

ANNUAL REPORT

2019



“UIE is a holding company, which invests in the agro-industrial sector as well as in selected industrial and technology businesses”



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LETTER FROM THE CHAIRMANSHIP

Despite challenging market conditions, UIE Plc.'s ("UIE") investments performed well in 2019 and our net profit more than doubled to USD 67.6 million from the 2018 result. The significant increase is due to the fair value of our investment in Schörling increasing by USD 33.6 million relative to a decrease of USD 12.5 million in 2018.

On behalf of the Board, we are pleased to report that our investments continued to expand their businesses during 2019, reaching a number of important milestones.

UP

UIE's largest investment, UP, reported a net profit of MYR 284 million (USD 68.7 million) in 2019. Although it is 24% lower than the result reported in 2018, it is nevertheless a satisfactory result, especially considering the depressed market prices for palm oil experienced in the first nine months of 2019. The market price for Crude Palm Oil ("CPO") continued the previous two years downward trend with the average price declining by about 15%, almost hitting the lowest level in 10 years. Prices for Palm Kernel ("PK") decreased even further.

The selling prices achieved for UP Malaysia in 2019 were higher than the market prices as CPO quantities had been sold beforehand, based on UP's forward sales policy, which partially mitigated the impact of decreasing market prices.

Furthermore, a moderate increase in UP's palm oil production due to favourable climatic conditions mainly on UP's estates in Malaysia and yield improvements from the significant areas replanted in UP Malaysia over the last 10 years cushioned the decreasing market prices for palm oil.

When comparing the net profit reported in 2019 with the previous year's net profit, there are two items we wish to highlight; the 2019 result includes a one-off acquisition cost (Pinehill) of MYR 24.8 million (USD 6.0 million), whereas the

result in 2018 included a gain of MYR 17.0 million (USD 4.2 million) related to fair value adjustment of CPO commodity contracts. Adjusted for these items, and thereby comparing like for like, the net profit in 2019 decreased by 13%.

In August 2019, the acquisition of the 3,642 hectares of established estates (Pinehill), located only 25 kilometres from UP's headquarter at Jendarata Estate in Malaysia, was completed. The acquisition expanded UP's land bank in Malaysia by almost 10%, from 40,766 hectares to 44,408 hectares. Within the next two years, UP will replant a majority of the acquired land with its high yielding planting material, thus enabling the land to contribute significantly to the Group's production of palm oil within the next 4-6 years.

Despite tough competition from especially the Indonesian refinery sector, Unitata (UP's wholly-owned refinery) reported a net profit of MYR 58 million in 2019, which is slightly higher than the profit reported in 2018. During 2019, a new fractionation plant was commissioned, and in March 2020, a new multi stock deodoriser will be commissioned.

UniFuji (the refinery commissioned in 2018 and owned jointly by UP and Fuji Oil) reported a net profit of MYR 5.1 million, which resulted in a positive contribution of MYR 2.6 million (USD 0.7 million) to UP. UniFuji is a state-of-the-art refinery producing value-added palm components based solely on UP's high-quality certified sustainable and traceable crude palm oil and is produced by using renewable energy. With sales increasing, there is a positive expectation for improved results going forward.

In 2019, all CPO and PK produced on UP's estates in Malaysia were value-added in-house (through either Unitata or UniFuji), which is the first time in the history of UP.

In an ever-changing and challenging business environment, combined with the continuing problem of labour shortages, UP continues to focus 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.

"Although UP's net profit decreased in 2019, it was a satisfying result given the depressed market prices for palm oil experienced during the first nine months of 2019"

Schörling

The increase in UIE's net profit in 2019 is due to the fair value of our investment in Schörling increasing by USD 33.6 million (equivalent to 26.7%) relative to a decrease of USD 12.5 million in 2018. Measured in SEK, which is the functional currency of Schörling, the increase in the net asset value of Schörling was even more impressive as it increased by almost 32% during 2019. At the end of 2019, most of Schörling's portfolio companies traded close to an all-time

high share price, which was also the case for a number of equity indexes.

Despite challenging market conditions, the majority of Schörling's five listed portfolio companies performed well in 2019, and they all reported an increase in turnover (partly due to acquisitions) and operating profit. These companies are amongst the global leaders in their respective markets and continue to enjoy significant growth potential.

In December 2019, Schörling entered an agreement to acquire a minority stake of 9.6% in Anticimex for a consideration of SEK 2.3 billion (the transaction was completed in January 2020). Anticimex is a leading global specialist within pest control, operating in 18 countries across Europe, Asia-Pacific and the US.

Greenbridge

The purpose of Greenbridge is to invest in and have an industrial focus on high-tech and/or software-related companies. Greenbridge is an active shareholder in four companies and is either the main or the largest shareholder in all four companies. During 2019, Greenbridge made a new investment and consolidated its equity interest in two of the other portfolio companies.

So far, UIE has invested SEK 148 million (USD 16.3 million) of the committed SEK 200 million in Greenbridge.

The fair value of UIE's investment in Greenbridge increased by USD 1.6 million in 2019. We expect that this investment will create value for all our shareholders in the years to come.

Re-domiciliation of UIE

At an extraordinary general meeting held on 10 December 2019, it was unanimously agreed to transfer the domicile of the Company from The Bahamas to Malta. Hence, UIE was registered in Malta with effect from 30 December 2019.

The change of domicile was implemented by a re-domiciliation, where the Company was not liquidated, but both from a legal and tax perspective continued as a Maltese company.

The main rationale for the change of domicile is to be incorporated in a country offering structures and measures more conducive to the operations of an investment holding company.

Overall Strategy of UIE

Over the last few years, the Board of Directors has had a number of strategic and in-depth discussions about the future direction and investment approach of UIE. Based on the discussions, the Board of Directors has concluded that the agro-industrial sector will remain a core focus area going forward, as it is where our main experience and competencies lie.

Furthermore, the Board has concluded that the long-term association with the Schörling Group has proven to be beneficial, extending our portfolio into industries outside our original core focus area of the agro-industrial sector. We see this as an important strategic step for UIE and one which will continue to grow. The investment in Greenbridge is also a positive spin-off deriving from this association.

UIE did not undertake any acquisitions during 2019, although some possibilities were evaluated. UIE will continue to actively search for new investment opportunities within the agro-industrial sector. If further opportunities arise from our experience and network outside the agro-industrial sector, these will also be considered.

