

UIE  
ANNUAL  
REPORT  
2016



UNITED INTERNATIONAL ENTERPRISES LIMITED





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# UIE IN BRIEF

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**U**nited International Enterprises Limited (“UIE”) is a holding company which primarily invests in the agro-industrial sector.

UIE exercises long-term and active ownership via involvement at board level and via close dialogue with the management about operational and strategic issues.

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

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

The investment portfolio mainly consists of the following two companies:



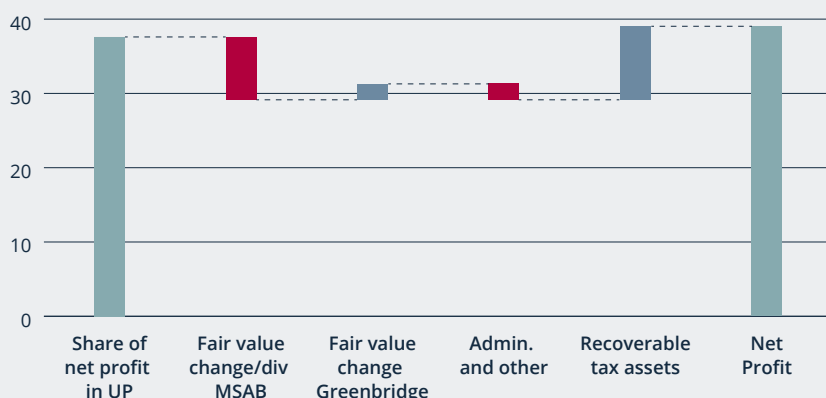


# UIE KEY FIGURES

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

### NET PROFIT IN 2016

MILLION USD



UIE's net profit in 2016 amounted to USD 38.9 million, which is 33% lower than the result reported in 2015.

When comparing the two periods under review, it should be noted that the fair value change of the investment in MSAB increased by USD 31.0 million in 2015 compared to a decrease of USD 9.1 million in 2016.

UIE's share of UP's net profit was USD 37.6 million, which is an increase of 7% compared to 2015.

### EARNINGS PER SHARE

11.04

USD

▼ 32%

### CASH AS AT 31/12

96

MILLION USD

▼ 7%

### PROPOSED DIVIDEND

5

USD PER SHARE

▲ 67%

### SHARE PRICE AS AT 31/12

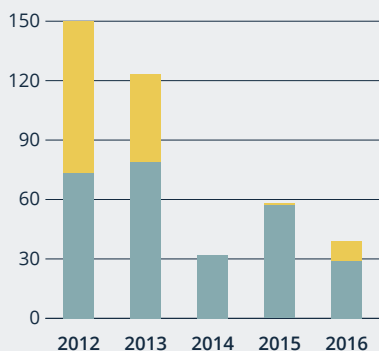
1,241

DKK

▲ 18%

### NET PROFIT

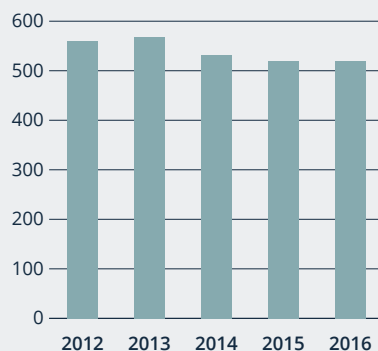
MILLION USD



■ Net profit before extraordinary profit  
■ Extraordinary profit

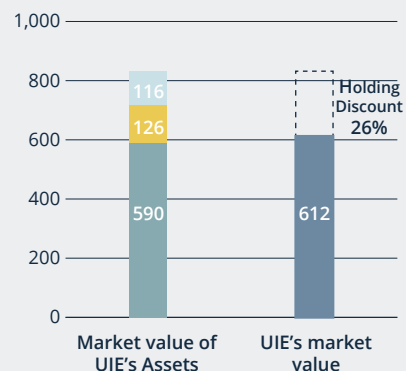
### SHAREHOLDERS' EQUITY

MILLION USD



### MARKET VALUE OF UIE'S ASSETS AS AT 31/12

MILLION USD



■ UP ■ MSAB/Greenbridge ■ Cash & Other

1) See page 11 for further explanation of Business Reporting and Accounting Policies.



# UIE'S STRATEGIC INVESTMENTS



## UNITED PLANTATIONS BERHAD

United Plantations Berhad's ("UP") primary business activity is the cultivation and processing of palm oil and coconuts in Malaysia as well as Indonesia, through sustainable practices beyond the principles & criteria of the RSPO.

UP is one of the most efficiently managed, eco-friendly and innovative plantation companies in the world, and is especially known for its best agricultural practices and high standards of quality.

UP was founded in 1906 and is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia").

**PALM OIL  
PLANTED AREA  
MALAYSIA**

**35,309**

HECTARES

**PALM OIL  
PLANTED AREA  
INDONESIA**

**9,179**

HECTARES

**COCONUT  
PLANTED AREA  
MALAYSIA**

**3,614**

HECTARES

**NUMBER OF  
EMPLOYEES  
MALAYSIA**

**4,711**

PEOPLE

**NUMBER OF  
EMPLOYEES  
INDONESIA**

**1,215**

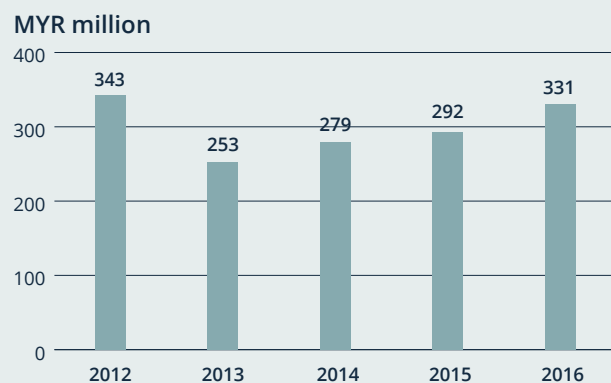
PEOPLE

## FINANCIAL PERFORMANCE

### UP NET PROFIT BY SEGMENT

MYR million	2016	2015	% Change
Plantation Malaysia	223	209	7
Plantation Indonesia	42	35	20
Refining	47	31	52
Other	19	17	12
<b>Total UP net profit</b>	<b>331</b>	<b>292</b>	<b>13</b>

### NET PROFIT





# UIE'S STRATEGIC INVESTMENTS



## MELKER SCHÖRLING AB

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.

Value creation is stimulated by active ownership in the existing holdings. MSAB's business concept is to maximize the net asset value through professional investment management.

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

### MSAB'S INVESTMENT PORTFOLIO

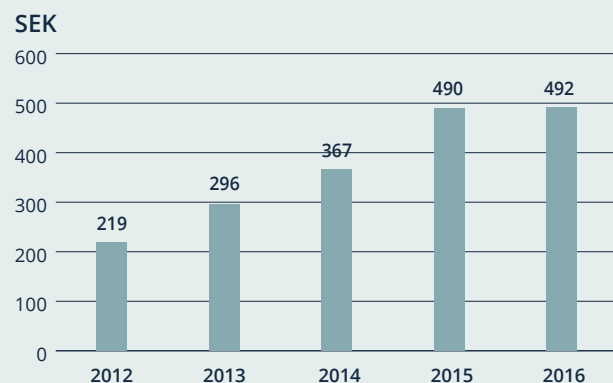
HEXAGON	AAK	HEXPOL	ASSA ABLOY	SECURITAS	LOOMIS
46.9	32.9	46.6	11.4	11.6	12.9
VOTING RIGHTS	VOTING RIGHTS	VOTING RIGHTS	VOTING RIGHTS	VOTING RIGHTS	VOTING RIGHTS
%	%	%	%	%	%

## FINANCIAL PERFORMANCE

### MSAB NET ASSET VALUE

SEK million	2016	2015	% Change
Net Asset Value of Investments	56,909	58,380	(3)
Net Cash	1,677	(5)	N/A
<b>Total Net Asset Value</b>	<b>58,586</b>	<b>58,375</b>	-

### NET ASSET VALUE PER SHARE





# CHAIRMANSHIP STATEMENT

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**D**ear shareholders, 2016 was in many aspects a challenging but also a rewarding year. Even though UIE's net profit of USD 38.9 million was 33% below the result reported in 2015, the Company's investments on the overall performed well.

UIE's largest investment, United Plantations (UP), reported a net profit of MYR 331 million (USD 80 million) in 2016, being 13% higher than the result reported in 2015. The result is especially satisfactory in view of the most challenging conditions caused by the El Niño phenomena, which ravaged South East Asia during the second half of 2015 spilling over into 2016. The severity of this prolonged drought was unprecedented, adversely impacting the growing conditions and vigour of the oil palm plantations on UP. Consequently, palm oil production declined by 11% (21,005 tonnes CPO) with yields declining to their lowest level in more than 25 years. Furthermore, the entire plantation industry in Malaysia was marred by acute labour shortages in 2016, as a result of the Malaysian Government's suspension of the recruitment of all guest workers during most of the year. Against these factors, the satisfactory result achieved is due to the combination of better commodity prices, improved labour productivity, a record result in UP's refinery division as well as a non-recurring gain related to an asset disposal.

Whilst operating conditions continue to be demanding for UP's Indonesian plantations, it is pleasing to note that the investment after 11 years is finally paying off. Agricultural standards on UP's estates in Indonesia have now reached standards similar to those on its Malaysian properties and in 2016, Indonesia accounted for 25% of UP's total CPO production.

In an ever changing and challenging business environment, combined with the escalating problem of labour shortage, UP is continuously focussing on increasing

productivity through mechanisation and other means aimed at reducing its labour dependency. At the same time, UP is continuing to replant sizeable areas with superior planting material, developed in-house, to ensure that production and yields continue to develop favourably. A state-of-the-art palm oil mill is in the process of being constructed and this will serve to optimise a significant proportion of UP's milling operations in Malaysia.

The decrease in UIE's net profit in 2016 is due to the fair value of its investment in MSAB decreasing by USD 9.1 million in 2016 relative to an increase of USD 31.0 million in 2015. As the MSAB share price at the end of the year was identical to the price at the beginning of 2016, the decrease was entirely due to the impact of the weaker Swedish currency against the USD during the year. In this connection it is, nevertheless, important to stress that the contribution from MSAB in 2016 does not directly reflect the development within its six listed portfolio companies, as they all, despite testing market conditions, performed well with the weighted average growth in turnover and EBIT amounting to 4% and 6%, respectively. These companies are global leaders in their respective markets and continue to enjoy significant growth potential.

Towards the end of 2016, it was announced that Mr. Schöring, Chairman of the board of MSAB, would be relinquishing his role as Chairman of MSAB at the forthcoming AGM in May 2017, but that he would still continue in an active role at the Board. In addition, it was announced that the CEO would leave his position by the end of the year as he was taking up the role as the CFO of Lufthansa. These announcements understandably created some uncertainty, but the Board has acted swiftly by appointing a very capable new chairman and CEO and outlining the plans for the future.

In relation to the investment in Greenbridge, UIE has, thus far, invested SEK 60 million (USD 6.9 million) out of the committed SEK 200 million. Greenbridge was incorporated less than two years ago, and is in the process of building up a limited portfolio of core holdings within





high-tech and software sectors. To date, Greenbridge has made three investments, each with an interesting product pipeline and offering strong growth potential, and the fair value of UIE's investment in Greenbridge increased by USD 2.1 million in 2016. We are hopeful that this investment will help to create value to all shareholders in years to come.

During 2016, the stronger USD exerted a mixed impact on UIE. The majority of the Company's liquid resources is held in USD, with neutral P&L effect, whilst the strong USD served to devalue the returns from UIE's longer term investments, which are denominated in other currencies.

In February 2017, UIE concluded a tax settlement agreement with the Malaysian Tax Authorities, whereby it received a tax refund of MYR 44.6 million (equivalent to USD 9.9 million). The total recoverable amount has a one-off positive effect on the net profit reported for 2016. This represented the recovery of withheld taxes on dividend receipts from the Company's Malaysian subsidiary through which it holds the majority of its interest in UP. It is indeed pleasing that an almost six year long dispute has now been concluded amicably with the Malaysian tax authorities.

During 2016, UIE did not undertake any acquisitions although a number of potential possibilities were evaluated. UIE will continue to actively search for new investment possibilities as a means of broadening its investment portfolio. The emphasis and focus, in this regard, will primarily be directed toward investments within the agro-industrial sector in alignment with the Company's investment criteria. The Board of Directors is committed to maintaining a conservative capital

structure, which provides the ability to undertake acquisitions, without undue dependence on debt finance. It is important to re-emphasize that UIE is a long-term investor and therefore, the Board of Directors is committed to a cautious approach, until an acquisition candidate fulfilling UIE's investment criteria has been identified.

As described later in this Annual Report, UIE has now formalised a dividend policy, the broad objective of which is to distribute approximately 50% of dividends received from UIE's investments to shareholders. In relation to the proposed dividend for financial year 2016, the Board of Directors has resolved to recommend a dividend of USD 4.00 per share. Furthermore, the Board has resolved to recommend an extraordinary dividend of USD 1.00 per share in recognition of the one-off settlement payment mentioned earlier.

In closing, we would like to thank all shareholders for their support during the past year and for their continued confidence in UIE.

At the Annual General Meeting in April 2017, Mr. John Madsen, who has been member of UIE's Board for 25 years, has decided to retire. On behalf of the Board of Directors, we wish to thank Mr. Madsen for his loyal and dedicated service and invaluable contributions to UIE and the investment companies as well as his wise counsel throughout his tenure on the Board.

**Carl Bek-Nielsen**  
Chairman

**Martin Bek-Nielsen**  
Deputy Chairman

Jendarata Estate, Malaysia  
6 March 2017







UNITED INTERNATIONAL ENTERPRISES LIMITED

# DIRECTORS' REPORT

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# FINANCIAL REVIEW - BUSINESS REPORTING

**U**IE's net profit amounted to USD 38.9 million in 2016. Even though the net profit is 33% below the result reported in 2015, UIE's investments performed well in 2016, despite challenging conditions.

## BUSINESS PERFORMANCE REVIEW

UIE's operating income amounted to USD 31.7 million in 2016, which is 53% lower than in 2015.

The decrease in operating income is solely due to the fair value change of the investment in MSAB, which in 2015 contributed with a gain of USD 31.0 million, but in 2016 was negative by USD 9.1 million due to the weakening of the SEK against the USD.

UIE's share of the result from UP, measured in USD, increased by 7% to USD 37.6 million. The operating income in 2016 included a gain of USD 2.1 million related to a fair value change of the investment in Greenbridge Investment Limited Partnership ("Greenbridge"), whereas the 2015 results included a USD 0.9 million gain due to the sale of the residual shareholding in AAK in January and February 2015.

In 2016, UIE's profit before tax amounted to USD 29.2 million, which is 50% lower than the USD 58.2 million

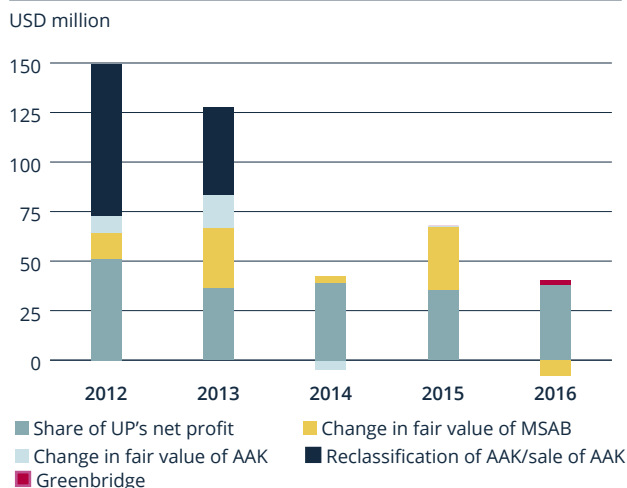
reported in 2015. The reported profit before tax included a minor foreign exchange loss of USD 0.4 million in 2016 compared to a loss of USD 7.3 million in 2015.

Profit after tax amounted to USD 38.9 million, which is 33% lower than the USD 58.1 million reported in 2015.

Tax in 2016 is a net income of USD 9.7 million, as a settlement agreement was made with the Malaysian Tax Authorities. UIE received USD 9.9 million, which had a one-off positive effect on the net profit reported for 2016 (2015: expense of USD 0.1 million).

Operating income for 2016 is illustrated below:

## INCOME IN UIE



## BUSINESS REPORTING - ACCOUNTING POLICIES

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

However, as UIE is a non-operating holding company, the Board of UIE is of the view that the most 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 in-

ternal reporting as well as in the reporting to shareholders, referred to as "Business Reporting" in the Directors' Report. Fully owned subsidiaries are fully consolidated and other investments (primarily MSAB and Greenbridge) are measured by changes in their respective fair value in the Business Reporting.

The difference between the Business Reporting in the Director's Report and the consolidated financial statements is described in note 1.1.



## BUSINESS PERFORMANCE

USD '000	2016	2015
Share of UP's net profit	37,631	35,248
Change in fair value of MSAB	(9,062)	30,987
Change in fair value of Greenbridge	2,133	-
Gain from sale of AAK shares	-	929
Dividend income MSAB	730	454
Other	227	256
Total operating income	31,659	67,874
Administrative expenses	(2,557)	(2,944)
Net interest income	508	491
Foreign exchange loss	(380)	(7,259)
Profit before tax	29,230	58,162
Income tax	(229)	(87)
One-off settlement of tax position	9,948	-
Profit after tax	38,949	58,075

### UP

UP's net profit, measured in MYR (UP's functional currency) increased by 13% in 2016, but measured in USD, the net profit increased by 6% due to the depreciation of the MYR against the USD. However, as UIE's ownership in UP was slightly higher in 2016 than in 2015 (UIE increased its ownership in UP from 46.3% to 47.3% in Q3 2015), UIE's share of UP's result increased by 7% in 2016 compared to 2015.

### 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 ended at SEK 537.5 on 31 December 2016, which is identical to the share price on 31 December 2015. During the same period, the NASDAQ Stockholm All-Share PI index increased by 6%. On 31 December 2016, the share price of MSAB was trading at a premium of 9% towards the net asset value (10% on 31 December 2015).

Even though the MSAB share price was unchanged during 2016, the fair value of UIE's investment in MSAB, expressed in USD, decreased by USD 9.1 million due to the fact that the SEK weakened towards the USD in 2016. During 2015, the fair value of UIE's investments in MSAB increased by USD 31.0 million.

