risk factors in UP.

#### **MSAB**

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

See MSAB's Annual Report 2014 for further information on the risk factors in MSAB.

#### AAK

AAK is a global company represented in many countries and as such is exposed to a number of commercial and financial risks.

AAK's annual costs for raw materials are two-thirds of the sales value of the finished products. AAK hedges both the operational raw material price risks and the underlying operational currency risk when sales agreements are signed with customers. In addition, stable production facilities, political stability, competition as well as the public opinion about health and fats are factors that have a major influence on AAK's risk profile.

See AAK's Annual Report 2014 for further information on the risk factors in AAK.

## 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 main market risks that the Group are exposed to are:

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

# UNITED ANNUAL INTERNATIONAL REPORT ENTERPRISES 2014



In relation to credit risk, the primary risk is on the Group's cash at bank. The Group manages its credit risk by ensuring that deposits are placed with highly rated banks and by using a number of different banks.

As the Group has no interest bearing debt, the interest rate risk arises on the interest earned on the cash at bank, which is either placed on a short-term deposit or on a current account.

See Note 4.6 on pages 77-82 for further information on UIE's financial risk management and exposure.

# Outlook

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

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

The US and South American soybean crop production and ending stocks are expected to increase further during 2015, which may extend the pressure on vegetable oil prices seen in 2014 due to the anticipated increase in supply.

The significant decline in mineral oil prices is expected to put further pressure on the vegetable oil price complex as it is likely that less vegetable oil will be converted into biodiesel. This will invariably have consequences that have not fully materialised.

However, the recent announcement made by the Indonesian Government to increase subsidies for usage of palm oil in biofuels has supported prices. In addition, the wet weather experienced during December 2014 in Malaysia and parts of Indonesia have softened the bearishness stemming from the mineral oil price collapse and the prospective record soya bean crop. Furthermore, the depreciation of the Malaysian Ringgit against the USD has further supported CPO prices in Malaysian Ringgit and this is expected to continue into 2015 until the finalization of the quantitive easing programme by the US Federal Reserve. An interest rate rise is then expected to take place.

In view of the above, and with the current prevailing prices of palm oil and palm kernel in the market, UP is certain that the future will bring challenges. Nevertheless, with the prices contracted under the forward sales policy and with the Indonesian production partly compensating for the drop from the replanted areas in Malaysia, UP expects that the results for 2015 will nevertheless be satisfactory.

Since the start of 2015, the SEK has continued to depreciate against the USD (9% from 1 January until the end of March 2015), which has a negative impact on UIE's Income Statement, as the market value of MSAB is denominated in SEK and any change in the market value of UIE's investment, converted to USD, is recognised in UIE's Income Statement.

However, the European equity markets (including Sweden) have increased considerably during the first months of 2015, and if the current share price of MSAB as well as the SEK/USD exchange rate are to remain stable during the remaining part of 2015, the fair value adjustment recognised in UIE's Income Statement for 2015 will be positive.

Based on the above, the Board is of the view that UIE's net profit attributable to equity holders of the Company for 2015 is expected to be better than the result reported in 2014.



# **Shareholder Information**

# The UIE Share, Share Capital and Votes

In December 2014, UIE cancelled all of its treasury shares (744,425 shares) and the issued share capital was thereby reduced to USD 35,555,750, consisting of 3,555,575 issued shares of USD 10.00 each. Each share is entitled to one vote. UIE has only one share class, all shareholders have the same rights and the Articles of Association do not contain any restrictions on ownership.

UIE has been listed on NASDAQ since 1984.

The shareholders via the Annual General Meeting are the Company's supreme authority and the Articles of Association constitute the principal guidelines for operations. All amendments to the Company's Articles of Association must be submitted for approval at a General Meeting of shareholders. Approval by at least two thirds of the votes present is required for adoption.

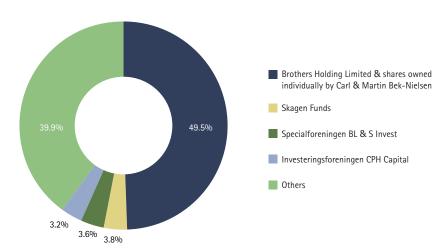
The Company's Articles of Association were changed in June 2009, whereas the Company's Memorandum of Association was last updated in December 2014, reflecting the changes made in the issued share capital in connection with the cancellation of treasury shares.

According to UIE's share register, the Company had 1,701 registered shareholders at 30 December 2014, compared to 1,897 registered shareholders at the end of 2013. As per 30 December 2014, shareholders registered by name owned 95.5% of the share capital.

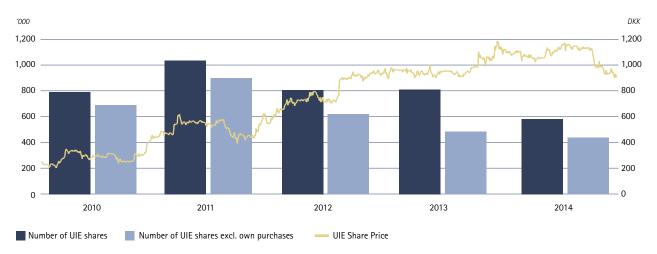
At the end of 2014, the major shareholder was Brothers Holding Limited (through the 100% owned subsidiary C&M Holding Limited) with a shareholding of 46.8%, which is owned by Dato' Carl Bek-Nielsen and Martin Bek-Nielsen. Including the shareholding owned individually by Dato' Carl Bek-Nielsen and Martin Bek-Nielsen, the Bek-Nielsen family's equity interest amounted to 49.5%.

## **Ownership**

# Classification of Shareholders at 31 December 2014



#### **UIE Share Turnover and Share Price Development**



46.76

1,662,574

# Shareholder Register and Registration

UIE urges the few shareholders that are not already registered by name to register their shares, which is done by contacting the bank in which the shares are held in custody.

UIE's register of shareholders is administered by Computershare A/S, Kongevejen 418, 2840 Holte, Denmark.

# Directors' Interests at 26 March 2015

and Martin Bek-Nielsen through Brothers Holding Limited

		% of
	No. of	Share
	Shares	Capital
Individually:		
Dato' Carl Bek-Nielsen,		
Chairman	61,196	1.72
Martin Bek-Nielsen,		
Deputy Chairman	37,174	1.05
John Madsen	4,400	0.12
Kjeld Ranum	639	0.01
Bent Mahler	11	0.00
John A. Goodwin	_	-
Jørgen Balle	-	-
Jointly:		
Jointly owned by		
Dato' Carl Bek-Nielsen		

# Share Price Development, Market Value and Turnover

The market value of UIE's issued share capital at 31 December 2014 was DKK 3,410 million compared to DKK 4,168 million at the end of 2013.

In 2014, the UIE share traded in a price range from DKK 955 to DKK 1,166 per share.

At the end of 2013, UIE's closing share price was DKK 1,120 and at last trading date in 2014, it had decreased to DKK 959 a decrease of 14%. By comparison, the NASDAQ Mid Cap index increased 5% in 2014.

In 2014, the total turnover in the UIE share was DKK 677 million, which corresponds to a daily average trading turnover of DKK 2.7 million or approximately 2,450 shares; which was equivalent to this daily average number of shares traded in 2013 (3,300). Turnover of shares, excluding UIE's purchase of treasury shares, was DKK 514 million in 2014, which corresponds to a daily average turnover of DKK 2.1 million or approximately 1,900 shares; a decrease of 5% compared to a daily average turnover of 2,000 shares (excluding UIE's purchase of treasury shares) in 2013.

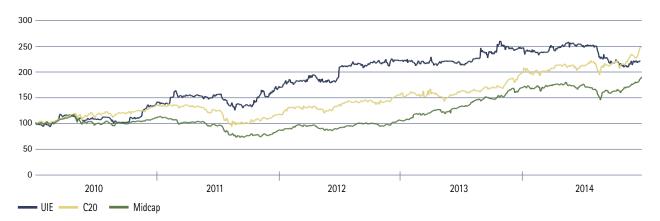


# Share Information on 31 December

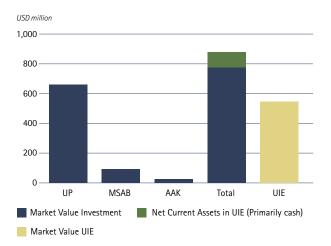
	2014	2013	2012	2011	2010
Share price end of year <sup>1</sup> (DKK)	959	1,120	972	710	600
Total shares issued	3,555,575	4,300,000	4,300,000	5,143,317	5,143,317
Holding of treasury shares <sup>2</sup>	-	598,626	268,203	923,711	787,322
Nominal value per share (USD)	10	10	10	10	10
Share capital (USD)	35,555,750	43,000,000	43,000,000	51,433,170	51,433,170
Equity (USD'000)	531,657	568,373	559,557	454,609	430,332
Market value (USD'000) (excl. treasury shares)	557,029	769,987	693,009	526,790	464,428
Market value (DKK'000) (excl. treasury shares)	3,409,796	4,167,710	3,921,810	3,026,723	2,606,976

<sup>1)</sup> Closing price.

# Development in UIE's share price and Indices on NASDAQ



# Market Value of UIE's principal assets compared to the market value of UIE on 31 December 2014



The chart to the left shows the market value of UIE's principal assets, namely its shareholdings in UP, AAK and MASB. In addition, there is a comparison between the incorporated market value of the principal assets and the market capitalisation of UIE at 31 December 2014.

<sup>2)</sup> Further explained in the table on page 33.

# Trading in Treasury Shares

	2014	2013	2012	2011	2010
Direct:					
Holding at beginning					
of period	598,626	268,203	402,724	266,335	161,732
Share buy back	145,799	330,423	187,809	136,389	104,603
Holding distributed from UIH	-	-	520,987	-	_
Cancellation of treasury shares	(744,425)	_	(843,317)	-	_
Total direct holding	-	598,626	268,203	402,724	266,335
Indirect:					
Holding via UIH	-	-	-	520,987	520,987
Total holding,					
direct and indirect	-	598,626	268,203	923,711	787,322

# **Dividend Key Figures**

	2014	2013	2012	2011	2010
Interim special dividend per share, USD	4.00	6.00	6.00	-	-
Ordinary dividend per share, USD	$1.00^{1}$	1.00	1.00	1.00	1.00
Special dividend per share, USD	$3.00^{1}$	1.00	1.00	-	0.70
Payout ratio on ordinary dividend %	11.4	3.1	2.7	6.9	8.8
Payout ratio on total dividend %	90.8	24.8	21.9	6.9	15.0
1) D 1	·	·	·	·	

<sup>1)</sup> Proposed.

# Stock Exchange Announcements in 2014:

No. 1:	Purchase of Treasury Shares	31 January 2014
No. 2:	Preliminary Announcement of Annual Report 2013	28 February 2014
No. 3:	Annual Report 2013	7 April 2014
No. 4:	Notice of Annual General Meeting 2013	23 April 2014
No. 5:	First Quarter Report 2014	28 May 2014
No. 6:	Development of Annual General Meeting	11 June 2014
No. 7:	Notice of Insider Trading	2 July 2014
No. 8:	Half Year Report 2014	27 August 2014
No. 9:	Notification of Major Shareholder	8 October 2014
No. 10:	Third Quarter Report 2014	26 November 2014
No. 11:	Cancellation of Treasury Shares	15 December 2014



# **Investor Relations Policy**

# Purpose of UIE's Investor Relations Policy

The purpose of UIE's Investor Relations Policy is to provide reliable information on all relevant matters relating to the Company in a timely manner to capital markets and key stakeholders.

# Objectives of UIE's Investor Relations Policy

- To enable a valuation of the share that reflects the underlying performance of the Company through timely communication of relevant information.
- To increase awareness of UIE amongst investors in Denmark and abroad.
- To strive to give all interested parties easy and equal access to information in relation to its financial and business status and development as well as to maintain an open dialogue with its stakeholders within the framework of NASDAQ's code of ethics.

As a matter of principle, UIE maintains a four week quiet period before the release of financial statements, during which it does not comment on financial goals or guidance nor take part in meetings and presentations with analysts or investors.

All Company Announcements and up to date information are available on the Company's website, www.uie.dk.

By subscribing to the investor portal at www.uie.dk, shareholders and other interested parties have timely and easy access to information.

### **Analysts**

UIE operations are monitored by one analyst who prepares reports on UIE on a regular basis:

Nordea

Hans G. Gregersen

Phone: +45 33 33 42 39

E-mail: hans.gregersen@nordea.com

#### Financial Calendar 2015

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

### **Annual General Meeting**

The Annual General Meeting of the Company will be held on 3 June 2015 at the Company's registered office in Nassau, Bahamas. Some of the items to be considered at the meeting includes resolutions approving the accounts for the year ended 31 December 2014; re-election of Directors who are retiring by rotation and approving the proposed dividend.

### Informal Shareholder Meeting in Copenhagen

For shareholders unable to attend the Annual General Meeting, an informal shareholder meeting will be held at Børssalen, Børsbygningen, 1217 Copenhagen K, on Friday 29 May 2015, commencing at 10.00 a.m.



The Danish Minister for Food, Agriculture and Fisheries, his Excellency Dan Jørgensen visiting UP, where he, amongst others, was briefed on UP's integrated concept of sustainable production of palm oil.



### **Corporate Governance**

UIE's Board of Directors and management continuously strive to maintain an appropriate corporate governance framework. The Board aims to increase transparency and active ownership, e.g. by providing all relevant information to shareholders and stakeholders through regular publications of news, interim reports and annual reports as well as opportunities for dialogue.

The Danish Committee on Corporate Governance last amended its recommendations in May 2014. The recommendations are part of the rules governing listed companies on NASDAQ. Companies must either comply with the recommendations or explain any deviation.

UIE complies largely with the currently applicable recommendations of the Danish Committee on Corporate Governance and uses the corporate governance guidelines in relevant areas to guarantee clear decision-making processes, provide clarity about responsibilities and ensure a satisfactory transparency.

UIE's statutory report on corporate governance includes a list of the recommendations together with UIE's comments regarding each recommendation. The full Statutory Report for 2014 on Corporate Governance is available at http://www.uie.dk/web/EN/investor/governance.asp, and below is a short summary.

### Communication with Stakeholders

The Company seeks at all times to promote effective relationships and open communication between shareholders, other stakeholders and the Company, as well as to provide information about UIE's business strategy.

The Company encourages shareholders to engage actively with the Company and to participate in an open discussion about UIE's development. This includes participation at the Company's AGM and/or at the informal shareholder meeting.

### Board of Directors and Committees of the Board

The Board of Directors consists of seven qualified directors with specialized knowledge within the agroindustrial sector, particularly plantation operations or refining activities, and a sound financial insight as well as experience from involvement with other listed companies, thus contributing optimally to the Company's business

operations. The Board of Directors regularly reviews the structure, size and composition of the Board and discusses whether there is a need for change or adjustments.

The Chairman is responsible for the selection and nomination of new candidates. The Chairman and Directors recognize the benefits of having a Board that has a balance of skills, experience and diversity of perspective appropriate to UIE's businesses.

At present, there are no women board members in UIE. However, the Company seeks to have a woman director before the end of 2017. Since there have been no changes in the composition of the Board in 2014, the gender composition remains unchanged.

At present, UIE does not fully comply with the recommendation that at least half of the Directors of the Board should be independent. However, if disregarding the rule that Directors do not qualify as independent if they have served the Board for more than 12 years, then at least half of UIE's Board is considered independent.

The Company has incorporated a number of restrictions for the Board in its Articles of Association, which ensure a high degree of independence and integrity.

At least two Directors of the Board routinely resign every year by rotation and must seek re-election at the AGM. The Directors evaluate performance and length of term periodically, and it is the opinion of the Board that the actual term constitutes an appropriate balance between replacement and continuity.

### **Director Responsibilities**

The Board of Directors have, amongst others, the following responsibilities:

- Assessing together with the Managing Director the financial and operational management of the Company
- Reviewing and determining the strategy for the Company's activities
- Ensuring the Company is properly managed and in compliance with the Company's Articles of Association, policies and guidelines as well as laws and regulations
- Defining tasks in relation to financial and managerial control of the Company



UP: The refinery manager, Mr. Dev Ganesh inspecting the production of specialty fats at Unitata (UP's refinery in Malaysia).