Global Operating Environment

Despite global economic growth being relatively modest in 2019, the weakest since the financial crisis, the current outlook for 2020 looks slightly more optimistic than when we entered 2019. In January 2020, the "phase one" trade agreement between the US and China was signed, indicating that a full-scale trade war can hopefully be avoided. This, combined with the Federal Reserve cutting interest rates during 2019 (for the first time since the financial crisis in 2008) and the European Central Bank launching a new round of stimulus, has shown that Governments react and implement various initiatives to stimulate the world economy. In January 2020, the IMF predicted that global domestic

production would expand by 3.3% in 2020, compared to 2.9% in 2019.

Coronavirus (COVID-19)

Despite the earlier projections of the global economy rebounding modestly in 2020, the COVID-19 virus has already impacted negatively upon markets and a further spread of the virus could easily derail the projected recovery. At the present point in time, it is virtually impossible to access the economic impact of the virus on the Group's performance.

Dividend

In accordance with UIE's dividend policy, the Board of Directors has resolved to recommend a dividend of USD 5.00 per share for financial year 2019. Furthermore, the Board recommends an extraordinary dividend of USD 5.00 per share in reflection of the Company's strong liquidity.

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

Carl Bek-Nielsen
Chairman

Martin Bek-Nielsen
Deputy Chairman





CONSOLIDATED KEY FIGURES

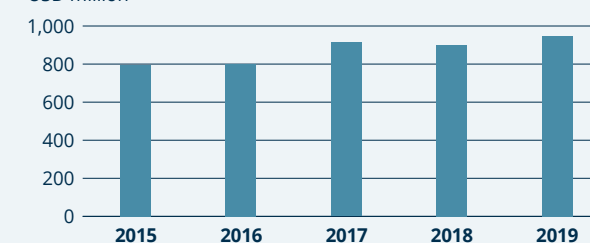
FOR THE YEAR ENDED 31 DECEMBER

USD '000	2019	2018	2017	2016	2015
INCOME STATEMENT					
Revenue	283,624	323,526	343,517	296,409	259,093
Profit before income tax	121,070	107,519	141,488	93,162	118,990
Net profit	103,266	78,834	116,068	82,204	97,760
Net profit attributable to owners of the Company	67,498	30,440	67,630	39,459	58,188
BALANCE SHEET					
Current assets	331,305	441,725	429,147	381,201	363,917
Cash and bank balances	119,231	144,106	215,355	157,094	196,905
Short-term funds	89,557	171,789	93,373	93,311	82,212
Non-current assets	697,571	548,935	572,752	493,756	501,244
Total assets	1,028,876	990,660	1,001,899	874,957	865,161
Total liabilities	83,321	89,002	89,028	74,434	70,006
Equity attributable to owners of the Company	612,649	564,442	574,252	510,179	498,785
Non-controlling interests	332,906	337,216	338,619	290,344	296,370
Total equity	945,555	901,658	912,871	800,523	795,155
FINANCIAL RATIOS					
Earnings per share attributable to owners of the company (USD)*	20.01	8.96	19.56	11.18	16.37
Share price, end of period (USD)	202.22	203.95	209.29	175.96	154.32
Share price, end of period (DKK)	1,350.00	1,330.00	1,299.00	1,241.00	1,054.00
Return on equity (%)	11.47	5.35	12.47	7.82	11.68
Solvency ratio (%)	91.90	91.02	91.11	91.49	92.24
Total shares issued end of year	3,372,769	3,555,575	3,555,575	3,555,575	3,555,575
Average number of treasury shares	70,310	159,995	98,738	27,019	-
Average outstanding shares	3,372,769	3,395,580	3,456,837	3,528,556	3,555,575

*) Calculated as: Net profit attributable to owners of the Company/Average outstanding shares

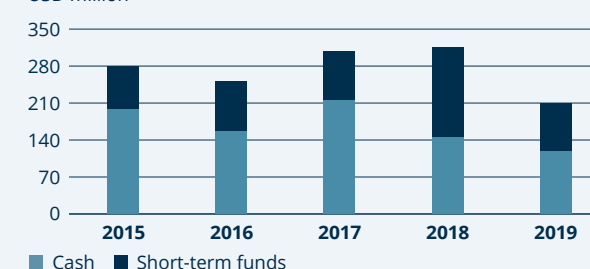
TOTAL EQUITY

USD million

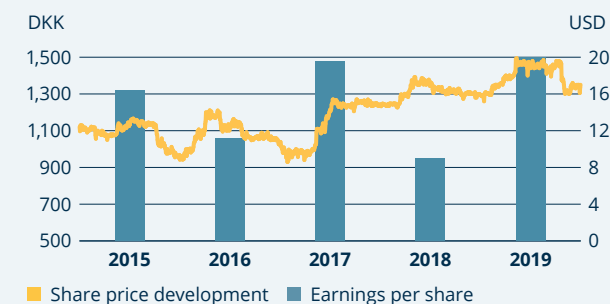


CASH & SHORT-TERM FUNDS

USD million



SHARE PRICE DEVELOPMENT & EARNINGS PER SHARE



UIE IN BRIEF

UIE is a holding company, which invests in the agro-industrial sector as well as in selected industrial and technology businesses.

UIE exercises long-term and active ownership via involvement at board level and dialogue with the management of the portfolio companies.

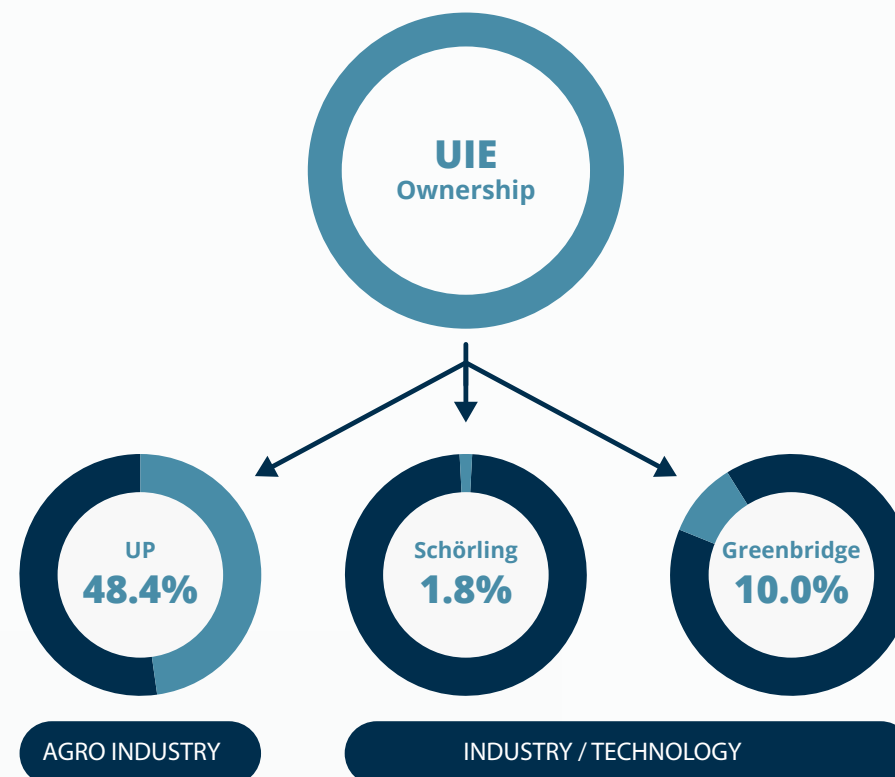
We are committed to investing in companies that value sustainability as one of their key guiding principles, thereby making a positive impact on society and the environment at large.