During 2016, UIE received a dividend of USD 0.7 million from MSAB, which is slightly above the amount received in 2015.

### GREENBRIDGE

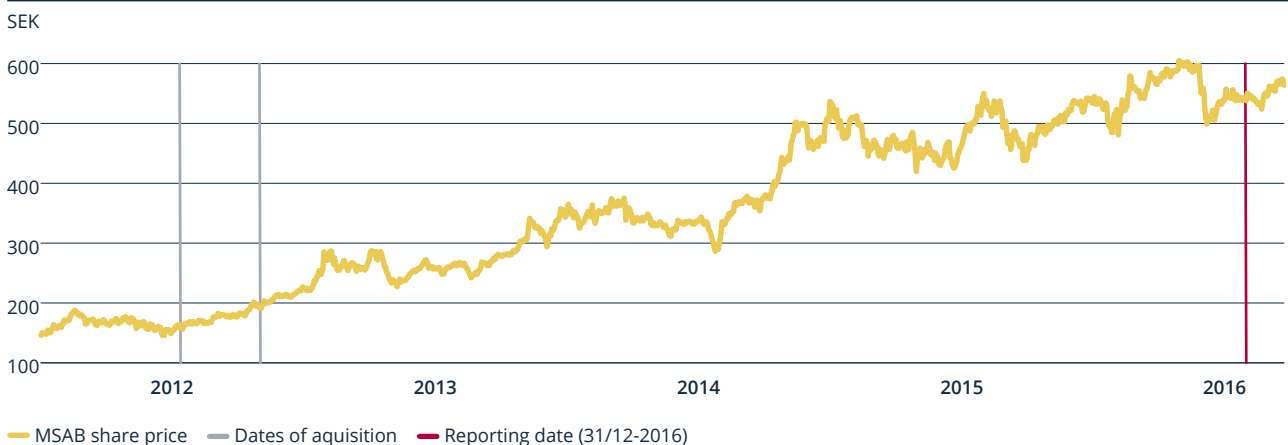
UIE's investment in Greenbridge is accounted for at fair value with movements being recognised in the Income Statement.

In 2016, the fair value of UIE's investment in Greenbridge increased by USD 2.1 million. This relates mainly to a significant share price increase of Greenbridge's investment in NEXT Biometrics Group.

In October 2016, UIE invested additional SEK 28.4 million (USD 3.2 million) in Greenbridge, which was primarily used for a new investment.

The performance within UP and MSAB is reported in the sections "UP Segment" and "Melker Schörling AB" on pages 15-27.

## MSAB SHARE PRICE DEVELOPMENT





**OTHER INCOME AND ADMINISTRATION COSTS**

A small proportion of UIE's cash reserve is invested in a portfolio of equities and fixed income products as well as in trading of soft commodities. The net effect of these activities produced a gain of USD 0.1 million in 2016 (2015: USD 0.0 million).

In 2016, general and administrative expenses totalled USD 2.6 million, which is marginally lower than the expenses incurred in 2015.

**FINANCIAL POSITION**

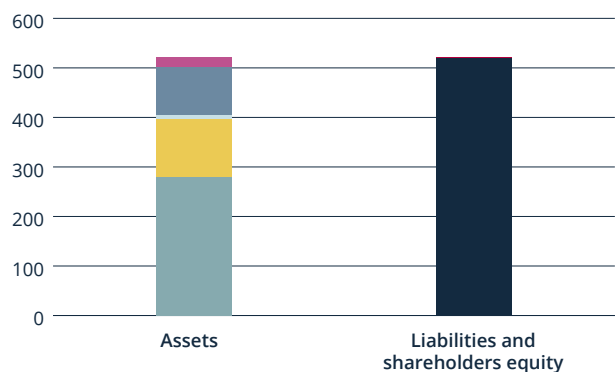
The development in the value of UIE's investment in UP, MSAB and Greenbridge is shown in the table below. The total value of the investments as per 31 December 2016 amounted to USD 405.3 million, a decrease of USD 2.4 million. The slight decrease is primarily due to the weakening of the MYR to the USD as well as the weakening of the SEK to the USD.

Shareholders' equity increased slightly from USD 519.7 million on 31 December 2015 to USD 520.4 million on 31 December 2016. The increase comprised mainly net profit of USD 38.9 million offset by dividend payment

and share buy-back of USD 10.7 million and 13.6 million, respectively, as well as equity adjustments on foreign currency translation of USD 13.9 million due to the weakening of the MYR to the USD.

**ASSETS, LIABILITIES AND SHAREHOLDER'S EQUITY AS AT 31 DECEMBER 2016**

USD million



Legend: UP (teal), MSAB (yellow), Greenbridge (light blue), Cash (dark blue), Other assets (pink), Shareholders' equity (dark navy), Other liabilities (red)

**VALUE OF UIE'S INVESTMENTS**

USD '000	UP	MSAB	Greenbridge	Total
Balance at 1 January 2016	278,108	125,836	3,774	407,718
Change in fair value	-	(9,062)	2,133	(6,929)
Investments during the period	-	-	3,158	3,158
UIE share of results	37,631	-	-	37,631
Dividends received	(24,252)	-	-	(24,252)
Equity adjustments on foreign currency translation	(12,039)	-	-	(12,039)
<b>Total on 31 December 2016</b>	<b>279,448</b>	<b>116,774</b>	<b>9,065</b>	<b>405,287</b>



## CASH FLOW

Total net cash reserves in UIE decreased from USD 103.7 million on 31 December 2015 to USD 96.4 million on 31 December 2016, a decrease of USD 7.3 million. As shown in the graph below, the decrease primarily reflects the net effect of the dividend received from UP of USD 24.3 million, less dividend payment and share buy-back as well as further investment in Greenbridge.

## DIVIDEND POLICY AND PROPOSED DIVIDEND

The objective of UIE's dividend policy is, subject to the requirements of its investment program, to distribute 50% of dividends received from its investments to shareholders. In the interest of maintaining a stable dividend trend, the actual distribution percentage may fluctuate from one year to the next.

The Board of Directors, in line with the Company's dividend policy, has resolved to recommend a dividend of 40% (or USD 4.00 per share) for the financial year 2016. Furthermore, the Board has resolved to recommend an extraordinary dividend of 10% (or USD 1.00 per share) in recognition of the extraordinary income arising from the one-off settlement agreed with the Malaysian Tax Authorities. Payment is expected to take place on 3 May 2017 to shareholders on the register on 2 May 2017.

## UIE'S INVESTMENT PORTFOLIO

There was only one change to UIE's investment portfolio in 2016.

In October 2016, a second drawdown was made in relation to Greenbridge. The drawdown amounted to SEK 28.4 million (USD 3.2 million) and was primarily used to fund a new investment in Neo Technology Inc. At the end of 2016, UIE's remaining commitment to invest in Greenbridge amounted to SEK 139.8 million.

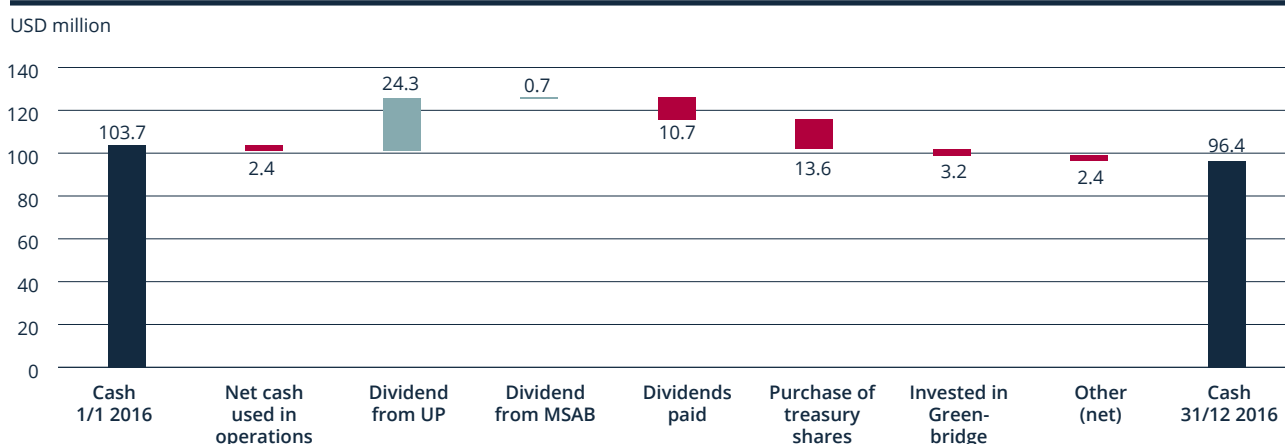
On 31 December 2016, the investment portfolio amounted to USD 405.3 million equivalent to 78% of UIE's total assets (based on Business Reporting) and the remaining assets primarily comprised cash reserves.

On 31 December 2016, UIE owned 98,356,277 shares in UP and 1,968,705 shares in MSAB.

## OVERALL STRATEGY OF UIE

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

### CASH FLOW IN 2016







# UP IN BRIEF

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**U**nited Plantations (UP) is one of the larger plantation groups in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of approximately MYR 5.60 billion (corresponding to approximately USD 1.25 billion) at the end of 2016.

UP's core business activity is within the cultivation of oil palm and coconuts in a sustainable manner. Its total cultivated land-bank covers 48,102 ha spread over Malaysia (80%) and Indonesia (20%).

The Company possesses considerable know-how in plant breeding, agronomy, and micro-propagation through its own R&D facilities for the development of new and improved planting materials as well as improved crop husbandry practices. Through its sound managerial and technical expertise, UP is today recognized as one of the highest yielding, cost competitive and innovative plantation companies in Malaysia.





# UP KEY FIGURES

**NET PROFIT  
2016**

**331**

MILLION MYR

▲13 %

**CASH<sup>1</sup>  
AS AT 31/12**

**691**

MILLION MYR

▼21 %

**SHARE PRICE  
AS AT 31/12**

**26.92**

MYR

▲6 %

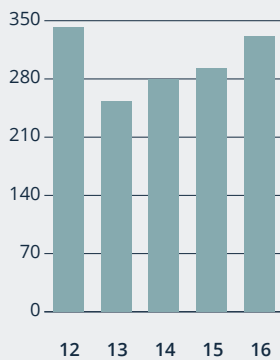
**UIE  
OWNERSHIP**

**47.3%**

## FIVE YEARS PERFORMANCE

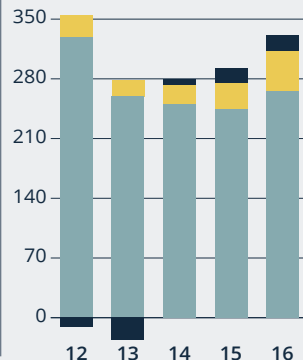
**NET  
PROFIT**

MILLION MYR



**NET PROFIT  
ON SEGMENT**

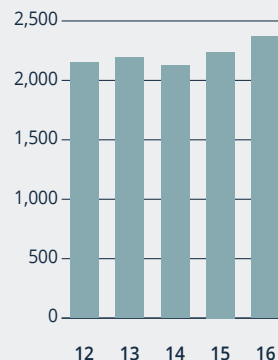
MILLION MYR



■ Plantations  
■ Unitata ■ Other

**SHAREHOLDERS'  
EQUITY**

MILLION MYR



**DIVIDENDS  
PAID**

MYR PER SHARE



■ Ordinary dividend  
■ Special dividend

## KEY FIGURES - PRODUCTION IN 2016

**CPO  
PRODUCTION**

**179,142**

TONNES

▼11 %

**PK  
PRODUCTION**

**37,579**

TONNES

▼12 %

**COCONUT  
PRODUCTION**

**86.1**

MILLION

▲11 %

**CPO  
YIELD**

**4.68**

2016

▼11 %

1) Cash inclusive short-term funds.





# UP SEGMENT

**D**espite a significant drop in production due to a very serious El Niño in South East Asia, UP reported a gratifying result in 2016.

lion from a compulsory land acquisition. Adjusted for these two non-recurring events, the net profit in 2016 and 2015 were MYR 249 million and MYR 234 million, respectively.

## BUSINESS PERFORMANCE REVIEW

In 2016, UP reported a gratifying net profit of MYR 331 million (USD 80 million), which was 13% higher than the MYR 292 million reported in 2015.

Even though UP experienced a significant drop in production caused primarily by the lag effect of the drought in South East Asia during 2015 and early 2016 combined with severe labour shortages, the improved results achieved were due to a contribution of several factors, amongst others, better commodity prices, a significantly improved result in UP's refinery division as well as a non-recurring gain related to an asset disposal.

## PLANTATION OPERATIONS

UP's main activity, its plantation operations, recorded a net profit of MYR 265 million, reflecting an increase of 10% compared to the MYR 244 million reported in 2015. The increase is primarily due to higher selling prices of CPO and especially higher selling prices of PK, which compensated for the significantly lower production and with that a higher cost of production.

When comparing the net profit in the two years under review, it should be noted that the result from plantation operations in 2016 includes a non-recurring gain of MYR 15.2 million, arising from the disposal of UP's minority stake in AAK's refinery in Mexico. In 2015, the figures included a non-recurring gain of MYR 9.9 mil-

## KEY FINANCIAL FIGURES

### BUSINESS PERFORMANCE IN 2016

'000	UP figures in MYR	UP figures in USD
Revenue	1,228,384	296,409
Other income	70,923	17,114
Operating expenses	(908,243)	(219,159)
Operating income	391,064	94,364
Net finance income	26,871	6,484
Profit before tax	417,935	100,848
Tax	(87,128)	(21,024)
Net profit	330,807	79,824

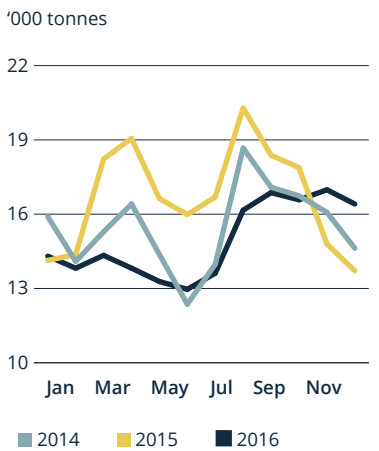
## BUSINESS REPORTING

### - UP SEGMENT

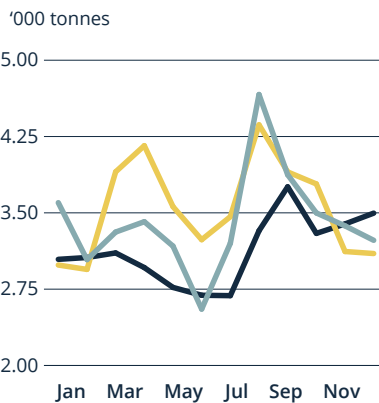
In the following section, the description of developments within UP is based on figures reported by UP in MYR, UP's functional currency. However, the UP figures in the table above have been converted to USD and are used in the financial reporting for UIE.



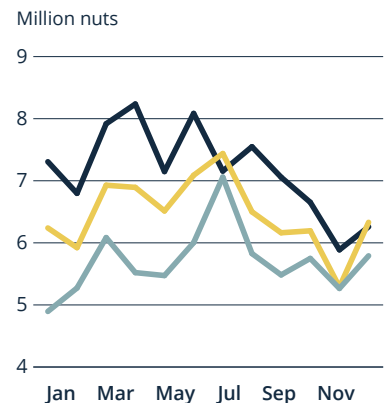
**CPO PRODUCTION**



**PK PRODUCTION**



**COCONUT PRODUCTION**



**PRODUCTION IN THE PLANTATION OPERATIONS**

UP's profitability is highly dependent on production volume and the selling prices of CPO and PK. In 2016, UP's overall production of CPO and PK decreased by 11% and 12%, respectively, compared to 2015.

The 11% decrease in the Group's overall CPO production (equal to 21,005 tonnes CPO) was due to the lag effects of the serious drought experienced for five consecutive months during the second half of 2015. The drought was caused by the El Niño phenomena on UP's Indonesian Estates, followed by the same phenomena in the first four months of 2016 on UP's Malaysian Estates, and which stressed the growing conditions in 2016.

Thousands of wild fires rampaged the Indonesian countryside during the second half of 2015 as a function of this unprecedented drought covering not just Indonesia but also Singapore and Malaysia in a choking haze. This haze invariably reduced photosynthetic efficiency.

UP Indonesia's production accounted for 25% of UP's total CPO production in 2016 compared to 24% in 2015.

UP's total area planted with oil palms in Malaysia and Indonesia was 44,488 hectares at 31 December 2016, which was slightly lower than the previous year due to areas converted to Plasma on the Indonesian estates. (Plasma is a scheme where planted area is handed over to the local smallholders for self-management. The objective is to provide more opportunities for the smallholders and help alleviate poverty - see page 38 for further explanation).

In 2016, the immature areas accounted for 14% of the total planted area, compared to 16% in 2015. The total immature area in Malaysia accounted for 18% in 2016, compared to 21% in 2015.

**CPO PRODUCTION**

Tonnes	2016	2015	Change %
Malaysia	134,999	151,988	(11.2)
Indonesia	44,143	48,159	(8.3)
Total UP Group	179,142	200,147	(10.5)

In 2016, UP's coconut production amounted to 86.1 million nuts compared to 77.5 million nuts in 2015, an increase of 11%. The increase was a result of the coconut palms recovering from the biological resting phase. However, the nut size was severely affected for several months as a consequence of the drought in the first four months of 2016. The average yield increased to 30,305 nuts per hectare compared to 27,747 nuts per hectare achieved in 2015, an improvement of 9%.

**DEVELOPMENT IN MARKET PRICE & SELLING PRICE**

Along with production volume, UP's profitability is highly dependent upon palm oil prices, which can fluctuate significantly.

During 2016, UP achieved an average selling price of MYR 2,397 per tonne of CPO, corresponding to an increase of 13%, whilst the average selling price of PK increased by 45% compared to 2015.



During 2016, palm oil prices fluctuated significantly. During the first quarter of 2016, the CPO price decreased to a level of MYR 2,400 per tonne. However, during the second quarter of 2016, the CPO price started to recover when indications of a stronger than expected El Niño appeared. By end of June 2016, the CPO price had increased to MYR 2,675 per tonne. However, when the dramatic and unexpected drop from the world's two largest CPO producers (Indonesia and Malaysia) became evident in September 2016, palm oil prices rallied significantly and traded at a level of MYR 3,100 per tonne by the end of the year.