- Identifying the material risks associated with the realization of the Company's strategy and operations
- Evaluating the Company's capital and share structures to ensure it is in the interest of UIE and its shareholders
- Promoting active ownership, including shareholder attendance at the AGM and/or informal shareholder meeting

It is the Chairman's duty to ensure that the Board in its entirety performs the tasks assigned to it and the Directors perform their duties and responsibilities satisfactorily.

As UIE is a holding company with no independent operations, the day-to-day management is primarily overseeing the current investments and implementation of strategic/investment decisions, which are made in close dialogue with the Chairmanship.

### Remuneration

The Board of Directors has adopted a remuneration policy for the Board of Directors and the Managing Director.

As a matter of principle, the Board of Directors and the Audit Committee are remunerated with a fixed annual fee approved at the AGM and are not subject to any incentive programme.

The Managing Director is remunerated with a fixed payment as well as an annual cash bonus, which is dependent on his contribution and the Company's result.

The remuneration of the Directors of the Board, members of the Audit Committee and Managing Director is disclosed in the notes to the Annual Report.

### Financial Reporting, Risk Management and Audits

On a regular basis, the Management and the Audit Committee report to the Board of Directors on the development within the most important risk areas and compliance with adopted policies. The Company reviews and accounts for the most important strategic and business-related risks in the Annual Report.

In general, the independent auditor attends all Audit Committee meetings. At least once a year, the auditor issues an audit report to the Audit Committee and the Board of Directors in respect of the audit carried out and the results hereof.

The auditors are elected at the AGM for a period of one year at a time. Prior to the election, the Audit Committee evaluates the auditor's competence and independence.



### Corporate Social Responsibility

### UIE:

Since its foundation, UIE has invested in the agroindustrial sector, particularly palm oil. As UIE is a holding company, it has not developed its own CSR policies, including human rights and environmental impacts. However, as it invests in companies that depend largely on natural resources, it highly supports UP and MSAB to operate in an ethical and professional manner, thus encouraging them to:

- protect the environment and natural resources by applying environmentally responsible production methods:
- secure the well-being of employees by providing good and safe working conditions; and
- uphold human rights and be responsible members of the communities that they are part of.

An overview of the CSR work and commitments of UP is illustrated below. MSAB is not included, as it is a holding company with shares in six publicly listed companies that each have their own CSR policy. For further information about the issues relevant for each company, please see the companies' annual reports, sustainability reports and their websites.



UP: Integrated pest management is a key component within UP's operations. On the picture, one can observe the initiatives taken by UP's biodiversity department to better understand the positive attributes by encouraging the use of leopard cats as a means of biological control against rats in UP's oil palm plantations in Kalimantan. To date, 7 leopard cats have been fitted with radio-collars to provide information about the habitat of leopard cats and their predatory skills.



### UP:

UP's Corporate Social Responsibility Policy focuses on continuous care, commitment and responsibility towards its employees, the environment, the community and the marketplace in which it operates. UP remains committed to conducting business in a manner that achieves sustainable growth whilst maintaining a high degree of social and environmental responsibility.

A vital part of UP's CSR Policy is its commitment to the Principles and Criteria of the Roundtable on Sustainable Palm oil ("RSPO"). UP was one of the initial palm plantation signatories to the RSPO, and has ever since its establishment given much emphasis to developing the criteria to define sustainable palm oil. The Company was the first to achieve the re-certification of the RSPO, which is valid from 2014 and five years ahead.

In October 2013, during the launch of The Malaysian Chapter of the UN Sustainable Development Solutions Network ("UN-SDSN"), UP was cited as one of the foremost companies in developing sustainable solutions in Malaysia. In the UN-SDSN Malaysia Chapter, UP was identified as a "Business with a soul", acknowledging the Company as a frontrunner in economic, environmental and social sustainability.

UP continuously aims to align business values, purposes and strategy based on the following CSR principles grouped into four main areas:

### **Employees**

The success and achievements of UP are highly correlated with its employees. The employees are core assets of UP and human capital is considered an integral part of its operations. UP focuses on developing and enhancing each individual's skills and capabilities by providing continuous training and supervision.

UP is committed to diversity in a working environment where there is mutual trust and respect as well as safe and healthy working conditions. UP continues to provide a number of social welfare initiatives to its employees and their families as well as the local community by maintaining child care, primary schools, well-equipped hospitals and health clinics, places of worship for employees, bus subsidies for school children, a bakery and a senior citizen home.

### Community

UP strives to be a trusted corporate citizen and to fulfill its responsibilities to the societies and local communities in which it operates and thus is an integral part of.

UP believes in building good relationships with the employees and their families, and is focused on promoting socioeconomic policies and progress in the local communities. Apart from supporting education, medical care, housing and development activities, the Company encourages communities to participate in sporting and social activities by providing facilities such as football fields, community halls, badminton courts etc.

UP has taken the initiative to start up Smallholders' Field Day, where farmers from local districts in Malaysia are invited to the plantation to get a better understanding of good agricultural practices, sustainability initiatives and environmental protection. They are given training in safe handling of pesticides, optimal harvesting procedures and fertilizer application.

At its Indonesian Plantations, UP is actively involved with a government project known as the Plasma Scheme designed to assist smallholders to become independent plantation growers. Under the Plasma Scheme, UP's role is to help local smallholders in supplying the necessary resources (including the land being developed), training in developing oil palm plantations, which includes environmentally responsible land clearing and cultivation as well as economic aid. Once developed, the developed land will be handed over to the smallholder for self-management.

### Marketplace

UP is committed to providing high quality products and services to customers worldwide through dedicated employees and advanced technology. UP aims at continuous improvement and works towards building long-term relationships with all stakeholders.





UP continuously strives to maintain the highest possible standards for both employees as well as their school going children. The Company has eight primary schools and six kindergartens on its properties in Malaysia, providing education for almost 500 children aged 5 to 12 years.

### **Environment**

UP strives to be recognised as a leader in sustainable agricultural practices, respecting the balance between economy and ecology. UP is committed to continuously reducing the environmental impact of its operations by improving procedures, minimizing waste and carbon footprint as well as implementing new and greener technologies.

UP is increasingly committed to the protection of biodiversity, avoidance of high carbon stock land use and the protection of wildlife. New frameworks such as the High Carbon Stock ("HCS") Assessment have been implemented to evaluate the change in Carbon Stock and to develop a detailed Sustainability Plan for the landscape. UP applied the HCS assessment in October 2014 in accordance with RSPO's New Planting Procedure in land concessions in Indonesia for development of PLASMA – smallholders.

Significant investments have also been made in promoting green energy starting with the fully integrated biomass reciprocating boiler and constructing four biogas plants. These projects have helped significantly to reduce emissions of CO2 by 70% and CH4 by 80% at the operating units.

In 2014, a comprehensive update to the Life Cycle Assessment ("LCA") was undertaken, providing a clear overview of the development in the Company's efforts to reduce its carbon footprint as well as identifying areas for further improvements.

The LCA report shows that the green energy investments have helped reduce the annual emissions of green house gasses by at least 125,000 MT CO2 (eq). The company has thus met its target of reducing the "Carbon Footprint" per tonne of refined palm oil produced by 33% in 2014 when compared to 2004 levels. With additional investments, UP anticipates reducing "Carbon Footprint" per MT of refined palm oil produced by 50% in 2018 compared to previous 2004 levels.



UP is continuously working towards a dynamic and innovative waste management and utilization system aimed at achieving zero waste. For many years, UP has been focusing on minimizing the use of pesticides via the Integrated Pest Management (IPM) Programme, e.g. by establishing beneficial flowering plants, monitoring pest outbreaks and using barn owls and leopard cats as predators of rats in the plantation landscape. In January 2014, a team from the Biodiversity Division set out to study the food and feeding behaviour of leopard cats. The results to date reveal that leopard cats are residents in the plantation, reproduce regularly and feed extensively on rats, thus giving reason to continue the study in 2015.

Another initiative taken up by UP is the Cooper Tree Species Reserve in UIE. The objective is to plant varieties of endangered trees and establish a seedbank for these endangered species, thereby securing their future and also creating sanctuaries for birds and other small animals.

More than 6,000 hectares have been set aside for conservation purposes (jungle reserves, wildlife sanctuaries and green corridors), representing approximately 10% of UP's total planted area. The aim is to encourage biodiversity and wildlife on UP's estate as well as to preserve flora and fauna. In order to develop effective conservation strategies, UP and Copenhagen Zoo have formed a partnership, and a biodiversity department has been established on UP's Lada Estate in Indonesia. The biodiversity department is responsible for mainstreaming environmental concerns into standard operational procedures, focusing on activities primarily within biodiversity, habitat and ecosystem, forestry and rehabilitation.

Find more information about UP's commitment to CSR in the company's Annual Report and at www. unitedplantations.com.



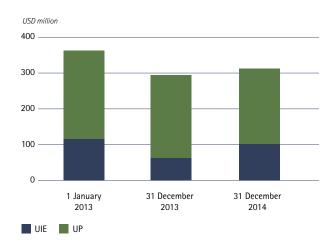
Young children participating and competing at a sports day at Jendarata Estate.



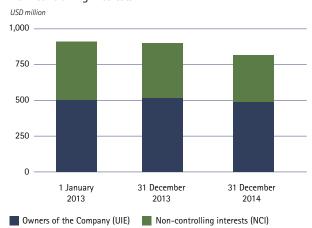
# Consolidated Key Figures For the Year ended 31 December

USD'000	2014	2013
Revenue	311,253	300,209
Profit before income tax	100,512	195,143
Net Profit	77,731	168,008
Net profit attributable to owners of the Company	31,471	124,311
Current assets	378,349	378,765
Hereof cash and Short-term deposits	311,825	294,612
Non-current assets	555,989	628,810
Total assets	934,338	1,007,575
Total liabilities	70,764	73,987
Equity attributable to owners of the Company	515,537	552,673
Non-controlling interests	348,037	380,915
Total equity	863,574	933,588
Earnings per share attributable to owners of the Company (USD)	8.70	32.53
Share Price, end of period (USD)	156.66	206.92
Share Price, end of period (DKK)	959.00	1,120.00
Return on equity	5.89%	22.68%
Solvency ratio	92.43%	92.66%

### Cash and Short-Term Deposits



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







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### **Consolidated Income Statement**

For the Year ended 31 December

USD'000	Note	2014	2013
Revenue	1.1	311,253	300,209
Costs of goods sold	1.1	(117,436)	(98,024)
Gross profit		193,817	202,185
Other income		5,388	5,334
Amortisation, depreciation and impairment	2.2, 2.3, 2.4	(21,370)	(20,768)
Staff costs	1.2	(41,265)	(39,257)
General and administrative costs	4.1	(42,003)	(50,935)
Profit from operations before financial items		94,567	96,559
Changes in fair value of MSAB	3.1	2,239	29,192
Changes in fair value of AAK	3.1	(5,889)	59,181
Dividend income MSAB	5.1	477	378
Dividend income AAK		565	781
Results from investing activities - portfolio investments		125	148
Interest income		11,302	8,963
Interest expense		(11)	(27)
Net foreign exchange loss		(2,209)	(597)
Share of results in associated companies		-	801
Share of results in jointly controlled entity	3.2	(654)	(236)
Profit before income tax		100,512	195,143
Income tax	4.2	(22,781)	(27,135)
Profit for the year		77,731	168,008
Profits attributable to			
Owners of the Company		31,471	124,311
Non-controlling interests		46,260	43,697
<u> </u>		77,731	168,008
Earnings per share attributable to owners of the Company (USD)	4.3	8.70	32.53

# Other Comprehensive Income For the Year ended 31 December

USD'000	2014	2013
Profit for the year	77,731	168,008
Items that are or may be reclassified to the Income Statement		
Equity adjustment on foreign currency translation, net of tax of USD nil	(37,800)	(54,968)
Cash flow hedges, change in fair value, net of tax of USD nil	-	133
Other comprehensive income	(37,800)	(54,835)
Total comprehensive income	39,931	113,173
Total comprehensive income attributable to		
Owners of the Company	14,658	98,484
Non-controlling interests	25,273	14,689
	39,931	113,173



### Consolidated Statement of Financial Position

		31 December	31 December	1 January
USD'000	Note	2014	2013	2013
Assets				
Current assets:				
Inventories	1.3	28,217	43,042	58,388
Cash at bank	3.3	311,825	294,612	357,383
Trade and other receivables	4.6	33,512	38,424	33,882
Derivatives	4.6	· -	-	457
Portfolio investments	3.1	2,980	1,716	1,398
Current tax receivable		1,815	971	65
Total current assets		378,349	378,765	451,573
Non-current assets:				
Goodwill	2.1	7,096	7,096	7,096
Biological assets	2.2	121,241	122,713	133,235
Property, plant and equipment	2.3	293,151	311,528	333,666
Land use rights	2.4	9,154	9,442	11,131
Equity accounted investments	3.2	4,186	2,849	11,101
Strategic investments	3.1	119,305	172,837	63,418
Other financial assets	5.1	1,856	2,345	30,117
Total non-current assets		555,989	628,810	578,663
Total assets		934,338	1,007,575	1,030,236
Liabilities and shareholders' equity  Current liabilities:				
Current tax liability		3,431	5,289	9,166
Trade and other payables	4.6	18,437	22,542	26,432
Derivatives	4.6	1,943	1,066	4,956
Bank borrowings		227	90	26
Retirement benefit obligation	4.5	234	411	221
Total current liabilities	1.0	24,272	29,398	40,801
Non-current liabilities:				
Deferred taxation	4.2	40,660	41,272	41,582
Derivatives	4.6	2,767	11,272	92
Retirement benefit obligation	4.5	3,065	3,317	3,640
Total non-current liabilities	4.0	46,492	44,589	45,314
Total liabilities		70,764	73,987	86,115
Chang hald and agritu				
Share holders' equity:	4.2	25 550	42 000	42,000
Share capital Transpury shares	4.3	35,556	43,000	43,000
Treasury shares	4.3	479,981	(77,146)	(19,459)
Other reserves  Equity ettributable to express of the Company	4.3		586,819	520,213
Equity attributable to owners of the Company		515,537	552,673	543,754
Non-controlling interests Total equity		348,037 863,574	380,915 933,588	400,367 944,121
Total liabilities and shareholders' equity		934,338	1,007,575	1,030,236

# Consolidated Statement of Changes in Equity for the Year Ended 31 December 2014

								Non-	
	Share	Share	Treasury T	ranslation	Other	Retained	C	ontrolling	Total
USD'000	capital	premium	shares	reserves	reserves	profits	Total	interests	equity
On 1 January 2014	43,000	11,076	(77,146)	5,324	98	570,321	552,673	380,915	933,588
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	31,471	31,471	46,260	77,731
Equity adjustment									
on foreign currency translation	-	-	-	(16,813)	-	-	(16,813)	(20,987)	(37,800
Total comprehensive income for the	year -	-	-	(16,813)	-	31,471	14,658	25,273	39,931
other equity transactions  Reduction of share capital  Treasury shares purchased	(7,444)	(1,917)	106,450 (29,304)	-	-	(97,089)	- (29,304)	-	- (29,304
Dividends paid	-	-	(29,304)	-	-	(21,672)	(29,304)	(56,724)	(78,396
Total contributions and distribution	s (7,444)	(1,917)	77,146		-	(118,761)	(50,976)	(56,724)	(107,700
Changes in ownership interests									
Acquisition of non-controlling									
interests without change of contr	ol -	-	-	-	-	(818)	(818)	(1,427)	(2,245
Changes in ownership interests	-	-	-	-	-	(818)	(818)	(1,427)	(2,245
Total transactions with owners of the company									
and other equity transactions	(7,444)	(1,917)	77,146	(16,813)	-	(88,108)	(37,136)	(32,878)	(70,014
On 31 December 2014	35,556	9,159	_	(11,489)	98	482,213	515,537	348,037	863,574