We invest in the agro-industrial sector and in other industries where we can use our experience and network to obtain synergies and long-term growth. By investing in a portfolio of companies with a long-term perspective, we believe most value is created for our shareholders.

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

Our investment portfolio currently consists of:

- **United Plantations Berhad ("UP")** – a leading plantation company with agricultural investments in Malaysia and Indonesia where it is involved in the certified sustainable cultivation of oil palms and coconuts and processing of high quality palm oil into value-added palm fractions for the speciality fats and chocolate industry
- **Schörling AB ("Schörling")** – an active holding company working for long-term industrial development with ownership in six companies of which five are publicly listed
- **Greenbridge Investment Limited Partnership ("Greenbridge")** – an investment company focusing on technology businesses with ownership in four companies

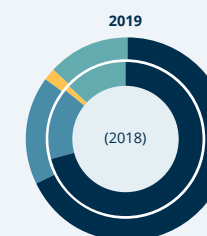


UIE KEY FIGURES - BUSINESS REPORTING¹

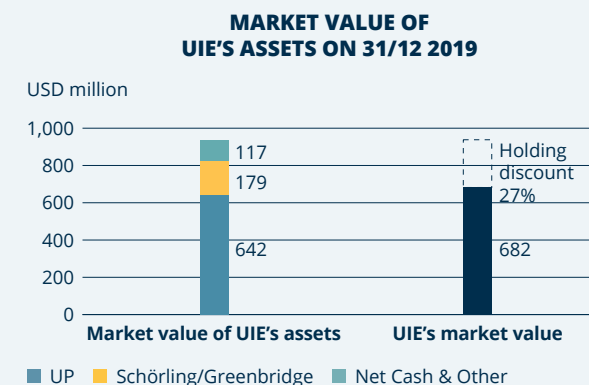
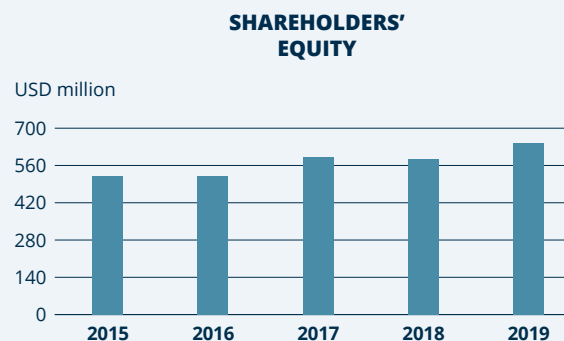
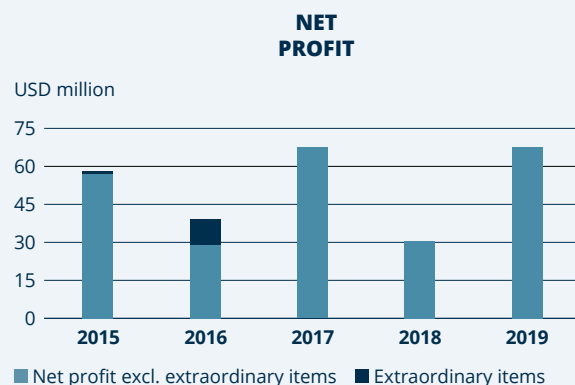
KEY FIGURES



MARKET VALUE OF UIE'S ASSETS ON 31/12 2019



PERFORMANCE HIGHLIGHTS



1) See page 11 for further explanation of Business Reporting and Accounting Policies. 2) Includes cash and short-term investments in liquid fixed income products and equities.

DIRECTORS' REPORT

FINANCIAL REVIEW

– BUSINESS REPORTING

UIE more than doubled its net profit to USD 67.6 million in 2019 compared to USD 30.6 million in 2018 due to a significant fair value increase of the investment in Schörling (USD 33.6 million), while the investment in UP contributed with USD 32.8 million

In the reporting below, we do not comment on the consolidated figures, but on the figures in the Business Reporting.

In the Business Reporting, UP is accounted for using the equity method (UIE's share of UP's net profit is included in UIE's operating profit) whereas the investment in Schörling and Greenbridge are measured at fair value.

The net profit reported under Business Reporting is basically identical to the net profit attributable to owners of the Company reported in the consolidated financial statements, (for further explanation, please see the description to the right).

Business Performance Review

As shown in the table below, UIE's operating income amounted to USD 69.2 million in 2019, which is an increase of USD 36.8 million or 114% compared to the USD 32.4 million reported in 2018.

USD '000	2019	2018
UP, share of net profit	32,835	44,113
Schörling, change in fair value	33,630	(12,480)
Greenbridge, change in fair value	1,608	946
Other	1,156	(222)
Total operating income	69,229	32,357

The significant increase in operating income is due to the fair value change of the investment in Schörling, which in 2019

contributed with a gain of USD 33.6 million compared to a loss of USD 12.5 million in 2018.

UIE's share of UP's result amounted to USD 32.8 million, which was a decrease of 26% or USD 11.3 million compared to USD 44.1 million reported in 2018.

In 2019, UIE's profit before tax amounted to USD 67.9 million, which is USD 37.2 million higher than the USD 30.7 million reported in 2018.

Profit after tax amounted to USD 67.6 million in 2019 compared to the USD 30.6 million reported in 2018.

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 (measuring UIE's share of the profit). Accordingly, this measurement is used in the internal reporting as well as in the reporting to shareholders, referred

to as "Business Reporting" in the Directors' Report. Fully-owned subsidiaries are fully consolidated and other investments (primarily Schörling and Greenbridge) are measured at fair value in the Business Reporting.

