

# Third Quarter Report 2016

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Company Announcement No. 30  
22 November 2016

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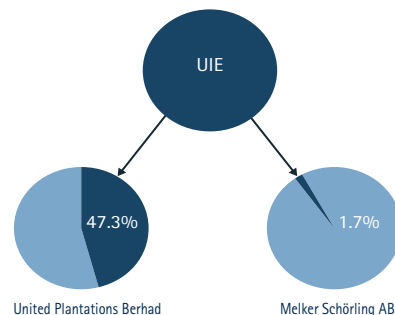


UNITED INTERNATIONAL ENTERPRISES LIMITED



## United International Enterprises Limited in Brief

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



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



UIE's net profit in the first nine months of 2016 amounted to USD 38.3 million, which is an increase of USD 10.3 million (37%) compared to the net profit reported in the first nine months of 2015. The increase is primarily due to a fair value change of the investment in MSAB and Greenbridge increasing by USD 11.3 million and USD 3.1 million, respectively, compared to an increase of USD 7.9 million and nil in the corresponding period in 2015. When comparing the two periods under review, it should be noted that the first nine months of 2015 included a negative exchange rate adjustment of USD 6.9 million, whereas the first nine months of 2016 includes a minor negative exchange rate adjustment of USD 0.1 million.

After the balance sheet date, the share price of MSAB has decreased and in addition, the SEK has depreciated further against the USD. If the current share price of MSAB, as well as the SEK/USD exchange rate, were to remain unchanged during the remaining part of 2016, the fair value adjustment recognised in UIE's Income Statement for fourth quarter as well as full year 2016 would be negative compared to a gain of USD 31 million reported in the full year 2015. As a direct consequence of this development, the Board is of the view that UIE's net profit attributable to equity holders of the Company for 2016 will be substantially lower than the result reported in 2015.

## UIE's Strategic Investments



UP's net profit in the first nine months of 2016 was MYR 216 million (USD 53.0 million); a marginal decrease of 2% compared to the first nine months of 2015.

Profit before tax decreased by 12% in the plantation division primarily due to a significantly lower production of CPO and PK, arising from the serious consequences of the El Niño climatic impact in 2015 and in the first four months of 2016, as well as higher production costs of CPO and PK. The decrease in the plantation division was partly offset by a significant increase in the profit generated by the refinery operation.



In the first nine months of 2016, MSAB reported a net gain of SEK 4,885 million (USD 579.7 million), which relates to the change in the fair value of the company's portfolio of investments and dividend income from these companies.

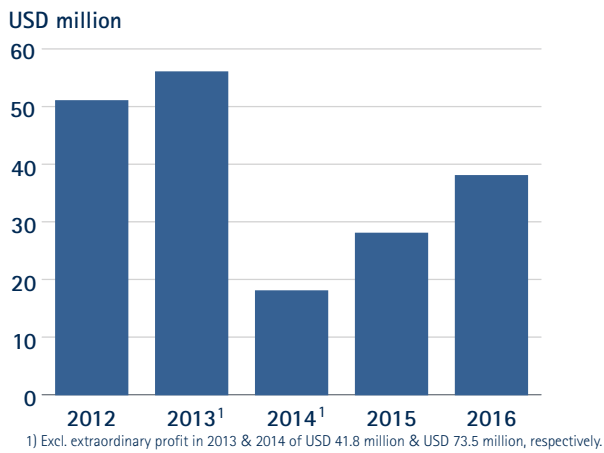
Net asset value per share increased from SEK 490 at the end of 2015 to SEK 528 on 30 September 2016, representing an increase of 8%. (During the same period, the Nasdaq Stockholm increased by 3%).

1) Highlights - Business Performance is presented as if the investment in UP was recognised using the equity-method.

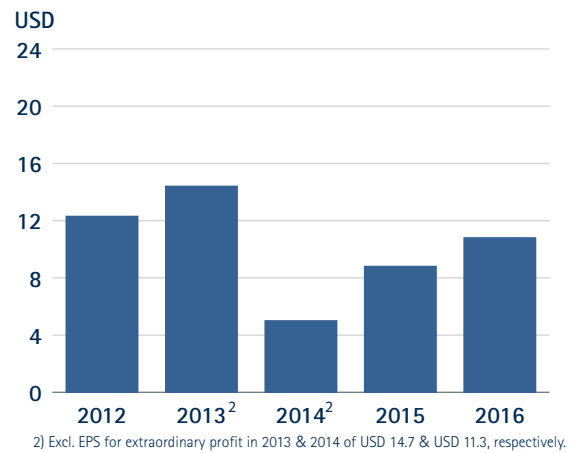


## Key Figures – Business Performance

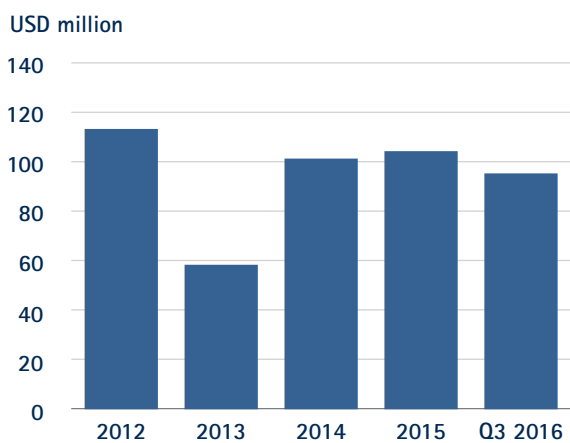
### Net Profit in Q1–3



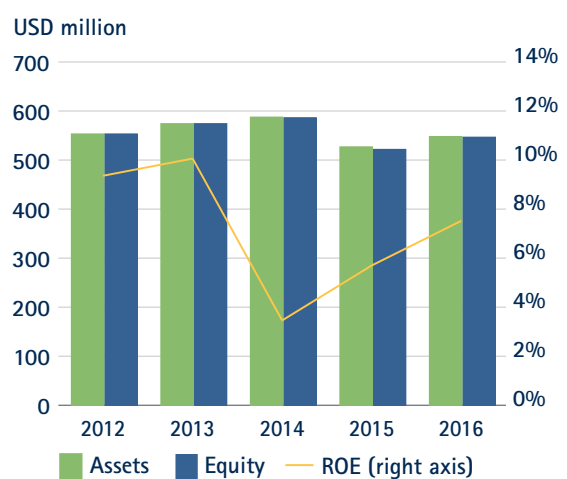
### Earnings per Share in Q1–3



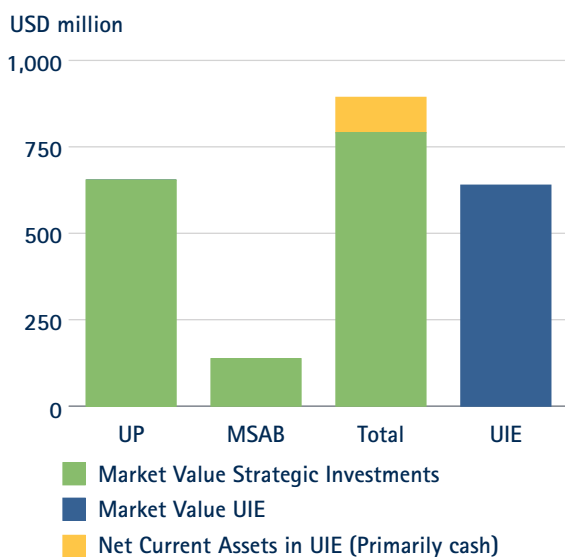
### Cash (Net bank balances & short-term deposits)



### Shareholders' Equity, Assets & Return on Equity in Q1–3



### Market Value of UIE's Investments on 30 September 2016



### Share Price





## Directors' Report

### Measurement of Performance

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

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

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

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

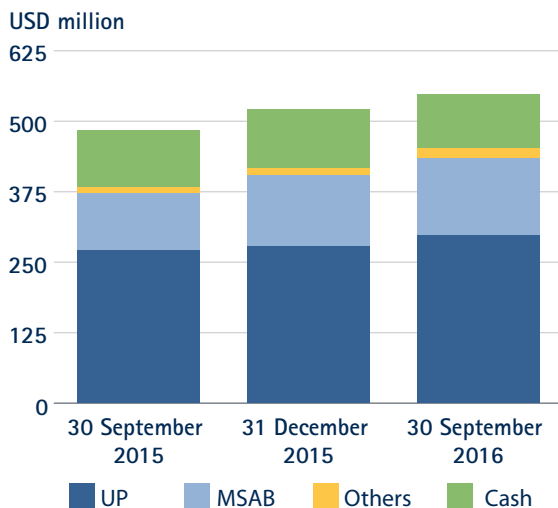
### UIE's Investment Portfolio

There were no changes to UIE's investment portfolio in the first nine months of 2016.