The price rally was furthermore supported by the depreciation of the MYR towards the USD. During the first half of 2016, the MYR/USD exchange rate was trading in a range between 3.9 to 4.3, whereas the MYR depreciated during the second half of 2016 and ended the year at an exchange rate of MYR/USD of 4.5 – a depreciation of 12% since June 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 in the short term.

In 2016, UP achieved an average selling price of MYR 2,424 per tonne for the CPO produced in Malaysia, which is an increase of 12% compared to the average selling price achieved in 2015. In 2016, UP's average CPO price was below the Malaysian Palm Oil Board's

("MPOB") average price of MYR 2,653 per tonne as a consequence of UP's forward sales policy.

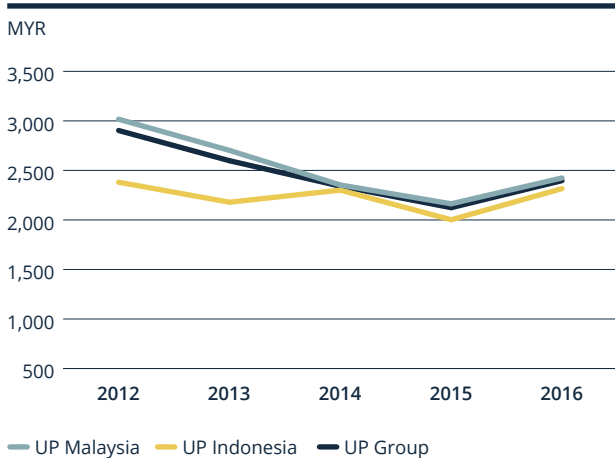
UP's average selling price for PK produced in Malaysia amounted to MYR 2,138 per tonne in 2016, which is a significant increase of 43% compared to the average selling price achieved in 2015. The increase was due to lower production coupled with higher demand.

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

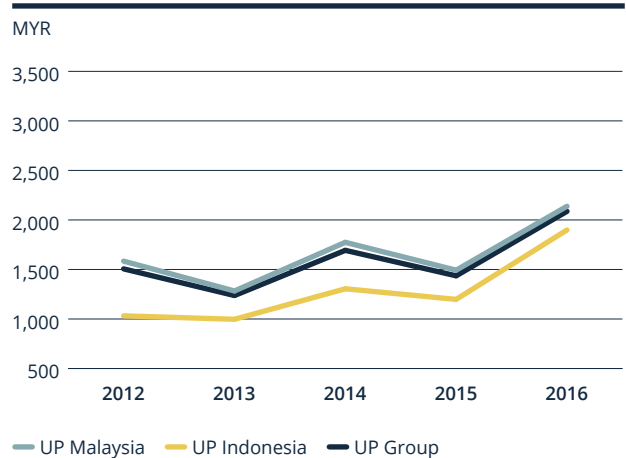
MYR per tonne	2016	2015	Change %
<b>CPO</b>			
UP Malaysia	2,424	2,163	12.1
UP Indonesia	2,316	2,002	15.7
UP average	2,397	2,124	12.9
MPOB average	2,653	2,154	32.2
<b>PK</b>			
UP Malaysia	2,138	1,493	43.2
UP Indonesia	1,899	1,198	58.5
UP average	2,087	1,436	45.3
MPOB average	2,611	1,528	70.9

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

**AVERAGE SELLING PRICE CPO**



**AVERAGE SELLING PRICE PK**





The adverse climatic factors also resulted in a very pronounced and unavoidable setback in yields, which reached the lowest levels in more than 25 years, as seen in the table below.

**UP'S YIELD VERSUS MALAYSIAN NATIONAL YIELD**

	2016	2015	2014
Malaysian national yield of CPO/hectare	3.21	3.78	3.84
UP Malaysian average yield	4.64	5.32	5.09
UP Indonesian average yield	4.81	5.03	4.24
UP Group average yield in tonnes CPO/hectare	4.68	5.25	4.87
UP Group average yield in tonnes FFB/hectare	20.73	23.18	21.40
UP Group average oil extraction rates (OER), %	22.57	22.64	22.77
UP Group average kernel extraction rates (KER), %	4.73	4.81	5.02

UP's average yield decreased from 5.25 tonnes of CPO per hectare in 2015 to 4.68 tonnes in 2016. In addition to the adverse climatic factors, the yields are also lower compared to historical levels in UP due to the following factors:

- Aging palm stands on several UP Malaysian estates, which inherently have a lower yield profile, thus reducing the average yield.
- 22% 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.

**DEVELOPMENT OF PLANTING MATERIAL AND REPLANTING POLICY**

A vital part of UP's success is the continuous efforts made at the R&D Centre to further improve the planting material and agronomic practices. This remain of prime importance in terms of UP's ability to further improve their agronomic productivities in order to reach their target of 28 MT of FFB/Ha and an OER of 23% equivalent to a CPO oil yield/Ha of 6.5 MT in Malaysia.

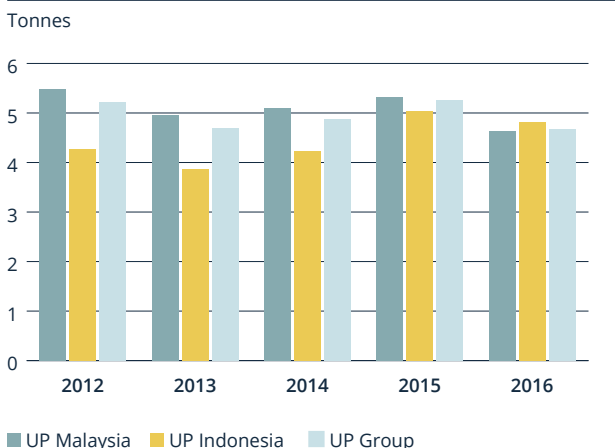
For the Indonesian operations, the target is 25.5 MT of FFB/Ha and an oil extraction rate of 25.5%, also equivalent to a CPO oil yield/ha of approximately 6.5 MT. The difference in terms of yield of FFB/Ha and the OER between the countries is due to the differences in planting materials, soils, climatic conditions and labour availability.

In 2016, UP replanted 2,302 hectares on its Malaysian estates with superior planting material produced exclusively in-house by UP's Research and Development Department. During the last 8 years, UP has replanted 20,419 hectares of oil palms at the estates in Malaysia, which is equal to 58% of the total area in Malaysia under oil palms today.

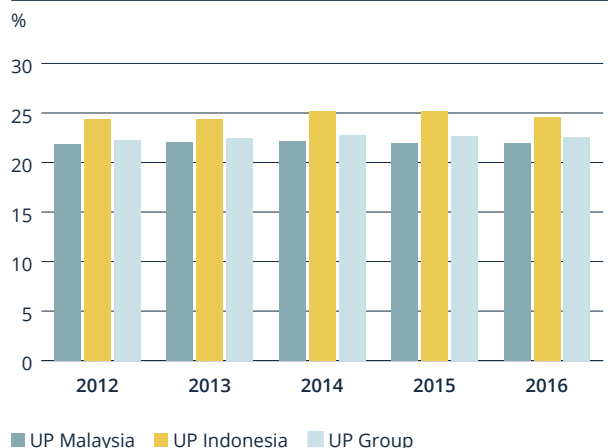
UP's long-term replanting policy continues to be a high priority, also in times of high vegetable oil prices, as this is vital to ensure that the production and yields continue to develop favourably.

Whilst UP's average age profile has improved, sizeable hectareage will be replanted on the estates in Malaysia in 2017 and the major bulk of UP's replanting programme will only be completed by 2018.

**CPO YIELD PER HECTARE**



**CPO EXTRACTION RATE**



**PRODUCTION COSTS AND THE CPO WINDFALL GAIN TAX IN MALAYSIA**

The direct production costs (before depreciation and amortization) per tonne of CPO produced on the Malaysian estates increased by 20% from MYR 810 per tonne in 2015 to MYR 970 per tonne in 2016. (The total cost of production amounted to MYR 1,221 per tonne, compared to MYR 1,032 per tonne in 2015). The increase is primarily due to the lower CPO production, which decreased by 16,989 MT on the Malaysian Estates or 11% compared to 2015.

The increase is also wage related as the minimum wage in Malaysia once again increased in July 2016. From 2006 to 2016, labour wages have increased by 126% for all harvesters and general field employees in Malaysia. In order to cushion the rising labour wages, UP is actively exploring various initiatives aimed at increasing efficiency and productivity throughout the operations.

In spite of these significant wage increases, several sectors in Malaysia continue to find themselves exposed to a situation of acute labour shortages. This is particularly the case for the manufacturing and the construction sector, but certainly also the agricultural and plantation sectors.

Malaysia's windfall gain tax amounted to MYR 3.5 million in 2016, whereas there was no CPO windfall gain tax in 2015, as the average monthly market price of CPO in 2015 remained below the threshold price of MYR 2,500.

**SEGMENTAL INFORMATION FOR 2016**

MYR '000	Plantations	Refining	Other segments	Elimination	Total
<b>Segment Revenue</b>					
External Sales	353,863	873,015	1,506	-	1,228,384
Intersegment Sales	283,862	-	-	(283,862)	-
	637,725	873,015	1,506	(283,862)	1,228,384
<b>Segment Results</b>					
Operating profit (EBIT)	334,165	61,774	(4,943)	68	391,064
Net profit	264,613	47,358	18,768	68	330,807

**THE REFINERY OPERATIONS**

Despite facing a tougher operating environment with margins coming under pressure, the refinery operations (Unitata) achieved a record net profit of MYR 47 million, reflecting an increase of 52% relative to 2015.

The interest in certified sustainable palm oil is increasing, and Unitata is especially seeing a demand for certified fully segregated and traceable refined palm oil solutions, which the Company is able to provide to the market and which will be a key focus area going forward. Unitata is committed to providing high quality tailor made solutions to clients who demand palm fractions, being produced above the sustainability criteria of the RSPO. The improved results were mainly due to increased sales volumes of high quality certified, sustainable and traceable products, positive hedging results, a weaker MYR as well as cost cutting measures that have been fully implemented.

**OTHER**

During 2016, the Indonesian currency strengthened against the MYR, leading to an unrealised foreign exchange gain of MYR 12.5 million on loans to the Indonesian subsidiary, compared to an unrealised foreign exchange gain of MYR 19.9 million in 2015.



## UP INDONESIA

UP's operations in Central Kalimantan in Indonesia generated a net profit of MYR 42 million in 2016, which was 19% higher than the MYR 35 million achieved in 2015.

Agricultural standards on UP's estates in Indonesia have now reached standards similar to those on its Malaysian properties. The operations in Indonesia now provide employment for 1,215 people and include 9,179 hectares of oil palms (net of 552 hectares converted to Plasma – please see page 38) and about 6,500 hectares of permanent conservation areas. The rest of the area is shrub and bush land.

UP's collaboration with Copenhagen Zoo, which was established in 2007, continues to develop very satisfactorily, reaching notable achievements in 2016. The purpose of this cooperation is to provide UP with the necessary expertise for 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 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, and as land availability and suitability from an environmental regulatory point of view have become a limiting factor, the investment climate seems less favourable compared to 2006, when UP initiated the investment in Indonesia (notwithstanding the satisfactory results achieved in 2016). Any further development in Indonesia will only be considered if the investment climate improves and most importantly if brown field plantations developed before 2005 come up for sale that in no way contravene or ignore UP's commitment to not just adhering to the RSPO's principles & criteria but going beyond.

## FINANCIAL POSITION AND CASH FLOW

At 31 December 2016, UP's total current assets amounted to MYR 1,186 million (31 December 2015: MYR 1,075 million), of which cash at bank and short-term funds amounted to MYR 691 million (31 December 2015: MYR 753 million).

Total non-current assets amounted to MYR 1,456 million (31 December 2015: MYR 1,402 million), of which biological assets and property, plant and equipment amounted to MYR 1,419 million (31 December 2015: MYR 1,362 million).

Total equity increased from MYR 2,239 million at 31 December 2015 to MYR 2,368 million at the end of December 2016. The increase mainly comprised the net profit of MYR 331 million, partly offset by the generous dividend payments of MYR 208 million.

Positive cash flow from operating activities amounted to MYR 214 million (2015: MYR 246 million). Capital expenditures in relation to property, plant and equipment amounted to MYR 82 million, compared to MYR 54 million in 2015. The 52% increase was mainly due to the construction of a state-of-the-art palm oil mill and additional capital investments in the refinery division in 2016.

In relation to biological assets (pre-cropping expenditure), UP incurred MYR 44 million in the current year, which is a 6% increase from MYR 42 million in 2015. The main areas of investment were made under UP's large replanting programme where a total of 2,302 hectares were replanted in Malaysia as well as new plantings of 92 hectares under the plasma scheme at UP Indonesia.

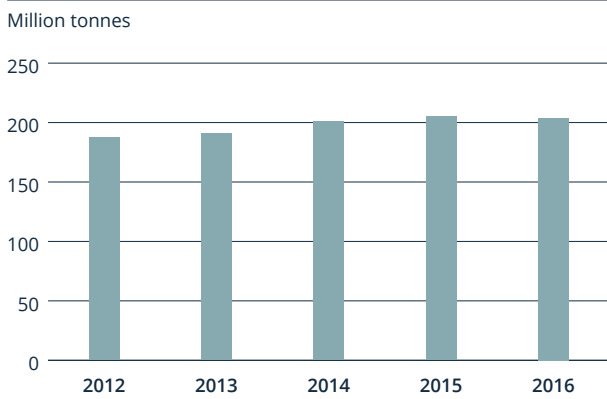


## GLOBAL PRODUCTION OF VEGETABLE OILS AND FATS

The total global production of the 17 edible oils and fats reached 204.1 million tonnes in 2016, out of which palm oil and palm kernel oil production amounted to 64.6 million tonnes equivalent to 31.6%, 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 59% of all net exports of vegetable oils worldwide.

### 17 OILS & FATS - WORLD PRODUCTION





# MSAB IN BRIEF

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**M**elker Schörling AB (MSAB) is a holding company, which was founded in 1999 and listed on Nasdaq OMX Stockholm Large cap in 2006.

MSAB is an active holding company which works for long-term industrial development. Currently, MSAB is a large shareholder in six publically listed companies.

MSAB has within the last two decades successfully contributed in developing companies from being local companies into global market leaders.

By being a long-term and active owner MSAB aims to support the holdings and add value for the Company's shareholders. MSAB intends to make new investments in listed as well as private companies with large development potential.





# MSAB KEY FIGURES

**NET PROFIT  
2016**

**580**

MILLION SEK

▼ 96 %

**NET ASSET VALUE  
AS AT 31/12**

**58.6**

BILLION SEK

▲ 0.4 %

**SHARE PRICE  
AS AT 31/12**

**537.5**

SEK

▼ ▲ 0 %

**NET ASSET VALUE  
PREMIUM**

**9%**

▼ 10 %

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

## MSAB KEY INVESTMENTS



**HEXAGON** | OWNERSHIP 26%

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



**ASSA ABLOY** | OWNERSHIP 4%

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



**AAK** | OWNERSHIP 33%

AAK is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterised by a high level of technological content and innovation.



**HEXPOL** | OWNERSHIP 26%

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



**SECURITAS** | OWNERSHIP 5%

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



**LOOMIS** | OWNERSHIP 1%

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



## FINANCIAL HIGHLIGHTS

MSAB's net profit amounted to SEK 580 million (USD 68 million) in 2016, which reflects the change in 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 surplus.

On 31 December 2016, the market value of MSAB's portfolio amounted to SEK 56,909 million (USD 6,280 million); other net assets amounted to SEK 1,677 million (USD 185 million) and the net asset value amounted to SEK 58,586 million (USD 6,465 million) compared to SEK 58,375 million (USD 6,942 million) at the end of 2015.

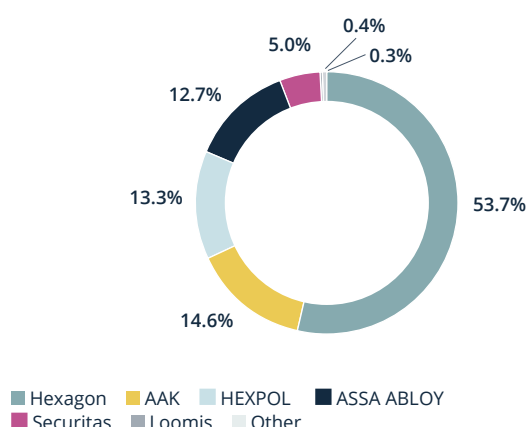
Net asset value per share increased from SEK 490 at the end of 2015 to SEK 492 per share on 31 December 2016, representing an increase of 0.4% (during the same period, the NASDAQ Stockholm All-Share PI index increased by 6%).

The weighted average organic growth in MSAB's portfolio companies was 2% (2015: 3%). Although MSAB's

portfolio companies generally operated in a low inflation environment, MSAB's growth ambition is higher than the growth rate achieved in 2016. All companies have invested significant resources in innovation and several new products and services were launched in 2016, which should have a positive effect on future organic growth. In addition, some of the portfolio companies completed acquisitions during 2016, which contributed to a weighted average turnover increase of 4%.

The weighted average growth in operating profit (EBIT) in the portfolio companies was 6% (in 2015: 21%).