The difference between the Business Reporting in the Directors' Report and the consolidated financial statements is shown below and further described in note 1.1.

BUSINESS PERFORMANCE VS. IFRS CONSOLIDATED

USD '000	2019	2018
Net profit - Business reporting	67,596	30,620
Adjustment of UP assets, related to the retrospective acquisition		
Accounting of UP in 2003	(98)	(180)
Owner's share of net profit - IFRS consolidated	67,498	30,440

UP

2019 was a tough year for the palm oil plantation industry, as the market price for CPO in the first nine months of 2019 continued the previous two years downward trend with the average price declining by about 15%, almost hitting the lowest level in 10 years (PK prices decreased even further).

UP's net profit was affected by these challenging market conditions, and decreased by 24% (measured in MYR, which is UP's functional currency).

However, the result is considered to be satisfactory as it includes a one-off acquisition related cost of MYR 24.8 million (USD 6.0 million) and especially as UP's selling prices in Malaysia were higher than the market prices as a

consequence of UP's forward selling policy and secondly, an increase in UP's palm oil production.

Converted to USD, which is UIE's functional currency, UP's net profit decreased by 25.9% due to a weaker average exchange rate of the MYR against the USD in 2019 compared to 2018.

However, as UIE's ownership in UP increased slightly in September and October 2019 (from 47.8% to 48.4%), UIE's share of UP's result amounted to USD 32.8 million in 2019, which is a decrease of 25.6% or USD 11.3 million compared to USD 44.1 million reported in 2018.

In 2019, UIE received USD 33.7 million in dividends from UP compared to USD 37.5 million in 2018.

Schörling

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

Despite global economic growth being relatively modest in 2019 and a number of uncertainties about the geopolitical environment, most of Schörling's portfolio companies traded close to an all-time high share price at the end of the year, which resulted in the significant fair value increase of the investment in Schörling.

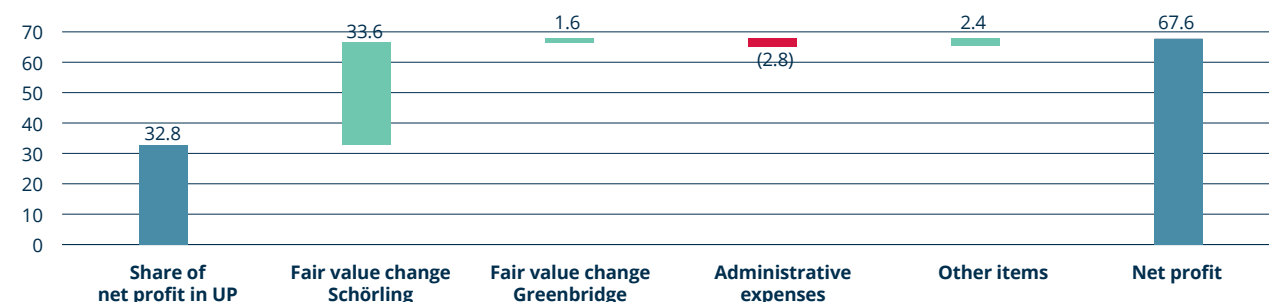
At year-end 2019, the net asset value per share in Schörling was SEK 756 and the value of UIE's ownership in Schörling was SEK 1,489 million, which is an increase of 32% compared to the SEK 1,130 million recognised at the end of 2018, thus corresponding to a gain of SEK 359 million.

However, due to a 4% depreciation of the SEK against the USD in 2019, the value of UIE's investment in Schörling, measured in USD, increased by 33.6 million (from USD 125.9 million to USD 159.5 million), reflecting an increase of 27%.

In 2018, for comparison, the fair value of UIE's investment in Schörling was unchanged, measured in SEK. However, due to a 9% depreciation of the SEK against the USD in 2018, the value of UIE's investment in Schörling, measured in USD, decreased by 12.5 million.

NET PROFIT 2019

USD million



USD '000	2019	2018	2017	2016	2015
UP, share of net profit	32,835	44,113	43,350	37,631	35,248
Schörling, change in fair value	33,630	(12,480)	21,606	(9,062)	30,987
Greenbridge, change in fair value	1,608	946	(1,515)	2,133	-
AAK, change in fair value	-	-	-	-	929
Schörling, dividend income	-	-	824	730	454
Other	1,156	(222)	2,426	227	256
Total operating income	69,229	32,357	66,691	31,659	67,874
Administrative expenses	(2,827)	(2,607)	(3,055)	(2,557)	(2,944)
Net interest income	1,961	1,286	948	508	491
Foreign exchange gain/(loss)	(485)	(323)	3,497	(380)	(7,259)
Profit before tax	67,878	30,713	68,081	29,230	58,162
Income tax	(282)	(93)	(273)	(229)	(87)
One-off settlement of tax position	-	-	-	9,948	-
Profit after tax	67,596	30,620	67,808	38,949	58,075

UIE did not receive any dividend from Schörling in 2019 and 2018.

Schörling was delisted from Nasdaq Stockholm in January 2018 and is now fully jointly owned by the Schörling family, Stefan Persson, Mikael Ekdahl and UIE. UIE owns 1.8% of the shares in Schörling.

UP's and Schörling's results are reported in the sections "UP Segment" and "Schörling" on pages 17-30.

For further information about UP, please download UP's Annual Report 2019 or visit the website www.unitedplantations.com.

Download UP's Annual Report 2019

For further information about Schörling, please visit the website www.schorlingab.se.

For further information about Schörling's investments, please visit the individual companies' websites:

- Hexagon: www.hexagon.com
- Assa Abloy: www.assaabloy.com
- AAK: www.aak.com
- Hexpol: www.hexpolcompounding.com
- Securitas: www.securitas.com
- Anticimex: www.anticimex.com

Greenbridge

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

In 2019, the fair value of UIE's investment in Greenbridge increased by USD 1.6 million compared to an increase of USD 0.9 million in 2018.

The purpose of Greenbridge is to invest in and have an industrial focus on high-tech and/or software-related companies. Ola Rolén and Melker Schörling (via Schörling) are founding investors.

Greenbridge's objective, under the lead management of Ola Rollén, is to establish a portfolio of core holdings and to support the development and expansion of these investments during a 5-10 year period.

Thus far, Greenbridge has made investments in four companies; Neo4j, Rus-Savitar SRL, Praxio and NEXT Biometrics.

In 2019, UIE invested an additional USD 6.6 million in Greenbridge, which was primarily used for a new investment in Rus-Savitar as well as add-on investments in Neo4j and NEXT Biometrics.