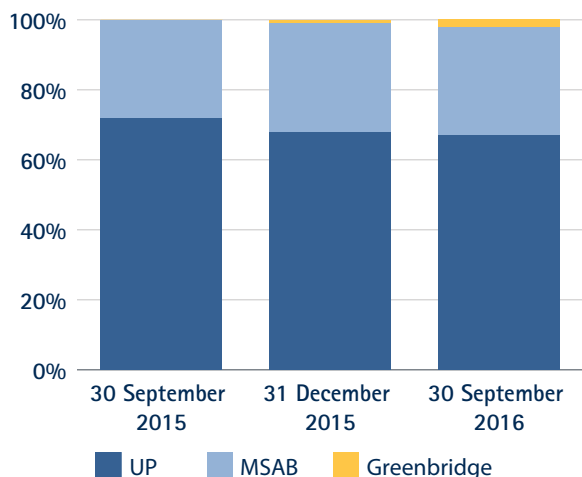
On 30 September 2016, the investment portfolio accounted for 80% of UIE's total assets (based on Business Reporting) and the remaining assets primarily comprised cash reserves. As shown in the graph below, UP is, by far, UIE's largest investment, accounting for 67% of the total investment portfolio (using the equity method of accounting), whilst MSAB and Greenbridge account for the remainder (using fair value accounting).

On 30 September 2016, UIE owned 98,356,277 shares in UP and 1,968,705 shares in MSAB.

### Total Assets in UIE



### Split of Investments in UIE





## Financial Review – Business Reporting

### Business Performance Review

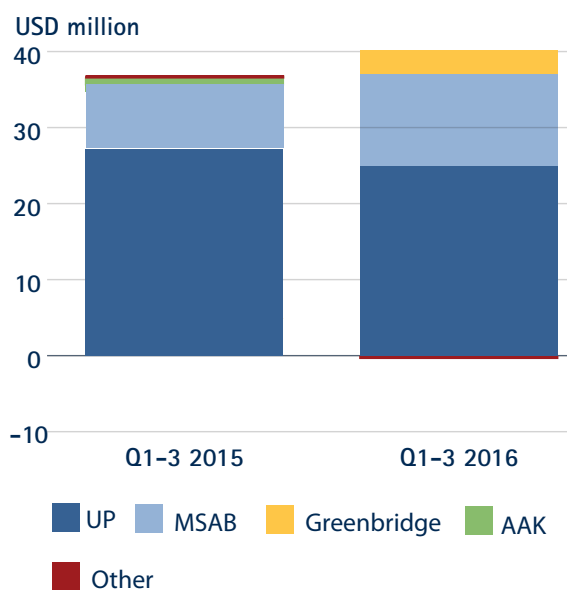
UIE's operating income amounted to USD 39.9 million in the first nine months of 2016, which is 9% higher than the operating income reported in the first nine months of 2015.

The increase is primarily due to a fair value change of the investment in MSAB increasing by USD 11.3 million in the first nine months of 2016 compared to an increase of USD 7.9 million in the corresponding period in 2015 as well as a fair value change of the investment in Greenbridge of USD 3.1 million compared to nil in the corresponding period in 2015.

UIE's profit before tax in the first nine months of 2016 amounted to USD 38.5 million, which is 37% above the USD 28.1 million reported in the first nine months of 2015. The reported profit before tax included a negative exchange rate adjustment of USD 0.1 million, whereas the first nine months of 2015 included a negative exchange rate adjustment of USD 6.9 million

Operating income for the first nine months of 2016 is illustrated in the graph below:

### Income in UIE



### UIE's Business Performance

USD '000	Q1 2016	Q2 2016	Q3 2016	Q1-3 2016	Q1 2015	Q2 2015	Q3 2015	Q1-3 2015
Share of UP's net profit	6,858	8,498	<b>9,622</b>	<b>24,978</b>	7,838	8,835	10,485	27,158
Change in fair value of MSAB	(2,775)	(2,691)	<b>16,779</b>	<b>11,313</b>	17,548	(5,783)	(3,818)	7,947
Change in fair value of Greenbridge	115	1,595	<b>1,381</b>	<b>3,091</b>	-	-	-	-
Gain on sale of AAK shares	-	-	-	-	929	-	-	929
Dividend income (MSAB)	-	730	-	<b>730</b>	-	454	-	454
Other	(378)	(65)	<b>237</b>	<b>(206)</b>	482	61	(267)	276
<b>Total operating income</b>	<b>3,820</b>	<b>8,067</b>	<b>28,019</b>	<b>39,906</b>	26,797	3,567	6,400	36,764
Administrative expenses	(405)	(652)	<b>(634)</b>	<b>(1,691)</b>	(593)	(860)	(434)	(1,887)
Net interest income	74	110	<b>208</b>	<b>392</b>	27	41	50	118
Net foreign exchange	1,737	(1,931)	<b>59</b>	<b>(135)</b>	(3,168)	(323)	(3,453)	(6,944)
<b>Profit before tax</b>	<b>5,226</b>	<b>5,594</b>	<b>27,652</b>	<b>38,472</b>	23,063	2,425	2,563	28,051



## UP

UP's net profit, measured in MYR, decreased by 2% in the first nine months of 2016. However, as UIE's ownership in UP was slightly higher in the first nine months of 2016 than in the corresponding period in 2015 (UIE increased its ownership in UP from 46.3% to 47.3% in Q3 2015), UIE's share of UP's result decreased by 0.5% in the first nine months of 2016.

Measured in USD, UIE's share of the result from UP, amounted to USD 25.0 million, which is a decrease of 8% or USD 2.2 million compared to the first nine months of 2015. This was due to the depreciation of the MYR in the comparative periods under review.

## MSAB

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

The share price of MSAB increased by 12%, from SEK 537.5 on 31 December 2015 to SEK 600.5 on 30 September 2016. During the same period, the NASDAQ Stockholm All-Share PI index increased by 3%.

On 30 September 2016, MSAB was trading at a premium of 14% compared to its net asset value (10% on 31 December 2015).

In the first nine months of 2016, the fair value of UIE's investment in MSAB increased by SEK 124 million, or 12%, but the fair value, in USD, increased by 9% (USD 11.3 million) due to a slight weakening of the SEK against the USD during the first nine months of 2016.

## Greenbridge

In November 2015, UIE committed to invest up to SEK 200 million in Greenbridge Investment Limited Partnership ("Greenbridge") and the first investment of SEK 31.8 million (USD 3.8 million) was made in December 2015. There was no further drawdown during the first nine months of 2016.

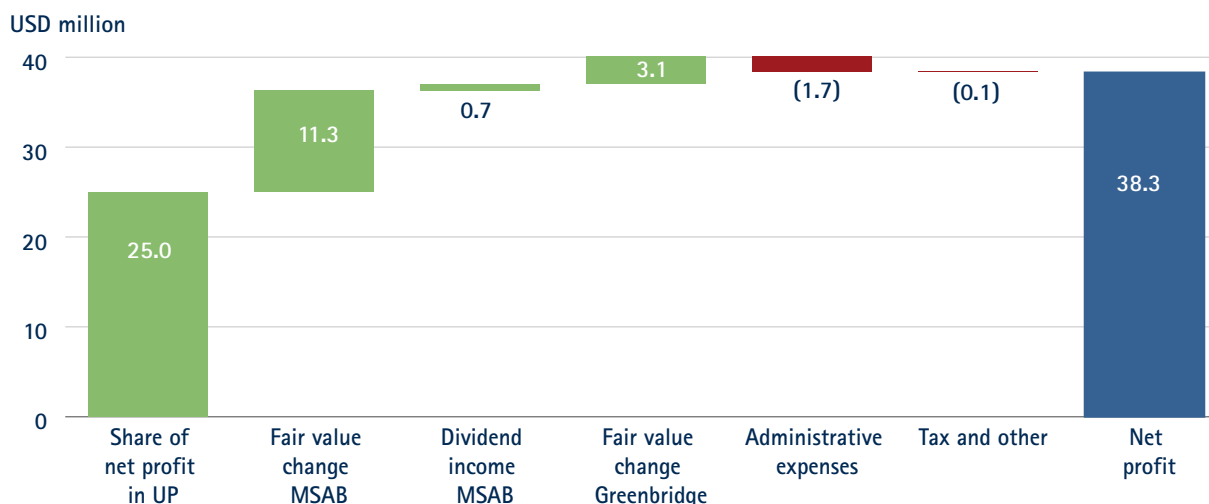
UIE's investment in Greenbridge is accounted for at fair value, with movements being recognised in the Income Statement.

During the first nine months of 2016, the fair value of UIE's investment in Greenbridge increased by USD 3.1 million. This relates mainly to a significant share price increase of Greenbridge's investment in NEXT Biometrics Group.