### SHARE OF TOTAL ASSETS ON 31 DECEMBER 2016



## MSAB HOLDINGS AND NET ASSET VALUE

	31 December 2016			31 December 2015		
	No. of shares	Share Price (SEK)	SEK million	No. of shares	Share Price (SEK)	SEK million
Hexagon	93,679,899	326.10	30,549	93,679,899	315.40	29,547
AAK	13,899,301	599.50	8,333	13,899,301	630.00	8,757
HEXPOL	89,298,779	84.50	7,546	89,298,779	91.25	8,149
ASSA ABLOY	42,812,848	169.50	7,257	42,812,848	179.00	7,663
Securitas	19,734,600	143.50	2,832	19,734,600	130.70	2,579
Loomis	900,000	270.80	244	5,547,887	264.60	1,468
Other			148			217
<b>Total</b>			<b>56,909</b>			<b>58,380</b>
Net cash			1,677			(5)
Net asset value			58,586			58,375
No. of shares			119,097,595			119,097,595
Net asset value per share (SEK)			492			490



## SIGNIFICANT EVENTS IN 2016

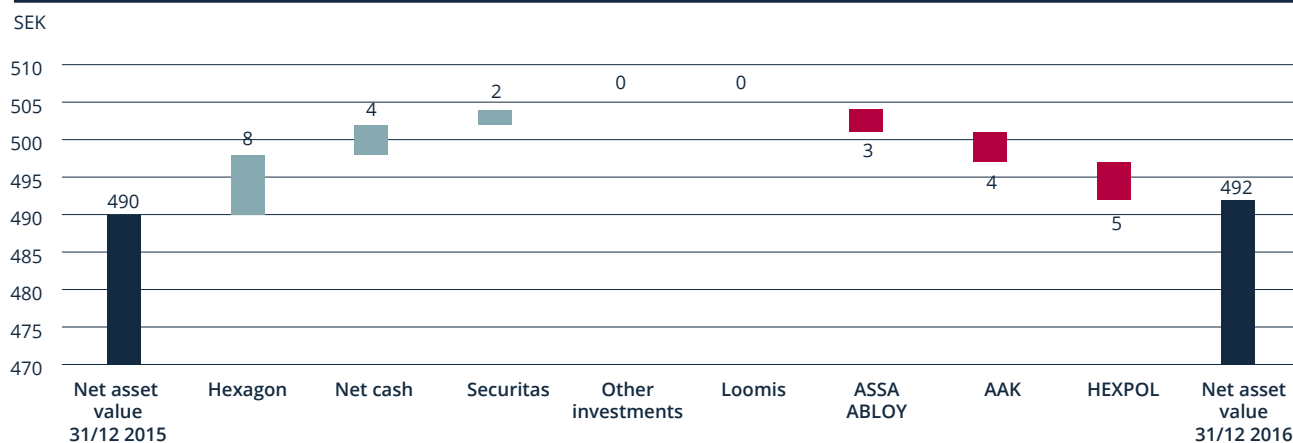
Ulrik Svensson, CEO of MSAB, announced on 1 July 2016 that he will be leaving his position with MSAB as he has been appointed CFO of Lufthansa. On 11 November 2016, MSAB announced the appointment of Gun Nilsson as the new CEO of MSAB. Gun Nilsson is currently CFO in IP-Only and has previously been CFO in Nobia and Sanitec (both listed companies) and CEO in Gambro Holding. Gun Nilsson has been a board member in Hexagon since 2008, and previously a board member in listed companies via her involvement in Capio and Dometic. Gun Nilsson will start during May 2017. Mr. Mikael Ek Dahl is acting-CEO until then.

Melker Schörling announced on 24 October 2016 that he will resign as chairman of the boards 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 as a board member of MSAB and will continue to support and act as

advisor to the managements in MSAB and the portfolio companies as well as to the board of directors in 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. 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.

### CHANGE IN NET ASSET VALUE PER MSAB SHARE PER INVESTMENT - 2016





## 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 873 million.

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

#### UP

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

Production is influenced by local and global weather patterns, such as El Niño, and is highly dependent on 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 affect the profits of UP accordingly.

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

See UP's Annual Report 2016 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 2016 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:

- Share price risk which is the risk that the value of the investments will fluctuate due to changes in the share prices
- Commodity price risk arises from fluctuations in the price of palm and palm kernel oil
- Foreign currency risks arising from investments and commodity sales in foreign currencies as the value of investments and cash flows fluctuates 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 Note 4.6 on pages 72-77 for further information on UIE's financial risk management and exposure.



## 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, the second major contributor, 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.

UP continues to replant a large proportion of its old and less productive oil palm areas in Malaysia in 2017. However, all areas in the Indonesian operations will continue to be in production in 2017 and the large areas replanted in Malaysia over the last 8 years will likely result in an increase in CPO production.

During 2016, vegetable oil prices recovered as the global CPO and PK production decreased by almost 7% due to the very serious El-Niño, which impacted Indonesia and Malaysia in 2015 and early 2016. However, with the improved weather towards the end of 2016, the palms have finally started to recover in Indonesia, and Malaysia is expected to follow soon. This coupled with the prospect of further increases of soybean plantings in the US are viewed as additional bearish factors, which must be watched closely, as this could exert pressure on the vegetable oil price complex from April/May 2017 onwards.

In this respect, one must recognize that almost 16% of the world's 17 Oils & Fats were used for biofuel/biodiesel products in 2016, once again emphasizing this segment's critical role in terms of demand.

Nevertheless, the depreciation of the MYR against the USD has helped to support CPO prices in MYR and this is expected to continue in 2017, as the finalization of the quantitative easing programme by the US Federal Reserve takes place coupled with further interest rate rises applying further pressure on emerging economy and their currencies vis-à-vis the USD.

Based on the above, and due to the current prevailing prices of palm oil and palm kernel in the market, UP is of the view that the outlook for 2017 is challenging, yet hopeful. With the prices contracted under UP's forward sales policy, the Indonesian production improving and large areas steadily coming into maturity form UP's re-

planted areas in Malaysia, UP projects the results for 2017 to be satisfactory.

Even though the equity markets (including Sweden) have increased slightly since the start of 2017, the uncertainty in relation to the outlook for the global economy as well as the political environment will likely create further volatility on the equity markets. If the current share price of MSAB as well as the SEK/USD exchange rate were to remain stable during the remaining part of 2017, the fair value adjustment recognised in UIE's Income Statement for 2017 will be marginally positive as opposed to the negative contribution from MSAB in 2016.

Based on the above, the Board is of the view that UIE's net profit attributable to equity holders of the Company for 2017 is expected to be at the same level as the result reported in 2016.



## SHAREHOLDER INFORMATION

### THE UIE SHARE, SHARE CAPITAL AND VOTES

During 2016, UIE's issued share capital remained unchanged at 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 the NASDAQ Copenhagen 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 last updated in May 2016, reflecting the changes made in regards to retirement age of Directors of the Board.

### DIRECTORS' INTEREST AS AT 3 MARCH 2017

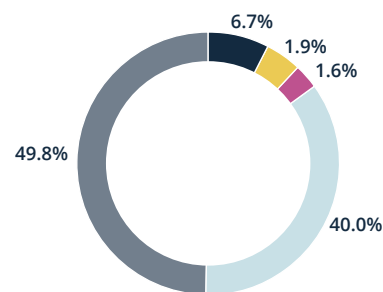
	No. of shares	% of share capital
<b>Individually:</b>		
Carl Bek-Nielsen Chairman	61,196	1.72
Martin Bek-Nielsen Deputy Chairman	20,174	0.57
John Madsen	4,400	0.12
Frederik Steen Westenholz	230	0.01
Bent Mahler	11	0.00
John A. Goodwin	-	-
Jørgen Balle	-	-
<b>Jointly:</b>		
Jointly owned by Carl Bek-Nielsen and Martin Bek-Nielsen via Brothers Holding Limited	1,689,574	47.52

### OWNERSHIP

According to UIE's share register, the Company had 1,726 registered shareholders as at 31 December 2016, compared to 1,786 registered shareholders at the end of 2015. As per 31 December 2016, the registered shareholders owned 93.2% of the share capital. The remaining 6.8% of shareholders has not yet been registered.

At the end of 2016, the major shareholder was Brothers Holding Limited (via the 100% owned subsidiary C&M Holding Limited) with a shareholding of 47.5%, which is owned by Carl Bek-Nielsen and Martin Bek-Nielsen. Including the shareholding owned individually by Carl Bek-Nielsen and Martin Bek-Nielsen, the Bek-Nielsen family's equity interest amounted to 49.8% (excluding UIE's treasury shares, the Bek-Nielsen family's voting rights in UIE amounted to 50.9% at the end of 2016).

### CLASSIFICATION OF SHAREHOLDERS AS AT 3 MARCH 2017



■ Brothers Holding Limited<sup>1</sup> ■ BNY Mellon  
■ AP Pension ■ AB ■ Other

1) Including shares owned individually by Carl & Martin Bek-Nielsen.

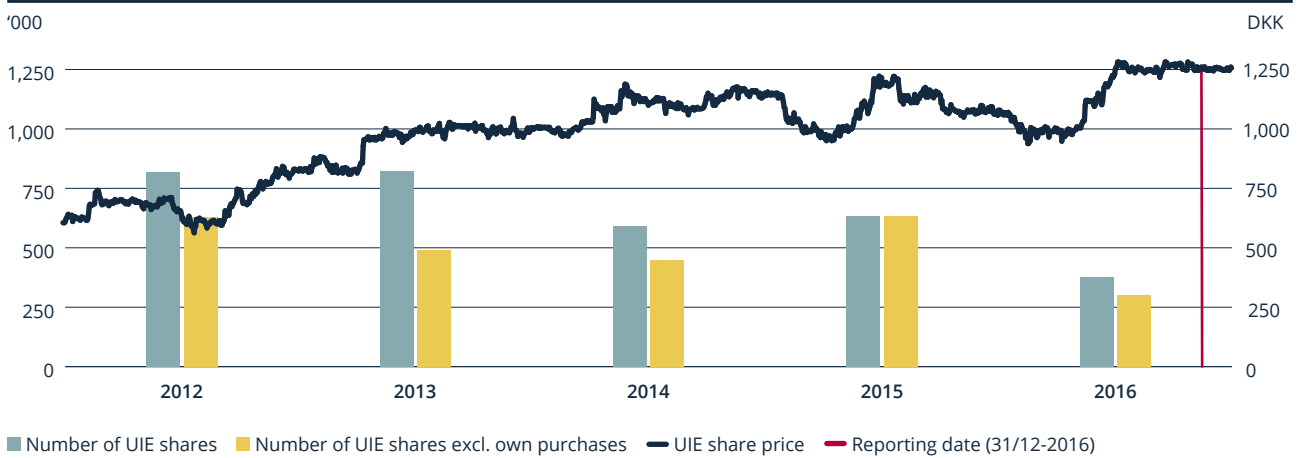
### SHAREHOLDER REGISTER AND REGISTRATION

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.



## UIE SHARE TURNOVER AND SHARE PRICE DEVELOPMENT



### SHARE PRICE DEVELOPMENT, MARKET VALUE AND TURNOVER

The market value of UIE's issued share capital at 31 December 2016 was DKK 4,412 million compared to DKK 3,748 million at the end of 2015.

In 2016, the UIE share traded in a price range from DKK 930 to DKK 1,270 per share.

At the end of 2015, UIE's closing share price was DKK 1,054 and at last trading date in 2016, it had increased

to DKK 1,241, which is equivalent to an increase of 18%. By comparison, the NASDAQ Mid Cap index decreased by 1% in 2016.

In 2016, the total turnover in the UIE share was DKK 342 million (excluding treasury shares), which corresponds to a daily average trading turnover of DKK 1.4 million or approximately 1,200 shares, which was lower than the daily average number of shares traded in 2015 of 2,600 shares.

### SHARE INFORMATION AS AT 31 DECEMBER

	2016	2015	2014	2013	2012
Share price end of year (DKK) <sup>1</sup>	1,241	1,054	959	1,120	972
Total shares issued	3,555,575	3,555,575	3,555,575	4,300,000	4,300,000
Holding of treasury shares	75,822	-	-	598,626	268,203
Nominal value per share (USD)	10	10	10	10	10
Share capital (USD)	35,555,570	35,555,750	35,555,750	43,000,000	43,000,000
Equity (USD '000)	520,390	519,749	531,657	568,373	559,557
Market value (USD '000) (excl. treasury shares)	612,292	548,693	557,029	769,987	693,009
Market value (DKK '000) (excl. treasury shares)	4,318,373	3,747,576	3,409,796	4,167,710	3,921,810

1) Closing price





**TRADING IN TREASURY SHARES**

	2016	2015	2014	2013	2012
<b>Direct:</b>					
Holding at beginning of period	-	-	598,626	268,203	402,724
Share buy back	75,822	-	145,799	330,423	187,809
Holding distributed from UIH	-	-	-	-	520,987
Cancellation of treasury shares	-	-	(744,425)	-	(843,317)
<b>Total direct holding, end of year</b>	<b>75,822</b>	<b>-</b>	<b>-</b>	<b>598,626</b>	<b>268,203</b>

**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.

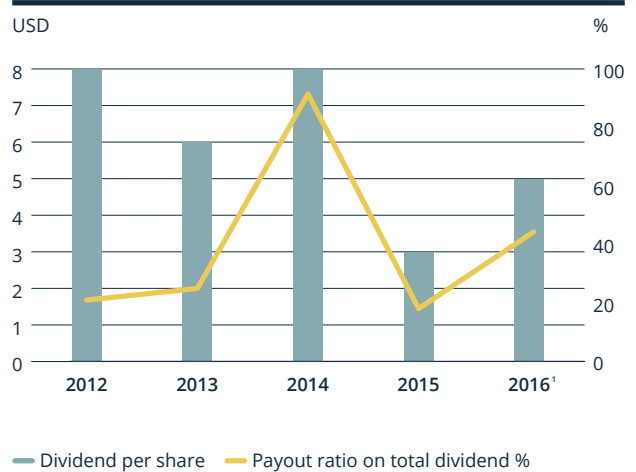
As reported in Company Announcement no. 6 2016, UIE initiated the share buy-back in two parallel programmes; one under the Safe Harbour regulation with a maximum outlay of DKK 100 million and one Block trade programme carried out outside the safe Harbour regulation. The total number of shares acquired 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 31 December 2016, a total of 75,822 shares, corresponding to 2.13% 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.

**DIVIDEND KEY FIGURES**



1) Proposed dividend.

**STOCK EXCHANGE ANNOUNCEMENTS IN 2016**

Date	Announcement
16.03	Annual Report 2015
16.03	Notice of Annual General Meeting 2016
29.04	Development of AGM
26.05	First Quarter Report 2016
07.06	Notice of Insider Trading
15.06	UIE's share buy-back programme
22.08	Half Year Report 2016
22.11	Third Quarter Report 2016





## INVESTOR RELATIONS POLICY

### PURPOSE OF 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](http://www.uie.dk).

By subscribing to the investor portal at [www.uie.dk](http://www.uie.dk), shareholders and other interested parties have timely and easy access to information.

## FINANCIAL CALENDAR 2017

Date	Announcement
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

### ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 28 April 2017 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 2016; re-election of Directors 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 26 May 2017, commencing at 10.00 a.m.



## CORPORATE GOVERNANCE

UIE's Board of Directors and Executive Management continuously strive to maintain an appropriate corporate governance framework and aim to provide shareholders and other stakeholders in due time with relevant information about the Company's strategy, business operations, financial results and future expectations.

The Board of Directors is of the view that corporate governance is an ongoing process influenced by current laws, regulations and recommendations, and thus regularly evaluates its corporate governance practices to ensure clear decision-making processes and satisfactory transparency.

In UIE's statutory report on corporate governance, the Board of Directors comments on the status of compliance with the recommendations issued by the Danish Committee on Corporate Governance. The full report for 2016 is available at [uie.dk/statutory-report](http://uie.dk/statutory-report).

### COMMUNICATION WITH SHAREHOLDERS

The Company seeks at all times to enhance effective relationships and open communication between shareholders, other stakeholders and the Company.

The main objective of Annual General Meetings ("AGM") and informal shareholder meetings is to provide a useful forum for shareholders to engage actively with the Company, to exchange views as well as to participate in an open dialogue about UIE's development.

The Board aims to increase transparency and active ownership by ensuring that the shareholders are informed of all major developments affecting the Company by means of:

- Distribution of financial reports and company announcements
- An informative website
- Notices of meetings
- Publication of news

### BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

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

The Board of Directors regularly reviews the structure, size and composition of the Board, which includes assessing whether the competencies required are adequately represented. The Board strives to enhance diversity, which is taken into account when considering profiles and qualifications of potential candidates.

All Directors of the Board are elected at the AGM for a period of one year and must seek re-election at the ensuing AGM.

The Board of Directors maintains three committees to assist it in discharging its oversight responsibilities: an Audit Committee, a Remuneration Committee and a Nomination Committee. See [uie.dk/the-committees-of-the-board](http://uie.dk/the-committees-of-the-board) for a description of the specific members, duties and activities of each committee.

The Company has incorporated a number of restrictions for the Board in its Articles of Association, which is available on the Company's website.

### 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



- 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

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, which is available at [uie.dk/remuneration-policy](http://uie.dk/remuneration-policy).

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**

### **FINANCIAL REPORTING**

The financial reporting process refers to activities that generate financial information used in managing the Company and the financial information published in accordance with the requirements of legislation, standards, and other regulations covering the Company's operations. Financial reporting is governed by a set of common principles. The Group applies the IFRS accounting standards approved within the EU. The Group's financial management organization has drawn up guidelines for units, covering the content of financial reporting and the dates within which reporting must take place.

### **RISK MANAGEMENT**

The overall objective of risk management is to identify, evaluate, and manage risks that may threaten the achievement of UIE's business goals. Operating risk within the companies UIE invests in are managed by these entities own management. On a regular basis, the UIE 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.

### **AUDITING**

The task of statutory auditing is to verify that UIE's financial statements and Board of Directors' report provide accurate and adequate information on the company's results and financial position. 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

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Since its foundation, UIE has invested in the agro-industrial sector, particularly palm oil. It attaches great importance to maintaining high Corporate Social Responsibility (“CSR”) standards and strives to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders.

As UIE is a holding company, it has not developed its own CSR policies but highly supports UP and MSAB to operate in an ethical and professional manner.







## CORPORATE SOCIAL RESPONSIBILITY

Although UIE is a holding company, it takes social responsibility seriously, and thus encourages both UP and MSAB 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 in which 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, each with their own CSR approach. For further information about the issues relevant for the individual companies, please see the companies' annual reports, sustainability reports and their websites.

### UNITED PLANTATIONS

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"). The Company has for several years lead the field in sustainable palm oil production. UP was one of the initial palm plantation signatories to the RSPO in 2004 and the first Company to achieve re-certification of the RSPO, valid from 2014 and five years ahead. UP takes pride in being recognized as a certified producer of sustainable palm oil; ever since it became the world's first producer of certified sustainable palm oil in August 2008, it has introduced additional environmental practices of higher standards. For the Indonesian estates, UP has targeted to move towards full certification, including RSPO and ISPO (Indonesian Sustainable Palm Oil Principles & Criteria), by 2018.