UIE has, thus far, invested SEK 148 million (USD 16.3 million). On 31 December 2019, UIE's remaining commitment to investing in Greenbridge amounts to SEK 52 million (USD 5.6 million).

The value of UIE's ownership in Greenbridge was USD 19.5 million as per 31 December 2019.

For further information about the individual companies, please refer to "Greenbridge in Brief" to the right or visit the individual companies' websites:

- Neo4j: www.neo4j.com
- Rus-Savitar SRL: www.mobilacasarusu.ro
- Praxio: www.praxio.com.br/en/homepage
- NEXT Biometrics: www.nextbiometrics.com

GREENBRIDGE IN BRIEF



Neo4j

Neo4j is a native graph database platform specifically optimized to map, store, and traverse networks of connected data to reveal invisible contexts and hidden relationships.

Rus-Savitar SRL

Rus-Savitar SRL is a leading furniture manufacturer in Romania. The company includes the well established furniture retail chain, the Casa Rusu brand.



Praxio

Praxio operates in the technology segment for road transport and logistics, providing specialized technological solutions for road transport businesses in South America.

NEXT Biometrics

NEXT Biometrics provides advanced fingerprint sensor technology for the smart card, government ID, access control and notebook markets.

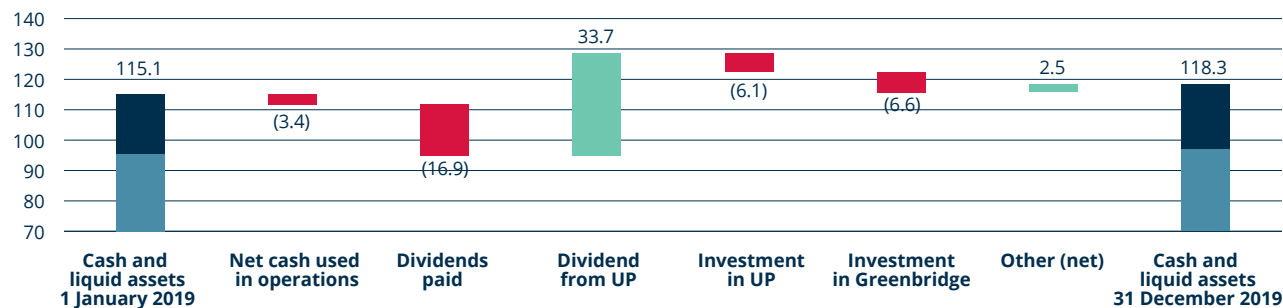


VALUE OF UIE'S INVESTMENTS

USD '000	UP	Schörling	Greenbridge	Total
Balance at 1 January 2019	333,381	125,900	11,274	470,555
Change in fair value	-	33,630	1,608	35,238
Investments during the period	6,108	-	6,601	12,709
UIE share of results	32,835	-	-	32,835
Dividends received	(33,667)	-	-	(33,667)
Foreign currency translation adjusted in equity	4,140	-	-	4,140
UIE share of other equity movements	(3,255)	-	-	(3,255)
Total balance on 31 December 2019	339,542	159,530	19,483	518,555

CASH FLOWS IN 2019

USD million

**Other Income and Administration Costs**

Approximately USD 21 million, representing roughly 18% of UIE's cash reserves, is invested in a liquid and diversified portfolio of fixed income products and, to a limited extent, equities. The result of these activities produced a gain of USD 1.1 million in 2019, compared to a loss of USD 0.4 million in 2018.

General and administrative expenses totalled USD 2.8 million compared to USD 2.6 million in 2018.

Value of UIE's investments

The value of UIE's investments in UP, Schörling and Greenbridge is shown in the table above. The total value of the investments on 31 December 2019 amounted to USD 518.6 million, corresponding to an increase of USD 48.0 million, mainly attributed to the positive fair value adjustment relating to Schörling.

Financial Position

Shareholders' equity increased by USD 51.5 million from USD 583.7 million on 31 December 2018 to USD 635.2 million on 31 December 2019. The dividend payment of USD 16.9 million partly offset the net profit of USD 67.6 million.

In addition, the equity was positively affected by USD 0.8 million being the net effect of foreign currency translations of net investments in subsidiaries as well as adjustment of hedge accounting reserves.

Cash Flows

Total net cash reserves and liquid assets in UIE increased slightly from USD 115.1 million (hereof liquid assets, USD 19.7 million) on 31 December 2018 to USD 118.3 million (hereof liquid assets, USD 21.3 million) on 31 December 2019, corresponding to an increase of USD 3.2 million.

As shown in the table to the left, UIE received USD 33.7 million in dividend income from UP in 2019 and paid out USD 16.9 million in dividends to UIE shareholders in 2019.

Re-domiciliation of UIE

At an extraordinary general meeting held on 10 December 2019, it was unanimously agreed to transfer the domicile of the Company from The Bahamas to Malta. Hence, UIE was registered in Malta with effect from 30 December 2019.

There are still a few outstanding procedural issues in relation to the re-domiciliation, which should be completed during March 2020.

The change of domicile was implemented by a re-domiciliation, where the Company was not liquidated but, from a legal and tax perspective, continued as a Maltese company.

The main rationale for the change of domicile is to be incorporated in a country offering structures and measures more conducive to the operations of an investment holding company.

After considering other alternatives, Malta was chosen primarily for the following reasons:

- The legislation in Malta permits the transfer of domicile of a legal corporate entity from The Bahamas to Malta, without winding-up or liquidating the company or having to incorporate a new company, and without adverse tax consequences for the company or its shareholders

- UIE is familiar with the corporate legal framework in Malta, which is modelled on UK Company Law principles. Furthermore, English is an official language in Malta.
- Malta is also a member state of the European Union ("EU"), which it joined in May 2004, harmonising its corporate and legal frameworks with the relevant EU directives.
- Malta has a long history of international investment and long-established commercial relationships, trade agreements and treaty networks both within the EU as well as other countries.
- Malta is considered an efficient and cost-effective corporate jurisdiction, especially for holding companies.

In connection with the re-domiciliation, the name of the Company was changed to use the abbreviation. The legal name of the Company, therefore, now is UIE Plc.

UIE's Memorandum and Articles of Association were amended in connection with the re-domiciliation to comply with the requirements of the Maltese Companies Act. In addition, some minor amendments were made on account of the need for a general update and revision.

The financial impact of the re-domiciliation is limited to one-off costs (legal and other advisory fees) of approximately USD 300,000, which is included in the 2019 income statement.

Aside from this, from 2020 and onwards, UIE's administration costs will increase marginally due to non-refundable VAT costs.