After 30 September 2016, a second drawdown was made, amounting to SEK 28.4 million (USD 3.3 million), which primarily have been used to fund a new investment in Neo Technology Inc. Remaining commitment to invest as per 22 November 2016 amounts to SEK 139.8 million.

Neo Technology Inc. has developed Neo4j, which is the world's first graph database. Neo4j is a highly scalable native graph database that leverages data relationships as first-class entities to help companies build intelligent applications that meet today's evolving connected data challenges including fraud detection, real-time recommendations, master data management, network security and IT operations. From enterprises like Walmart, UBS, Cisco, HP, adidas and Lufthansa to hot startups like Medium, Musimap and Glowbl, organizations worldwide use Neo4j to harness the connections in their data.

## UIE's Net Profit for the First Nine Months of 2016





## 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, together with other income, produced a loss of USD 0.2 million in the first nine months of 2016 (gain of USD 0.3 million in the corresponding period in 2015).

In the first nine months of 2016, general and administrative expenses totaled USD 1.7 million, which is slightly lower than the expenses incurred in the first nine months of 2015.

## Financial Position

The development in the value of UIE's investment in UP, MSAB and Greenbridge is shown in the table below. The total value of the investments recognised in the financial position increased by USD 33.1 million during the period under review, deriving from UIE's share of the result in UP, offset by dividends received from UP, a strengthening of the MYR to the USD during the first nine months of 2016 and positive fair value adjustments relating to MSAB and Greenbridge.

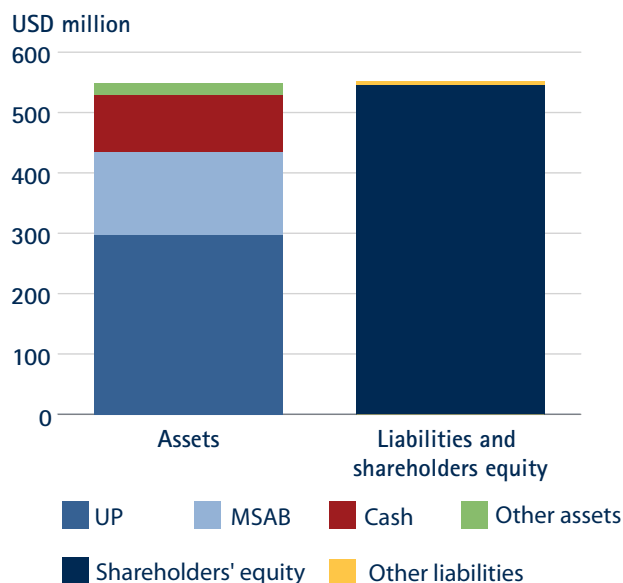
Shareholders' equity increased from USD 519.7 million on 31 December 2015 to USD 546.4 million on 30 September 2016. The increase comprised net profit of USD 38.3 million and an increase of other reserves of USD 10.7 million (primarily a positive equity adjustment arising from the conversion of UIE's interests in UP from MYR into USD), offset by the dividend paid out and treasury share buy-back of USD 10.7 and 11.6 million, respectively.

Total net cash reserves in UIE decreased from USD 103.7 million on 31 December 2015 to USD 95.3 million on 30 September 2016. The decrease of USD 8.4 million was mainly due to the share buy-back.

## Value of UIE's Investments

USD '000	UP Equity-method	MSAB Fair value	Greenbridge Fair value	Total
Balance at 1 January 2016	278,108	125,836	3,775	407,719
Change in fair value	-	11,312	3,091	14,403
Equity in earnings	24,978	-	-	24,978
Dividend received	(17,645)	-	-	(17,645)
Equity adjustment on foreign currency translation	11,328	-	-	11,328
Total on 30 September 2016	296,769	137,148	6,866	440,783

## Assets, Liabilities and Shareholder's Equity





## Share Buy-Back Programme

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

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

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

As at 30 September 2016, a total of 67,098 shares, corresponding to 1.89% of the share capital, had been acquired.

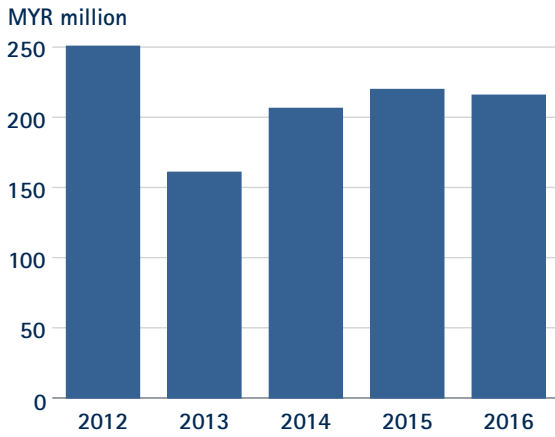
As a consequence of the share buy-back, the combined voting rights in UIE, controlled by the brothers Carl and Martin Bek-Nielsen, has increased to above 50% if UIE's treasury shares are disregarded. The Danish FSA has confirmed that even though the Bek-Nielsen brothers now control more than 50% of the voting rights, this will not trigger an obligation to undertake a mandatory bid for the outstanding capital of UIE.



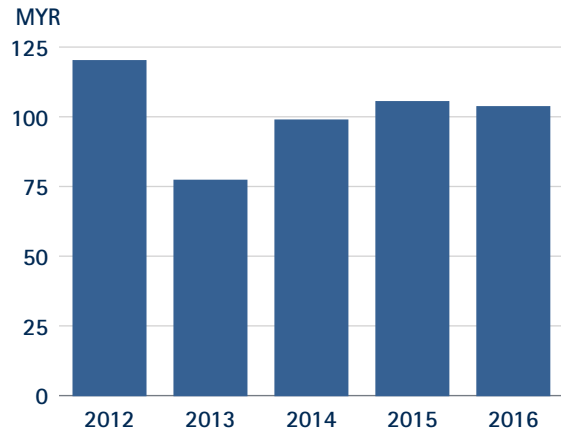


## Key Figures - UP Segment

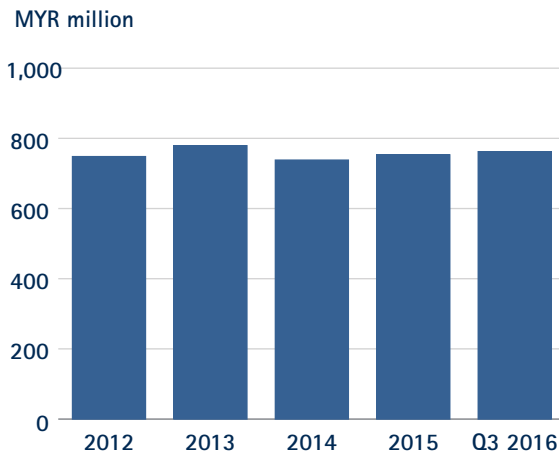
### Net Profit in Q1-3



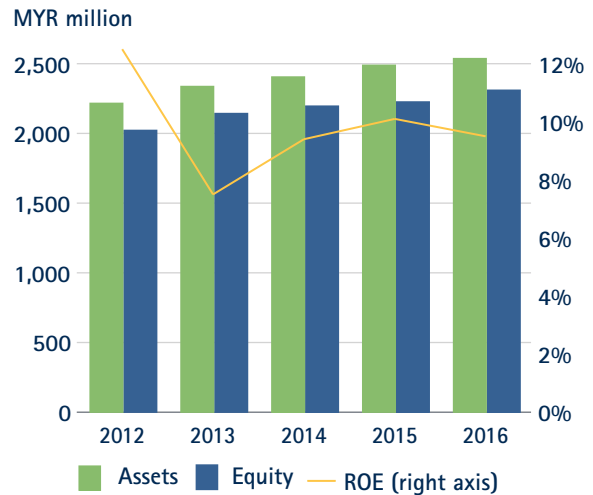
### Earnings per Share in Q1-3



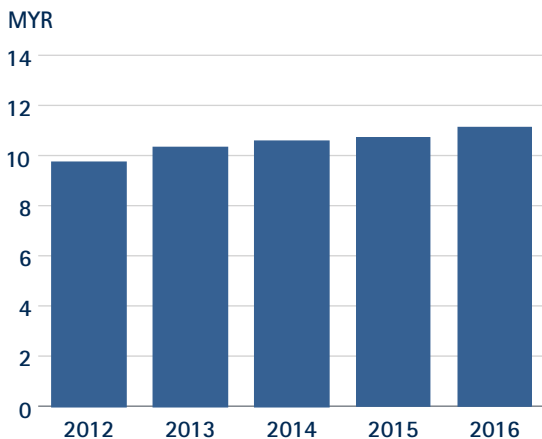
### Cash (Net bank balances & short-term deposits)



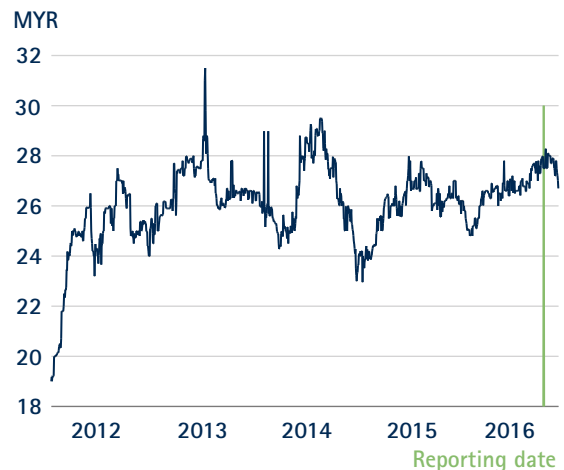
### Shareholders' Equity, Assets & Return on Equity in Q1-3



### Book Value per Share in Q3



### Share Price





## UP Segment

UP's principal business activity is the cultivation and processing of palm oil and coconuts in a sustainable manner in Malaysia and Indonesia. Globally, UP is amongst the most efficiently managed and innovative plantation companies and is especially recognised for its leadership within the realm of sustainability practices within the palm oil sector.