Furthermore, UP is taking the sustainability certification to a higher level, through the "RSPO NEXT", which is a voluntary add-on to the existing Principles & Criteria for sustainably grown palm oil dedicated to furthering the fight against deforestation and gas emissions from palm oil production as well as strengthening human right commitments. The "RSPO NEXT" certification is the world's strictest for any agricultural crop but also amongst the most credible. UP is moving towards "RSPO NEXT" certification by 2018.

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

### EMPLOYEES

The success and achievements of UP are highly correlated with its employees. The employees are core assets of UP and their welfare and rights are of key importance in every aspect of its operations. UP focuses on developing and enhancing each individual's skills, capabilities and motivation by providing continuous training and supervision.

UP supports diversity in a working environment where there is mutual trust and respect and where employees feel encouraged and responsible for the success of the company.

UP is also committed to maintaining a safe and healthy workplace for all staff. The company ensures that safety operating procedures and system checks for all processes are in place and product quality standards are maintained in a responsible manner.

During 2016, UP continued to provide a number of social welfare initiatives to its employees and their families as well as to the local communities by securing child care, primary schools, well-equipped hospitals and health clinics, places of worship, bus subsidies for school children, a bakery and an old folks home that cares for the retired and aged employees.

Furthermore, 41 scholarships were granted to children of UP's employees in 2016, thus enabling these students to attend their tertiary studies.



## 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 promotes socio-economic policies and progress in the surrounding communities. Apart from improving welfare standards, ensuring high standard educational facilities, providing medical care and housing facilities, supporting investments in infrastructure projects as well as offering 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. The sporting events enhance friendship and help to create a strong sense of community spirit. UP also engages with smallholders and 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. In addition, the smallholders receive training sessions in safe handling of pesticides, optimal harvesting procedures and fertilizer application in order to support and assist them with their agricultural interests.

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 helping local smallholders with e.g. 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. When the land has been developed and managed by UP for one cycle, it is thereafter handed over to the smallholder for self-management. The objective is to provide more opportunities for the smallholders and help alleviate poverty.

To date 552 hectares of Plasma have been developed for 425 smallholders and another additional 1,000 hectares are expected to be provided and developed to surrounding communities during 2017 to 2019.

## MARKETPLACE

UP is committed to providing high quality products and services to customers worldwide through dedicat-

ed employees and advanced technology. UP aims at continuous improvement and works towards building long-term relationships through interaction and discussions with all stakeholders in the market place.

## 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 overall 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 land reserved for development. UP requested Daemeter Consulting to perform a HCS assessment in accordance with RSPO's New Planting Procedure ("NPP") with the objective to produce a land use map indicating which areas could be developed for Plasma plantations and which areas ideally should be set aside for conservation. The final report was released in August 2016, indicating the concession area, the outcome of the HCS, High Conservation Value ("HCV"), Free, Prior and Informed Consent ("FPIC") and peat surveys, thereby incorporating social and environmental considerations in line with RSPO's NPP guidelines. Daemeter's assessment found that 40% of the concession area surveyed is recommended to be conserved, as it is either considered HCS, HCV or located on peat soils. Hence, UP is now in full compliance to its No Deforestation Policy of July 2014.

Significant investments have been made in promoting green energy starting with the fully integrated biomass reciprocating boiler and the construction of four biogas plants. These projects have helped significantly to reduce emissions of CO<sub>2</sub> by 70% and CH<sub>4</sub> by 80% at the operating units.

The fifth and final biogas plant is scheduled to be finalized in 2017, which will result in all the mills having methane capture facilities in the form of biogas plants. Furthermore, to enhance biomass utilisation, plans are underway for the construction of two additional units of biomass reciprocating boilers at the Jendarata and



UIE palm oil mills, which are expected to be completed by 2018.

Another turning point reached in 2016 was the successful completion of the UIE Electrification Project, which makes it possible to convert biogas, generated from the UIE biogas plant, to electricity and selling the generated electricity back to the national grid, thereby improving UP's carbon footprint further.

In early 2016, a comprehensive update to the Life Cycle Assessment ("LCA") study of palm oil at UP was undertaken, providing a clear overview of the development in the Company's efforts to reduce its carbon footprint as well as identifying additional areas for further improvement. UP continues to remain a frontrunner in terms of implementing greenhouse gas reducing projects within the Plantation Industry.

The LCA report shows, among others, that the four Clean Development Mechanism ("CDM") projects, which have been registered, have helped reduce the annual emissions of greenhouse gasses by at least 125,000 MT CO<sub>2</sub> (eq). The company has thus met its target of reducing the "Carbon Footprint" per tonne of refined palm oil produced by more than 33% when compared to pre-2005 levels. With additional investments and more initiatives, UP aims at reducing "Carbon Footprint" per MT of refined palm oil produced by 50% in 2018 compared to pre-2005 levels.

UP has a strong commitment to minimizing the use of pesticides via the Integrated Pest Management ("IPM") Programme, e.g. by establishing beneficial flowering plants, monitoring pest outbreaks, carrying out biological treatment and using barn owls, leopard cats, cobras and monitor lizards as predators of rats in the plantation landscape (a pair of barn owls together with its chicks can e.g. consume about 800-1,000 rats per year). The results are very positive; UP's use of pesticide is e.g. 4-5 times lower per tonne of oil produced compared to Rapeseed farmers and about 36-40 times lower compared to Soybean farmers, delivering substantial benefits for the society in general.

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 estates as well as to preserve flora and fauna. In Indonesia, the Company

has set aside approximately 30% of its land concession for the purpose of conservation.

In order to develop effective conservation strategies, UP and Copenhagen Zoo have formed a partnership, and a Biodiversity Department ("BioD") has been established on UP's Lada Estate in Indonesia. The BioD is responsible for mainstreaming environmental concerns into standard operational procedures (focus is on activities primarily within biodiversity, habitat and ecosystem, forestry and rehabilitation) and has been an important milestone for the Company's target of producing certified sustainable palm oil in Indonesia as well as being able to document the environmental integrity of its Indonesian operations.

One of the major activities of the BioD is monitoring the baseline biodiversity data, where new species continue to be recorded. The data shows that the number of species increased with 24% in 2016 compared to the 2015 records, whereof the greater part were trees.

For further information about UP's commitment to CSR, please see the UP's Sustainability Report enclosed in the Annual Report (pages 30-161) or visit the website [www.unitedplantations.com](http://www.unitedplantations.com).



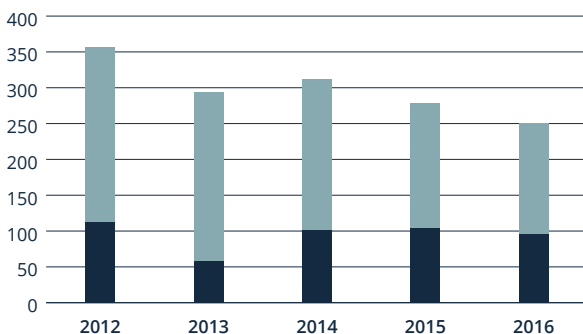
## CONSOLIDATED KEY FIGURES

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2016	2015
Revenue	296,409	259,093
Profit before income tax	93,162	118,990
Net Profit	82,204	97,760
Net profit attributable to owners of the Company	39,459	58,188
Current assets	381,201	363,917
Cash and bank balances	157,094	196,905
Short-term funds	93,311	82,212
Non-current assets	493,756	501,244
Total assets	874,957	865,161
Total liabilities	74,434	70,006
Equity attributable to owners of the Company	510,179	498,785
Non-controlling interests	290,344	296,370
Total equity	800,523	795,155
Earning per share attributable to owners of the Company (USD)	11.18	16.37
Share Price, end of period (USD)	175.96	154.32
Share Price, end of period (DKK)	1,241.00	1,054.00
Return on equity	7.82%	11.68%
Solvency ratio	91.49%	92.24%

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

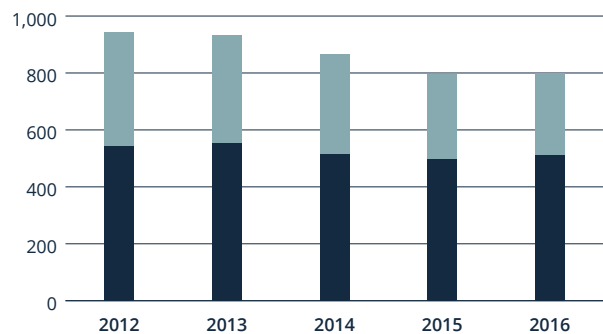
USD million



■ UIE ■ UP Malaysia

### EQUITY ATTRIBUTABLE TO OWNERS VS. NCI

USD million



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





UNITED INTERNATIONAL ENTERPRISES LIMITED

# CONSOLIDATED FINANCIAL STATEMENTS



UNITED INTERNATIONAL ENTERPRISES LIMITED

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**CONSOLIDATED INCOME STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2016	2015
Revenue	1.1	296,409	259,093
Costs of goods sold		(130,842)	(88,332)
Gross profit		165,567	170,761
Other income		8,928	16,530
Amortisation, depreciation and impairment	2.2, 2.4, 2.5	(18,570)	(19,414)
Staff costs	1.2	(37,387)	(39,175)
General and administrative costs	4.1	(32,467)	(40,494)
<b>Profit from operations before financial items</b>		<b>86,071</b>	<b>88,208</b>
Changes in fair value of MSAB	3.1	(9,062)	30,987
Changes in fair value of Greenbridge	3.1	2,133	-
Gain on sale of AAK shares and changes in fair value	3.1	-	929
Dividend income MSAB		730	454
Results from investing activities – portfolio investments		93	-
Interest income		6,998	7,810
Interest expense		(5)	(7)
Net foreign exchange gain/loss		6,204	(7,259)
Share of results in jointly controlled entity		-	(2,132)
Profit before income tax		93,162	118,990
Income tax	4.2	(20,906)	(21,230)
One-off settlement of tax position	4.2	9,948	-
<b>Profit for the year</b>		<b>82,204</b>	<b>97,760</b>
<b>Profits attributable to</b>			
Owners of the Company		39,459	58,188
Non-controlling interests		42,745	39,572
		<b>82,204</b>	<b>97,760</b>
Earnings per share attributable to owners of the Company (USD)		11.18	16.37

**OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2016	2015
Profit for the year	82,204	97,760
<b>Items that are or may be reclassified to the Income Statement</b>		
Equity adjustment on foreign currency translation, net of tax of USD nil	(24,474)	(115,994)
Other comprehensive income	(24,474)	(115,994)
<b>Total comprehensive income</b>	<b>57,730</b>	<b>(18,234)</b>
<b>Total comprehensive income attributable to</b>		
Owners of the Company	35,706	3,758
Non-controlling interests	22,024	(21,992)
	<b>57,730</b>	<b>(18,234)</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD '000	Note	31 Dec. 2016	31 Dec. 2015
<b>Assets</b>			
<b>Current assets:</b>			
Inventories	1.3	42,342	25,860
Cash and bank balances	3.2	157,094	196,905
Short-term funds	3.2	93,311	82,212
Trade and other receivables	4.6	75,042	48,593
Derivatives	4.6	770	289
Portfolio investments	3.1	11,216	9,800
Current tax receivable		1,426	258
<b>Total current assets</b>		<b>381,201</b>	<b>363,917</b>
<b>Non-current assets:</b>			
Goodwill	2.1	7,096	7,096
Bearer plants	2.2	104,212	104,124
Biological assets	2.3	6,301	5,038
Property, plant and equipment	2.4	239,883	242,813
Land use rights	2.5	8,067	7,896
Deferred tax assets	4.2	2,346	3,153
Strategic investments	3.1	125,839	129,610
Other financial assets		12	1,514
<b>Total non-current assets</b>		<b>493,756</b>	<b>501,244</b>
<b>Total assets</b>		<b>874,957</b>	<b>865,161</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Current tax liability		3,640	2,730
Trade and other payables	4.6	27,268	18,310
Derivatives	4.6	3,190	7,731
Bank borrowings		24	3
Retirement benefit obligation	4.5	167	262
<b>Total current liabilities</b>		<b>34,289</b>	<b>29,036</b>
<b>Non-current liabilities:</b>			
Deferred taxation	4.2	37,151	37,968
Derivatives	4.6	40	502
Retirement benefit obligation	4.5	2,954	2,500
<b>Total non-current liabilities</b>		<b>40,145</b>	<b>40,970</b>
<b>Total liabilities</b>		<b>74,434</b>	<b>70,006</b>
Share capital	4.3	35,556	35,556
Treasury shares	4.3	(13,646)	-
Other reserves	4.3	488,269	463,229
Equity attributable to owners of the Company		510,179	498,785
Non-controlling interests		290,344	296,370
<b>Total equity</b>		<b>800,523</b>	<b>795,155</b>
<b>Total liabilities and shareholders' equity</b>		<b>874,957</b>	<b>865,161</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Share capital	Share premium	Treasury shares	Trans-lation Reserves	Other Reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2016	35,556	9,159	-	(66,081)	98	520,053	498,785	296,370	795,155
<b>Total comprehensive income for the year</b>									
Profit for the period	-	-	-	-	-	39,459	39,459	42,745	82,204
Equity adjustment on foreign currency translation	-	-	-	(3,655)	(98)	-	(3,753)	(20,721)	(24,474)
Total comprehensive income for the year	-	-	-	(3,655)	(98)	39,459	35,706	22,024	57,730
<b>Transactions with owners</b>									
Treasury shares purchased	-	-	(13,646)	-	-	-	(13,646)	-	(13,646)
Dividends paid	-	-	-	-	-	(10,666)	(10,666)	(28,050)	(38,716)
Total transactions with owners	-	-	(13,646)	-	-	(10,666)	(24,312)	(28,050)	(52,362)
<b>On 31 December 2016</b>	<b>35,556</b>	<b>9,159</b>	<b>(13,646)</b>	<b>(69,736)</b>	<b>-</b>	<b>548,846</b>	<b>510,179</b>	<b>290,344</b>	<b>800,523</b>

USD '000	Share capital	Share premium	Treasury shares	Trans-lation Reserves	Other Reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2015	35,556	9,159	-	(11,651)	98	484,544	517,706	350,571	868,277
<b>Total comprehensive income for the year</b>									
Profit for the period	-	-	-	-	-	58,188	58,188	39,572	97,760
Equity adjustment on foreign currency translation	-	-	-	(54,430)	-	-	(54,430)	(61,564)	(115,994)
Total comprehensive income for the year	-	-	-	(54,430)	-	58,188	3,758	(21,992)	(18,234)
<b>Transactions with the owners of the Company and other equity transactions</b>									
Dividends paid	-	-	-	-	-	(14,222)	(14,222)	(25,411)	(39,633)
Total contributions and distributions	-	-	-	-	-	(14,222)	(14,222)	(25,411)	(39,633)
<b>Changes in ownership interests</b>									
Acquisition of non-controlling interests without change of control	-	-	-	-	-	(8,457)	(8,457)	(6,798)	(15,255)
Changes in ownership interests	-	-	-	-	-	(8,457)	(8,457)	(6,798)	(15,255)
Total transactions with owners of the company and other equity transactions	-	-	-	-	-	(22,679)	(22,679)	(32,209)	(54,888)
<b>On 31 December 2015</b>	<b>35,556</b>	<b>9,159</b>	<b>-</b>	<b>(66,081)</b>	<b>98</b>	<b>520,053</b>	<b>498,785</b>	<b>296,370</b>	<b>795,155</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2016	2015
<b>Cash flows from operating activities</b>		
Receipts from customers	276,306	256,265
Payment to suppliers	(142,790)	(84,146)
Payment of operating expenses	(73,969)	(97,931)
Payment of taxes	(19,388)	(19,846)
Other receipts	9,021	6,159
<b>Net cash generated from operating activities</b>	<b>49,180</b>	<b>60,501</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	2,119	3,369
Interest income	7,787	8,093
Proceeds from disposal of joint venture	-	2,322
Proceeds from sale of shares available for sale	5,075	-
Investment in Greenbridge	(3,158)	(3,774)
Dividend income	862	506
Proceeds from sale of shares in AAK	-	25,385
Proceeds from sale of portfolio investment	-	3,153
Purchase of portfolio investments	(1,455)	(10,299)
Pre-cropping expenditure incurred	(10,657)	(10,711)
Purchase of property, plant and equipment	(19,932)	(13,895)
Land use rights payments	(362)	(102)
VAT received	-	38
Net change in deposits with a tenure more than 3 months	44,307	18,516
Net change in short-term funds	(15,872)	(40,405)
<b>Net cash (used in)/generated from investing activities</b>	<b>8,714</b>	<b>(17,804)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(5)	(46)
Dividends paid	(38,716)	(39,633)
Purchase of treasury shares	(13,646)	-
Purchase of non-controlling interest	-	(15,255)
Movement in associated company balances	(1)	(1)
<b>Net cash used in financing activities</b>	<b>(52,368)</b>	<b>(54,935)</b>
<b>Net change in cash and cash equivalents</b>	<b>5,526</b>	<b>(12,238)</b>
Cash and cash equivalents at the beginning of year	117,709	137,925
Foreign exchange adjustment	(997)	(7,978)
<b>Cash and cash equivalents at end of year</b>	<b>122,238</b>	<b>117,709</b>
Cash and cash equivalents	122,238	117,709
Bank overdrafts included in cash and cash equivalents	(24)	(3)
	122,262	117,712
Deposits with a tenure more than 3 months	34,832	79,193
<b>Total cash and bank balances</b>	<b>157,094</b>	<b>196,905</b>
Short-term funds	93,311	82,212
<b>Cash and short-term funds</b>	<b>250,405</b>	<b>279,117</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 Copenhagen. 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.

#### BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

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

The group has with effect from 1 January 2016, implemented the standards and interpretations that became effective in EU from 2016. None of these Standards and Interpretations have had material impact on profit or loss, assets, liabilities or equity.

#### 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 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

	Country of Incorporation	Equity Interest	
		2016	2015
<b>Subsidiaries:</b>			
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	47%	47%
<b>Subsidiaries of UP:</b>			
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	Indonesia	95%	95%
PT. Sawit Seberang Seberang <sup>1</sup>	Indonesia	93%	93%
Bernam Agencies Sdn. Bhd.	Malaysia	100%	100%
United International Enterprises (M) Sdn. Bhd. <sup>1</sup>	Malaysia	100%	100%
<b>Associates:</b>			
Durisol <sup>2</sup>	United Kingdom	27%	27%
<b>Associates of UP:</b>			
Bernam Bakery Sdn. Bhd. <sup>1</sup>	Malaysia	30%	30%

1) Dormant.