# Consolidated Statement of Changes in Equity for the Year Ended 31 December 2013

								Non-	
	Share	Share	Treasury T	ranslation	Other	Retained	C	ontrolling	Tota
USD'000	capital	premium	shares	reserves	reserves	profits	Total	interests	equity
On 1 January 2013	43,000	11,076	(19,459)	31,075	(35)	478,097	543,754	400,367	944,121
Total comprehensive income									
for the year									
Profit for the year	-	-	-	-	-	124,311	124,311	43,697	168,008
Equity adjustment									
on foreign currency translation	-	-	-	(25,960)		-	(25,960)	(29,008)	(54,968
Cash flow hedges,									
change in fair value	-	-	-	-	133	-	133	-	133
Total comprehensive income for the	vear -	_	_	(25,960)	133	124,311	98,484	14,689	113,173
Treasury shares purchased	-	-	(57,687)	_	-	-	(57,687)		(57,687
Dividends paid	-	-	-	-	-	(29,868)	(29,868)	(33,069)	(62,937
Total contributions and distributions	s -	-	(57,687)	-	-	(29,868)	(87,555)	(33,069)	(120,624
Changes in ownership interests  Acquisition of non-controlling inter	ests								
without change of control	-	-	-	209	-	(2,219)	(2,010)	(1,072)	(3,082
Changes in ownership interests	-	-	-	209	-	(2,219)	(2,010)	(1,072)	(3,082
Total transactions with owners of the company									
and other equity transactions	-	-	(57,687)	(25,751)	133	92,224	8,919	(19,452)	(10,53)
On 31 December 2013	43,000	11,076	(77,146)	5,324	98	570,321	552,673	380,915	933,588



## Consolidated Statement of Cash Flows For the year ended 31 December

USD'000	2014	2013
Cash flows from operating activities		
Receipts from customers	306,916	304,825
Payment to suppliers	(110,740)	(99,900)
Payment of operating expenses	(63,131)	(79,370)
Payment of taxes	(23,410)	(28,886)
Other receipts	1,588	=
Net cash generated from operating activities	111,223	96,669
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	406	1,460
Interest income	8,361	9,128
Dividend income	1,073	1,187
Proceeds from sale of shares in AAK	50,848	6,265
Purchase of shares in AAK	(966)	-
Proceeds from sale of portfolio investments	2,612	2,482
Purchase of portfolio investments	(3,749)	(2,653)
Pre-cropping expenditure incurred	(13,890)	(13,428)
Purchase of property, plant and equipment	(11,998)	(19,573)
Land use rights payments	(436)	(540)
Investment in jointly controlled entity	(2,273)	(2,134)
VAT received	15	-
Grant received from Government	-	99
Net cash generated from/(used in) investing activities	30,003	(17,707)
Cash flows from financing activities		
Interest paid	(11)	(12)
Dividends paid	(78,396)	(62,937)
Purchase of treasury shares	(29,304)	(57,687)
Purchase of non-controlling interest	(2,245)	(2,730)
Movement in associated company balances	2	(2,730)
Net cash used in financing activities	(109,954)	(123,368)
iver cash used in infancing activities	(105,534)	(123,300)
Net change in cash and cash equivalents	31,272	(44,406)
Cash and cash equivalents at the beginning of year	294,522	357,357
Foreign exchange adjustment	(14,196)	(18,429)
Cash and cash equivalents at end of period	311,598	294,522
· ·	·	
Deposits with licensed banks	180,578	193,113
Cash at banks and on hand	131,247	101,499
Bank overdrafts	(227)	(90)
	311,598	294,522



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### Summary of Significant Accounting Policies

### Summary of Accounting Policies covering the Consolidated Financial Statements

#### General information

UIE is incorporated under the laws of The Commonwealth of The Bahamas and its shares are publicly traded on NASDAQ. UIE is a holding company which primarily invests in companies in the agro-industrial sector. UIE exercises long-term and active ownership via involvement at board level and via close dialogue with the management about operational and strategic issues.

The following is a summary of the significant accounting policies adopted by UIE and its subsidiaries, collectively referred to in these consolidated financial statements as the "Group". Accounting policies applied to the consolidated financial statements as a whole are described below. Significant accounting policies covering specific accounts are placed in the notes to which they relate.

These financial statements were issued on behalf of the Board of Directors on 27 March 2015 by Dato' Carl Bek-Nielsen, Chairman and Mr. Martin Bek-Nielsen, Deputy Chairman.

### Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), except for the non-adoption of International Accounting Standard ("IAS") 41 Agriculture as noted in note 2.2.

These consolidated financial statements are expressed in USD, as this is UIE's functional and presentation currency. All values are rounded to the nearest thousand USD '000 where indicated.

UIE's consolidated financial statements are prepared under the historical cost basis, except as noted in the various accounting policies.

### Change 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. The impact is described in further detail in section 4.8.

As a result of the consolidation of UP, the Group has disclosed the following accounting policies:

- Inventories (section 1)
- Impairment (section 2)
- Biological assets (section 2)
- Research and development costs (section 2)
- Land use rights (section 2)

### 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.

### Basis of consolidation

Subsidiaries are those enterprises which are controlled by UIE. Control exists when UIE has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements for the subsidiaries are prepared for the same accounting period as UIE, using consistent accounting policies.

On consolidation, intragroup balances and intragroup transactions are eliminated in full.

These consolidated financial statements include the accounts of UIE and its subsidiary companies as listed on the following page.



### Summary of Significant Accounting Policies - continued

	Country of	Eq	uity
	Incorporation	Inte	erest
		2014	2013
Subsidiaries:			
MVSB	Malaysia	100%	100%
IPS	Bahamas	100%	100%
UIE Malta	Malta	100%	100%
UIE Inv.	Malta	100%	100%
UIE Inv. Serv.	Denmark	100%	100%
UP	Malaysia	46%	46%
Subsidiaries of UP:			
Unitata Berhad	Malaysia	100%	100%
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100%	100%
Bernam Advisory Services Sdn. Bhd.	Malaysia	100%	100%
Berta Services Sdn. Bhd.	Malaysia	100%	100%
PT. Surya Sawit Sejati ("PT SSS1")	Indonesia	95%	95%
PT. Sawit Seberang Seberang ("PT SSS2") <sup>1</sup>	Indonesia	93%	93%
Bernam Agencies Sdn. Bhd.	Malaysia	100%	100%
United International Enterprises (M) Sdn. Bhd. <sup>2</sup>	Malaysia	100%	100%
Kapal Bernam Sdn. Bhd.	Malaysia	-	100%
Scanlook Sdn. Bhd.	Malaysia	-	100%
Associates:			
Durisol <sup>3</sup>	United Kingdom	27%	27%
Associates of UP:			
Bernam Bakery Sdn. Bhd. <sup>2</sup>	Malaysia	30%	30%
Joint ventures of UP:			
UniOleon Sdn. Bhd.	Malaysia	50%	50%

- 1) During the year, PT SSS2 disposed its assets to PT SSS1. Subsequent to the disposal, PT SSS2 has ceased its operations.
- 2) Dormant.
- 3) Fully diluted equity interest is below 1%.

UIE has assessed 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 is that the shares held by non-UIE  $\,$ 

related shareholders in UP are widely dispersed, and therefore UIE related shareholders have a greater ability to control votes at shareholder meetings (for further explanation, please see section 4.8).

Information regarding non-controlling interest in UP is specified below:

### Non-controlling interest

USD '000	2014	2013
Principal place of business	Malaysia	Malaysia
Proportion of ownership	53.7%	53.8%
Profit attributable to Non-controlling interest	46,260	43,697
Non-controlling interest accumulated interest of the subsidiary on 31 December	348,037	380,915
Dividends paid to Non-controlling interest	56,724	33,069



### Summary of Significant Accounting Policies - continued

#### Foreign exchange translation

### Transactions and balances

Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are recognised in the Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### Group companies

The assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their Income Statements are translated at exchange rates prevailing at the dates of their transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Consolidated Income Statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated based on the exchange rate at the reporting date.

#### Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets other than 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 this is not possible, for the cash-generating unit to which the asset belongs, and prorated to the costs of the asset by reference to the cost of the cash-generating unit.

An impairment loss is charged to the Income Statement immediately.

Reversal of impairment losses recognised in prior years are 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.

### Government grants

Grants that compensate the Group for replanting expenses incurred are credited against 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 when the incentives are receivable or/and when there is reasonable assurance that the grant will be received.



### Summary of Significant Accounting Policies - continued

### Other accounting policies

The descriptions of accounting policies in the notes form part of the overall description of accounting policies. Description of financial accounting policies are included in the following notes:

- Revenue (section 1)
- Staff costs (section 1)
- Inventories (section 1)
- Impairment (section 2)
- Biological assets (section 2)
- Research and development costs (section 2)
- Land use rights (section 2)
- Strategic and portfolio investments (section 3)
- Joint venture (section 3)
- Cash and short-term deposits (section 3)
- Taxation (section 4)
- Impairment of trade receivables (section 4)

### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these Consolidated Financial Statements and the accompanying notes. These estimates are based on historical experience, other relevant information available at the reporting date and expectation of future events that are believed to be reasonable under the circumstances and as such, actual results could differ from those estimates.

In the process of applying the Group's accounting policies, management has made estimates and assumptions related to the following:

- Biological assets (section 2.2)
- Property, plant and equipment (section 2.3)
- Withholding tax (section 4.2)

#### Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are as follows: IFRS 9 and subsequent amendments to IFRS 9, IFRS 7 and IAS 39, IFRS 14, IFRS 15, amendments to IAS 16 and 38, amendments to IAS 19, amendments to IAS 27, amendments to IAS 16 and IAS 41. Amendments to IFRS 10, 11,12 and to IAS 28, amendments to IAS 1 annual improvements to IFRS 2010-2012 cycle, annual improvements to 2011-2013 cycle and annual improvements to 2012-2014 cycle.

In the opinion of the management, all new standards and interpretations will not materially impact recognition and measurement of assets and liabilities in annual reports in the coming financial years.

### Section 1: Operating activities

Section 1 covers note disclosures which provide insight and specifications related to the Group's operating activities, including segment information, revenue and revenue split. Operating income contains a share of results in equity accounted investments, changes in fair value of investments in equities, interest income and dividend income.

The following notes are presented in section 1 "Operating activities":

- Segmental information and revenue
- Staff costs and key management personnel compensation
- Inventory

### 1.1 Segmental information and revenue

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, which are recognised in UIE's consolidated financial statements. The impact on equity and net profit is further explained in section 4.8.



### Section 1: Operating activities - continued

### Income Statement for the Year Ended 31 December 2014

				Fair value		UIE
USD '000	UIE	UP	Total		Eliminations C	
Revenue	_	311,253	311,253	_	-	311,253
Other income	153	5,386	5,539	-	(151)	5,388
Changes in fair value of MSAB	2,239	-	2,239	-	-	2,239
Changes in fair value of AAK	(5,889)	-	(5,889)	-	-	(5,889)
Dividend income MSAB	477	-	477	-	-	477
Dividend income AAK	565	-	565	-	-	565
Results from investing activities - portfolio	125	-	125	-	-	125
Share of results in						
equity-accounted investments	39,150	(654)	38,496	-	(39,150)	(654)
Total operating income	36,820	315,985	352,805	-	(39,301)	313,504
Operating expenses	(2,863)	(218,796)	(221,659)	(566)	151	(222,074)
Interest income	165	11,137	11,302	-	-	11,302
Interest expense	(1)	(10)	(11)	-	-	(11)
Foreign exchange loss	(2,209)	-	(2,209)	-	-	(2,209)
Profit before tax	31,912	108,316	140,228	(566)	(39,150)	100,512
Tax	(43)	(23,221)	(23,264)	483	-	(22,781)
Profit after tax	31,869	85,095	116,964	(83)	(39,150)	77,731
Profits attributable to						
Owners of the Company	31,869	84,687	116,556	(45,935)	(39,150)	31,471
Non-controlling interests	-	408	408	45,852	-	46,260

### Statement of Financial Position for the Year Ended 31 December 2014

				Fair value		UIE
USD '000	UIE	UP	Total	adjustments	Eliminations	Consolidated
Assets						
Cash and short-term deposits	100,870	210,955	311,825	-	-	311,825
Other current assets	3,136	63,454	66,590	-	(66)	66,524
Total non-current assets	428,842	392,343	821,185	37,213	(302,409)	555,989
Total assets	532,848	666,752	1,199,600	37,213	(302,475)	934,338
Liabilities and shareholders' equity						
Total liabilities	1,191	59,088	60,279	10,550	(65)	70,764
Shareholders' equity:						
Equity attributable to owners	531,657	606,973	1,138,630	12,309	(635,402)	515,537
Non-controlling interest	-	691	691	14,354	332,992	348,037
Total shareholders' equity	531,657	607,664	1,139,321	26,663	(302,410)	863,574
Total liabilities and shareholders' equity	532,848	666,752	1,199,600	37,213	(302,475)	934,338

### Statement of Cash Flows for the Year Ended 31 December 2014

			Fair value			UIE
USD '000	UIE	UP	Total	adjustments El	liminations Co	onsolidated
Net cash (used in)/generated from						
operating activities	(3,079)	114,302	111,223	-	-	111,223
Net cash (used in)/						
generated from investing activities	100,082	(19,995)	80,087	-	(50,084)	30,003
Net cash used in financing activities	(53,222)	(106,816)	(160,038)	-	50,084	(109,954)

### Section 1: Operating activities - continued

### Income Statement for the Year Ended 31 December 2013

				г. 1		THE
7707 (444				Fair value		UIE
USD '000	UIE	UP	Total	adjustments	Eliminations C	onsolidated
Revenue	-	300,209	300,209	-	-	300,209
Other income	251	5,083	5,334	-	-	5,334
Changes in fair value of MSAB	29,192	-	29,192	-	-	29,192
Changes in fair value of AAK	59,181	-	59,181	-	-	59,181
Dividend income MSAB	378	-	378	-	-	378
Dividend income AAK	781	-	781	-	-	781
Results from investing activities - portfolio	148	-	148	-	-	148
Share of results in						
equity-accounted investments	36,798	(236)	36,562	-	(35,997)	565
Total operation income	126,729	305,056	431,785	-	(35,997)	395,788
Operating expenses	(3,160)	(206,085)	(209,245)	261	-	(208,984)
Interest income	537	8,426	8,963	-	-	8,963
Interest expense	(11)	(16)	(27)	-	-	(27)
Foreign exchange loss	(597)	-	(597)	-	-	(597)
Profit before tax	123,498	107,381	230,879	261	(35,997)	195,143
Tax	(262)	(27,438)	(27,700)	565	-	(27,135)
Profit after tax	123,236	79,943	203,179	826	(35,997)	168,008
Profits attributable to						
Owners of the Company	123,236	79,736	202,972	(42,664)	(35,997)	124,311
Non-controlling interests	-	207	207	43,490		43,697

### Statement of Financial Position for the Year Ended 31 December 2013

				Fair value		UIE	
USD '000	UIE	UP	Total	adjustments	Eliminations C	Consolidated	
Assets							
Current assets:							
Cash and short-term deposits	58,201	236,411	294,612	-	-	294,612	
Other current assets	2,107	82,046	84,153	-	-	84,153	
Total non-current assets	509,166	408,729	917,895	40,094	(329,179)	628,810	
Total assets	569,474	727,186	1,296,660	40,094	(329,179)	1,007,575	
Liabilities and shareholders' equity							
Total liabilities	1,101	61,197	62,298	11,689	_	73,987	
Shareholders' equity:							
Equity attributable to owners	568,373	665,662	1,234,035	40,868	(722,230)	552,673	
Non-controlling interest	-	327	327	(12,463)	393,051	380,915	
Total shareholders' equity	568,373	665,989	1,234,362	28,405	(329,179)	933,588	
Total liabilities and shareholders' equity	569,474	727,186	1,296,660	40,094	(329,179)	1,007,575	

### Statement of Cash Flows for the Year Ended 31 December 2013

				Fair value		UIE
USD '000	UIE	UP	Total	adjustments	Eliminations	Consolidated
Net cash (used in)/generated from						
operating activities	(3,160)	99,829	96,669	-	-	96,669
Net cash (used in)/						
generated from investing activities	36,524	(25,523)	11,001	-	(28,708)	(17,707)
Net cash used in financing activities	(87,558)	(64,518)	(152,076)	-	28,708	(123,368)



### Section 1: Operating activities - continued

### Revenue split:

# USD '000 2014 2013 Sales proceeds of produced stocks 124,246 135,496 Sales proceeds of finished goods 186,510 164,169 Rendering of services 497 544 311,253 300,209

### Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets:

USD '000	Malaysia	Indonesia United States		Europe	Other	Total
2014						
Revenue	155,819	42,625	31,967	73,280	7,562	311,253
Segment assets	620,480	80,772	5,429	227,416	241	934,338
Capital expenditures	21,124	3,567	-	-	-	24,691
USD '000	Malaysia	Indonesia Un	ited States	Europe	Other	Total
2013						
Revenue	159,171	38,362	17,170	80,989	4,517	300,209
Segment assets	695,029	85,823	5,533	219,780	1,410	1,007,575
Capital expenditures	29,067	3,241	_	_	-	32,308

### Major customers

Revenue from one major customer amounted to USD 111 million (2013: USD 116 million), arising from sales by the palm oil refining segment.