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

### Business Performance Review

In the first nine months of 2016, UP reported a profit before tax of MYR 280 million (USD 69 million), 4% lower than the MYR 291 million (USD 77 million) reported in the first nine months of 2015.

Net profit amounted to MYR 216 million in the first nine months of 2016, which represented a marginal decrease of 2% compared to the first nine months of 2015. However, converted to USD, the net profit was down by USD 5 million (9%) due to the depreciation of the MYR against the USD compared to the first nine months of 2015.

### Key Financial Figures

#### UP's Business Performance in the first nine months of 2016

'000	Q1-3 2016		Q1-3 2015	
	in MYR	in USD	in MYR	in USD
Revenue	830,985	203,758	756,827	200,862
Other income	54,541	13,373	32,836	8,715
Operating expenses	(626,642)	(153,653)	(512,549)	(136,031)
Net finance income	20,706	5,077	22,484	5,967
Share of results of equity-accounted investments	-	-	(8,259)	(2,192)
Profit before tax	279,590	68,555	291,339	77,321
Tax	(63,886)	(15,665)	(71,566)	(18,994)
Net profit	215,704	52,890	219,773	58,327

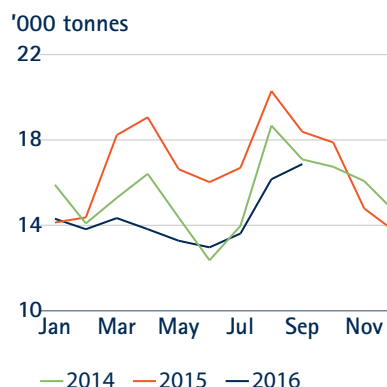
### Plantation Operations

UP's main activity, its plantation operations, recorded a profit before tax of MYR 223 million, reflecting a decrease of 12% compared to the MYR 254 million reported in the first nine months of 2015. The decrease is mainly due to the significantly lower production caused primarily by the lag effect of the drought in the region caused by El Niño during 2015 and in the first four months of 2016, combined with a higher cost of production, arising from advanced fertiliser programmes and thereby higher fertiliser costs.

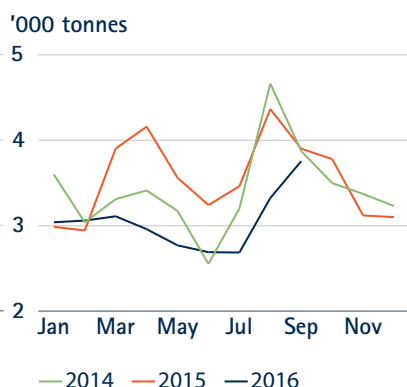
When comparing the net profit in the two periods under review, it should be noted that the result from plantation operations in 2016 includes a non-recurring gain of MYR 15.2 million related to an asset disposal. In 2015, the figures included a non-recurring gain of MYR 9.9 million from a compulsory land acquisition. Adjusted for these two non-recurring events, the profit before tax in the first nine months of 2016 and corresponding period in 2015 were MYR 208 and MYR 244 million, respectively.



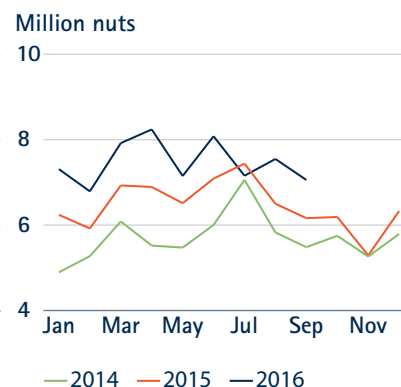
### CPO Production



### PK Production



### Coconut Production



#### Plantation Operations – Production

UP's profitability is highly dependent on production volumes as well as on the selling prices of CPO and PK. In the first nine months of 2016, UP's overall production of CPO and PK decreased by 16.0% and 15.8%, respectively.

The coconut production increased by 12.7% compared to the first nine months of 2015.

#### Own Production

	Q1-3 2016	Q1-3 2015	Change %
Tonnes			
CPO	129,174	153,764	(16.0%)
PK	27,395	32,518	(15.8%)
Coconut (million nuts)	67.25	59.69	12.7%

#### CPO and PK Price Developments

Along with production volumes, UP's profitability is highly dependent on sales prices. In the first nine months of 2016, UP achieved an average selling price of MYR 2,297 per tonne of CPO, corresponding to an increase of 6.4%, whilst the average selling price of PK increased by 28.8% compared to the first nine months of 2015.

#### The Average Selling Prices of CPO and PK

MYR per tonne	Product	Q1-3 2016	Q1-3 2015	Change %
Malaysia	CPO	2,327	2,203	5.6%
Indonesia	CPO	2,197	2,020	8.8%
Average	CPO	2,297	2,159	6.4%
Malaysia	PK	1,924	1,528	25.9%
Indonesia	PK	1,746	1,217	43.5%
Average	PK	1,889	1,467	28.8%

The difference between CPO and PK prices in Malaysia and Indonesia is the result of different duty structures.

Palm oil prices can fluctuate significantly. During 2015, the CPO price traded in a range between MYR 1,900 and 2,400 per tonne. As a consequence of the El Niño climatic effect experienced during the latter months of 2015 and the first four months of 2016, palm oil production decreased. This, in turn, has stimulated a significant recovery in CPO prices from the lows of MYR 1,900 per tonne to levels around MYR 2,700 per tonne during September 2016.

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

#### Production Costs and the CPO Windfall Gain Tax in Malaysia

In the first nine months of 2016, production costs per tonne of CPO and PK increased by 32% and 21%, respectively, primarily due to advanced fertiliser programmes and thereby higher fertiliser costs combined with lower production.

Malaysia's windfall gain tax amounted to MYR 1.3 million in the first nine months of 2016. (In the first nine months of 2015, CPO windfall tax was not activated, as the average monthly market price of CPO remained below the threshold price of MYR 2,500).



### Refinery Operations

In the first nine months of 2016, the profit before tax at the refinery surged to MYR 49.5 million from MYR 30.9 million reported in the corresponding period of 2015. The significant increase is mainly due to foreign exchange gains as a result of the strengthening of the MYR against the USD in the first nine months of 2016. Favorable hedging and trading positions also contributed to this significant increase.

The extraordinary performance of the refinery for the first nine months of 2016, however, is not a realistic reflection of the expected performance for the remaining part of 2016.

### Other

During the third quarter of 2016, the Indonesian currency strengthened against the MYR, leading to an unrealised foreign exchange gain of MYR 3.1 million for the first nine months of 2016 on loans to the Indonesian subsidiary, compared to an unrealised foreign exchange gain of MYR 11.1 million in the first nine months of 2015.

As reported during the second quarter of 2016, the Malaysian government decided to suspend the recruitment of all guest workers to Malaysia in February 2016 in order to assess certain gaps in the labour force. The decision imposed a fundamental risk for the Palm Oil Industry. However, fortunately the suspension of Guest workers was lifted during the month of September enabling companies to start recruiting guest workers again alleviating what was turning into a severe labour shortfall on most estates in Malaysia. This important decision by the Malaysian Government minimized the risk of serious crop losses in the fields.

### Financial Position and Cash Flow

On 30 September 2016, UP's current assets amounted to MYR 1,112 million (31 December 2015: MYR 1,075 million), of which cash, cash equivalents and short-term funds amounted to MYR 762 million (31 December 2015: MYR 753 million).