2) 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.

UIE related shareholders in UP are widely dispersed, and therefore UIE related shareholders have a greater ability to control votes at shareholder meetings.

The main factor that contributes to UP being considered a subsidiary of UIE is that the shares held by non-

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

## NON-CONTROLLING INTEREST

USD '000	2016	2015
Principal place of business	Malaysia	Malaysia
Proportion of ownership	52.7%	52.7%
Profit attributable to Non-controlling interest	42,745	39,572
Accumulated non-controlling interestst of the subsidiary at 31 December	290,344	296,370
Dividends paid to Non-controlling interest	28,050	25,411



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 non-current 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.

#### 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)
- Bearer plants (section 2)
- Biological assets (section 2)
- Research and development costs (section 2)
- Land use rights (section 2)
- Strategic and portfolio investments (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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

- Biological assets (section 2.3)
- Property, plant and equipment (section 2.4)

### 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, IFRS 15, IFRS 16, amendments to IFRS 11, amendments to IAS 7 and IAS 12 and amendments to IFRS 10 and IAS 28.

The standards that in general is expected to have most impact in current accounting regulation is:

- IFRS 9 'Financial Instruments', effective 1 January 2018, changing classification, measurement of financial instruments and hedge accounting. UIE does not use hedge accounting and does not expect material effect of UIE's recognition and measurement. Consequently, the upcoming standard is not expected to have a significant impact on profit or loss, assets, liabilities or equity.

- IFRS 15 'Revenue from contracts with customer, effective 1 January 2018, establishing a comprehensive framework for revenue recognition. UIE have made a preliminary analysis, including mainly variable consideration and does not expect a significant impact on revenue recognition or measurement.
- IFRS 16 'Leases', effective 1 January 2019, changing recognition of leases to be capitalized in the balance sheet. The vast majority of leases in the UIE group is prepaid leasehold land, thus already capitalized. Minor leases of operational equipment is not expected to have a significant impact on profit or loss, assets, liabilities or equity.

In the opinion of the management, none of the new standards and interpretations will materially affect UIE's recognition and measurement of assets and liabilities in annual reports in the coming financial years.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.

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.

#### **RECOGNITION AND MEASUREMENT IN THE SEGMENT REPORTING**

The recognition and measurement in segment reporting generally follow accounting policies according to IFRS except for areas described below

In the UIE segment the following areas deviate from the Consolidated Financial Statements:

- The fully owned subsidiaries are consolidated on a line by line basis as in the consolidated financial statements

- The investment in UP is recognised using the equity method. The measurement of the net assets and the result from UP excludes the impact of the purchase price allocation performed according to IFRS 10 and IFRS 13
- The measurement of biological assets and bearer plant exclude the re-measurement of fresh fruit bunches (FFB) and coconuts according to IAS 41

In the UP segment the following areas deviate from the Consolidated Financial Statements:

- The figures exclude the impact of the purchase price allocation performed according to IFRS 10 and IFRS 13
- The measurement of biological assets and bearer plant exclude the re-measurement of FFB and coconuts according to IAS 41

Further information on the recognition and measurement principles is provided in the Group's accounting policies.

#### **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 and the adoption of amended IAS 41, which are recognised in UIE's consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 1: OPERATING ACTIVITIES – CONTINUED

USD '000	UIE	UP	Total	Adjustments to IFRS	Elimi- nations	UIE Con- solidated
<b>INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016</b>						
Revenue	-	296,409	296,409	-	-	296,409
Other income	134	8,794	8,928	-	-	8,928
Changes in fair value of MSAB	(9,062)	-	(9,062)	-	-	(9,062)
Changes in fair value of Greenbridge	2,133	-	2,133	-	-	2,133
Dividend income MSAB	730	-	730	-	-	730
Results from investing activities - portfolio	93	-	93	-	-	93
Share of results of equity-accounted investments	37,631	-	37,631	-	(37,631)	-
<b>Total operating income</b>	<b>31,659</b>	<b>305,203</b>	<b>336,862</b>	<b>-</b>	<b>(37,631)</b>	<b>299,231</b>
Operating expenses	(2,557)	(217,423)	(219,980)	715	-	(219,265)
Interest income	508	6,489	6,997	-	-	6,997
Interest expense	-	(5)	(5)	-	-	(5)
Foreign exchange loss	(380)	6,584	6,204	-	-	6,204
<b>Profit before tax</b>	<b>29,230</b>	<b>100,848</b>	<b>130,078</b>	<b>715</b>	<b>(37,631)</b>	<b>93,162</b>
Income tax	(229)	(21,024)	(21,253)	347	-	(20,906)
One-off settlement of tax position	9,948	-	9,948	-	-	9,948
<b>Net profit</b>	<b>38,949</b>	<b>79,824</b>	<b>118,773</b>	<b>1,062</b>	<b>(37,631)</b>	<b>82,204</b>
<b>Profits attributable to</b>						
Owners of the Company	38,949	79,506	118,455	(41,365)	(37,631)	39,459
Non-controlling interests	-	318	318	42,427	-	42,745
<b>STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2016</b>						
<b>Assets</b>						
Cash & short-terms funds	96,400	154,005	250,405	-	-	250,405
Other current assets	20,377	110,419	130,796	-	-	130,796
Strategic investments	405,287	-	405,287	-	(279,448)	125,839
Other non-current assets	133	326,799	326,932	40,985	-	367,917
<b>Total assets</b>	<b>522,197</b>	<b>591,223</b>	<b>1,113,420</b>	<b>40,985</b>	<b>(279,448)</b>	<b>874,957</b>
<b>Liabilities and shareholders' equity</b>						
Total liabilities	1,807	63,493	65,300	9,134	-	74,434
Shareholders' equity:						
Equity attributable to owners	520,390	526,467	1,046,857	(387,135)	(149,543)	510,179
Non-controlling interest	-	1,263	1,263	418,986	(129,905)	290,344
<b>Total shareholders' equity</b>	<b>520,390</b>	<b>527,730</b>	<b>1,048,120</b>	<b>31,851</b>	<b>(279,448)</b>	<b>800,523</b>
<b>Total liabilities and shareholders' equity</b>	<b>522,197</b>	<b>591,223</b>	<b>1,113,420</b>	<b>40,985</b>	<b>(279,448)</b>	<b>874,957</b>
<b>STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016</b>						
Net cash (used in)/generated from operating activities	(2,429)	51,609	49,180	-	-	49,180
Net cash (used in)/generated from investing activities	20,962	12,004	32,966	-	(24,252)	8,714
Net cash used in financing activities	(24,312)	(52,308)	(76,620)	-	24,252	(52,368)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 1: OPERATING ACTIVITIES – CONTINUED

USD '000	UIE	UP	Total	Adjustments to IFRS	Elimi- nations	UIE Con- solidated
<b>INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015</b>						
Revenue	-	259,093	259,093	-	-	259,093
Other income	256	16,274	16,530	-	-	16,530
Changes in fair value of MSAB	30,987	-	30,987	-	-	30,987
Gain on sale of AAK shares	929	-	929	-	-	929
Dividend income MSAB	454	-	454	-	-	454
Results from investing activities - portfolio	-	-	-	-	-	-
Share of results of equity-accounted investments	35,248	-	35,248	-	(35,248)	-
Loss on sale of JV	-	(2,131)	(2,131)	-	-	(2,131)
<b>Total operating income</b>	<b>67,874</b>	<b>273,236</b>	<b>341,110</b>	<b>-</b>	<b>(35,248)</b>	<b>305,862</b>
Operating expenses	(2,944)	(183,541)	(186,485)	(931)	-	(187,416)
Interest income	491	7,319	7,810	-	-	7,810
Interest expense	-	(7)	(7)	-	-	(7)
Foreign exchange loss	(7,259)	-	(7,259)	-	-	(7,259)
Profit before tax	58,162	97,007	155,169	(931)	(35,248)	118,990
Tax	(87)	(21,560)	(21,647)	417	-	(21,230)
<b>Net profit</b>	<b>58,075</b>	<b>75,447</b>	<b>133,522</b>	<b>(514)</b>	<b>(35,248)</b>	<b>97,760</b>
<b>Profits attributable to</b>						
Owners of the Company	58,075	75,220	133,295	(39,859)	(35,248)	58,188
Non-controlling interests	-	227	227	39,345	-	39,572
<b>STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2015</b>						
<b>Assets</b>						
Cash & short-terms funds	103,703	175,414	279,117	-	-	279,117
Other current assets	9,835	74,965	84,800	-	-	84,800
Strategic investments	407,718	-	407,718	-	(278,108)	129,610
Other non-current assets	109	329,818	329,927	41,707	-	371,634
<b>Total assets</b>	<b>521,365</b>	<b>580,197</b>	<b>1,101,562</b>	<b>41,707</b>	<b>(278,108)</b>	<b>865,161</b>
<b>Liabilities and shareholders' equity</b>						
Total liabilities	1,616	58,900	60,516	9,490	-	70,006
Shareholders' equity:						
Equity attributable to owners	519,749	520,639	1,040,388	(318,207)	(223,396)	498,785
Non-controlling interest	-	658	658	350,424	(54,712)	296,370
<b>Total shareholders' equity</b>	<b>519,749</b>	<b>521,297</b>	<b>1,041,046</b>	<b>32,217</b>	<b>(278,108)</b>	<b>795,155</b>
<b>Total liabilities and shareholders' equity</b>	<b>521,365</b>	<b>580,197</b>	<b>1,101,562</b>	<b>41,707</b>	<b>(278,108)</b>	<b>865,161</b>
<b>STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015</b>						
Net cash (used in)/generated from operating activities	(2,734)	63,235	60,501	-	-	60,501
Net cash (used in)/generated from investing activities	38,434	(33,131)	5,303	-	(23,107)	(17,804)
Net cash used in financing activities	(29,515)	(48,527)	(78,042)	-	23,107	(54,935)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 1: OPERATING ACTIVITIES – CONTINUED

### REVENUE SPLIT

USD '000	2016	2015
Sales proceeds of produced stocks	85,387	97,236
Sales proceeds of finished goods	210,659	161,399
Rendering of services	363	458
	296,409	259,093

### 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
<b>2016</b>						
Revenue	113,021	40,759	108,265	29,640	4,724	296,409
Segment assets	536,881	69,810	14,153	254,035	78	874,957
Capital expenditures	28,371	2,533	-	-	-	30,904

USD' 000	Malaysia	Indonesia	United States	Europe	Other	Total
<b>2015</b>						
Revenue	118,705	35,513	76,060	22,542	6,273	259,093
Segment assets	512,872	74,270	10,677	266,682	660	865,161
Capital expenditures	23,125	1,478	-	-	-	24,603

### MAJOR CUSTOMERS

Revenue from one major customer amounted to USD 190 million (2015: USD 147 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) DIVIDEND INCOME

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 1: OPERATING ACTIVITIES – CONTINUED

### 1.2 STAFF COSTS AND KEY MANAGEMENT PERSONNEL COMPENSATION

#### STAFF COSTS

USD '000	2016	2015
Number of employees	5,933	6,635
Wages and salaries	30,772	31,623
Pension costs		
- defined contribution plans	1,562	1,685
- defined benefit plans	573	649
Other social security costs	353	305
Other staff costs	4,127	4,913
Total staff costs	37,387	39,175

#### REMUNERATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

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

USD '000	2016	2015
Remuneration, excl. pension	1,221	1,125
Pension	132	135
Total	1,353	1,260

The UIE Managing Director receives total remuneration of USD 495,000 (2015: USD 473,000), which includes pension of USD 49,000 (2015: USD 47,000).

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 (2015: 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.

The UIE Audit Committee fees were USD 21,000 (2015: 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 to the operating segment UP.

USD '000	2016	2015
Agricultural produce stocks	7,343	5,684
Estate stores	6,061	6,891
Raw materials	5,681	3,599
Finished goods	22,336	8,633
Consumables	921	1,053
	42,342	25,860

#### 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.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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
- Bearer plants
- 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 2016 and 2015. 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 2016 and 2015.

### 2.2 BEARER PLANTS

USD '000	2016	2015
<b>Cost</b>		
On 1 January	216,713	250,054
Additions	10,657	10,711
Disposals	(67)	(224)
Transfers	-	(79)
Exchange differences	(7,269)	(43,749)
On 31 December	220,034	216,713
<b>Accumulated amortisation and impairment losses</b>		
On 1 January	112,589	128,813
Amortisation for the year	7,529	7,778
Disposals	-	(147)
Exchange differences	(4,296)	(23,855)
On 31 December	115,822	112,589
<b>Net book value on 31 December</b>	<b>104,212</b>	<b>104,124</b>

#### RESEARCH AND DEVELOPMENT COSTS

All general research and development costs are expensed as incurred.

#### ACCOUNTING POLICIES

Bearer assets comprise palm and coconut trees which are measured at cost less depreciation and impairment. The cost comprises 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 2: CAPITAL EMPLOYED – CONTINUED

## 2.3 BIOLOGICAL ASSETS

**Reconciliation of carrying amount of fresh fruit bunches**

USD '000	2016	2015
Carrying amount at 1 January	5,038	6,270
Gain arising from changes in fair value less costs to sell attributable to physical changes and prices	1,481	(75)
Exchange differences	(218)	(1,157)
Net book value at 31 December	6,301	5,038
FFB Production in tonnes	793,759	883,915

**ACCOUNTING POLICIES**

Biological assets are measured at fair value less cost of sale.

**ESTIMATES**

Management estimates the fair value of biological assets growing on bearer assets. The fair value measurement is performed on a recurring basis (level 3). The main inputs to the valuation model are unobservable, as they comprise production volume, extraction rates, CPO prices and prices per nut etc. A change of 10% in price would impact profit or loss (before tax) by USD 0.8 million in 2016 (2015: USD 0.2 million).

The change in the fair value of the biological assets in each accounting period is recognised in the income statements.

The key assumptions used to determine the fair value are as follows:

	December 2016	December 2015
<b>Oil palms</b>		
Area (Ha)	44,488	48,372
Average FFB selling price (USD/MT)	144	108
<b>Coconut palms</b>		
Area (Ha)	3,614	3,277
Average selling price (USD/nut)	0.23	0.24



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 2: CAPITAL EMPLOYED – CONTINUED

## 2.4 PROPERTY, PLANT AND EQUIPMENT

2016

USD '000	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in- progress	Total
<b>Cost</b>						
On 1 January 2016	115,265	46,827	66,399	163,767	6,674	398,932
Additions	-	-	1,642	6,291	11,999	19,932
Disposals	-	-	-	(4,055)	-	(4,055)
Written off	-	-	-	(156)	-	(156)
Reclassification	-	-	293	1,312	(1,605)	-
Exchange differences	(4,996)	(2,029)	(2,133)	(7,098)	(1,082)	(17,338)
<b>On 31 December 2016</b>	<b>110,269</b>	<b>44,798</b>	<b>66,201</b>	<b>160,061</b>	<b>15,986</b>	<b>397,315</b>
<b>Accumulated depreciation and impairment losses</b>						
On 1 January 2016	-	13,907	35,851	106,361	-	156,119
Depreciation	-	949	2,094	7,824	-	10,867
Disposals	-	-	-	(1,793)	-	(1,793)
Written off	-	-	-	(43)	-	(43)
Exchange differences	-	(674)	(1,477)	(5,567)	-	(7,718)
<b>On 31 December 2016</b>	<b>-</b>	<b>14,182</b>	<b>36,468</b>	<b>106,782</b>	<b>-</b>	<b>157,432</b>
<b>Net book value on 31 December 2016</b>	<b>110,269</b>	<b>30,616</b>	<b>29,733</b>	<b>53,279</b>	<b>15,986</b>	<b>239,883</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 2: CAPITAL EMPLOYED – CONTINUED

2015

USD '000	Freehold land	Long term leasehold land	Buildings	Plant and machinery	Capital work-in-progress	Total
<b>Cost</b>						
On 1 January 2015	141,335	57,459	100,334	173,984	426	473,538
Transfer	-	-	(22,325)	22,325	-	-
Additions	-	-	1,704	4,693	7,394	13,791
Disposals	-	(36)	(118)	(2,801)	-	(2,955)
Written off	-	-	(1)	-	-	(1)
Reclassification	-	-	157	232	(389)	-
Exchange differences	(26,070)	(10,596)	(13,352)	(34,666)	(757)	(85,441)
<b>On 31 December 2015</b>	<b>115,265</b>	<b>46,827</b>	<b>66,399</b>	<b>163,767</b>	<b>6,674</b>	<b>398,932</b>

**Accumulated depreciation and impairment losses**

On 1 January 2015	-	15,940	63,830	100,617	-	180,387
Transfer	-	-	(22,325)	22,325	-	-
Depreciation/impairment	-	1,052	2,121	8,315	-	11,488
Disposals/written off	-	(11)	(74)	(2,212)	-	(2,297)
Exchange differences	-	(3,074)	(7,701)	(22,684)	-	(33,459)
<b>On 31 December 2015</b>	<b>-</b>	<b>13,907</b>	<b>35,851</b>	<b>106,361</b>	<b>-</b>	<b>156,119</b>

**Net book value on 31 December 2015**

<b>115,265</b>	<b>32,920</b>	<b>30,548</b>	<b>57,406</b>	<b>6,674</b>	<b>242,813</b>
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**ESTIMATES**

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 ("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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### SECTION 2: CAPITAL EMPLOYED – CONTINUED

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

Buildings	2.0%-5.0% p.a.
Bulking installations	5.0% p.a.
Railways	4.0% p.a.
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% p.a.
Long-term leases	55-99 years

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

The residual value of useful life and depreciation method are reviewed each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates.

### 2.5 LAND USE RIGHTS

USD '000	2016	2015
On 1 January	7,896	9,154
Additions	335	92
Amortisation for the year	(174)	(148)
Exchange differences	10	(1,202)
On 31 December	8,067	7,896

#### 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.

### 2.6 CAPITAL EXPENDITURE

USD '000	2016	2015
Capital expenditure approved by the Directors but not contracted	2,622	4,044
Capital expenditure contracted but not provided for	49,062	41,950
	51,684	45,994

#### ACCOUNTING POLICY

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 3: INVESTMENT ACTIVITIES

### 3.1 STRATEGIC AND PORTFOLIO INVESTMENTS

UIE's investment activities comprise 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. The current strategic investments mainly consist 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. Up is fully consolidated. See page 87 for further information.
- 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.