### Accounting policy

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

### (i) Sale of goods

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

### (ii) Revenue from services

Revenue from services is recognised when services are rendered.

### (iii) Revenue recognition

Dividend income is recognised when the right to receive payment has been established.



### Section 1: Operating activities - continued

### 1.2 Staff costs and key management personnel compensation

### Staff costs

USD '000	2014	2013
Number of employees	7,292	7,111
Wages and salaries	34,039	32,225
Pensions	2,094	2,408
Other social security costs	288	266
Other staff costs	4,844	4,358
Total staff costs	41,265	39,257

### Remuneration of key management personnel and Directors

Remuneration of UIE's key management personnel is as follows:

USD '000	2014	2013
Remuneration	1,163	1,318
Pension	148	148
Total	1,311	1,466

The UIE Managing Director receives total remuneration of USD 437,000 (2013: USD 550,000), which includes pension of USD 52,000 (2013: USD 47,000) and his contract does not have any unusual employment or contractual terms.

The Managing Director's bonus is based on UIE's results as well as achieving specific targets and is limited to a maximum of 50% of his annual remuneration. In the event of dismissal, the UIE Managing Director has nine months' notice.

The UIE Board of Directors' remuneration was USD 222,500 (2013: USD 222,500) for the year, which was allocated between the Directors as follows: USD 47,500 to the Chairman, USD 37,500 to the Deputy Chairman and USD 27,500 to each of the other Directors of the Board.

In 2013, the UIE Board of Directors received an extraordinary remuneration of USD 10,000 per Director.

The UIE Audit Committee fees were USD 21,000 (2013: USD 21,000) for the year, which were allocated between the Audit Committee members as follows: USD 9,000 to the Chairman and USD 6,000 to each of the other members of the Audit Committee.

### Accounting policy

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

### 1.3 Inventory

The Group's inventory relates mainly to the operating segment UP.

2014	2013
7.005	10.011
7,085	13,311
6,738	8,911
1,818	6,430
11,544	13,250
1,032	1,484
-	(344)
28,217	43,042
	7,085 6,738 1,818 11,544 1,032

### Accounting policy

Agricultural produce stocks are stated at net realisable value at the reporting date.

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



### Section 2: Capital employed

The Group's main operating activities are performed through UP, which has significant biological assets, land and buildings, as its primary activity is cultivation and processing of palm oil and coconuts.

This section describes the Groups employment of capital, which includes inter alia, the Group's biological assets, land use rights and property plant and equipment.

The following notes are presented in section 2 "Capital employed":

- Goodwill
- Biological assets
- Property, plant and equipment
- Land use rights
- Capital expenditure

### 2.1 Goodwill

Goodwill relates to plantations acquired through business combinations, which is allocated to a single cash generating unit, UP. The Group performed its annual impairment test in December 2014 and 2013. In the impairment test, the discounted future cash flows were compared with the carrying amount of the cash generating unit. Based on the impairment test, no impairment has been recognised in 2014 and 2013.

### 2.2 Biological assets

USD '000	2014	2013
Cost		
On 1 January	251,259	262,841
Additions	13,890	13,428
Exchange differences	(15,095)	(25,010)
On 31 December	250,054	251,259
Accumulated amortisation		
Accumulated amortisation and impairment losses		
	128,546	129,606
and impairment losses	128,546 7,998	129,606 7,852
and impairment losses On 1 January	,	7,852
and impairment losses On 1 January Amortisation for the year	7,998	,
and impairment losses On 1 January Amortisation for the year Exchange differences	7,998 (7,731)	7,852 (8,912)

### Research and development costs

All general research and development costs are expended as incurred.

### Accounting policy

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 palm at the following rates which are deemed as the useful economic lives of the crop:

### Pre-cropping expenditure

Oil palm	over 20 years
Coconut palm	over 30 years

### **Estimates**

Management estimates the useful economic lives of the Group's and the Company's oil palms and coconut palms to be 20 years and 30 years, respectively.



### Section 2: Capital employed - continued

### The effect of adopting IAS 41 Agriculture

In accordance with the Malaysian Financial Reporting Standards ("FRS"), agriculture companies ("Transitioning Entities") are allowed to defer the adoption of the FRS Framework until annual periods beginning on or after 1 January 2017. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture, which is identical to IAS 41 Agriculture requiring biological assets to be measured at fair value less cost to sell.

As a Transitioning Entity, UP has currently decided to make use of the option given by the Malaysian Accounting Standards Board ("MASB") to continue with the existing FRS Framework during the transitioning period, which is to apply a cost model for its biological assets.

According to IAS 41 as adopted by EU, biological assets and agricultural produce should be accounted for at fair value. The Group has not adopted IAS 41, whereas the Group carries plantation trees and costs related to the planting of these trees at cost less accumulated depreciation and impairment. Agricultural produce that has not been harvested are currently not recognised and accounted for.

IASB has approved amendments to IAS 41, which allows the Group to carry plantation trees and related expenses at cost less accumulated depreciation and impairment. However, agricultural produce should according to the amendments still be accounted for at fair value. The amendments are not available for adoption at 31 December 2014, as these have not yet been adopted by EU. Expectations are that the amendments will be effective from 1 January 2016, and available for early adoption at 1 January 2015.

In the table below, the Group presents the financial effect on the Consolidated Financial Statements of the Group had biological assets been measured at fair value in accordance with IAS 41 Agriculture.

		2013 Deferred		2014		2014 Deferred	
	Piological			Profit for	Piological		
	Biological	tax			Biological	tax	
USD '000	assets	liabilities	Equity	the year	assets	liabilities	Equity
FRS	122,713	41,272	933,588	77,731	121,241	40,660	863,574
Fair value adjustment							
Fair value adjustment							
of biological assets	10,890	-	10,890	68,049	68,049	-	68,049
Exchange differences	(22,612)	-	(22,612)	-	(11,602)	-	(11,602)
Deferred tax effect	-	2,723	(2,723)	(17,012)	-	17,012	(17,012)
Adjustments as at							
1 January 2013/2014	181,868	49,175	132,693	-	170,146	51,898	118,248
Total adjustments	170,146	51,898	118,248	51,037	226,593	68,910	157,683
Adjusted to IFRS	292,859	93,170	1,051,836	128,768	347,834	109,570	1,021,257



### Section 2: Capital employed - continued

Active markets do not exist for United Plantations biological assets (oil palms and coconut palms). Furthermore, market-determined prices or values are not available. The fair value of the biological assets on 31 December 2014 and 31 December 2013, respectively, has therefore been derived by the directors on a discounted cash flow basis by reference to the fresh fruit bunches ("FFB") and coconuts expected to be harvested from the Group's biological assets over the full remaining productive life of the palms.

Biological assets do not include the land upon which the palms are planted or the property, plant and equipment used in the upkeep of the planted areas and harvesting of crops. The biological process commences with the initial preparation of land and planting of seedlings and ceases with the delivery of crops in the form of FFB to the manufacturing process in which crude palm oil and palm kernels are extracted from the FFB for oil palms, and sales of crops on an ex-palm basis for coconut palms.

Oil palms are re-valued to fair value at each reporting date on a discounted cash flow basis by reference to the FFB expected to be harvested over the full remaining productive life of up to 20 years, applying an estimated produce value for transfer to the manufacturing process and allowing for upkeep, harvesting costs and an appropriate allocation of overheads. The estimated produce value is derived from a long-term forecast of crude palm oil and palm kernel prices to determine the present value of expected future cash flows over the remaining productive life of the palms.

Coconut palms are also re-valued to fair value at each reporting date on a discounted cash flow basis by reference to the crops expected to be harvested over the full remaining productive life of the palms up to 30 years, applying an estimated produce value based on projected prices of the produce and allowing for upkeep, harvesting costs and an appropriate allocation of overheads. The produce value is derived from a long-term forecast of coconut prices to determine the present value of expected future cash flows over the remaining productive life of the palms.

The variation in the value of the biological assets in each accounting period, after allowing for additions to the oil palms in the period, is charged or credited to the Income Statements appropriate, with no depreciation being provided on such assets.

The key assumptions applied in the discounted cash flow model based on discount rates ranging from 11% to 15% are as follows:

Dec	cember 2014	December 2013
0:1		
Oil palms		
Area (Ha)	45,421	45,810
Average FFB selling price (USD/MT)	153	146
Coconut palms		
Area (Ha)	3,171	3,090
Average selling price (USD/nut)	0.20	0.18

The FFB and coconut yields are conservatively assumed to be averaging between 8 MT/Ha to 26 MT/Ha and 15,000 nuts/Ha to 27,000 nuts/Ha, respectively, for the projected cash flow period depending on the ages of the palms.

The assumptions made are based on historical experience and other factors, which the directors assess to be reliable, but by their vary nature are associated with significant uncertainty due to the following:

- Selling prices and costs can fluctuate materially;
- Small differences in valuation assumptions can have a disproportionate effect on results;
- The economical productive lives of the biological assets are long – between 20 to 30 years, which combined with expected high volatility in the underlying assumptions results in a high degree of uncertainty.



### Section 2: Capital employed - continued

### Other disclosures

The changes in the carrying amount of biological assets measured at fair value between the beginning and the end of the current year can be specified as follows:

USD '000	Biological assets
At fair value less cost to sell	
on 1 January 2013	306,085
Gain arising from changes in fair value	
less cost to sell	10,890
Exchange differences	(22,612)
Net movement during the year under F	RS (1,504)
At fair value less cost to sell	
on 31 December 2013/1 January 201	4 292,859
Gain arising from changes in fair value	
less cost to sell	68,049
Exchange differences	(11,602)
Net movement during the year under F	RS (1,472)
At fair value less cost to sell	
on 31 December 2014	347,834

### Sensitivity analysis

A 10% increase/decrease to the long-term crude palm oil price used of USD 673 per tonne would result in an increase/decrease to the fair value of biological assets by USD 16 million on 31 December 2014. A 1% increase in the discount rate will result in a decrease to the fair value of biological assets by USD 16 million.

In addition, cash flows are projected over a number of years and based on estimated production. Estimates of production in themselves are dependent on various assumptions, in addition to those described above. Changes in these estimates could materially impact estimated production, and could potentially affect estimates of future cash flows used in the assessment of fair value.

### 2.3 Property, plant and equipment

### 2014

		Long-term			Capital	
	Freehold	leasehold		Plant and	work-in-	
USD '000	land	land	Buildings	machinery	progress	Total
Cost						
On 1 January 2014	150,141	61,040	100,157	176,357	6,891	494,586
Additions	_	_	4,088	6,539	1,372	11,999
Disposals/written off	-	-	(2)	(5,185)	_	(5,187)
Reclassification	-	_	1,757	6,305	(8,062)	-
Exchange differences	(8,806)	(3,581)	(5,666)	(10,032)	225	(27,860)
On 31 December 2014	141,335	57,459	100,334	173,984	426	473,538
		Long-term			Capital	
	Freehold	leasehold		Plant and	work-in-	
USD '000	land	land	Buildings	machinery	progress	Total
Accumulated depreciation and impairment losses						
On 1 January	_	15,736	65,367	101,955	_	183,058
Depreciation/impairment	-	1,202	2,373	9,371	_	12,946
Disposals/written off	_	_	(1)	-	-	(1)
Exchange differences	_	(998)	(3,909)	(10,709)	_	(15,616)
On 31 December 2014	-	15,940	63,830	100,617	-	180,387
Net book value on 31 December 2014	141,335	41,519	36,504	73,367	426	293,151



### Section 2: Capital employed - continued

#### 2013

		Long-term		DI . 1	Capital	
1100 (000	Freehold	leasehold	D 11.11	Plant and	work-in-	
USD '000	land	land	Buildings	machinery	progress	Total
Cost						
On 1 January 2013	161,610	65,690	108,128	195,324	4,942	535,694
Additions	-	-	3,104	8,360	8,109	19,573
Disposals/written off	-	-	(2,501)	(14,613)	-	(17,114
Reclassification	-	-	1,147	4,314	(5,461)	-
Exchange differences	(11,469)	(4,650)	(9,721)	(17,373)	(699)	(43,912
Reclassified from inventory	-	-	-	345	-	345
On 31 December 2013	150,141	61,040	100,157	176,357	6,891	494,586
		Long-term			Capital	
	Freehold	leasehold		Plant and	work-in-	
USD '000	land	land	Buildings	machinery	progress	Total
Accumulated depreciation and impairment losses						
·	-	15,649	70,480	115,899	-	202,028
On 1 January	-	15,649 1,248	70,480 2,438	115,899 8,943	-	
On 1 January Depreciation	- - -		,		- - -	12,629
Accumulated depreciation and impairment losses  On 1 January  Depreciation  Impairment  Disposals/written off	- - -		2,438		-	12,629 54
On 1 January Depreciation Impairment Disposals/written off	- - - -	1,248	2,438 54	8,943	- - - -	12,629 54 (16,430
On 1 January Depreciation Impairment	- - - -	1,248	2,438 54 (2,413)	8,943 - (14,017)		202,028 12,629 54 (16,430 (15,223 183,058

#### **Estimates**

### Property, plant and equipment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment, which could trigger an impairment review, include evidence of obsolescence or physical damage, a significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, and significant adverse industry or economic changes. Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash operating units, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and result in changes to the recoverable amounts of assets and impairment losses needed.

### Accounting policy

### Property, plant and equipment

Property, plant and equipment ("PPE") 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, construction 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.



### Section 2: Capital employed - continued

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

Freehold land and capital work-in-progress are stated at cost less any accumulated impairment losses.

Buildings 2.0%-5.0% p.a. Bulking installations 5.0% p.a. 4.0% p.a. Railways Rolling Stock 7.1% p.a. Plant and machinery 5.0%-20.0% p.a. Furniture and office equipment 10.0%-20.0% p.a. Motor vehicles, tractors and implements 12.5% -25.0% p.a. Aircrafts 5.0% -8.3% p.a. 55-99 years Long-term leases

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.

### 2.4 Land use rights

2014	2013
9,442	11,131
408	540
(246)	(233)
(180)	-
(270)	(1,996)
9,154	9,442
	9,442 408 (246) (180) (270)

### Accounting policy

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, which are up to 99 years.

### 2.5 Capital expenditure

USD '000	2014	2013
Capital expenditure approved by the Directors but not contracted	1,340	24,042
Capital expenditure contracted but not provided for	44,694	4,105
	46,034	28,147

### Accounting policy

Capital expenditure are accounted for when the asset or service are transferred to the Group. If the contract becomes onerous, a provision is recognised.



### Section 3: Investment activities

UIE's investment activities comprises strategic investments and portfolio investments relating to free funds.

When making strategic investments, UIE has an active ownership policy through 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. On 31 December 2014 strategic investments mainly consisted of the following three companies:

- UP is 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.
- MSAB is a company incorporated in Sweden and its shares are publicly traded on NASDAQ Stockholm. It is a holding company focusing upon long-term industrial development. MSAB's current portfolio primarily consists of investments in six publicly listed companies, holding over 10% of the voting rights.

 AAK is a company incorporated in Sweden and its shares are publicly traded on NASDAQ Stockholm.
 AAK is one of the world's leading manufacturers of high value-added vegetable speciality oils and fats.
 AAK refines a number of different vegetable oils for specialized products used in many different business areas.