Total non-current assets amounted to MYR 1,425 million (31 December 2015: MYR 1,402 million), of which biological assets and property, plant and equipment amounted to MYR 1,385 million (31 December 2015: MYR 1,362 million).

Total equity increased from MYR 2,239 million on 31 December 2015 to MYR 2,310 million at the end of September 2016. The development in equity comprise mainly dividend paid out of MYR 145 million of the net profit of MYR 216 million for the period under review.

Positive cash flow from operating activities amounted to MYR 188 million, compared to MYR 167 million in the first nine months of 2015. Negative cash flow from investments, excluding net change in short-term funds, amounted to MYR 34 million (Q3 2015: MYR 43 million negative). Net change in cash, cash equivalents and short-term funds amounted to MYR 9 million positive in the first nine months of 2016. (First nine months of 2015: MYR 1 million negative).

### Segmental Information for the first nine months of 2016:

MYR'000	Plantations	Refining	Other segments	Elimination	Total
Segment Revenue					
External Sales	234,203	595,669	1,113	-	830,985
Inter-segment Sales	206,606	-	-	(206,606)	-
	440,809	595,669	1,113	(206,606)	830,985
Segment Results					
Profit before tax	223,165	49,541	6,884	-	279,590



## Melker Schörling AB

### MSAB's Six Largest Investments:

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

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

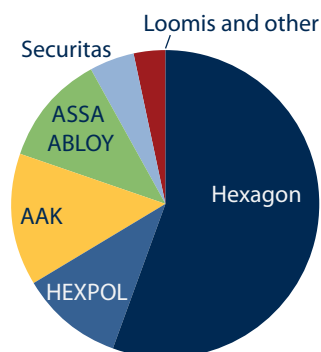
**AAK** is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterised by a high level of technological content and innovation. AAK's solutions are used as substitutes for butter-fat and cocoa butter, trans-free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

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

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

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

### Share of Total Assets on 30 September 2016



### Financial Highlights

MSAB's net result amounted to a gain of SEK 4,885 million (USD 580 million) in the first nine months of 2016, which relates to the change in the fair value of the company's portfolio of investments and dividend income from these companies.

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

On 30 September 2016, the market value of MSAB's portfolio amounted to SEK 61,346 million (USD 7,117 million); net cash amounted to SEK 1,545 million (USD 179 million) and the net asset value amounted to SEK 62,891 million (USD 7,296 million) compared to SEK 58,375 million (USD 6,942 million) at the end of 2015.

Net asset value per share increased from SEK 490 at the end of 2015 to SEK 528 per share on 30 September 2016, representing an increase of 8% (during the same period, the NASDAQ Stockholm All-Share PI index increased by 3%).

During the first nine months of 2016, the portfolio of companies continued to improve their performance through a combination of investments in new products and services, improved productivity and strategic acquisitions.

The weighted average organic growth in MSAB's portfolio companies was 3% (the first nine months of 2015: 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 7% (the first nine months of 2015: 23%).



## Events After the Reporting Date

On 24 October 2016, Melker Schörling, chairman of the board of MSAB, announced that he will resign from his board positions in MSAB, Hexagon, AAK and Hexpol at the annual general meetings in the spring of 2017 due to gradually deteriorating health. Melker Schörling will continue to support and act as advisor to the managements and boards of directors in MSAB and the portfolio companies.

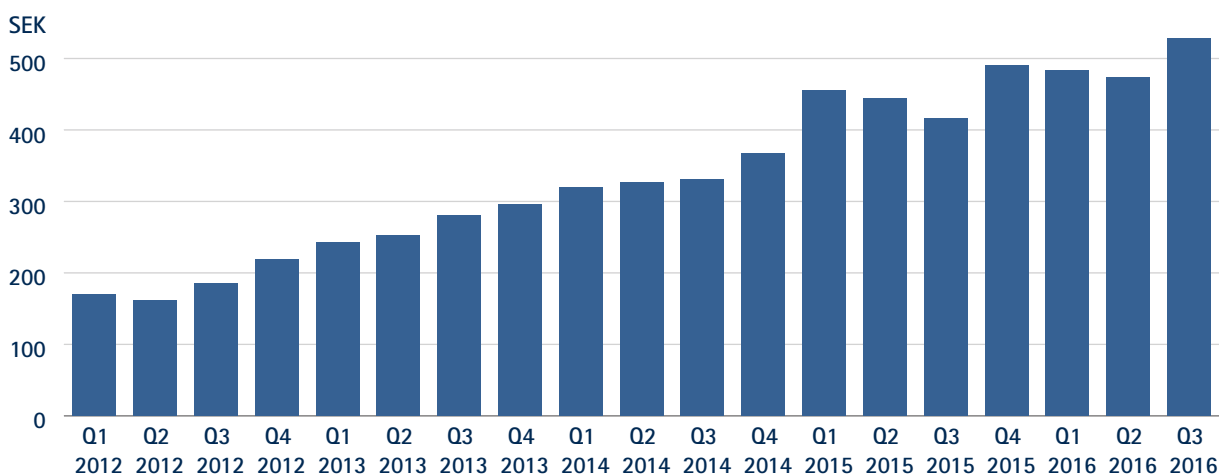
On 31 October 2016, it was announced that the CEO of Hexagon, Ola Rollén, was under investigation for insider trading in connection with the acquisition of shares in the Norwegian company NEXT Biometrics in October 2015. The shares were acquired for Greenbridge and the investigation is therefore unrelated to Hexagon. On 3 November 2016, the Norwegian Economic Crime Authority decided not to file for an extension of Ola Rollén's detainment. Ola Rollén firmly denies the accusations and returned to his position as CEO of Hexagon on 7 November 2016.



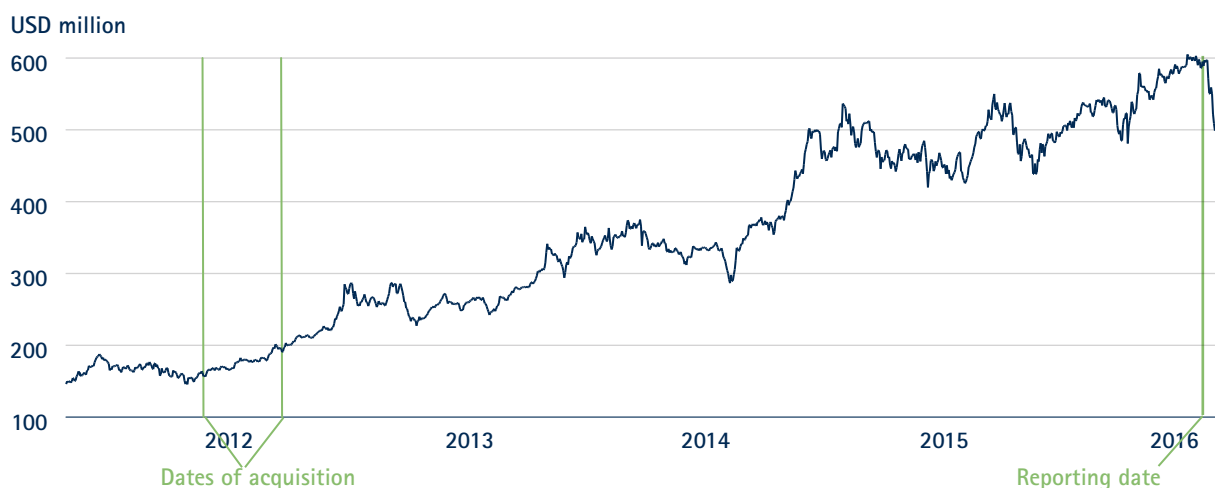
## MSAB Holdings and Net Asset Value

	30 September 2016			31 December 2015		
	No. of shares	Fair value SEK/share	SEK million	No. of shares	Fair value SEK/share	SEK million
Hexagon	93,679,899	373.20	34,961	93,679,899	315.40	29,547
AAK	13,899,301	633.00	8,798	13,899,301	630.00	8,757
HEXPOL	89,298,779	76.35	6,818	89,298,779	91.25	8,149
ASSA ABLOY	42,812,848	173.70	7,437	42,812,848	179.00	7,663
Securitas	19,734,600	143.70	2,836	19,734,600	130.70	2,579
Loomis	900,000	264.30	238	5,547,887	264.60	1,468
Other	-	-	258	-	-	217
<b>Total</b>			<b>61,346</b>			<b>58,380</b>
Net cash			<b>1,545</b>			<b>(5)</b>
Net asset value			<b>62,891</b>			<b>58,375</b>
No. of shares			<b>119,097,595</b>			<b>119,097,595</b>
Net asset value per share (SEK)			<b>528</b>			<b>490</b>

## Development in Net Asset Value per Share



## Share Price Development - MSAB





## Risk Factors

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

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

### Commercial Risks

Due to the nature of UIE's business, the Company is indirectly exposed to various commercial risks through its investments in UP and MSAB. The primary commercial risk of UIE is its high level of exposure to the palm oil industry, which, through UP, accounts for approximately 67% of UIE's total consolidated assets of USD 910 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), then declining from October to February. Commodity prices are determined by the global supply and demand for edible oils and are to some extent correlated to the price of mineral oil. The prices obtainable and the production volumes therefore fluctuate and may affect the profits of UP accordingly.