Proposed Dividend

In accordance with UIE's dividend policy, the Board of Directors has resolved to recommend a dividend of USD 5.00 per share for financial year 2019.

Furthermore, the Board recommends an extraordinary dividend of USD 5.00 per share in recognition of the Company's strong liquidity.

The dividends are expected to be paid to shareholders on 26 May 2020.

Cancellation of Treasury Shares

In accordance with the authorisation granted at the Annual General Meeting on 25 April 2019, UIE cancelled all of its 182,806 treasury shares on 2 May 2019. After the cancellation,

UIE's total issued capital amounts to 33,727,690, consisting of 3,372,769 shares of USD 10.00 each.

Overall Strategy of UIE

UIE is a long-term investor focusing on value creation through active engagement with our portfolio companies.

We invest in companies, partnerships and people that share the same set of values as we do, and view dedication, trust and loyalty as key ingredients for success.

We have a long tradition of being an active owner with involvement at Board level, and we have a firm belief that sustainable business practice is essential for creating long-term value.

UIE is actively searching for investment opportunities to broaden the investment portfolio, and the Board regularly assesses potential acquisitions that align with the Company's strategy and purpose.

Over the last few years, the Board of Directors has had a number of strategic and in-depth discussions about the future direction and investment approach of UIE. Based on the discussions, the Board of Directors has concluded that the agro-industrial sector will remain a core focus area going forward, as it is where our main experience and competencies lie.

Furthermore, the Board has concluded that our association with the Schörling Group, since our initial business ties in 2004, has grown and helped to strengthen our network and experience thereby extending UIE's investments into industries beyond our original core focus of the agro-industrial sector. The investments made in recent years within selected industrial and technology businesses have proven to be sound and have created value for our Company and shareholders, and are viewed as long-term.

On this basis, we intend to continue to make effective use of our experience and network, and if further opportunities arise, new investments in these areas will be considered.

We are committed to maintaining a conservative capital structure, which provides the ability to make acquisitions without undue dependence on debt finance. It is important to re-emphasise that UIE is a long-term investor committed to a cautious approach with the ultimate goal of creating value to our shareholders.

PORTFOLIO COMPANIES

UP IN BRIEF

UP is one of the most efficiently managed, eco-friendly and innovative plantation companies in the world. It was founded in 1906 and is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalization of MYR 5,450 million (corresponding to approximately USD 1,333 million) at the end of 2019.

UP's business activities focus on the cultivation of oil palm and coconuts and processing of palm oil in Malaysia and Indonesia through sustainable practices superior to the Principles & Criteria of the Roundtable on Sustainable Palm Oil ("RSPO").

UP possesses considerable know-how in plant breeding, agronomy, and micro-propagation through its 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 recognised as one of the highest yielding, cost-competitive, and innovative plantation companies in Malaysia.