UIE invests a small portion of its free funds in a portfolio of money market instruments, debt instruments, derivatives and equity instruments.

In addition, UP invests in certain joint ventures with activities tied to the palm oil industry.

The following notes are presented in section 3 "Investment activities":

- Strategic and portfolio investments
- Joint venture
- Cash and short-term deposits



### Section 3: Investment activities - continued

### 3.1 Strategic and portfolio investments

USD '000	2014	2013
000	2014	2013
At fair value through profit or los	S	
Portfolio investments		
Total portfolio investments		
at fair value	2,980	1,716
Strategic investments		
MSAB	94,849	92,610
AAK	24,456	80,227
Total strategic investments		
at fair value	119,305	172,837
USD '000	2014	2013
MSAB		
Investment on 1 January	92,610	63,418
Fair value changes		
during the year	2,239	29,192
Fair value on 31 December	94,849	92,610
AAK		
Investment on 1 January	80,227	-
Investment	,	
at equity carrying value		
on 3 May 2013	_	26,981
Other comprehensive income		
transferred to Income Statemen	t -	330
Fair value changes in relation		
to reclassification	-	43,759
Investments during the year	966	-
Fair value changes during the year	(5,889)	15,422
Proceeds from sale	(50,848)	(6,265)
Fair value on 31 December	24,456	80,227

### Change in fair value of strategic investments

USD '000	2014	2013
Reclassification of		
UIE's investment in AAK		
to fair value in May	-	43,759
Change in the fair value of		
UIE's investment in AAK		
(including realised gain		
on sale of shares)	(5,889)	15,422
Change in the fair value of		
UIE's investment in MSAB	2,239	29,192
Total change in fair value of		
strategic investment	(3,650)	88,373

### Accounting policy

### Strategic and portfolio investments

Investments in quoted equities, bonds, foreign currency futures, options and all other investments, other than associated companies, are classified as at fair value through profit or loss. They are measured at fair value with reference to share prices, broker prices, the underlying net assets of the company or subsequent selling prices.

Investments in quoted equities (excluding the associated company) and bonds are recorded on the trade-date basis. The change in unrealised appreciation or depreciation on quoted equities and bonds, together with the realised gains and losses on investments, is reflected in the Consolidated Income Statement as net gain or loss on investments, except for unrealised and realised gains or losses on investment in equities, which are disclosed as change in fair value of investments in equities.



### Section 3: Investment activities - continued

### 3.2 Joint venture

USD '000	2014	2013
Cost on 1 January	3,070	1,100
Addition	2,272	2,134
Exchange rate adjustments	(321)	(164)
Cost on 31 December	5,021	3,070
Share of results in		
equity-accounted investments:		
1 January	(221)	(11)
Share of result	(654)	(236)
Exchange rate adjustments	40	26
31 December	(835)	(221)
Value on 31 December	4,186	2,849

### Share of capital commitments in a joint venture

	Country of Incorporation	Equity and Interes	
		2014	2013
Joint Venture: UniOleon Sdn. Bhd.	Malaysia	50%	50%
Officient Suff. Difu.	iviaiaysia	50 /0	50 /0

Summarised financial information of the joint venture and reconciliation with the carrying amount of the investment is set out below:

USD '000	2014	2013
Current assets	2,311	783
Non-current assets	20,743	12,416
Current liabilities and		
non-current liabilities	14,682	7,501
Equity	8,372	5,698
The Group's carrying		
amount of the investment	4,186	2,849

USD '000	2014	2013
Revenue	318	-
Other income	-	90
Administrative expenses,		
including staff costs		
and depreciations etc.	(1,625)	(562)
Profit before tax		
Income tax	-	-
Profit for the year	(1,307)	(472)
Total comprehensive		
income for the year	-	
The Group's share of		
profit for the year	(654)	(236)

### Accounting policy for equity accounted investments

The Group's investment in joint ventures and associates are accounted for using the equity method. The Consolidated Financial Statements include the Group's share of the total comprehensive income on the equity accounted basis. The equity method of accounting for investments in joint ventures adjusts the original cost of the investment to recognize the Group's proportionate share of the increases or decreases in the underlying comprehensive income of the investee companies subsequent to the date of investment therein less any distributions received. Goodwill relating to joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The share of profit from joint ventures is shown on the face of the Consolidated Income Statement and other movements in comprehensive income are shown in the Consolidated Statement of Comprehensive Income.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss for the Group's investment in the investee. An impairment loss is recognised if the carrying value of the investment exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

### Section 3: Investment activities - continued

### 3.3 Cash and short-term deposits

### Cash and short-term deposits in:

USD '000	2014	2013	
LIIP	100.050	F0 201	
UIE	100,870	58,201	
UP Total	210,955	236,411	
Iotai	311,825	294,612	
Cash at bank held by the Group on 31 December is as fol-			

### lows:

USD '000	2014	2013
Currency		
USD	51,807	10,811
MYR	213,399	236,377
DKK	800	4,934
SEK	13,282	184
Other	359	473
Total	279,647	252,779

### Short-term deposits held by the Group on 31 December are as follows:

Currency		Interest
	USD '000	Rate <sup>1</sup>
2014		
MYR	-	2.30-4.27%
USD	32,178	0.16%
Total	32,178	
2013		
MYR	19,697	2.95-3.30%
USD	22,136	0.16-0.31%
Total	41,833	
4) #	1.1	

<sup>1)</sup> Interest rate spread during the year.

### Accounting policy

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

Interest income is determined based on the effective interest rate method.



### Section 4: Other disclosures

The notes to the consolidated financial statements are grouped into themes which underpin the business and its activities. The notes presented in this section are relevant for the overall understanding of financial statement, but are not relevant for the key themes in the financial statements.

The following notes are presented in section 4 "Other disclosures":

- Auditors' remuneration
- Taxation
- Share capital and other reserves
- Capital management
- Pension defined benefit plans
- Financial instruments
- Related parties
- Changes in accounting policies IFRS 10

### 4.1 Auditors' remuneration

USD '000	2014	2013
Audit fees	239	214
Tax advisory	-	24
Other advisory	282	1
Total	521	239

No additional fees for non-audit services were paid to the auditors.



### Section 4: Other disclosures - continued

### 4.2 Taxation

Current tax		
USD '000	2014	2013
Income tax	24,249	29,220
Movement in deferred tax	(612)	(310)
Adjustments relating to prior years	(856)	(1,775)
Total	22,781	27,135
USD '000	2014	2013
Profit before tax	100,512	195,143
Tax rate, Malaysia	25,0%	25,0%
Tax at the applicable rate	25,128	48,786
Non taxable income	(3,317)	(22,384)
Expenses not deductible		
for tax purposes	2,468	3,301
Adjustment regarding prior years		
utilisation of current		
year reinvestment		
allowance and double		
reinvestment allowance	(185)	(212)
Effective change in tax rate	(419)	-
Overprovision of deferred tax		
in prior years	(662)	(1,369)
Overprovision of income tax		
in prior years	(210)	(965)
Effect of taxation on temporary		
differences excluding		
on initial recognition	(22)	(22)
Tax expense for the year	22,781	27,135
Effective tax rate	22.7%	13.9%

Prior to 2010, UIE accounted for withholding tax recoverable on the dividends received by MVSB from UP. In 2010, UIE ceased to account for future recoveries until the tax was collected. However, as a result of uncertainty regarding collection of withholding tax recoverable, a decision was made in 2011 to provide for the amounts previously determined to be collectible in the amount of USD 5,781,000.

### Deferred tax

USD '000	2014	2013
On 1 January	41,272	41,582
Recognised in profit or loss	1,982	2,852
Exchange differences	(2,594)	(3,162)
On 31 December	40,660	41,272

Presented after appropriate offsetting as follows:

USD '000	2014	2013
Deferred tax assets	(2,178)	(2,735)
Deferred tax liabilities	42,838	44,007
	40,660	41,272



## Section 4: Other disclosures - continued

## Deferred tax liabilities

	Accelerated		
USD'000	capital allowances	Others	Total
0.11	44.060	((2)	44.007
On 1 January 2014	44,069	(62)	44,007
Recognised in profit or loss	1,497	62	1,559
Exchange differences	(2,728)	-	(2,728)
On 31 December 2014	42,838	-	42,838
On 1 January 2013	45,039	116	45,155
Recognised in profit or loss	2,408	(180)	2,228
Exchange differences	(3,378)	2	(3,376)
On 31 December 2013	44,069	(62)	44,007

## Deferred tax assets

USD′000	Retirement	Jnutilised tax losses and reinvestment allowances	Others	Total
	-			
On 1 January 2014	(932)	(719)	(1,084)	(2,735)
Recognised in profit or loss	56	721	(354)	423
Exchange rate differences	51	(3)	86	134
On 31 December 2014	(825)	(1)	(1,352)	(2,178)
On 1 January 2013	(965)	(549)	(2,059)	(3,573)
Recognised in profit or loss	(38)	(223)	885	624
Exchange rate differences	71	53	90	214
On 31 December 2013	(932)	(719)	(1,084)	(2,735)



#### Section 4: Other disclosures - continued

## Accounting policy

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

The Group recognises a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except to the extent that both of the following conditions are satisfied:

- (i) The Group is able to control the timing of the reversal of the temporary differences.
- (ii) It is probable that the temporary differences will not reverse in the foreseeable future.

#### **Estimates**

#### Withholding tax

During 2011, an impairment provision of USD 5,781,000 was made against Malaysian withholding tax recoverable on dividends received from a subsidiary company. There is still uncertainty regarding the collection of this Malaysian withholding tax recoverable and the management has determined that until this issue is resolved favourably, no reversal of the impairment should be made. In 2010, UIE ceased to account for future recoveries until the tax was collected.



## Section 4: Other disclosures - continued

## 4.3 Share Capital and Other Reserves

The authorised share capital on 31 December 2014 and 2013 was USD 100 million divided into 10 million shares of USD 10 each.

## Issued and fully paid capital

No. of U	JSD 10 shares	USD '000
Balance		
On 31 December 2014	3,555,575	35,556
On 31 December 2013	4,300,000	43,000

#### Share premium

The share premium on 31 December 2014 and 2013 was USD 9.2 million and USD 11.1 million, respectively. Share premium comprises the surplus over the par value of the shares arising on the issue of shares in prior years.

## Treasury shares

UIE holds zero (2013: 598,626) of its own shares on 31 December 2014. In 2014, 145,799 (2013: 330,423) treasury shares were acquired for USD 29,304,000 (2013: USD 57,687,000). Thereafter, UIE owned 744,425 own shares, which were all cancelled on 18 December 2014.

No. of US	No. of USD 10 shares	
Balance on 1 January 2013	268,203	19,459
Shares acquired in 2013	330,423	57,687
Balance on 31 December 2013	598,626	77,146
Shares acquired in 2014	145,799	29,304
Shares cancelled in 2014	(744,425)	(106,450)
Balance on 31 December 2014	_	_

The purchase price of UIE shares acquired is deducted from equity as "treasury shares", and the sales proceeds from the subsequent sale of these shares are credited against the purchase price. No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of UIE's own equity instruments. On the cancellation of shares, the treasury shares are reduced by the percentage of treasury shares being cancelled and the par value of cancelled shares is offset against share capital. Share premium is reduced by the percentage of shares being cancelled relative to total shares with the balance being offset against retained earnings.

## Translation of foreign operations reserve

The change in equity adjustment on foreign currency translation represents the differences arising on translation to USD of the Group's investment in and advances to associated and subsidiary companies, which is included in other reserves in the Consolidated Statement of Changes in Equity.

# Other reserves As at 31 December

USD '000	2014	2013
Available for sale reserve	98	98
Total	98	98

The available for sale reserve represents the cumulative fair value changes of available for sale financial assets.



## Section 4: Other disclosures - continued

**Dividends** 

#### Dividend declared in respect of financial year 2014

A special interim dividend of USD 4.00 per share was declared and paid to shareholders on 3 October 2014 in respect of the financial year 2014.

At the forthcoming Annual General Meeting on 3 June 2015, an ordinary dividend of USD 1.00 per share and a special final dividend of USD 3.00 per share in respect of the financial year 2014 will be proposed for shareholders' approval.

#### Dividend declared and paid in respect of financial year 2013

A special interim dividend of USD 6.00 per share was declared and paid to shareholders on 12 December 2013 in respect of the financial year 2013.

An ordinary dividend of USD 1.00 per share and special final dividend of USD 1.00 per share were declared and paid to shareholders on 16 June 2014 in respect of the financial year 2013.

USD '000 2014 2015
--------------------

# Final dividend declared and paid in respect of previous financial year:

Ordinary dividend	3,642	3,830
Special final dividend	3,642	3,830

# Interim dividend declared and paid in respect of current financial year:

Special interim dividend	14,388	22,208
Total dividends paid	21,672	29,868

Distribution is not subject to any particular restrictions.

## Earnings per share

The earnings per share values have been calculated based on the average number of shares outstanding after subtracting the shares that UIE holds in itself, resulting in an average of 3,617,756 (2013: 3,821,066) shares outstanding during the year.

As the Group does not have any outstanding warrants, share options or similar instruments, the diluted earnings per share have not been presented.



## Section 4: Other disclosures - continued

## 4.4 Capital Management

The primary objective of UIE's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. UIE manages its capital structure and makes adjustments to it in light of changes in economic conditions.

To maintain or adjust the capital structure, UIE may adjust the dividend payments to shareholders, acquire its own shares or issue new shares. No changes were made in the objectives, policies or procedures during the years ended 31 December 2014 and 2013.

## 4.5 Pension - defined benefit plans

The Company and certain subsidiary companies pay retirement benefits to their eligible employees in accordance with the terms of employment and practices. These plans are generally of the defined benefit type, where benefits are based on employees' years of service and on predetermined rates or average final remuneration. Furthermore, they are unfunded.

From the financial year 2011 onwards, the subsidiaries in Indonesia provided employee benefits under the Labour Law No. 13. No formal independent actuarial valuations have been undertaken to value the Group's obligations under these plans, but these are estimated by the Group.

The obligations of the Group are based on the following actuarial assumptions:

%	2014	2013
Discount rate in determining		
the actuarial present value		
of the obligations	6.0 - 7.5	6.0 - 7.5
The average rate of increase		
in future earnings	4.0 - 10.0	4.0 - 10.0
Turnover of employees	10.0 - 20.0	10.0 - 20.0

The amounts recognised in the Consolidated Statements of Financial Position are determined as follows:

2014	2013
3,299	3,728
3,728	3,861
296	544
(578)	(195)
(147)	(482)
3,299	3,728
234	411
26	114
291	138
2,748	3,065
3,065	3,317
3,299	3,728
	3,299  3,728 296 (578) (147) 3,299  234  26 291 2,748 3,065



## Section 4: Other disclosures - continued

## 4.6 Financial instruments

## Risks associated with financial instruments

#### Financial risk management objectives and policies

The Group's financial risk management policy is directed towards managing the financial risks that directly arise from the Group's operations, investments and financing. The Group operates within clearly defined guidelines that are approved by the Board of Directors. In the management of financial risks, the Group uses a number of financial instruments within the framework of existing risk management policies. The Board of Directors is responsible for identifying and controlling risks and is assisted in this process by the Audit Committee.

During the year, the Group entered into commodity futures and forward exchange contracts. Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Such derivative trading is also under the close supervision of a director. These control procedures are periodically reviewed and enhanced, where necessary, in response to changes in market condition.

The financial risk management policy is allocated into managing risks arising from UIE's investing activities and UP's operating activities.

At 31 December 2014, financial assets totalled approximately USD 469 million (2013: USD 510 million) of which USD 312 million (2013: USD 295 million) is cash at bank and fixed deposits and USD 122 million (2013: USD 175 million) is the strategic and portfolio investments (primarily investments in MSAB and AAK).

On 31 December 2014, financial liabilities totalled USD 23 million (2013: USD 24 million). The main risks associated with the two primary categories of financial assets are credit risk and market risk.