Other risk factors include the availability and cost of labour, exchange rate fluctuations in relation to intercompany balances between the Malaysian and Indonesian operations, changes in tax/duty structures and impact of the biodiesel demand upon commodity prices.

See UP's Annual Report 2015 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 the respective companies.

See MSAB's Annual Report 2015 for further information on the risk factors in MSAB.

### 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, which arises from fluctuations in the price of palm and palm kernel oil
3. Foreign currency risks, which arises from investments and commodity sales in foreign currencies as the value of investments and cash flows fluctuate due to changes in foreign currency rates

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 a limited spread of highly rated banks.

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

See UIE's Annual Report 2015 Note 4.6 on pages 72-77 for further information on UIE's financial risk management and exposure.

## Financial Calendar

6 March 2017	Annual Report 2016
28 April 2017	Annual General Meeting
24 May 2017	First Quarter Report 2017
21 August 2017	Half Year Report 2017
20 November 2017	Third Quarter Report 2017





## Outlook

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

Palm oil prices have during the first nine months of 2016 experienced volatile trading starting the month of July at around MYR 2,200 per tonne, while trading above MYR 2,700 per tonne during the month of September.

In July, the prices were pressured by poor demand, however, during August and September markets firmed up supported by a combination of restocking activities in China and strong buying from India ahead of the Deepavali festival. However, the underlying factor for the recent price rally was primarily due to the shortfall in production in South East Asian palm oil producing countries like Indonesia, Malaysia and Thailand following the severe El Niño of 2015.

With the prospects of recovering palm oil production following the adverse effects of the El Niño combined with the US and South American soybean crop looking favorable, there is a likelihood of higher vegetable oil stocks, which may result in a reversal in prices during the latter part of 2016 and early 2017.

Furthermore, with the significant decline in mineral oil prices, it is expected that there will be a reduction in the amount of vegetable oils being converted into biodiesel. It is therefore unlikely that this year's 20% biodiesel admixture mandate in Indonesia will be fulfilled, which in turn would be a dampening factor on demand for palm oil and with that prices.

Nevertheless, with the excess rain experienced in many parts of Malaysia recently, causing problems with crop evacuation, combined with the weakening MYR which has depreciated to MYR 4.40 against the USD, CPO prices are keeping firm for the time being.

In accordance with its replanting policy, UP has continued to replant large areas of its older and less productive oil palm stands in Malaysia during 2016. Cost efficiencies and improved productivity will therefore continue to play a vital role in sustaining the positive development.

Based on the above and with the assumption that palm oil prices will remain within the present price range, UP expects that the results for 2016 will be satisfactory.

Even though equity markets (including Sweden) performed well in the third quarter of 2016 following the Brexit-induced sell-off in the second quarter, the uncertainties in relation to the outlook for the global economy will likely continue to exert a bearish impact on the volatile equity markets.

Since 1 October 2016, the share price of MSAB has decreased and in addition, the SEK has depreciated further against the USD. If the current share price of MSAB, as well as the SEK/USD exchange rate were to remain unchanged during the remaining part of 2016, the fair value adjustment recognised in UIE's Income Statement for fourth quarter as well as full year 2016 would be negative compared to a gain of USD 31 million reported in the full year 2015.

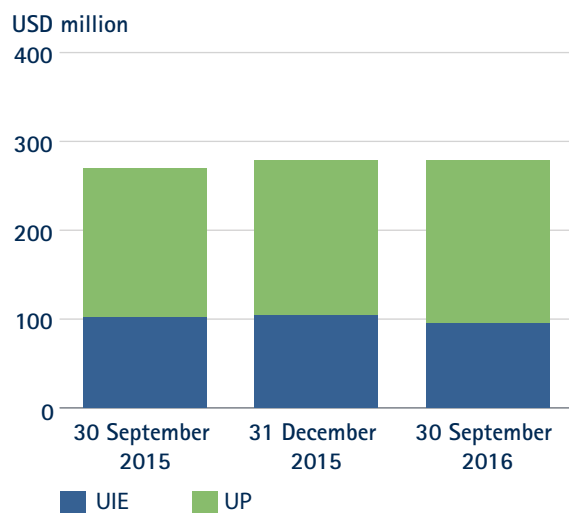
Based on the above, and with particular regard to the impact of the significant decline in the market value of MSAB, measured in USD, the Board is of the view that UIE's net profit attributable to equity holders of the Company for 2016 will be substantially lower than the result reported in 2015.



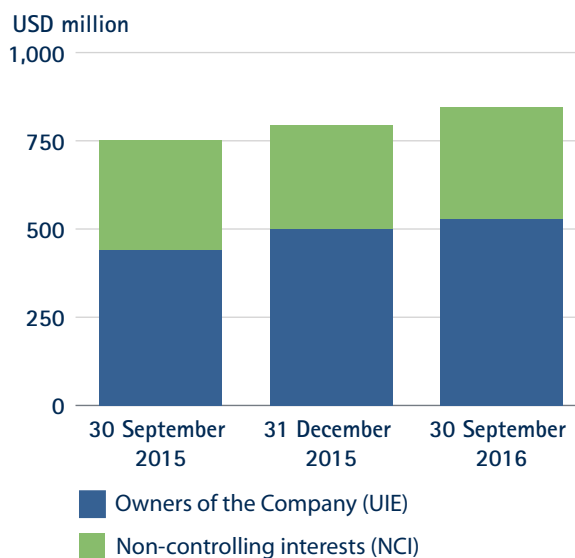
## Key Figures – UIE Consolidated Financial Statements

USD'000	Q3 2016	Q3 2015	Q1-3 2016	Q1-3 2015	Full Year 2015
Revenue	<b>71,793</b>	66,073	<b>203,758</b>	200,862	259,093
Profit before tax	<b>45,841</b>	21,448	<b>84,748</b>	77,238	118,990
Net profit	<b>39,348</b>	13,734	<b>68,458</b>	58,614	97,760
Profits attributable to owners of the Company	<b>28,603</b>	2,878	<b>40,549</b>	28,104	58,188
Current assets	<b>375,748</b>	358,836	<b>375,748</b>	358,836	363,917
Hereof cash and short-term funds	<b>279,646</b>	269,880	<b>279,646</b>	269,880	279,117
Non-current assets	<b>534,106</b>	463,916	<b>534,106</b>	463,916	498,091
Total assets	<b>909,854</b>	822,752	<b>909,854</b>	822,752	862,008
Total liabilities	<b>66,474</b>	71,090	<b>66,474</b>	71,090	66,853
Equity attributable to owners of the Company	<b>528,347</b>	440,842	<b>528,347</b>	440,842	498,785
Non-controlling interests	<b>315,033</b>	310,820	<b>315,033</b>	310,820	296,370
Total equity	<b>843,380</b>	751,662	<b>843,380</b>	751,662	795,155
	<b>Q3 2016</b>	Q3 2015	<b>Q1-Q3 2016</b>	Q1-Q3 2015	Full Year 2015
Earnings per share (USD)	<b>8.1</b>	0.8	<b>11.4</b>	7.9	16.4
Share Price end of period (USD)	<b>183.8</b>	159.0	<b>183.8</b>	159.0	154.3
Share Price end of period (DKK)	<b>1,227.0</b>	1,059.0	<b>1,227.0</b>	1,059.0	1,054.0
Return on equity (%)	<b>5.5</b>	0.6	<b>7.8</b>	5.9	11.4
Solvency ratio (%)	<b>92.7</b>	91.4	<b>92.7</b>	91.4	92.2

### Cash & Short Term Deposits



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





## Consolidated Income Statement for the Period Ended 30 September 2016

(The figures have not been audited)