- Greenbridge is an investment partnership in which UIE has committed to invest up to SEK 200 million - Remaining commitment as per 31 December 2016: SEK 139.8 million (USD 15.4 million). The purpose and objective of Greenbridge is to invest in and have an industrial focus on high-tech and/or software related companies and establish a portfolio of a limited number of core holdings and to support the development and expansion of these investments during the course of 5-10 years, leading to the initiation of an IPO.

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 3: INVESTMENT ACTIVITIES – CONTINUED

## STRATEGIC AND PORTFOLIO INVESTMENTS

USD '000	2016	2015
<b>Portfolio investments</b>		
Total portfolio investments at fair value	11,216	9,800
<b>Strategic investments</b>		
MSAB	116,774	125,836
Greenbridge	9,065	3,774
Total strategic investments at fair value	125,839	129,610

USD '000	2016	2015
<b>MSAB</b>		
Investment on 1 January	125,836	94,849
Fair value changes during the year	(9,062)	30,987
Fair value on 31 December	116,774	125,836
<b>Greenbridge</b>		
Investment on 1 January	3,774	-
Investment during the year	3,158	3,774
Fair value changes during the year	2,133	-
Fair value on 31 December	9,065	3,774
<b>AAK</b>		
Investment on 1 January	-	24,456
Gain on sale of shares	-	929
Proceeds from sale	-	(25,385)
Fair value on 31 December	-	-

## CHANGE IN FAIR VALUE OF STRATEGIC INVESTMENTS

USD '000	2016	2015
MSAB	(9,062)	30,987
Greenbridge	2,133	-
AAK <sup>1</sup>	-	929
Total change in fair value of strategic investment	(6,929)	31,916

1) including realised gain on sale of shares.

## ACCOUNTING POLICY

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.

Investment in quoted equities 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 3: INVESTMENT ACTIVITIES – CONTINUED

## 3.2 CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in:

USD '000	2016	2015
UIE	96,400	103,703
UP	60,694	93,202
Total	157,094	196,905

Cash at bank held by the Group on 31 December is as follows:

USD '000	2016	2015
<b>Currency</b>		
USD	85,722	98,701
MYR	60,694	93,202
DKK	1,383	456
SEK	137	218
Other	9,158	4,328
Total	157,094	196,905

Short-term funds on 31 December are as follows:

Currency	USD '000	Interest Rate <sup>1</sup>
<b>2016</b>		
MYR	93,311	2.35-3.95%
Total	93,311	
<b>2015</b>		
MYR	82,212	3.13-4.60%
Total	82,212	

1) 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.

Short-term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to cash with insignificant changes in value.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES

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

### 4.1 AUDITORS' REMUNERATION

<b>USD '000</b>	<b>2016</b>	<b>2015</b>
Audit fees	212	205
Tax advisory	3	2
Other advisory	5	151
<b>Total</b>	<b>220</b>	<b>358</b>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

## 4.2 TAXATION

**INCOME TAX**

<b>USD '000</b>	<b>2016</b>	<b>2015</b>
Income tax	19,450	20,406
Movement in deferred tax	1,444	673
Adjustments relating to prior years	12	151
One-off settlement of tax position	(9,948)	-
<b>Total</b>	<b>10,958</b>	<b>21,230</b>
<b>USD '000</b>	<b>2016</b>	<b>2015</b>
Profit before tax	93,162	118,990
Tax rate, Malaysia <sup>1</sup>	24.0%	25.0%
Tax at the applicable rate	22,359	29,747
Non taxable income	(2,142)	(11,533)
Expenses not deductible for tax purposes	1,244	2,792
Adjustment regarding utilisation of double deduction for research reinvestment allowance	(567)	(151)
Overprovision of deferred tax in prior years	(473)	277
Overprovision of income tax in prior years	485	128
Effect of taxation on temporary differences excluding on initial recognition	-	(90)
One-off settlement of tax position	(9,948)	-
Other	-	60
<b>Tax expense for the year</b>	<b>10,958</b>	<b>21,230</b>
<b>Effective tax rate</b>	<b>11.8%</b>	<b>17.8%</b>

In 2016, current tax include an income of USD 9.9 million related to Maximum Vista Sdn. Bhd (MVSB). Prior to 2016, MVSB had a tax claim against the Malaysian Tax Authorities, which, due to uncertainties, was not recognized as a tax receivable. A settlement agreement was made with the Malaysian Tax Authorities and the receivable was received in February 2017.

**DEFERRED TAX**

<b>USD '000</b>	<b>2016</b>	<b>2015</b>
On 1 January	34,815	42,227
Recognised in profit or loss	1,444	673
Exchange differences	(1,454)	(8,085)
<b>On 31 December</b>	<b>34,805</b>	<b>34,815</b>

Presented after appropriate offsetting as follows:

<b>USD '000</b>	<b>2016</b>	<b>2015</b>
Deferred tax assets	(2,346)	(3,153)
Deferred tax liabilities	37,151	37,968
	<b>34,805</b>	<b>34,815</b>

1) for presentation purposes, the statutory Malaysian tax rate has been applied as the main operating activities are located in Malaysia.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

## DEFERRED TAX LIABILITIES

USD '000	Accelerated capital allowances	Total
On 1 January 2016	37,968	37,968
Recognised in profit or loss	904	904
Exchange differences	(1,721)	(1,721)
On 31 December 2016	37,151	37,151
On 1 January 2015	44,565	44,565
Recognised in profit or loss	1,881	1,881
Exchange differences	(8,478)	(8,478)
On 31 December 2015	37,968	37,968

## DEFERRED TAX ASSETS

USD '000	Retirement benefit obligations	Unutilised tax losses and reinvestment allowances	Others	Total
On 1 January 2016	(717)	(42)	(2,394)	(3,153)
Recognised in profit or loss	(125)	42	623	540
Exchange rate differences	93	-	174	267
On 31 December 2016	(749)	-	(1,597)	(2,346)
On 1 January 2015	(879)	(42)	(1,417)	(2,338)
Recognised in profit or loss	11	-	(1,219)	(1,208)
Exchange rate differences	151	-	242	393
On 31 December 2015	(717)	(42)	(2,394)	(3,153)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 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; and
- (ii) it is probable that the temporary differences will not reverse in the foreseeable future.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

### 4.3 SHARE CAPITAL AND OTHER RESERVES

The authorised share capital on 31 December 2016 and 2015 was USD 100 million divided into 10 million shares of USD 10 each.

#### ISSUED AND FULLY PAID CAPITAL

No. of USD 10 shares	2016	2015
<b>Balance</b>		
On 1 January	3,555,575	3,555,575
Cancellation of treasury shares	-	-
Balance on 31 December	3,555,575	3,555,575

USD '000	2016	2015
<b>Balance</b>		
On 1 January	35,556	35,556
Cancellation of treasury shares	-	-
Balance on 31 December	35,556	35,556

#### SHARE PREMIUM

The share premium on 31 December 2016 and 2015 was USD 9.2 million. 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 75,822 (2015: nil) of its own shares on 31 December 2016.

	No. of USD 10 shares	USD '000
Balance on 1 January 2016	-	-
Shares acquired in 2016	75,822	13,646
Shares cancelled in 2016	-	-
Balance on 31 December 2016	75,822	13,646
Balance on 1 January 2015	-	-
Shares acquired in 2015	-	-
Shares cancelled in 2015	-	-
Balance on 31 December 2015	-	-

#### ACCOUNTING POLICY

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	2016	2015
Available for sale reserve	(98)	(98)
Changes in reserve	98	-
Total	-	(98)

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

### DIVIDENDS

#### DIVIDEND DECLARED IN RESPECT OF FINANCIAL YEAR 2016

At the forthcoming Annual General Meeting on 28 April 2017, an ordinary dividend of USD 4.00 per share and a special final dividend of USD 1.00 per share in respect of the financial year 2016 will be proposed for shareholders' approval.

Total dividend will amount to USD 17.8 million.

#### DIVIDEND DECLARED AND PAID IN RESPECT OF FINANCIAL YEAR 2015

An ordinary dividend of USD 1.00 per share and special final dividend of USD 2.00 per share were declared and paid to shareholders in respect of financial year 2015.

USD '000	2016	2015
<b>Final dividend declared and paid in respect of previous financial year:</b>		
Ordinary dividend	3,555	3,555
Special final dividend	7,111	10,667
<b>Total dividends paid</b>	<b>10,666</b>	<b>14,222</b>

Distribution is not subject to any particular restrictions and is not subject to any tax payments.

#### 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 3,530,313 (2015: 3,555,575) 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.

## 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.

#### DIVIDEND POLICY

The objective of UIE's dividend policy is, subject to the requirements of its investment program, to distribute 50% of dividends received from its investments to shareholders. In the interest of maintaining a stable dividend trend, the actual distribution percentage may fluctuate from one year to the next.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

### 4.5 PENSION - DEFINED BENEFIT PLANS

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:

%	2016	2015
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 statements of financial position are determined as follows:

USD '000	2016	2015
Present value of unfunded defined benefit obligations	3,121	2,762
On 1 January	2,762	3,299
Provision during the year	573	649
Paid during the year	(126)	(687)
Exchange difference	(88)	(499)
On 31 December	3,121	2,762
Analysed as:		
Current	167	262
Non-current:		
Later than 1 year but not later than 2 years	81	7
Later than 2 years but not later than 5 years	565	356
Later than 5 years	2,308	2,137
Total non current	2,954	2,500
Total current and non-current	3,121	2,762



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

### 4.6 FINANCIAL INSTRUMENTS

The Group is exposed to the following risks:

	UIE Segment	UP Segment	Group
<b>Market risks</b>			
Share price risk	Significant	Low	Significant
Foreign currency risk	Significant	Medium	Significant
Interest rate risk	Medium	Medium	Medium
Commodity price risk	Low	High	High
<b>Credit risk</b>	Significant	Significant	Significant
<b>Liquidity risk</b>	Minimal	Minimal	Minimal

#### 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 2016, financial assets totalled approximately USD 463 million (2015: USD 474 million) of which USD 250 million (2015: USD 279 million) is cash at bank and fixed deposits and USD 137 million (2015: USD 139 million) is the strategic and portfolio investments (primarily investments in MSAB).

On 31 December 2016, financial liabilities totalled USD 30 million (2015: USD 27 million). The main risks associated with the two primary categories of financial assets are credit risk and market risk.

#### (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 2016.

##### 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 investment is in MSAB, whose share price is denominated in SEK. The foreign currency transaction risk related to this investment is described below and is significant.

MSAB has a carrying value of USD 116.8 million (2015: USD 125.8 million). MSAB is listed on NASDAQ Stockholm.

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

A 10% change in the price of investments would result in an impact of approximately USD 14 million to the Income Statement (2015: USD 14 million).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

**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.

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 2017 (2015: December 2016).

During the financial year, the Group recognised a loss of USD 2.7 million (2015: loss of USD 8.8 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:

USD '000	Contract/ Notional Amount	2016		Contract/ Notional Amount	2015	
		Assets	Liabilities		Assets	Liabilities
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Forward currency contracts	62,819	37	(3,190)	73,044	-	(7,731)
Commodity futures contracts	104,721	733	-	221,960	289	-
<b>Non-current</b>						
Forward currency contracts	-	-	-	9,792	-	(230)
Forward currency contracts	34,892	-	(40)	11,033	-	(272)
<b>Total derivatives</b>	-	<b>770</b>	<b>(3,230)</b>	-	<b>289</b>	<b>(8,233)</b>

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 43,000 (2015: USD 169,000) 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.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 Greenbridge as well as cash at bank) will fluctuate because of changes in foreign exchange rates.

#### INVESTMENT ACTIVITIES

Foreign currency risks 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:

USD '000	2016		2015	
	SEK	MYR	SEK	MYR
Cash and cash equivalents	137	60,694	218	93,202
Short-term funds	-	93,311	-	82,212
Strategic investments	125,839	-	129,610	-
Total	125,976	154,005	129,828	175,414

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 15.9 million and USD 12.6 million, respectively (2015: USD 17.6 million and USD 13.0 million).

(2015: 52%) 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.

#### OPERATING ACTIVITIES OF UP

Approximately 68% (2015: 59%) of UP's sales are denominated in foreign currencies whilst almost 57%

At 31 December 2016, UP hedged 100% (2015: 100%) and 9% (2015: 0%) of its foreign currency denominated sales and purchases, respectively, for which firm commitments existed at the reporting date, extending to December 2017 (2015: December 2017).

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

USD '000	Maturities		Total notional amount
	Within 1 year	1 year up to 5 years	
On 31 December 2016:			
Forwards used to hedge			
Receivables	57,847	-	57,847
Payables	4,972	-	4,972
On 31 December 2015:			
Forwards used to hedge			
Receivables	73,044	9,792	82,836
Payables	-	-	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 8.0 million (2015: 7.5 million) and USD 56.0 million (2015: USD 54.3 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 4.3 million (2015: USD 3.6 million) and USD 26.9 million (2015: USD 25.7), respectively.

### 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 1% point higher/lower, with all other variables held constant, the Group's net profit would have been USD 2.5 million (2015: USD 2.8 million) higher/lower, arising as a result of higher/lower interest income from deposits, and the Group's retained earnings would have been USD 2.5 million (2015: USD 2.8 million) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market movements.

### (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 credit terms granted to the Group's customers are 10 to 75 days.

### 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 deposit are placed with SIFI banks (Systemically Important Financial Institution). The Group assesses the ratings of the banks routinely.

At 31 December 2016, the Group is primarily exposed to three banks with deposit of USD 135 million corresponding to 54% (2015: USD 137 million corresponding to 49%) of the total deposit and the highest exposure to one bank is not more than USD 52 million or 21% (2015: USD 47 million corresponding to 17%).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## SECTION 4: OTHER DISCLOSURES - CONTINUED

### 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 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 39 million (2015: USD 23 million) were due from the palm oil refining segment and hereof approximately 94% (2015: 93%) were due from one major customer.

### FINANCIAL INSTRUMENTS - OTHER DISCLOSURES

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

USD '000	2016	2015
Financial assets measured at fair value through profit and loss	137,825	139,699
Loans, receivables and cash and cash equivalents	325,447	327,710
Available for sale	-	1,502
Financial liabilities measured at fair value through profit/loss	(3,230)	(8,233)
Financial liabilities measured at amortised cost	(27,292)	(18,313)
	<u>432,750</u>	<u>442,365</u>

### 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-for-sale financial assets and unquoted strategic investments 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 2016

USD '000	Total	Level 1	Level 2	Level 3
<b>Fair value through profit or loss:</b>				
Quoted equities	127,990	127,990	-	-
Unquoted equities	9,065	-	-	9,065
Commodity futures contracts	694	694	-	-
Forward currency contracts	(3,154)	-	(3,154)	-
Biological assets	6,301	-	-	6,301

31 December 2015

USD '000	Total	Level 1	Level 2	Level 3
<b>Fair value through profit or loss:</b>				
Quoted equities	135,636	135,636	-	-
Unquoted equities	3,774	-	-	3,774
Commodity futures contracts	17	17	-	-
Forward currency contracts	(7,961)	-	(7,961)	-
Biological assets	5,038	-	-	5,038
<b>Available-for-sale financial asset:</b>				
Unquoted shares	1,502	-	-	1,502



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.

Brothers Holding Ltd. has received USD 5.0 million in dividend in 2016.

There have been no transactions with related parties during 2016 and 2015.

#### **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.

Related parties also include companies in which these persons have significant interests.

The subsidiary, International Plantation Services Limited, has during the year provided asset management services to the Chairman Carl Bek-Nielsen and Deputy Chairman Martin Bek-Nielsen, in the amount of USD 43,924.