The Group is exposed to the following risks:

	UIE	UP
Market risks		
Share price risk	Significant	Low
Foreign currency risk	Significant	Medium
Commodity price risk	Low	High
Credit risk	Significant	Significant
Liquidity risk	Minimal	Minimal
Interest rate risk	Medium	Medium

## (a) Market risk

In the ordinary course of business, the Group is exposed to a variety of market risks, which include share and commodity price risks and foreign currency risks. The Group has implemented a risk management policy, which stipulates the acceptable exposure thresholds for market risk, and this has not changed in 2014.

#### Share price risk

Share price risk is the risk that the value of the investments (strategic and portfolio) will fluctuate due to changes in share prices. The Group's exposure to share price risk is considered to be significant.

The Group's primary investments are in MSAB and AAK, whose share prices are denominated in SEK. The foreign currency transaction risk related to these investments is described below and is significant.

In the case of MSAB, which has a carrying value of USD 94.8 million (2013: USD 92.6 million), UIE has agreed to a "lock-up" provision, whereby it will hold the shares for a minimum of three years. This lock-up provision will terminate in two steps (July 2015 and November 2015). Both MSAB and AAK are listed on NASDAQ Stockholm.

Portfolio investments are in shares, which are listed on recognised stock exchanges. All investments are actively monitored by the management with regular oversight by the Board of Directors.



## Section 4: Other disclosures - continued

A 10% change in the price of investments would result in an impact of approximately USD 12 million to the Income Statement (2013: USD 18 million).

#### Commodity sales

Risks arise from fluctuations in the price of palm and palm kernel oil as well as foreign exchange rates. The Group uses forward currency contracts and commodity futures contracts to manage some of the transaction exposure. Control and monitoring procedures include, amongst others, setting of trading limits and management reporting. These contracts are not designated as cash flow or fair value hedges and are entered into periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to December 2016 (2013: September 2014).

During the financial year, the Group recognised a loss of USD 5.0 million (2013: loss of USD 0.7 million) arising from fair value changes of derivative contracts. The fair value changes are attributable to changes in commodity prices and forward exchange rates. The instruments recognised at 31 December comprise:

		2014			2013	
	Contract/			Contract/		
	Notional			Notional		
USD '000	Amount	Assets	Liabilities	Amount	Assets	Liabilities
Non-hedging derivatives:						
Current						
Forward currency contracts	73,797	-	(1,086)	55,819	-	(454)
Commodity futures contracts	326,102	-	(857)	188,783	-	(612)
		-	(1,943)		-	(1,066)
Non-current						
Forward currency contracts	27,272	-	(1,273)	-	-	-
Commodity futures contracts	48,704	-	(1,494)	48,075	-	-
		-	(2,767)		-	-
Total derivatives		_	(4,710)		_	(1,066)

If the value stated for the derivatives had been 3% higher/lower at the reporting date, with all other variables held constant, the Group's profit net of tax would have been USD 154,000 (2013: USD 160,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading/hedging commodity future contracts, and the Group's retained earnings

would have been higher/lower by the same amount, arising as a result of an increase/decrease in the fair value of the aforementioned commodity futures contracts. As at the reporting date, the impact of changes in the commodity futures market, with all other variables held constant, is immaterial to the Group's profit net of tax and equity.



## Section 4: Other disclosures - continued

#### Foreign currency risk

#### Transaction risk

Foreign currency transaction risk is the risk that the fair value or future cash flows of a financial instrument (primarily investments in MSAB and AAK as well as cash at bank) will fluctuate because of changes in foreign exchange rates.

#### **Investment activities**

Foreign currency risk arising from investing activities relates to investments in shares (portfolio and strategic investments) and cash at bank.

#### The foreign currency exposure as at 31 December comprises the following:

		2014		2013
USD '000	SEK	MYR	SEK	MYR
Cash at bank	13,282	213,399	184	236,377
Strategic investments	119,305	-	172,837	-
Total	132,587	213,399	173,021	236,377

The sensitivity of the Group's net profit to a 10% change in MYR and SEK foreign exchange rates against the functional currency of the Group (USD), with all other variables held constant, is USD 21.3 million and USD 13.3 million, respectively (2013: USD 23.6 million and USD 17.3 million).

#### Operating activities of UP

Approximately 53% (2013: 47%) of UP's sales are denominated in foreign currencies whilst almost 48%

(2013: 65%) of costs are denominated in the respective functional currencies of UP's entities. UP's trade receivable and trade payable balances at the reporting date have similar exposures.

At 31 December 2014, UP hedged 99% (2013: 52%) and 100% (2013: 100%) of its foreign currency denominated sales and purchases, respectively, for which firm commitments existed at the reporting date, extending to December 2016 (2013: September 2014).

#### The Group had entered into forward currency contracts with the following notional amounts and maturities:

		Maturities			
	Within	1 year up	notional		
USD '000	1 year	to 5 years	amount		
On 31 December 2014:					
Forwards used to hedge					
Receivables	41,800	27,272	69,072		
Payables	22,401	_	22,401		
On 31 December 2013:					
Forwards used to hedge					
Receivables	35,711	-	35,711		
Payables	20,107	-	20,107		



## Section 4: Other disclosures - continued

#### Foreign currency translation risk

Translation risk relates to the translation of equity and other comprehensive income of subsidiaries and associates denominated in currencies other than USD being the currency in which the Group prepares its financial statements.

The Group's main subsidiary, UP, prepares its financial statements in MYR, and the Group is exposed to the risk on the fluctuation of MYR to USD as well as to IDR as a result of UP's investment in Indonesia. The Group's exposure to revenue and assets in currencies other than USD is set out in note 1.1 on segment reporting.

The sensitivity of the Group's net profit and equity to a 10% change in USD/MYR, with all other variables held constant, is USD 8.5 million (2013: 6.6 million) and USD 63.4 million (2013: USD 69.4 million), respectively. Excluding NCI the impact on net profit and equity to a 10% change in USD/MYR, with all other variables held constant, is USD 3.9 million (2013: USD 3.0 million) and USD 29.4 million (2013: USD 32.1), respectively.

## (b) Credit risk

The Group has an unavoidable exposure to credit risk arising from trade receivables and deposits as well as derivative receivables from financial institutions. The Group has implemented a risk management policy, which stipulates the acceptable exposure thresholds for credit risk.

#### Trade receivables

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness.

Except for the amount due from a major customer of the palm oil refinery unit, the Group has no other significant concentrations of risk that may arise from exposures to a single debtor or to a group of debtors. Trade receivables are monitored on an ongoing basis via management reporting procedures. The average credit terms granted to the Group's customers are 10 to 75 days.

#### Liquidity risk

#### **Financial institutions**

Credit risk of commodity futures contracts arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Group has a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market prices.

The Group is exposed to credit risk on its cash at bank and fixed deposits. The Group manages its credit risk by ensuring that deposits are placed with highly rated banks and that management assesses the ratings of the banks routinely. On 31 December 2014, the Group was mainly exposed to 6 banks in the amount of USD 239 million (2013: 4 banks in the amount of USD 224 million) with deposits in any one bank not exceeding USD 62 million (2013: USD 100 million). The remaining cash at bank of USD 73 million is deposited in 6 other banks (2013: USD 71 million in 6 other banks).

## Maximum exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the Consolidated Statements of Financial Position, including derivatives with positive fair values.

#### Credit risk concentration profile

At the reporting date, the majority of the Group's trade receivables of USD 34 million (2013: USD 38 million) were due from the palm oil refining segment and hereof approximately 82% (2013: 85%) were due from one major customer.



## Section 4: Other disclosures - continued

#### (c) Interest rate risk

The Group has exposure to interest rate risk arising from floating rate debt instruments, as the Group's fixed deposits are short-term.

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's net profit would have been USD 3.1 million (2013: USD 2.9 million) higher/lower, arising as a result of higher/lower interest income from deposits, and the Group's retained earnings would have been USD 3.1 million (2013: USD 2.9 million) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

## Financial instruments - other disclosures

The carrying amount of financial instruments by category is presented below:

USD '000	2014	2013
Financial assets measured		
at fair value through		
profit and loss	122,285	174,553
Loans, receivables and		
cash and cash equivalents	345,337	333,036
Available for sale	1,842	1,956
Financial liabilities measured		
at fair value through		
profit and loss	(4,710)	(1,066)
Financial liabilities measured		
at amortised cost	(18,664)	(22,632)
Total financial instruments	446,090	485,847
Total illiancial instruments	440,090	400,847

#### Determination of fair value

- (a) In estimating the fair values of financial instruments, the following assumptions and bases were applied:
  - (i) cash, fixed deposits, negotiable papers issued by licensed banks, short-term funds invested in income trust funds, trade receivables, trade and other payables are all measured at amortised cost, which is close to their fair values.
  - (ii) investments in quoted equities are determined based on quoted prices in active markets and derivatives and debt instruments are determined by discounted cash flow models, which are based on observable market data, such as interest and currency rates, which approximate to their fair values. The measurement of fair value is performed on a recurring basis.
  - (iii)the carrying value of unquoted available-forsale financial assets are estimated by discounting future cash flows using rates currently available for investments in similar industries and with similar risks, which approximates to fair value. The measurement of fair value is performed on a recurring basis.

As such, the carrying amounts recorded at the reporting date for the above financial instruments are not considered to be significantly different from their fair values.



## Section 4: Other disclosures - continued

## Fair value hierarchy

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

- 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.

## Assets/(liabilities) measured at fair value

#### 31 December 2014

USD '000	Total	Level 1	Level 2	Level 3
Fair value through profit or loss:				
Quoted equities	122,285	122,285	_	_
Commodity futures contracts	(2,351)	(2,351)	_	_
Forward currency contracts	(2,359)	-	(2,359)	-
Available-for-sale financial asset:				
Unquoted shares	1,842	-	-	1,842
31 December 2013				
USD '000	Total	Level 1	Level 2	Level 3
Fair value through profit or loss:				
Quoted equities	174,553	174,553	-	-
Commodity futures contracts	(612)	(612)	-	-
Forward currency contracts	(454)	-	(454)	-
Available-for-sale financial asset:				
Unquoted shares	1,956	-	-	1,956



## Section 4: Other disclosures - continued

## 4.7 Related parties

UIE has the following shareholder, which holds more than a five percent interest:

• Brothers Holding Ltd. (through C&M Holding Ltd.)

There have been no transactions with related parties during 2014 and 2013.

#### Key management personnel

Key management personnel comprises the Board of the Directors and the Managing Director. The compensation paid to key management personnel is specified in disclosure 1.2.

## 4.8 Changes in accounting policies – IFRS 10

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 has applied 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 Consolidated Statement of Financial Position on 1 January 2013, 31 December 2013 and 31 December 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

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.

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 on 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.

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.



## Section 4: Other disclosures - continued

## Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 December 2014	Effect of change in accounting policy		
	As	Restated amount	
	currently	on	adoption of
USD '000	reported	Impact	IFRS 10
Revenue	-	311,253	311,253
Costs of goods sold	-	(117,436)	(117,436)
Gross margin	-	193,817	193,817
Other income	2	5,386	5,388
Amortisation, depreciation and impairment	(384)	(20,986)	(21,370)
Staff costs	(1,095)	(40,170)	(41,265)
General and administrative costs	(1,384)	(40,619)	(42,003)
Profit from operations before financial items	(2,861)	97,428	94,567
UP Equity income	39,150	(39,150)	-
Contribution from UP	151	(151)	_
Changes in fair value of MSAB	2,239	_	2,239
Changes in fair value of AAK	(5,889)	_	(5,889)
Dividend income MSAB	477	-	477
Dividend income AAK	565	-	565
Results from investing activities - portfolio	125	_	125
Interest income	165	11,137	11,302
Interest expense	(1)	(10)	(11)
Net foreign exchange loss	(2,209)	-	(2,209)
Share of results in jointly controlled entity	(-,,	(654)	(654)
Profit before income tax	31,912	68,600	100,512
Income tax	(43)	(22,738)	(22,781)
Profit for the period	31,869	45,862	77,731
Profits attributable to			
Owners of the Company	31,869	(398)	31,471
Non-controlling interests	-	46,260	46,260
	31,869	45,862	77,731
Earnings per share (USD) - owners of the Company	8.81	(0.11)	8.70
Items that are or may be reclassified to profit or loss			
Equity adjustment on foreign currency translation, net of tax	(17,609)	(20,191)	(37,800)
Other comprehensive income	(17,609)	(20,191)	(37,800)
Total comprehensive income	14,260	25,671	39,931
Total comprehensive income attributable to			
Owners of the Company	14,260	398	14,658
Non-controlling interests	_	25,273	25,273
	14,260	25,671	39,931



## Section 4: Other disclosures - continued

Consolidated	Statement	of Financia	I Position

31 December 2014	Effect of ch	nange in accoun	ting policy
	As		ted amount
	currently		adoption of
USD '000	reported	Impact	IFRS 10
Accepta			
Assets Current assets:			
Inventories		28,217	28,217
Accounts receivable and other assets	156	33,356	33,512
Taxation recoverable	150	1,815	1,815
Derivatives	-	1,013	1,013
	2.000	-	2 000
Trading assets	2,980	210.055	2,980
Cash at bank	100,870	210,955	311,825
Total current assets	104,006	274,343	378,349
Non-current assets:			
Goodwill	-	7,096	7,096
Biological assets	-	121,241	121,241
Property, plant and equipment	32	293,119	293,151
Land use rights	-	9,154	9,154
Investments in equity-accounted investments	309,505	(309,505)	_
Investment in equities	119,305	_	119,305
Jointly controlled entity	, -	4,186	4,186
Other financial assets	-	1,856	1,856
Total non-current assets	428,842	127,147	555,989
	,	,	
Total assets	532,848	401,490	934,338
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued charges	1,163	17,274	18,437
Taxation payable	28	3,403	3,431
Other current liabilities	20	2,404	2,404
Total current liabilities	1,191	23,081	24,272
lotal current habilities	1,171	25,001	24,212
Total non-current liabilities	-	46,492	46,492
Equity:			
Non-controlling interests		348,037	348,037
Attributable to the owners of the parent	531,657	(16,120)	515,537
Total equity	531,657	331,917	863,574
Total equity	331,037	551,717	003,374
Total liabilities and shareholders' equity	532,848	401,490	934,338



## Section 4: Other disclosures - continued

## Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 December 2013	Effect of ch	Effect of change in accounting policy		
	As	Restated amount		
	previously	on adoption of		
USD '000	reported	Impact	IFRS 10	
Revenue	-	300,209	300,209	
Other income	251	5,083	5,334	
Change in fair value of investment in equities	88,373	, -	88,373	
Other investment income <sup>1</sup>	1,307	_	1,307	
Operating expenses <sup>2</sup>	(3,160)	(205,824)	(208,984)	
Finance income	537	8,426	8,963	
Finance costs	(608)	(16)	(624)	
Share of results in equity-accounted investments <sup>3</sup>	36,798	(36,233)	565	
Profit before income tax	123,498	71,645	195,143	
Income 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 Non-controlling interest	123,236	1,075 43,697	124,311 43,697	
	123,236	44,772	168,008	
Earnings per share (USD) - owners of the Company	32.25	0.28	32.53	
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	
Total comprehensive income attributable to:				
Equity holders of the parent	96,371	2,113	98,484	
Non-controlling interest	-	14,689	14,689	
	96,371	16,802	113,173	

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

<sup>2)</sup> Including general and administrative expenses.