USD'000	Q3 2016	Q3 2015	Q1-3 2016	Q1-3 2015	Full Year 2015
Revenue	71,793	66,073	203,758	200,862	259,093
Operating expenses	(47,799)	(45,272)	(152,645)	(144,976)	(187,415)
Other income	1,560	3,975	13,437	11,456	16,530
Profit from operations before financial items	25,554	24,776	64,550	67,342	88,208
Changes in fair value of MSAB	16,779	(3,818)	11,313	7,947	30,987
Changes in fair value of Greenbridge	1,381	-	3,091	-	-
Gain on sale of AAK shares	-	-	-	929	929
Dividend income MSAB	-	-	730	454	454
Results from investing activities					
- portfolio investments	216	(293)	(270)	203	-
Interest income	1,854	5,521	5,474	9,505	7,809
Interest expense	(2)	(2)	(5)	(6)	(7)
Net foreign exchange loss	59	(3,453)	(135)	(6,944)	(7,259)
Share of results					
in jointly controlled entity	-	(1,283)	-	(2,192)	(2,131)
Profit before tax	45,841	21,448	84,748	77,238	118,990
Tax	(6,493)	(7,714)	(16,290)	(18,624)	(21,230)
Net profit	39,348	13,734	68,458	58,614	97,760
<b>Profits attributable to</b>					
Owners of the Company	28,603	2,878	40,549	28,104	58,188
Non-controlling interests	10,745	10,856	27,909	30,510	39,572
	39,348	13,734	68,458	58,614	97,760
Earnings per share attributable to owners of the Company (USD)	8.1	0.8	11.4	7.9	16.4

## Other Comprehensive Income

USD'000	Q3 2016	Q3 2015	Q1-3 2016	Q1-3 2015	Full Year 2015
Net profit	39,348	13,734	68,458	58,614	97,760
Items that are or may be reclassified to the Income Statement					
Equity adjustment on foreign currency translation, net of tax of USD nil	(20,287)	(83,843)	21,843	(128,887)	(115,994)
Other comprehensive income	(20,287)	(83,843)	21,843	(128,887)	(115,994)
Total comprehensive income	19,061	(70,109)	90,301	(70,273)	(18,234)
<b>Total comprehensive income attributable to</b>					
Owners of the Company	18,122	(47,170)	51,949	(53,162)	3,758
Non-controlling interests	939	(22,939)	38,352	(17,111)	(21,992)
	19,061	(70,109)	90,301	(70,273)	(18,234)



**Consolidated Statement of Financial Position for the Period Ended 30 September 2016**  
(The figures have not been audited)

USD`000	30 September 2016	30 September 2015	31 December 2015
<b>Assets</b>			
<b>Current assets:</b>			
Inventories	36,932	28,762	25,860
Cash and cash equivalents	131,429	217,051	196,905
Short-term funds	148,217	52,829	82,212
Trade and other receivables	43,936	51,143	48,593
Derivatives	147	-	289
Portfolio investments	11,397	9,029	9,800
Current tax asset	3,690	22	258
<b>Total current assets</b>	<b>375,748</b>	<b>358,836</b>	<b>363,917</b>
<b>Non-current assets:</b>			
Goodwill	7,096	7,096	7,096
Biological assets	7,956	5,959	5,038
Bearer plants	111,405	100,696	104,124
Property, plant and equipment	253,845	236,169	242,813
Land use rights	8,746	7,813	7,896
Equity accounted investments	-	1,909	-
Strategic investments	144,014	102,796	129,610
Other financial assets	12	1,478	1,514
Non-current derivatives	1,032	-	-
<b>Total non-current assets</b>	<b>534,106</b>	<b>463,916</b>	<b>498,091</b>
<b>Total assets</b>	<b>909,854</b>	<b>822,752</b>	<b>862,008</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Current tax liability	1,813	4,795	2,730
Trade and other payables	20,854	19,987	18,310
Derivatives	3	-	7,731
Other current liabilities	249	7,570	265
<b>Total current liabilities</b>	<b>22,919</b>	<b>32,352</b>	<b>29,036</b>
<b>Total non-current liabilities</b>	<b>43,555</b>	<b>38,738</b>	<b>37,817</b>
<b>Total liabilities</b>	<b>66,474</b>	<b>71,090</b>	<b>66,853</b>
<b>Shareholders' equity</b>			
Share capital	35,556	35,556	35,556
Treasury shares	(11,637)	-	-
Reserves	504,428	405,286	463,229
Equity attributable to owners of the Company	528,347	440,842	498,785
Non-controlling interests	315,033	310,820	296,370
<b>Total equity</b>	<b>843,380</b>	<b>751,662</b>	<b>795,155</b>
<b>Total liabilities and shareholders' equity</b>	<b>909,854</b>	<b>822,752</b>	<b>862,008</b>



## Consolidated Statement of Changes in Equity for the Period Ended 30 September 2016

(The figures have not been audited)

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

## Consolidated Statement of Changes in Equity for the Period Ended 30 September 2015

(The figures have not been audited)

USD '000	Share capital	Share premium	Translation Reserves	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2015	35,556	9,159	(11,651)	98	484,544	517,706	350,571	868,277
<b>Total comprehensive income for the period</b>								
Net profit	-	-	-	-	28,104	28,104	30,510	58,614
Equity adjustment								
on foreign currency translation	-	-	(81,266)	-	-	(81,266)	(47,621)	(128,887)
Total comprehensive income for the period	-	-	(81,266)	-	28,104	(53,162)	(17,111)	(70,273)
<b>Transactions with the owners of the Company and other equity transactions</b>								
Dividends paid	-	-	-	-	(14,221)	(14,221)	(16,866)	(31,087)
<b>Changes in ownership interests</b>								
Acquisition of non-controlling interests without change of control	-	-	-	-	(9,481)	(9,481)	(5,774)	(15,255)
Total transactions with owners of the company and other equity transactions	-	-	-	-	(23,702)	(23,702)	(22,640)	(46,342)
<b>On 30 September 2015</b>	<b>35,556</b>	<b>9,159</b>	<b>(92,917)</b>	<b>98</b>	<b>488,946</b>	<b>440,842</b>	<b>310,820</b>	<b>751,662</b>



**Consolidated Statement of Cash Flows for the Period Ended 30 September 2016**  
 (The figures have not been audited)

USD '000	Q1-3 2016	Q1-3 2015	Full Year 2015
<b>Cash flows from operating activities</b>			
Receipts from customers	201,294	194,778	256,265
Payment to suppliers	-	-	(84,146)
Payments of operating expenses	(144,242)	(141,463)	(97,931)
Payments of taxes	(15,927)	(14,166)	(19,846)
Other receipts	3,450	3,127	6,159
Net cash generated from operating activities	44,575	42,276	60,501
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	2,140	2,925	3,369
Interest income	5,947	6,367	8,093
Proceeds from disposal of joint venture	-	-	2,322
Dividend income, net of withholding tax	714	500	506
Proceeds from sale of shares in AAK	-	-	25,385
Proceeds from sale of investments	5,253	27,462	3,153
Purchase of investments	(321)	(8,270)	(10,299)
Pre-cropping expenditure incurred	(7,505)	(7,920)	(10,711)
Purchase of property, plant and equipment	(13,620)	(12,114)	(13,895)
Land use rights payment made	(224)	(51)	(102)
Investment in jointly controlled entity	-	(531)	(3,774)
VAT received	-	38	38
Net change in short-term funds	(63,697)	3,236	(47,767)
Net cash used in investing activities	(71,313)	11,642	(43,682)
<b>Cash flows from financing activities</b>			
Interest paid	(4)	(7)	(46)
Dividends paid	(30,438)	(31,087)	(39,633)
Purchase of NCI	-	(15,255)	(15,255)
Purchase of treasury shares	(11,637)	-	-
Movement in associated company balances	-	-	(1)
Net cash used in financing activities	(42,079)	(46,349)	(54,935)
Net increase/decrease in cash and cash equivalents	(68,817)	7,569	(38,116)
Cash and cash equivalents at the beginning of year	196,902	255,533	255,533
Foreign exchange movement	3,341	(46,053)	(20,515)
Cash and cash equivalents at end of period	131,426	217,049	196,902
Deposits with licensed banks	37,974	100,557	41,266
Cash at banks and on hand	93,455	116,494	155,639
Bank overdrafts	(3)	(2)	(3)
	131,426	217,049	196,902
Short-term funds	148,217	52,829	82,212
Net cash and short-term funds	279,643	269,878	279,114



## Note 1 – Segmentation

The segment reporting includes the following two segments:

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

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

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

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

### Difference between Business Reporting and Consolidated Financial Statements

Both of the segments exclude the fair value adjustments of UP's assets, related to the retrospective acquisition accounting of UP in 2003, the adoption of amended IAS 41, which are recognised in UIE's consolidated financial statements, and changes due to translation of UP figures from Malaysian GAAP to IFRS.