NET PROFIT 2019

284

MYR million

▼ 24%

CASH¹ ON 31/12 2019

459

MYR million

▼ 50%

SHARE PRICE ON 31/12 2019

26.28

MYR

▲ 3%

UIE OWNERSHIP ON 31/12 2019

48.4%

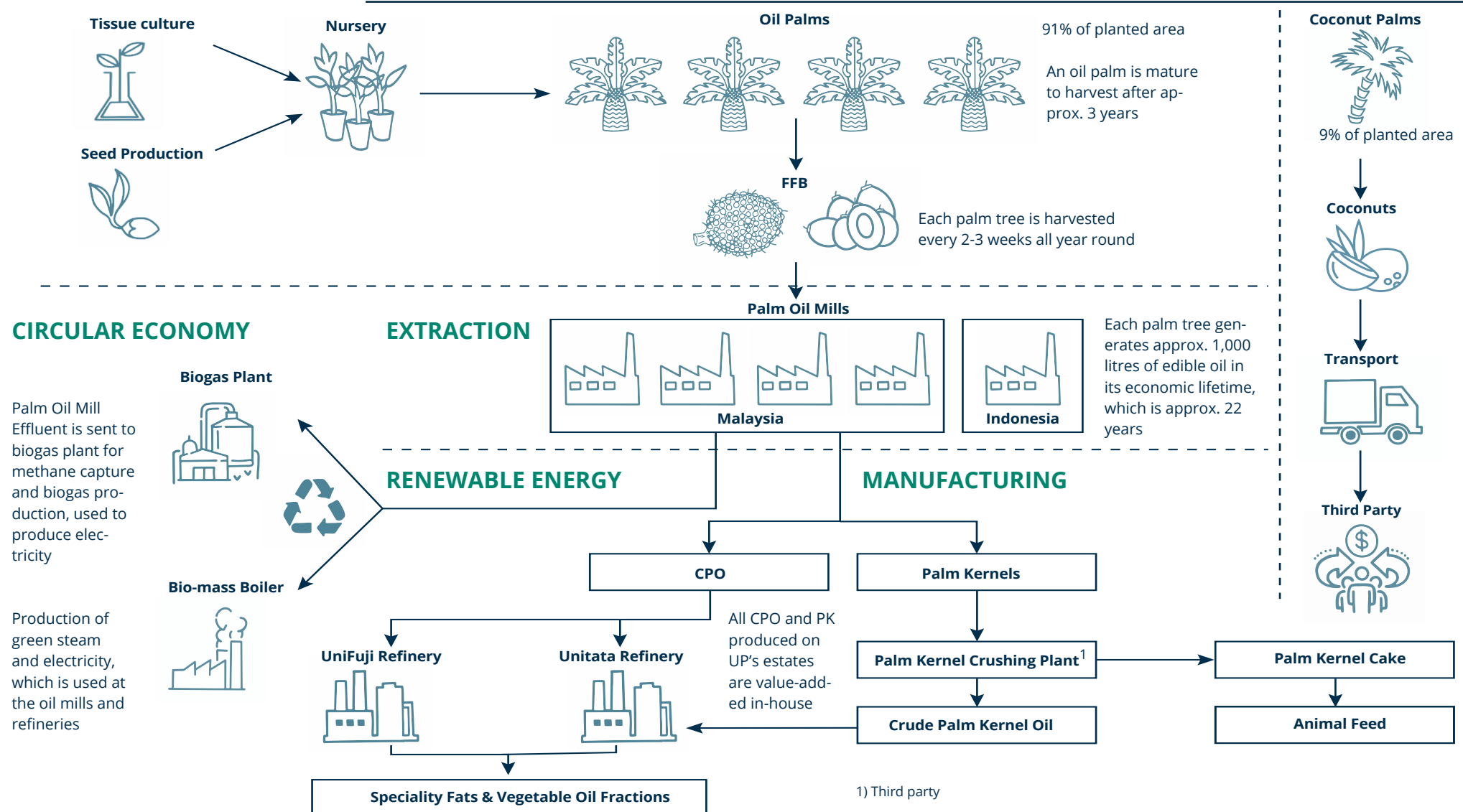
▲ 0.6 pp

1) Cash including short-term funds

UP'S ACTIVITIES

R&D DEPARTMENT

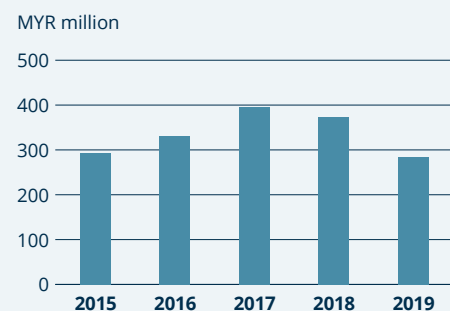
CULTIVATION



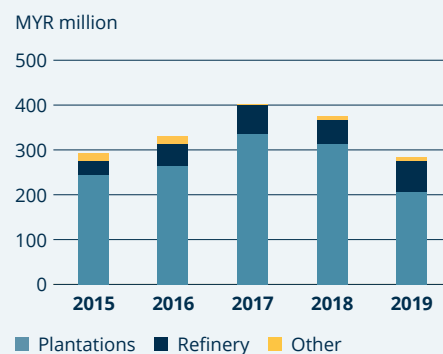
UP KEY FIGURES

FIVE-YEAR FINANCIAL PERFORMANCE

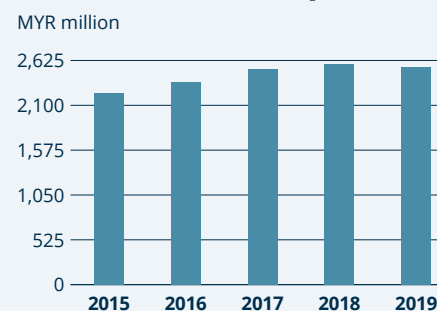
NET PROFIT



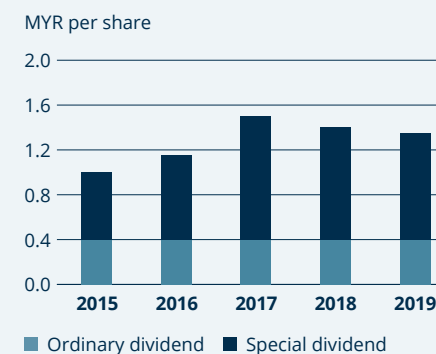
NET PROFIT BY SEGMENT



SHAREHOLDERS' EQUITY

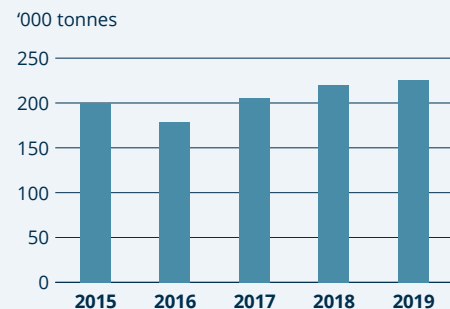


DIVIDENDS PAID

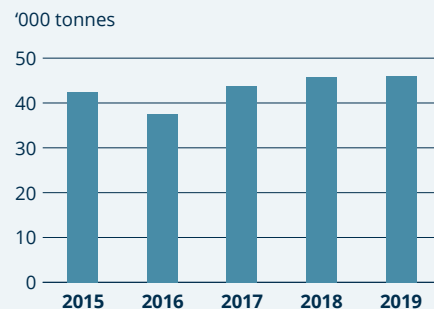


FIVE-YEAR PRODUCTION FIGURES

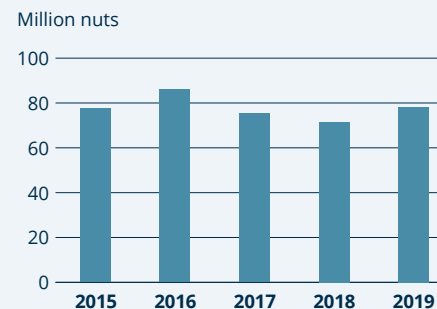
CPO PRODUCTION



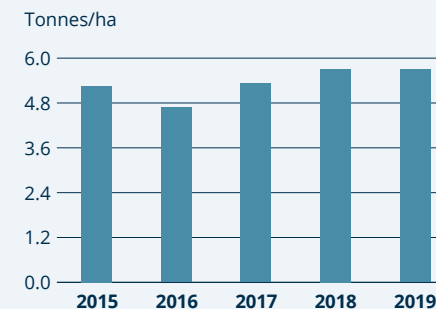
PK PRODUCTION



COCONUT PRODUCTION



CPO YIELD



UP SEGMENT

UP achieved a net profit of MYR 284 million, which despite being 24% lower than in 2018, is very satisfying given the depressed market prices for palm oil experienced in the first nine months of 2019.

The following is a summary of the performance and development in UP in 2019. For a full description, please refer to UP's Annual Report 2019 or visit the website www.unitedplantations.com.

Business Performance Review

In 2019, the net profit in UP amounted to MYR 284 million (USD 69 million), which was 24% lower than the net profit of MYR 374 million (USD 93 million) reported in 2018.

Plantation Operations

UP's main activity, its plantation operations, recorded an operating profit of MYR 266 million in 2019, reflecting a decrease of 33% compared to the MYR 398 million reported in 2018. The decrease is mainly due to lower sales prices for CPO and significantly lower sales prices for PK.

When comparing the two periods under review, it should be noted that the operating profit in the plantation operations in 2019 included a one-off cost of MYR 24.8 million related to the acquisition of additional land (Pinehill) that was completed in September 2019. Furthermore, 2018 included a gain of MYR 23.3 million related to fair value adjustment of CPO commodity contracts entered into under UP's forward selling policy. There was no such fair value adjustment in the income statement in 2019 since hedge accounting was applied to the relevant contracts from October 2018. Adjusted for these items, the operating profit in 2019 and 2018 were MYR 290.9 and 374.4, respectively, corresponding to a decrease of 22%.

BUSINESS REPORTING – UP SEGMENT

In the following section, the description of the developments within UP is based on figures reported by UP in MYR, which is UP's functional currency.