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



## Section 4: Other disclosures - continued

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Consolidated	Statement	Of Financial	Position
Consonuated	Juliciic	. UI I IIIaliCiai	I USILIUII

31 December 2013	Effect of change in accounting policy			
31 December 2013	As	-	ated amount	
	previously		adoption of	
USD '000	reported	Impact	IFRS 10	
	•	•		
Assets				
Current assets:				
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	
Total current assets	60,308	318,457	378,765	
Non-current assets:				
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	
Total non-current assets	509,166	119,644	628,810	
Total assets	569,474	438,101	1,007,575	
Liabilities and shareholders' equity				
Current liabilities:				
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	
Total current liabilities	1,101	28,297	29,398	
Man				
Non-current liabilities:		41.070	41.070	
Deferred taxation	-	41,272	41,272	
Retirement benefit obligation	<del>-</del>	3,317	3,317	
Total non-current liabilities	-	44,589	44,589	
Equity:				
Non-controlling interests	-	380,915	380,915	
Attributable to the owners of the parent	568,373	(15,700)	552,673	
Total equity	568,373	365,215	933,588	
Total liabilities and shareholders' equity	569,474	438,101	1,007,575	
Total maximics and siturcitoracis equity	507,174	100,101	1,007,070	



## Section 4: Other disclosures - continued

## Consolidated Statement of Financial Position

1 January 2013	Effect of ch	nange in accour	nting policy
1 Junuary 2010	As		ated amount
	previously		adoption of
USD '000	reported	Impact	IFRS 10
	reperteu	2111pace	1110 10
Assets			
Current assets:			
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
Total current assets	114,859	336,714	451,573
Non-current assets:			
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
Total non-current assets	445,427	133,236	578,663
Total assets	560,286	469,950	1,030,236
Liabilities and shareholders' equity			
Current liabilities:			
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
Total current liabilities	729	40,072	40,801
iotai current nabinues	129	40,072	40,001
Non-current liabilities:			
Deferred taxation	-	41,582	41,582
Retirement benefit obligation	-	3,640	3,640
Derivatives	-	92	92
Total non-current liabilities	-	45,314	45,314
Equity:			
Non-controlling interests		400,367	400,367
Attributable to the owners of the parent	- 559,557	(15,803)	543,754
Total equity	559,557	384,564	944,121
Total equity	007,001	504,504	/11,141
Total liabilities and shareholders' equity	560,286	469,950	1,030,236
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## **UIE Income Statement**

For the Year ended 31 December

USD'000	Note	2014	2013
Operating expenses	1, 3	(2,566)	(2,653)
Other income	, ,	32	116
Profit from operations before financial items		(2,534)	(2,537)
Changes in fair value of MSAB and AAK	4	(3,650)	88,778
Dividend income MSAB and AAK	2	1,042	1,159
Dividend income subsidiary companies	2	60,055	8,852
Interest income subsidiary company		9,481	9,654
Results from investing activities - Portfolio		280	468
Finance income		64	118
Foreign exchange losses		(9,565)	(10,105)
Interest expense subsidiary company		(40)	(61)
Profit for the year		55,133	96,326

# **UIE Other Comprehensive Income** For the Year ended 31 December

USD'000	2014	2013
Profit for the year	55,133	96,326
Total comprehensive income	55,133	96,326



## UIE Statement of Financial Position

## As at 31 December

USD'000	Note	2014	2013
Assets			
Current assets:			
Cash at bank and short-term deposit	5	96,179	35,354
Trade and other receivables		-	139
Portfolio investments	4	2,961	1,716
Interest receivable from subsidiary company	7	14,725	13,875
Total current assets		113,865	51,084
Non-current assets:			
Investments in subsidiaries	6	46,666	44,419
Loan to subsidiary company	7	117,137	124,435
Strategic investments	4	119,305	172,837
Total non-current assets		283,108	341,691
Total assets		396,973	392,775
Liabilities and shareholders' equity			
Current liabilities:			
Due to subsidiary company		1,547	1,759
Trade and other payables		1,008	755
Total current liabilities		2,555	2,514
Equity:			
Share capital		35,556	43,000
Share premium		9,159	11,076
Treasury shares		-	(77,146)
Retained earnings		349,703	413,331
Total equity		394,418	390,261
Total liabilities and shareholders' equity		396,973	392,775

# UNITED ANNUAL INTERNATIONAL REPORT ENTERPRISES 2014

# UIE Statement of Changes in Equity for the Year Ended 31 December 2014

USD '000	Share capital	Share premium	Treasury shares	Retained profits	Total
2014					
On 1 January 2014	43,000	11,076	(77,146)	413,331	390,261
Profit for the year	-	_	_	55,133	55,133
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	55,133	55,133
Treasury shares purchased	-	-	(29,304)	-	(29,304)
Treasury shares cancelled	(7,444)	(1,917)	106,450	(97,089)	-
Dividends paid	-	-	-	(21,672)	(21,672)
Total contributions and distributions	(7,444)	(1,917)	77,146	(118,761)	(50,976)
On 31 December 2014	35,556	9,159	-	349,703	394,418
2013					
On 1 January 2013	43,000	11,076	(19,459)	346,873	381,490
Total comprehensive income for the year					
Profit for the year	-	_	_	96,326	96,326
Other comprehensive income	-	_	_	, -	_
Total comprehensive income for the year	-	-	-	96,326	96,326
Treasury shares purchased			(57,687)		(57,687)
Dividends paid	_	_		(29,868)	(29,868)
Total contributions and distributions	-		(57,687)	(29,868)	(87,555)
20112 201112 data da			(0.,001)	(2),000)	(0.,000)
On 31 December 2013	43,000	11,076	(77,146)	413,331	390,261



## UIE Statement of Cash Flows For the year ended 31 December

Payment of operating expenses         (3,091)         (1,648           Net cash used in operations         (3,091)         (1,648           Cash flows from financing         (21,672)         (29,868           Purchases of treasury shares         (29,304)         (57,687           Net cash used in financing         (50,976)         (87,555           Cash flows from investments         Interest received from subsidiary         8,695         8,166           Acquisition of shares in subsidiary         (2,245)         (3,250           Purchase of investments         (3,329)         (2,653           Dividends from MSAB and AAK         1,042         1,159           Dividends from subsidiary companies         60,055         8,852           Dividends from portfolio investments         31         29           Proceeds from sale of shares in AAK         50,848         6,265           Purchase of shares in AAK         (966)            Proceeds from sale of portfolio investments         2,397         2,482           Net cash generated from investing         116,528         21,050           Increase/(decrease) in cash position         62,461         (68,153           Cash position, beginning of year         35,354         103,333           Foreign e	USD'000	2014	2013
Net cash used in operations       (3,091)       (1,648)         Cash flows from financing       (21,672)       (29,868)         Purchases of treasury shares       (29,304)       (57,687)         Net cash used in financing       (50,976)       (87,555)         Cash flows from investments       (50,976)       8,755         Interest received from subsidiary       8,695       8,166         Acquisition of shares in subsidiary       (2,245)       (3,250)         Purchase of investments       (3,329)       (2,653)         Dividends from MSAB and AAK       1,042       1,159         Dividends from subsidiary companies       60,055       8,852         Dividends from portfolio investments       31       25         Proceeds from sale of shares in AAK       50,848       6,265         Purchase of shares in AAK       (966)       -         Proceeds from sale of portfolio investments       2,397       2,482         Net cash generated from investing       116,528       21,050         Increase/(decrease) in cash position       62,461       (68,153         Cash position, beginning of year       35,354       103,333         Foreign exchange adjustment       (1,636)       174	Cash flow from operations		
Cash flows from financing         Dividends paid       (21,672)       (29,868         Purchases of treasury shares       (29,304)       (57,687         Net cash used in financing       (50,976)       (87,555         Cash flows from investments       State of the cash used in financing       State of the cash used in financing         Cash flows from investments       State of the cash used in financing       State of the cash used in financing         Cash flows from investments       8,695       8,166         Acquisition of shares in subsidiary       (2,245)       (3,250         Purchase of investments       (3,329)       (2,653         Dividends from MSAB and AAK       1,042       1,152         Dividends from subsidiary companies       60,055       8,852         Dividends from portfolio investments       31       29         Proceeds from sale of shares in AAK       (966)       -         Purchase of shares in AAK       (966)       -         Proceeds from sale of portfolio investments       2,397       2,482         Net cash generated from investing       116,528       21,050         Increase/(decrease) in cash position       62,461       (68,153         Cash position, beginning of year       35,354       103,333 <tr< td=""><td>Payment of operating expenses</td><td>(3,091)</td><td>(1,648)</td></tr<>	Payment of operating expenses	(3,091)	(1,648)
Dividends paid         (21,672)         (29,868           Purchases of treasury shares         (29,304)         (57,687           Net cash used in financing         (50,976)         (87,555           Cash flows from investments         Interest received from subsidiary         8,695         8,166           Acquisition of shares in subsidiary         (2,245)         (3,250           Purchase of investments         (3,329)         (2,653           Dividends from MSAB and AAK         1,042         1,155           Dividends from subsidiary companies         60,055         8,852           Dividends from portfolio investments         31         29           Proceeds from sale of shares in AAK         50,848         6,265           Purchase of shares in AAK         9660         -           Proceeds from sale of portfolio investments         2,397         2,482           Net cash generated from investing         116,528         21,050           Increase/(decrease) in cash position         62,461         (68,153           Cash position, beginning of year         35,354         103,333           Foreign exchange adjustment         (1,636)         174	Net cash used in operations	(3,091)	(1,648)
Purchases of treasury shares         (29,304)         (57,687)           Net cash used in financing         (50,976)         (87,555)           Cash flows from investments         8,695         8,166           Acquisition of shares in subsidiary         (2,245)         (3,250)           Purchase of investments         (3,329)         (2,653)           Dividends from MSAB and AAK         1,042         1,159           Dividends from subsidiary companies         60,055         8,852           Dividends from portfolio investments         31         29           Proceeds from sale of shares in AAK         50,848         6,265           Purchase of shares in AAK         (966)            Proceeds from sale of portfolio investments         2,397         2,482           Net cash generated from investing         116,528         21,050           Increase/(decrease) in cash position         62,461         (68,153)           Cash position, beginning of year         35,354         103,333           Foreign exchange adjustment         (1,636)         174	Cash flows from financing		
Cash flows from investments         (50,976)         (87,555)           Interest received from subsidiary         8,695         8,166           Acquisition of shares in subsidiary         (2,245)         (3,250)           Purchase of investments         (3,329)         (2,653)           Dividends from MSAB and AAK         1,042         1,159           Dividends from subsidiary companies         60,055         8,852           Dividends from portfolio investments         31         29           Proceeds from sale of shares in AAK         50,848         6,265           Purchase of shares in AAK         (966)         -           Proceeds from sale of portfolio investments         2,397         2,482           Net cash generated from investing         116,528         21,050           Increase/(decrease) in cash position         62,461         (68,153)           Cash position, beginning of year         35,354         103,333           Foreign exchange adjustment         (1,636)         174	Dividends paid	(21,672)	(29,868)
Cash flows from investments Interest received from subsidiary Acquisition of shares in subsidiary (2,245) (3,250) Purchase of investments (3,329) (2,653) Dividends from MSAB and AAK 1,042 1,159 Dividends from subsidiary companies 60,055 8,852 Dividends from portfolio investments 31 29 Proceeds from sale of shares in AAK Proceeds from sale of shares in AAK (966) Purchase of shares in AAK (966) Proceeds from sale of portfolio investments 2,397 2,482 Net cash generated from investing 116,528 21,050 Cash position, beginning of year 35,354 103,333 Foreign exchange adjustment (1,636) 174	Purchases of treasury shares	(29,304)	(57,687)
Interest received from subsidiary       8,695       8,166         Acquisition of shares in subsidiary       (2,245)       (3,250)         Purchase of investments       (3,329)       (2,653)         Dividends from MSAB and AAK       1,042       1,159         Dividends from subsidiary companies       60,055       8,852         Dividends from portfolio investments       31       29         Proceeds from sale of shares in AAK       50,848       6,265         Purchase of shares in AAK       (966)       -         Proceeds from sale of portfolio investments       2,397       2,482         Net cash generated from investing       116,528       21,050         Increase/(decrease) in cash position       62,461       (68,153)         Cash position, beginning of year       35,354       103,333         Foreign exchange adjustment       (1,636)       174	Net cash used in financing	(50,976)	(87,555)
Acquisition of shares in subsidiary       (2,245)       (3,250)         Purchase of investments       (3,329)       (2,653)         Dividends from MSAB and AAK       1,042       1,159         Dividends from subsidiary companies       60,055       8,852         Dividends from portfolio investments       31       29         Proceeds from sale of shares in AAK       50,848       6,265         Purchase of shares in AAK       (966)       -         Proceeds from sale of portfolio investments       2,397       2,482         Net cash generated from investing       116,528       21,050         Increase/(decrease) in cash position       62,461       (68,153)         Cash position, beginning of year       35,354       103,333         Foreign exchange adjustment       (1,636)       174	Cash flows from investments		
Purchase of investments       (3,329)       (2,653         Dividends from MSAB and AAK       1,042       1,159         Dividends from subsidiary companies       60,055       8,852         Dividends from portfolio investments       31       29         Proceeds from sale of shares in AAK       50,848       6,265         Purchase of shares in AAK       (966)       -         Proceeds from sale of portfolio investments       2,397       2,482         Net cash generated from investing       116,528       21,050         Increase/(decrease) in cash position       62,461       (68,153         Cash position, beginning of year       35,354       103,333         Foreign exchange adjustment       (1,636)       174	Interest received from subsidiary	8,695	8,166
Dividends from MSAB and AAK Dividends from subsidiary companies 60,055 8,852 Dividends from portfolio investments 31 29 Proceeds from sale of shares in AAK Purchase of shares in AAK (966) Proceeds from sale of portfolio investments 2,397 2,482 Net cash generated from investing 116,528 21,050  Cash position, beginning of year 35,354 103,333  Foreign exchange adjustment (1,636) 174	Acquisition of shares in subsidiary	(2,245)	(3,250)
Dividends from subsidiary companies  Dividends from portfolio investments  Dividends from portfolio investments  Proceeds from sale of shares in AAK  Purchase of shares in AAK  Proceeds from sale of portfolio investments  116,528  21,050  Cash position, beginning of year  35,354  103,333  Foreign exchange adjustment  (1,636)  174	Purchase of investments	(3,329)	(2,653)
Dividends from portfolio investments  Proceeds from sale of shares in AAK  Proceeds from sale of shares in AAK  Purchase of shares in AAK  Proceeds from sale of portfolio investments  Proceeds from sale of portfolio investments  Net cash generated from investing  Increase/(decrease) in cash position  Cash position, beginning of year  35,354  103,333  Foreign exchange adjustment  (1,636)  174	Dividends from MSAB and AAK	1,042	1,159
Proceeds from sale of shares in AAK Purchase of shares in AAK (966) Proceeds from sale of portfolio investments 2,397 2,482 Net cash generated from investing 116,528 21,050 Increase/(decrease) in cash position 62,461 (68,153 Cash position, beginning of year 35,354 103,333 Foreign exchange adjustment (1,636) 174	Dividends from subsidiary companies	60,055	8,852
Purchase of shares in AAK Proceeds from sale of portfolio investments 2,397 2,482 Net cash generated from investing 116,528 21,050 Increase/(decrease) in cash position 62,461 (68,153 Cash position, beginning of year 35,354 103,333 Foreign exchange adjustment (1,636) 174	Dividends from portfolio investments	31	29
Proceeds from sale of portfolio investments  2,397  2,482  Net cash generated from investing  116,528  21,050  Increase/(decrease) in cash position  62,461  (68,153  Cash position, beginning of year  35,354  103,333  Foreign exchange adjustment  (1,636)  174	Proceeds from sale of shares in AAK	50,848	6,265
Net cash generated from investing 116,528 21,050  Increase/(decrease) in cash position 62,461 (68,153  Cash position, beginning of year 35,354 103,333  Foreign exchange adjustment (1,636) 174	Purchase of shares in AAK	(966)	-
Increase/(decrease) in cash position 62,461 (68,153  Cash position, beginning of year 35,354 103,333  Foreign exchange adjustment (1,636) 174	Proceeds from sale of portfolio investments	2,397	2,482
Cash position, beginning of year 35,354 103,333  Foreign exchange adjustment (1,636) 174	Net cash generated from investing	116,528	21,050
Foreign exchange adjustment (1,636) 174	Increase/(decrease) in cash position	62,461	(68,153)
	Cash position, beginning of year	35,354	103,333
Cash position, end of year 96,179 35,354	Foreign exchange adjustment	(1,636)	174
	Cash position, end of year	96,179	35,354



## Introduction

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## **UIE Notes**

## 1 Auditors' remuneration

USD '000	2014	2013
Audit fees	90	67
Tax advisory	-	24
Other advisory	246	1
Total	336	92

No additional fees for non-audit services were paid to the auditors.