## Income Statement for the Period Ended 30 September 2016

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

## Statement of Financial Position for the Period ended 30 September 2016

USD '000	UIE	UP	Adjustments			UIE Consolidated
			Total	to IFRS	Eliminations	
<b>Assets</b>						
Cash and short-term funds	95,293	184,353	279,646	-	-	279,646
Other current assets	11,459	84,643	96,102	-	-	96,102
Strategic investments	440,783	-	440,783	-	(296,769)	144,014
Other non-current assets	144	344,768	344,912	38,086	7,094	390,092
Total assets	547,679	613,764	1,161,443	38,086	(289,675)	909,854
<b>Liabilities and shareholders' equity</b>						
Total liabilities	1,293	55,004	56,297	10,177	-	66,474
Shareholders' equity:						
Equity attributable to owners	546,386	557,729	1,104,115	(343,633)	(232,135)	528,347
Non-controlling interest	-	1,031	1,031	371,542	(57,540)	315,033
Total shareholders' equity	546,386	558,760	1,105,146	27,909	(289,675)	843,380
Total liabilities	547,679	613,764	1,161,443	38,086	(289,675)	909,854

## Statement of Cash Flows for the Period ended 30 September 2016

USD '000	UIE	UP	Adjustments			UIE Consolidated
			Total	to IFRS	Eliminations	
Net cash (used in)/generated from operating activities	(1,583)	46,158	44,575	-	-	44,575
Net cash (used in)/generated from investing activities	16,410	(70,078)	(53,668)	-	(17,645)	(71,313)
Net cash used in financing activities	(22,386)	(37,338)	(59,724)	-	17,645	(42,079)





## Income Statement for the Period Ended 30 September 2015

USD '000	Adjustments					UIE Consolidated
	UIE	UP	Total	to IFRS	Eliminations	
Revenue	-	200,862	200,862	-	-	200,862
Other income	402	11,463	11,865	-	(80)	11,785
Changes in fair value MSAB	7,947	-	7,947	-	-	7,947
Gain on sale of AAK shares	929	-	929	-	-	929
Dividend income MSAB	454	-	454	-	-	454
Results from portfolio investments	(126)	-	(126)	-	-	(126)
Share of results of equity-accounted investments	27,158	(2,192)	24,966	-	(27,158)	(2,192)
Total operating income	36,764	210,133	246,897	-	(27,238)	219,659
Operating expenses	(1,887)	(142,193)	(144,080)	(976)	80	(144,976)
Interest income	118	9,387	9,505	-	-	9,505
Interest expense	-	(6)	(6)	-	-	(6)
Net foreign exchange loss	(6,944)	-	(6,944)	-	-	(6,944)
Profit before tax	28,051	77,321	105,372	(976)	(27,158)	77,238
Tax	(18)	(18,994)	(19,012)	388	-	(18,624)
Net profit	28,033	58,327	86,360	(588)	(27,158)	58,614
<b>Profits attributable to</b>						
Owners of the Company	28,033	58,142	86,175	(30,913)	(27,158)	28,104
Non-controlling interests	-	185	185	30,325	-	30,510
Total	28,033	58,327	86,360	(588)	(27,158)	58,614

## Statement of Financial Position for the Period ended 30 September 2015

USD '000	Adjustments					UIE Consolidated
	UIE	UP	Total	to IFRS	Eliminations	
<b>Assets</b>						
Cash and short-term funds	102,254	167,626	269,880	-	-	269,880
Other current assets	9,114	79,842	88,956	-	-	88,956
Strategic investments	373,009	-	373,009	-	-	373,009
Other non-current assets	119	318,881	319,000	35,024	(263,117)	90,907
Total assets	484,496	566,349	1,050,845	35,024	(263,117)	822,752
<b>Liabilities and shareholders' equity</b>						
Total liabilities	1,531	59,964	61,495	9,625	(30)	71,090
Shareholders' equity:						
Equity attributable to owners	482,965	505,676	988,641	20,408	(568,207)	440,842
Non-controlling interest	-	709	709	4,991	305,120	310,820
Total shareholders' equity	482,965	506,385	989,350	25,399	(263,087)	751,662
Total liabilities	484,496	566,349	1,050,845	35,024	(263,117)	822,752

## Statement of Cash Flows for the Period ended 30 September 2015

USD '000	Adjustments					UIE Consolidated
	UIE	UP	Total	to IFRS	Eliminations	
Net cash generated from operating activities	(1,920)	44,196	42,276	-	-	42,276
Net cash used in investing activities	35,937	(31,356)	4,581	-	(16,223)	(11,642)
Net cash used in financing activities	(29,477)	(33,095)	(62,572)	-	16,223	(46,349)



## Note 2 – Accounting Policies

UIE's interim report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements regarding interim reporting for listed companies. The accounting policies applied in these financial statements are the same as those applied in UIE's consolidated financial statements 2015. See the Annual Report 2015 for a comprehensive description of the accounting policies applied.

Amendments to IAS 41, as adopted by the EU, was early implemented by the Group in 2015. The implementation of the amendments have resulted in biological assets (fruit bunches and nuts) growing on palms and trees (bearer biological assets) are measured at fair value less cost of sales. The change in the fair value of the biological assets in each accounting period is recognised in the consolidated income statements. In the first nine months of 2016, the change in the fair value of the biological assets amounted to USD 2.3 million and is recognised in the consolidated financial statements.

Please see page 56-57 in the Annual Report 2015 for further explanation.

### Changes to accounting policies

With effect from 1 January 2016, the Group has implemented parts of Annual Improvements to IFRS's 2012-2014 cycle. The adoption of these Standards and Interpretations did not affect recognition and measurement in the first nine months of 2016.

### Judgments and estimates

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

The most significant estimates made by management when using the Group's accounting policies and the most significant judgment uncertainties attached hereto are the same for the preparation of the interim report as for the preparation of the Annual Report 2015.

### Defining materiality

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



## Note 3 – Seasonal and Cyclical Nature of UP’s Products and Operations

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

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

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

## Note 4 – Events after the Reporting Date

On 24 October 2016, Melker Schörling, chairman of the board of MSAB, announced that he will resign from his board positions in MSAB, Hexagon, AAK and Hexpol at the annual general meetings in the spring of 2017 due to gradually deteriorating health. Melker Schörling will continue to support and act as advisor to the managements and boards of directors in MSAB and the portfolio companies.

On 31 October 2016, it was announced that the CEO of Hexagon, Ola Rollén, was under investigation for insider trading in connection with the acquisition of shares in the Norwegian company NEXT Biometrics in October 2015. The shares were acquired for Greenbridge and the investigation is therefore unrelated to Hexagon. On 3 November 2016, the Norwegian Economic Crime Authority decided not to file for an extension of Ola Rollén’s detainment. Ola Rollén firmly denies the accusations and returned to his position as CEO of Hexagon on 7 November 2016.

## Note 5 – Fair Value of Financial Instruments

The Group’s financial instruments measured at fair value consist of investments in quoted shares and bonds amounting to USD 155.4 million and derivatives amounting to USD 0.1 million.

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

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

### Fair value hierarchy

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

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



## Statement by the Board of Directors and the Management

The Board of Directors and the Management have today discussed and approved the Company's report for the period 1 January - 30 September 2016.

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

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as at 30 September 2016, and of

the results of the Group's operations and cash flow for the period 1 January - 30 September 2016.

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

Jendarata, Malaysia, 22 November 2016

### Board of Directors

**Carl Bek-Nielsen**  
Chairman

**Martin Bek-Nielsen**  
Deputy Chairman

**John A. Goodwin**

**John Madsen**

**Bent Mahler**

**Jørgen Balle**

**Frederik Westenholz**

### Management

**Ulrik Juul Østergaard**  
Managing Director



## Corporate Information

Country of Incorporation	The Commonwealth of The Bahamas
Board of Directors	Carl Bek-Nielsen, Chairman Martin Bek-Nielsen, Deputy Chairman John A. Goodwin <sup>1</sup> John Madsen Bent Mahler Jørgen Balle <sup>2</sup> Frederik Westenholz
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
Attorneys	McKinney, Bancroft & Hughes Nassau, Bahamas Bech-Bruun Copenhagen, Denmark
Banks	Hongkong & Shanghai Banking Corp. Maybank Berhad Handelsbanken A/S Danske Bank A/S
Contact Person	Ulrik Juul Østergaard Phone: +45 33933330 E-mail: uie@plantations.biz
Links	<a href="http://www.uie.dk">www.uie.dk</a> <a href="http://www.unitedplantations.com">www.unitedplantations.com</a> <a href="http://www.melkerschorlingab.se">www.melkerschorlingab.se</a>

1) Chairman of the Audit Committee.

2) Member of the Audit Committee.



## Abbreviations

Company name:	Abbreviation:
United International Enterprises Limited	UIE or the Company
United Plantations Berhad	UP
AAK AB	AAK
Melker Schörling AB	MSAB

Currency:	Abbreviation:
United States dollar	USD
Malaysian ringgit	MYR
Swedish kroner	SEK
Danish kroner	DKK

Other:	Abbreviation:
Crude Palm Oil	CPO
Palm Kernel	PK
International Accounting Standards	IAS
International Financial Reporting Standards	IFRS
Non-controlling interests	NCI

## Definitions

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

## 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).