UNITED INTERNATIONAL ENTERPRISES LIMITED

# PARENT COMPANY FINANCIAL STATEMENTS

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UNITED INTERNATIONAL ENTERPRISES LIMITED

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**INCOME STATEMENT**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2016	2015
Operating expenses	1, 2	(2,042)	(1,955)
Profit from operations before financial items		(2,042)	(1,955)
Changes in fair value of MSAB	3	(2,985)	30,987
Changes in fair value of AAK	3	-	929
Dividend income MSAB		-	454
Share of results in subsidiary companies	5	32,264	51,340
Interest income subsidiary company	6	4,011	8,009
Results from investing activities - Portfolio		14	83
Finance income		345	66
Foreign exchange gain/(losses)		7,892	(31,032)
Interest expense subsidiary company		(40)	(693)
<b>Profit for the year</b>		<b>39,459</b>	<b>58,188</b>

**OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2016	2015
Profit for the year	39,459	58,188
<b>Items that are or may be reclassified to the income statement</b>		
Equity adjustment on foreign currency translation	(14,267)	(58,919)
<b>Total comprehensive income</b>	<b>25,192</b>	<b>(731)</b>
<b>Total comprehensive income attributable to</b>		
Reserve for net revaluation under the equity method	(4,794)	(18,878)
Retained earnings	29,986	18,147
	<b>25,192</b>	<b>(731)</b>

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER

USD '000	Note	2016	2015
<b>Assets</b>			
<b>Current assets:</b>			
Cash and bank balances	4	84,480	90,326
Trade and other receivables		185	-
Portfolio investments		10,215	9,800
Interest receivable from subsidiary company	6	-	13,461
<b>Total current assets</b>		<b>94,880</b>	<b>113,587</b>
<b>Non-current assets:</b>			
Property, plant and equipment		77	92
Investments in subsidiaries	5	439,669	199,339
Loan to subsidiary company	6	-	95,530
Strategic investments	3	-	125,834
<b>Total non-current assets</b>		<b>439,746</b>	<b>420,795</b>
<b>Total assets</b>		<b>534,626</b>	<b>534,382</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Due to subsidiary company		1,434	1,816
Trade and other payables		1,085	1,339
<b>Total current liabilities</b>		<b>2,519</b>	<b>3,155</b>
<b>Equity:</b>			
Share capital		35,556	35,556
Share premium		9,159	9,159
Treasury shares		(13,646)	-
Retained earnings		372,948	353,628
Reserve for revaluation under the equity method		128,090	132,884
<b>Total equity</b>		<b>532,107</b>	<b>531,227</b>
<b>Total liabilities and shareholders' equity</b>		<b>534,626</b>	<b>534,382</b>

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2016

USD '000	Share capital	Share premium	Treasury shares	Revaluation to equity method	Retained profits	Total
<b>2016</b>						
On 1 January 2016	35,556	9,159	-	132,884	353,628	531,227
Profit for the year	-	-	-	9,338	30,121	39,459
Equity adjustment on foreign currency translation	-	-	-	(14,132)	(135)	(14,267)
Total comprehensive income for the year	-	-	-	(4,794)	29,986	25,192
Treasury shares purchased	-	-	(13,646)	-	-	(13,646)
Dividends	-	-	-	-	(10,666)	(10,666)
Total contributions and distributions	-	-	(13,646)	-	(10,666)	(24,312)
<b>On 31 December 2016</b>	<b>35,556</b>	<b>9,159</b>	<b>(13,646)</b>	<b>128,090</b>	<b>372,948</b>	<b>532,107</b>
<b>2015</b>						
On 1 January 2015	35,556	9,159	-	151,762	349,703	546,180
Profit for the year	-	-	-	42,247	15,941	58,188
Equity adjustment on foreign currency translation	-	-	-	(61,125)	2,206	(58,919)
Total comprehensive income for the year	-	-	-	(18,878)	18,147	(731)
Treasury shares purchased	-	-	-	-	-	-
Treasury shares cancelled	-	-	-	-	-	-
Dividends	-	-	-	-	(14,222)	(14,222)
Total contributions and distributions	-	-	-	-	(14,222)	(14,222)
<b>On 31 December 2015</b>	<b>35,556</b>	<b>9,159</b>	<b>-</b>	<b>132,884</b>	<b>353,628</b>	<b>531,227</b>

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2016	2015
<b>Cash flow from operations</b>		
Payment of operating expenses	(2,042)	(1,860)
Net cash used in operations	(2,042)	(1,860)
<b>Cash flows from financing</b>		
Dividend paid	(10,666)	(14,222)
Purchases of treasury shares	(13,646)	-
Interest income from deposit and fixed income products	345	67
Net cash used in financing	(23,967)	(14,155)
<b>Cash flows from investments</b>		
Interest received/paid from subsidiary	(40)	7,051
Purchase of equipment	-	(100)
Purchase of investments	-	(7,527)
Capital increase in MVSAB	-	(13,791)
Capital increase in UIE Malta	(1,100)	(6,000)
Dividends from MSAB and AAK	-	454
Dividends from subsidiary companies	22,927	9,093
Dividends from portfolio investments	99	52
Proceeds from sale of shares in AAK	-	25,385
Purchase and sale of portfolio investments, net	(500)	497
Net cash generated from investing	21,386	15,114
Decrease in cash position	(4,623)	(901)
Cash position, beginning of year	90,326	96,179
Foreign exchange adjustment	(1,223)	(4,952)
<b>Cash position, end of year</b>	<b>84,480</b>	<b>90,326</b>





UNITED INTERNATIONAL ENTERPRISES LIMITED

## NOTES TO FINANCIAL STATEMENTS

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## NOTES

### 1. AUDITORS' REMUNERATION

USD '000	2016	2015
Audit fees	78	99
Tax advisory	1	-
Other advisory	3	102
Total	82	201

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

### 2. 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 2016 is USD 495,000 (2015: USD 473,000), which includes pension of USD 49,000 (2015: 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.

### 3. STRATEGIC INVESTMENTS

#### STRATEGIC AND PORTFOLIO INVESTMENTS

USD '000	2016	2015
<b>Strategic investments</b>		
MSAB	-	125,834
Total strategic investments at fair value	-	125,834

USD '000	2016	2015
<b>MSAB</b>		
Investment on 1 January	125,834	94,847
Fair value changes during the year	(2,985)	30,987
Transferred ownership	(122,849)	-
Fair value on 31 December	-	125,834

<b>AAK</b>		
Investment on 1 January	-	24,456
Gain on sale of shares	-	929
Proceeds from sale	-	(25,385)
Fair value on 31 December	-	-

#### CHANGE IN FAIR VALUE OF STRATEGIC INVESTMENTS

USD '000	2016	2015
MSAB	(2,985)	30,987
AAK <sup>1</sup>	-	929
Total change in fair value of strategic investment	(2,985)	31,916

1) including realised gain on sale of shares.



## NOTES – CONTINUED

### 4. CASH AND CASH EQUIVALENTS

**CASH AT BANK HELD BY UIE ON 31 DECEMBER IS AS FOLLOWS:**

<b>Currency</b>	<b>2016 USD '000</b>	<b>2015 USD '000</b>
USD	80,457	88,774
SEK	137	218
MYR	2,515	615
DKK	887	305
Other	484	414
<b>Total</b>	<b>84,480</b>	<b>90,326</b>

### 5. INVESTMENTS IN A SUBSIDIARY

<b>USD '000</b>	<b>2016</b>	<b>2015</b>
Cost on 1 January	66,455	46,664
Additions during the year	245,124	19,791
Exchange rate differences	-	-
<b>Cost on 31 December</b>	<b>311,579</b>	<b>66,455</b>
Share of result on 1 January	132,884	151,762
Share of result during the year	32,264	51,340
Dividends received	(22,927)	(9,093)
Exchange rate differences	(14,131)	(61,125)
<b>Share of result on 31 December</b>	<b>128,090</b>	<b>132,884</b>
<b>Book value</b>	<b>439,669</b>	<b>199,339</b>

For further information about subsidiaries, references are made to the description in section 3.1 to the Consolidated Financial Statements.



## NOTES – CONTINUED

## 6. LOAN TO SUBSIDIARY COMPANY

USD '000	2016	2015	USD '000	2016	2015
<b>MVSB</b>			<b>Interest</b>		
<b>Receivables</b>			Interest receivable on 1 January	13,461	14,725
Zero coupon bond - per value	-	95,530	Accrued interest during the year	4,011	8,009
Zero coupon bond - interest	-	13,461	Interest paid	-	(7,051)
<b>Total outstanding amount</b>	-	<b>108,991</b>	Accrued interest converted to equity	(18,428)	-
			Foreign exchange losses	956	(2,222)
As per 30 June 2016, the receivable incl. accrued interests were converted to equity.			Interest receivable on 31 December	-	13,461

## 7. OTHER DISCLOSURES

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

- Strategic and portfolio investments (Note 3.1, page 62-63)
- Share capital and other reserves (Note 4.3, page 69-70)
- Capital management (Note 4.4, page 70)
- Financial instruments (Note 4.6, page 72-77)
- Related parties (Note 4.7, page 78)

## 8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PREPARATION**

The Danish Financial Statements Act requires that IFRS-preparers develop a separate parent company financial statements.

The separate financial statements of UIE have been prepared in accordance with IFRS, as adopted by EU.

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.

**INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are measured in UIE's financial statements using the equity method. UIE's financial statements include UIE's share of the total comprehensive income on the equity accounted basis. The equity method of accounting for investments in subsidiaries adjusts the original cost of the investment to recognize UIE'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 subsidiaries is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The share of profit from subsidiaries is shown on the face of the income statement and other movement in comprehensive income are shown in the statement of comprehensive income.

After application of the equity method, UIE determines whether it is necessary to recognise an additional impairment of loss for the Company'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.









## INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF UNITED INTERNATIONAL ENTERPRISES LIMITED

### OPINION

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 2016, which comprise an income statement, comprehensive income, balance sheet, statement of changes in equity, consolidated, statement of cash flows and notes, including a summary of significant accounting policies, for the Group as well as for the Parent Company. In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent company financial statements for the financial year 2016. These matters were addressed in the context of our audit of the consolidated financial statements and the parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements and parent company financial statements.

### REVENUE RECOGNITION

(Refer to Section 1.1 on page 55 in the financial statements).

Revenue from sale of finished goods recognised by the Group during the year amounted to USD 296 million. Given the nature of the manufacturing operations of the Group, we identified revenue recognition in respect of sale of finished goods to be an area of audit focus as we consider the high volume of transactions for numerous types of finished goods produced by the Group to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.





### **HOW OUR AUDIT ADDRESSES THIS MATTER**

Our audit procedures for revenue recognition included testing the Group's internal controls over timing and amount of revenue recognised. We inspected the terms of significant sales contracts to determine the point of transfer of significant risk and rewards. We inspected documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

### **BEARER PLANTS**

(Refer to Section 2.2 on page 57 in the financial statements).

During the current financial year ended 31 December 2016, the Group capitalised a total of pre-cropping (i.e replanting) expenditure of USD 10 million as part of its bearer plants. Due to the significance of the expenditure incurred, we consider this to be an area requiring audit focus. Specifically, we focused our audit efforts to determine whether the capitalisation of pre-cropping expenditure was made in accordance with the Group's policy and whether any expenditure incurred ought to be expensed to the income statement.

### **HOW OUR AUDIT ADDRESSES THIS MATTER**

Our audit procedures to address this area of focus included amongst others:

- (a) testing the effectiveness of the internal controls at estate level in respect of recording and categorization of pre-cropping expenditure. We inspected documents such as contracts with suppliers to support the expenditure incurred such as land clearing, seedling, labour and manuring costs;
- (b) testing the allocation of expenditure by fields categorised by matured and immature fields;
- (c) testing whether the expenditure incurred on matured fields were appropriately expensed to the income statement; and
- (d) performing substantive analytical procedures by setting expectations of the estimated pre-cropping expenditure for each stage of pre-cropping (using historical and industry data) and comparing our expectations to the actual results.

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **MANAGEMENT'S RESPONSIBILITIES 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.



Management is also responsible for such internal control as 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.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the parent company or to cease operations, or has no realistic alternative but to do so.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

#### **INDEPENDENT AUDITOR'S REPORT**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Ernst & Young**  
Chartered Accountants

A stylized, handwritten signature in black ink, appearing to read 'Ernst &amp; Young', is written over the printed name and company type.

Kuala Lumpur, Malaysia  
6 March 2017



# BOARD OF DIRECTORS



## Mr. Carl Bek-Nielsen

Chairman

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

### **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

Executive Director (Finance and Marketing) of United Plantations Berhad

### **BOARD MEMBER**

- United Plantations Berhad
- Unitata Berhad.

### **OTHER COMMERCIAL DUTIES**

- Commercial Director of Unitata Berhad
- Chairman of the MPOA Working Committee – Marketing and Promotion

### **SPECIAL COMPETENCES**

- 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

Former Managing Director of United International Enterprises Limited

Audit Committee (Chairman)

### **OTHER COMMERCIAL DUTIES**

- 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

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. (Chairman)
- ABS Multimedia Sdn. Bhd. (Chairman)
- I.E.N Consultants Sdn. Bhd. (Chairman)

### **OTHER COMMERCIAL DUTIES**

- Honorary Danish Consul in Malaysia
- Ambassador of the City of Skagen
- Advisor for the Industrialisation Fund for Developing Countries
- Chairman of 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

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 and the Middle East 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

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 Nordic FMCG Market- and Logistics
- Organisational leadership and change management
- Strategic analyses and strategy implementation



### Mr. Frederik Steen Westenholz

Chief Sales Officer, Environment Solutions ApS

#### BOARD MEMBER

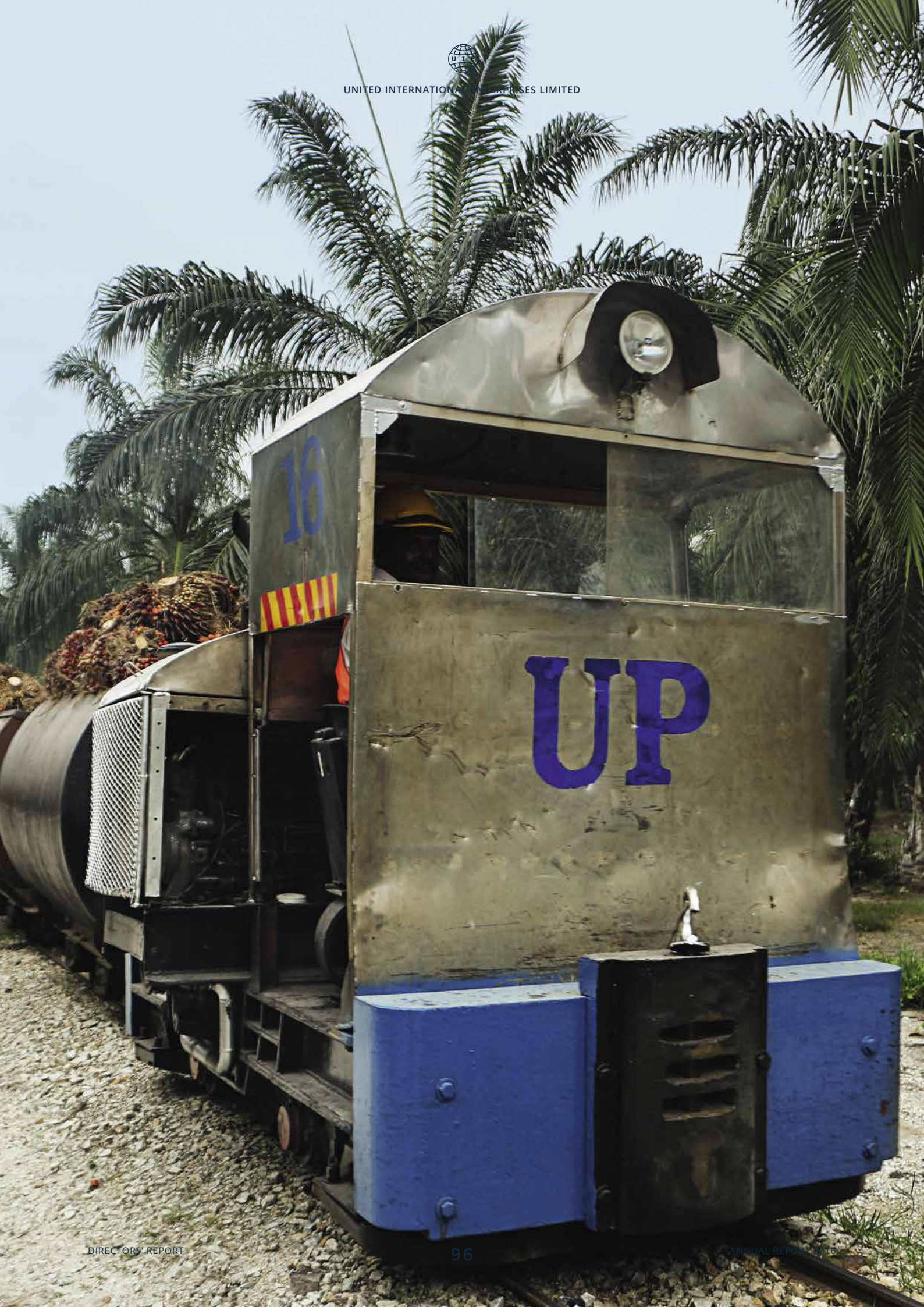
- Environment Solutions ApS
- Eagle Rocks A/S
- FW Aps (Director)
- Bellamy International ApS (Director)
- Keytrade ApS (Director)

#### SPECIAL COMPETENCES

- International sales, marketing and finance experience
- Experience as board member and Chairman in international public listed companies
- International management experience

Name	Born in	Gender	Board member since	Term expires	Position	Independent/ Non-independent	No. of shares
Carl Bek-Nielsen	1973	M	1998	2017	Chairman	Non-independent	61,196
Martin Bek-Nielsen	1975	M	2003	2017	Deputy Chairman	Non-independent	20,174
Brothers Holding Limited	-	-	-	-	-	-	1,689,574
John A. Goodwin	1944	M	1983	2017	Board member	Non-independent	-
Bent Mahler	1960	M	2011	2017	Board member	Independent	11
John Madsen	1947	M	1992	2017	Board member	Independent	4,400
Jørgen Balle	1964	M	2013	2017	Board member	Independent	-
Frederik Steen Westenholz	1971	M	2015	2017	Board member	Independent	230









# COMPANY INFORMATION

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## COUNTRY OF INCORPORATION

The Commonwealth of The Bahamas

## BOARD OF DIRECTORS

Carl Bek-Nielsen, Chairman  
Martin Bek-Nielsen, Deputy Chairman  
John A. Goodwin<sup>1</sup>  
John Madsen  
Bent Mahler  
Jørgen Balle<sup>2</sup>  
Frederik Steen 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  
Kuala Lumpur, Malaysia

## ATTORNEYS

McKinney, Bancroft & Hughes  
Nassau, Bahamas

Bech-Bruun  
Copenhagen, Denmark

Shearb Delamore & Co.  
Kuala Lumpur, Malaysia

## BANKERS

Hongkong & Shanghai Banking Corp.

Handelsbanken A/S

Danske Bank A/S

Maybank Berhad

## CONTACT PERSON

Ulrik Juul Østergaard  
Phone: +45 33933330  
E-mail: uie-info@plantations.biz

## LINKS

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

<sup>1</sup> Chairman of the Audit Committee.  
<sup>2</sup> Member of the Audit Committee.



# ABBREVIATIONS

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## COMPANY ABBREVIATIONS

<u>Company Name</u>	<u>Abbreviation</u>
AarhusKarlshamn AB	AAK
Durisol UK	Durisol
Greenbridge Investment Limited Partnership	Greenbridge
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
<b>United International Enterprises Limited</b>	<b>UIE or the Company</b>
United Plantations Berhad	UP

## CURRENCY ABBREVIATIONS

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

## OTHER ABBREVIATIONS

<u>Others Abbreviation</u>	
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

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## DEFINITIONS

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

## COMPARATIVE FIGURES

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



## 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 2016.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In our opinion, the consolidated financial statements and the parent financial statement give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2016, and of the results of the Group's and the Company's operations and cash flow for the period 1 January - 31 December 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 and the Company, of the results for the period and of the financial position of the Group and the Company. It also gives a fair account of the significant risks and uncertainty factors that may affect the Group and the parent company.

The Annual Report is recommended for approval by the Annual General Meeting.

Kuala Lumpur, 6 March 2017

### BOARD OF DIRECTORS

**Carl Bek-Nielsen**  
Chairman

**Martin Bek-Nielsen**  
Deputy Chairman

**John A. Goodwin**

**John Madsen**

**Bent Mahler**

**Jørgen Balle**

**Frederik Steen Westenholtz**

### MANAGEMENT

**Ulrik Juul Østergaard**  
Managing Director