## 2 Dividend income

USD '000	2014	2013
Dividends from MSAB and AAK	1,042	1,159
Dividends from subsidiary companies		
UP	4,504	2,590
MVSB	55,551	6,262
Total dividends		
from subsidiary companies	60,055	8,852

## 3 Staff costs and key management personnel compensation

## Remuneration of key management personnel and Directors

UIE's only employee is the Managing Director and his total remuneration for 2014 is USD 437,000 (2013: USD 550,000), which includes pension of USD 52,000 (2013: USD 47,000). The Managing Director's salary is paid in DKK.

Remuneration to the Board of Directors is described in note 1.2 to the Consolidated Financial Statements.



## UIE Notes - continued

4	Strategic an	d portfolio	investments
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UIE			MSAB		
USD '000	2014	2013	USD '000	2014	2013
Portfolio investments			Investment on 1 January	92,610	63,418
Total portfolio investments			Fair value changes		
at fair value	2,961	1,716	during the year	2,239	29,192
			Fair value on 31 December	94,849	92,610
Strategic investments					
MSAB	94,849	92,610	AAK		
AAK	24,456	80,227			
			USD '000	2014	2013
Total strategic investments					
at fair value	119,305	172,837	Investment on 1 January, at cost	-	26,906
			Investment on 1 January,		
			at fair value	80,227	-
			Fair value changes in		
			relation to reclassification	-	44,164
			Fair value changes during the year	(5,889)	15,422
			Investments during the year	966	-
			Sale of shares	(50,848)	(6,265
			Fair value on 31 December	24,456	80,227
Change in fair value of strate	gic investment	s			
USD '000				2014	2013
Reclassification of UIE's investm	nent in AAK to	fair value in M	lay 2013	_	44,164
			ng realised gain on sale of shares)	(5,889)	15,422
Change in the fair value of UIE's			0	2,239	29,192

For further information about subsidiaries, associates and joint ventures references are made to the description in section 3 to the Consolidated Financial Statements.



	Mister	4.1	1
UIL	Notes	<ul><li>continu</li></ul>	ea

5	Cash	at	bank	and	short-term	deposits
---	------	----	------	-----	------------	----------

## Cash at bank held by UIE on 31 December is as follows:

	2014	2013
Currency	USD '000	USD '000
USD	79,294	29,321
SEK	13,282	184
MYR	2,778	848
DKK	565	4,743
Other	260	258
Total	96,179	35,354

# Short-term deposits held by UIE on 31 December are as follows:

Currency	USD '000	Interest Rate <sup>1</sup>
2014		
	22 170	0.150/
USD Total	32,178 32,178	0.15%

## 2013

USD	22,136	0.16-0.31%
Total	22,136	

1) Interest rate spread during the year

## 6 Investments in subsidiary companies

USD '000	2014	2013
Cost on 1 January	44,419	41,169
Additions during the year	2,245	3,250
Exchange rate differences	2	-
Cost on 31 December	46,666	44,419

USD '000	2014	2013
MVSB	7,880	7,880
IPS	60	60
UP	35,426	33,179
UIE Malta	3,300	3,300
Total	46,666	44.419

## 7 Loan to subsidiary company

USD '000	2014	2013
MVSB		
B		
Receivables		
Zero coupon bond - par value	117,137	124,435
Zero coupon bond - interest	14,725	13,875
Total outstanding amount	131,862	138,310

USD '000	2014	2013
Interest		
Interest receivable on 1 January	13,875	13,157
Accrued interest during the year	9,481	9,616
Interest paid	(7,811)	(8,102)
Foreign exchange losses	(820)	(796)
Interest receivable on 31 December	14,725	13,875



## UIE Notes - continued

#### 8 Other disclosures

For the following notes, reference is made to the Consolidated Financial Statements:

- Share capital and other reserves (Note 4.3, page 74-75)
- Capital management (Note 4.4, page 76)
- Financial instruments (Note 4.6, page 77-82)
- Related parties (Note 4.7, page 83)

## 9 Summary of significant accounting policies

## Basis of preparation

The Danish Financial Statements Act requires that IFRS-preparers develop a separate parent company financial statements. Accordingly, the separate financial statements of UIE are incorporated in the Annual Report 2014.

The separate financial statements of UIE have been prepared in accordance with IFRS.

These separate financial statements are expressed in USD, as this is UIE's functional and presentation currency. All values are rounded to the nearest thousand USD '000 where indicated.

UIE's separate financial statements are prepared under the historical cost basis, except as noted in the various accounting policies.

## First time adoption

These separate financial statements, for the year ended 31 December 2014, are the first that UIE has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2013, UIE did not prepare separate financial statements.

As described on page 8, UIE is deemed to have de facto control over UP according to IFRS 10 Consolidated Financial Statements, which was implemented on 1 January 2014. Accordingly, UIE has prepared separate financial statements which comply with IFRS applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013.

#### Dividend income

Dividends received from investments in subsidiaries are recognized as income in UIE's Income Statement in the period in which they are declared. If the dividend exceeds the subsidiary's total income during the period, an impairment test is conducted.

## Investments in subsidiaries and associates

Investments in subsidiaries are recognized in UIE's financial statements at cost. This comprises the purchase price at fair value plus direct acquisition costs. If there is indication of impairment, an impairment test is conducted as described in the accounting policies for the Consolidated Financial Statements. Where the carrying value exceeds the recoverable amount, the investment is written down to this lower value.

For distribution of reserves other than retained earnings in subsidiaries, the distribution will reduce the cost of the investments as the distribution is characterized as repayment of the parent's investment.

UIE has chosen that the carrying amount for investments in associates on 1 January 2013 is deemed cost in accordance with IFRS 1.



## UIE Notes - continued

## Significant accounting uncertainties and assumptions

Determining the carrying amounts of certain assets and liabilities requires an estimate of how future events will affect the value of these assets and liabilities at the balance sheet date. Estimates material to the financial statements of UIE are made, with the inclusion of the assessment of impairment requirements of investments in subsidiaries. These represent a significant part of UIE's total assets.

Testing for impairment of subsidiaries is performed if events or changes in circumstances indicate that the carrying amount may not be recoverable. The measurement of subsidiaries requires significant estimates to determine various assumptions, including expectations of future cash flows, discount rate and terminal growth rates. The sensitivity to changes in the assumptions - combined or individual - may be significant.

Description of the specific risks for UIE is described in the director's report under "Risk Factors" and in Note 4.6 to the Consolidated Financial Statements.

Where there is significant risk of changes that may result in material adjustments to the carrying amounts of assets and liabilities within the next financial year, information on assumptions about the future and estimates of the uncertainty at the balance sheet date are described in the notes

# Critical accounting judgments when applying the accounting policies used

In the opinion of management, there is no judgment within the scope of UIE's accounting principles, apart from those involving estimates that can significantly affect the amounts recognized in UIE's separate financial statements.





## Independent Auditors' Report

#### To the shareholders of United International Enterprises Limited

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of United International Enterprises Limited for the financial year 1 January – 31 December 2014, which comprise income statement, other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



#### Basis of qualified opinion

As discussed in section 2.2 (pages 60-63) of the consolidated financial statements, the biological assets and agricultural produce of certain subsidiaries are not accounted for at fair value, which in practice is not in accordance with International Financial Reporting Standards as adopted by the EU. The biological assets of certain subsidiaries are plantation trees and costs related to the planting of these trees are carried at cost less accumulated depreciation and impairment and agricultural produce that has not been harvested is not recognised and accounted for. These measurement bases for biological assets are not in accordance with the requirements of IAS 41 Agriculture. Under IAS 41, biological assets and agricultural produce are to be measured subsequently at their respective fair values.

## Qualified opinion

Except for the effect of the matters discussed in the Basis of Qualified Opinion paragraph above on the current and on the corresponding figures, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Statement on Directors' report

Pursuant to the Danish Financial Statements Act, we have read the Directors' report. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Directors' report is consistent with the consolidated financial statements and the parent company financial statements.

Ernst & Young
Chartered Accountants

Kuala Lumpur, Malaysia

27 March 2015



## **Board of Directors**

## Dato' Carl Bek-Nielsen, Chairman (Non-independent)



Date of Birth: 10 March 1973 Joined the Board: June 1998 Re-elected: June 2014 Period of Office Terminates: June 2017

Chief Executive Director of United Plantations Berhad

Board Member: United Plantations Berhad (Deputy Chairman)

Melker Schörling AB Unitata Berhad (Chairman)

Other Commercial

Duties: Director-in-Charge of Unitata Berhad

The Malaysian Palm Oil Council The Malaysian Palm Oil Association

The Round Table for Sustainable Palm Oil (RSPO) (Co-Chairman)

### Special competences:

• Experience and knowledge of culture as well as business environment in South East Asia

- International management and operational experience within the palm oil as well as refining industries
- Experience as board member in international and listed companies

#### Mr. Martin Bek-Nielsen, Deputy Chairman (Non-independent)



Date of Birth: 2 May 1975 Joined the Board: June 2003 Re-elected: June 2012 Period of Office Terminates: June 2015

Executive Director (Finance and Marketing) of United Plantations Berhad

Board Member: United Plantations Berhad

Unitata Berhad.

Other Commercial

Duties: Commercial Director of Unitata Berhad

Board member of the MPOA

Working Committee - Marketing and Promotion

#### Special competencies:

- Experience and knowledge of culture as well as business environment in South East Asia
- Experience as board member in international and listed companies
- Experience in commercial aspects within the edible oil industry, predominantly palm oil



## Mr. John A. Goodwin (Independent)



Date of Birth: 8 May 1944
Joined the Board: March 1983
Re-elected: June 2012
Period of Office Terminates: June 2015

Audit Committee (Chairman)

Former Managing Director of United International Enterprises Limited

Other Commercial

Duties: The Danish-UK Chamber of Commerce (Director)

Mariana Resources Limited (Director)

## Special competences:

• International management and investment banking experience

• Experience as board member in international and listed companies

• Experience in commercial aspects within the edible oil industry

## Mr. John Madsen (Independent)



Date of Birth: 29 September 1947

Joined the Board: May 1992 Re-elected: June 2013 Period of Office Terminates: June 2016

Managing Director of Micro & Macro Approach Sdn. Bhd.

Board Member: Micro & Macro Approach Sdn. Bhd. (Chairman)

Hot & Roll Holdings Sdn. Bhd. (Chairman)

Asian Business Solutions Sdn. Bhd.

ABS Multimedia Sdn. Bhd.

Munchy's Manufacturing Company

I.E.N

Other Commercial

Duties: Honorary Danish Consul in Malaysia

Ambassador of the City of Skagen

Advisor for the Industrialisation Fund for Developing Countries

Chairman to the Borneo Child Aid Programme

### Special competences:

- International management experience, including being the CEO of EAC Malaysia, Carlsberg Malaysia
- International sales and marketing in the consulting business, in particular within fast moving branded consumer businesses, as well as oil palm plantations
- Experience as board member and Chairman in international public listed as well as private companies
- · Experience and knowledge of cultural aspects as well as business environment throughout the Far East



## Mr. Bent Mahler (Independent)



Date of Birth: 21 January 1960
Joined the Board: June 2011
Re-elected: June 2014
Period of Office Terminates: June 2017

Managing Director, Citoforte Asia Pacific Pte Ltd.

## Special competences:

- International business development and general management experience within agro-industrial business-to-business enterprises, in Asia Pacific in particular
- Hands-on oil palm plantation development and management experience
- Expertise in the international agro-industrial, aquaculture and food/feed supply chain and service sectors

## Mr. Jørgen Balle (Independent)



Date of Birth: 7 August 1964 Joined the Board: June 2013 Period of Office Terminates: June 2016

Executive Director, Frode Laursen Group of Companies

Board Member:

Bach Salicath Holding A/S UIE Investment Services A/S

#### Special competences:

- Professional expertise in the Global Vegetable Oil industry, Finance and FMCG Logistics
- Organisational leadership and change management
- Strategic analyses

## Mr. Kjeld Ranum (Independent)



Date of Birth: 8 October 1938

Joined the Board: June 1997 until August 2004 and again from June 2006

Re-elected: June 2014 Period of Office Terminates: June 2015

Audit Committee (Member)

Board Member: H.F. Christiansens Mindefond Aps

Other Commercial

Duties: Consul in Jutland for Chile

#### Special competences:

- International management experience, including being the CEO of Aarhus Oliefabrik A/S, Sabroe Refrigeration A/S
- Experience as board member in international companies and companies listed on the stock exchange (Chairman of Hempel A/S and Superfos A/S)
- Experience as Chairman for the Danish Export Council and Board Member of the Industrialization Fund for Development Countries and the Investment Fund for Eastern Countries under the Minister of Foreign Affairs
- International marketing within refrigeration and edible oil industries



## **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<sup>1</sup> John Madsen Bent Mahler Jørgen Balle Kjeld Ranum<sup>2</sup>

Managing Director Ulrik Juul Østergaard

Company Secretary Alison Treco<sup>2</sup>

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

Bankers Hongkong & Shanghai Banking Corp.

Handelsbanken A/S Danske Bank A/S

Contact Person Ulrik Juul Østergaard

Phone: +45 33933330 E-mail: uie@plantations.biz

Links www.uie.dk

www.unitedplantations.com

www.aak.com

www.melkerschorlingab.com

1) Chairman of the Audit Committee.

2) Member of the Audit Committee.

## **Company Abbreviations**

Company Name:	Abbreviation:
AarhusKarlshamn AB	AAK
BNS Holding AB	BNSH
Durisol UK	Durisol
International Plantation Services Limited	IPS
Maximum Vista Sdn. Bhd.	MVSB
Melker Schörling AB	MSAB
PT. Surya Sawit Sejati	PT SSS1
PT. Sawit Seberang Seberang	PT SSS2
UIE Malta Holding Limited	UIE Malta
UIE Investments Limited	UIE Inv.
UIE Investment Services A/S	UIE (IS)
UniOleon Sdn. Bhd.	UniOleon
United International Enterprises Limited	UIE or the Company
United Plantations Berhad	UP

## **Currency Abbreviations**

Currency:	Abbreviation:
Danish Kroner	DKK
Euros	EUR
Indonesian Rupiah	IDR
Malaysian Ringgits	MYR
Swedish Kroner	SEK
United States Dollars	USD



## Other Abbreviations

Others:	Abbreviation:
Annual General Meeting	AGM
Cash Generating Units	CGU
Corporate Social Responsibility	CSR
Crude Palm Oil	CPO
Fresh Fruit Bunches	FFB
High Carbon Stock	HCS
Indonesian Sustainable Palm Oil	ISPO
Integrated Pest Management Programme	IPM
International Accounting Standards	IAS
International Financial Reporting Standards as adopted by the EU	IFRS
International Accounting Standards Board	IASB
Life Cycle Assessment	LCA
Malaysian Accounting Standards Board	MASB
Malaysian Financial Reporting Standards	FRS
Malaysian Palm Oil Association	MPOA
Malaysian Palm Oil Board	MPOB
Palm Kernel	PK
Palm Kernel Oil	PKO
Roundtable for Sustainable Palm Oil	RSPO
United Nations Development Programme	UNDP
UN Sustainable Development Solutions Network	UN-SDSN

## **Definitions**

Earnings per share	Net profit for the period attributable to equity holders of the company Weighted average number of shares, excluding treasury shares
Book value per share	Equity at the end of the period, excluding minority interests  Number of shares at the end of the period, excluding treasury shares
Return on equity	Net profit for the year attributable to equity holders of the company Average equity, excluding minority interests
Solvency ratio	Equity at the end of the period 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.)

## Statement by the Board of Directors and the Management

The Board of Directors and the Management have today discussed and approved the Annual Report of the Company for the period 1 January - 31 December 2014.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish annual reporting requirements for listed companies, except for the non-adoption of International Accounting Standards 41 Agriculture as further mentioned in note 2.2 on page 60-63.

In our opinion, the Annual Report gives a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2014, and of the results of the Group's operations and cash flow for the period 1 January - 31 December 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, 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.

Kuala Lumpur, 27 March 2015

**Board of Directors** 

Dato' Carl Bek-Nielsen

Chairman

John Madsen

Jørgen Balle

Martin Bek-Nielsen

Deputy Chairman

Rent Mahler

I'Y AXXXXXXXXXX

Management

**Ulrik Juul Østergaard** Managing Director



## Map of United Plantations in Malaysia and Indonesia Depicting Estate Locations