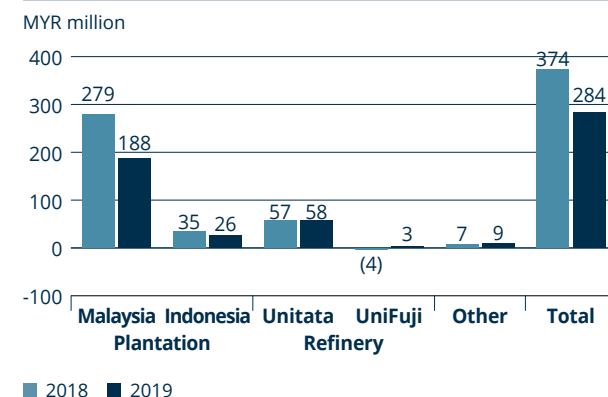
Please also refer to note 1.1.

KEY FINANCIAL FIGURES

UP BUSINESS PERFORMANCE IN MYR

MYR million	2019	2018
Revenue	1,173.1	1,305.6
Other income	22.4	38.6
Operating expenses	(868.1)	(879.6)
Operating income	327.4	464.6
Share of result of joint venture	2.9	(3.9)
Net finance income	27.7	30.2
Profit before tax	358.0	490.9
Tax	(73.7)	(116.8)
Net profit	284.3	374.1

UP NET PROFIT BY SEGMENT

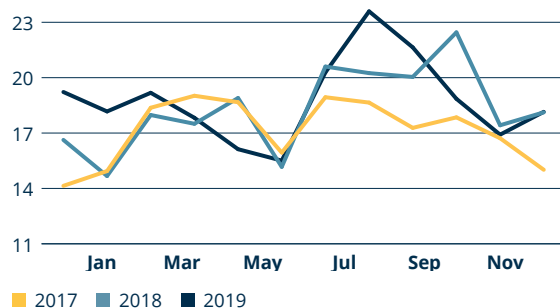


UP BUSINESS PERFORMANCE IN USD

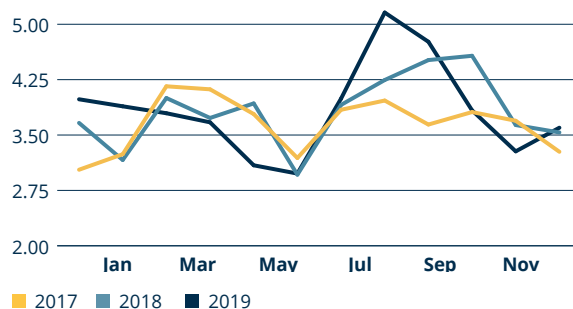
USD million	2019	2018
Revenue	283.6	323.5
Other income	5.4	9.6
Operating expenses	(209.9)	(218.0)
Operating income	79.1	115.1
Share of result of joint venture	0.7	(1.0)
Net finance income	6.7	7.5
Profit before tax	86.5	121.6
Tax	(17.8)	(28.9)
Net profit	68.7	92.7

CPO PRODUCTION

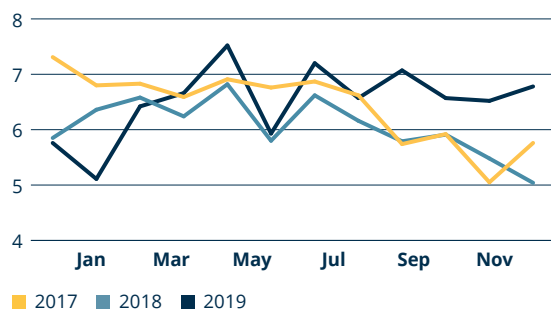
'000 tonnes

**PK PRODUCTION**

'000 tonnes

**COCONUT PRODUCTION**

Million nuts

**Production in the Plantation Operations**

UP's profitability is highly dependent on production volumes and the selling prices of CPO and PK.

In 2019, UP's production of CPO and PK increased by 2.6% and 0.4%, respectively, being equivalent to 5,737 tonnes of CPO and 176 tonnes of PK.

Favourable climatic conditions on the Malaysian estates and yield improvement from UP's latest planting material from the substantial replanted areas in Malaysia over the last 10 years resulted in a CPO production in Malaysia of 179,045 tonnes, which was 6.1% higher than 2018.

On the Indonesian estates, the CPO production reduced by 9.1%, mainly due to field losses arising from the chronic labour shortage experienced during the year.

UP Indonesia's production accounted for 21% of UP's total CPO production in 2019 compared to 23% in 2018.

The total area planted with oil palms in Malaysia and Indonesia was 46,731 hectares on 31 December 2019, which was 8% higher than the 43,335 hectares in 2018.

In 2019, the immature areas accounted for 10% of the total planted area compared to 11% in 2018. The total immature area in Malaysia accounted for 13% (4,723 hectares) in 2019 compared to 14% in 2018. In Indonesia, all UP's planted areas are mature.

In 2019, UP's coconut production was 78.1 million nuts compared to 71.4 million nuts in 2018, which is an increase of 9%. The average yield improved from 23,154 nuts per hectare in 2018 to 23,557 nuts per hectare in 2019, resulting in an increase of 2%, mainly due to favourable weather conditions and young fields coming into production.

UP's coconut production was negatively affected by an over-supply of the Malaysian market with coconuts from Indonesia (especially from May to October), resulting in several million of nuts being lost due to a lack of demand, which extended the harvesting rounds, contributing to germination taking place.

**PALM OIL PLANTED AREA
MALAYSIA AND INDONESIA****46,731**

hectares

▲ 8%

**COCONUT PLANTED AREA
MALAYSIA****4,553**

hectares

▶ 0%



CPO PRODUCTION

Tonnes	2019	2018	Change %
Malaysia	179,045	168,680	6.1
Indonesia	46,421	51,049	(9.1)
Total UP Group	225,466	219,729	2.6

PK PRODUCTION

Tonnes	2019	2018	Change %
Malaysia	36,854	36,789	0.2
Indonesia	9,182	9,071	1.2
Total UP Group	46,036	45,860	0.4

Developments in Market & Selling Prices

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

During 2019, UP achieved an average selling price of MYR 2,275 per tonne of CPO, corresponding to a decrease of 8%, while the average selling price of PK decreased by 33% compared to 2018.

UP'S YIELD VERSUS MALAYSIAN NATIONAL YIELD

	2019	2018	2017	2016	2015
Malaysian national yield in tonnes CPO/ha	3.47	3.42	3.52	3.21	3.78
UP Malaysian average yield in tonnes CPO/ha	5.88	5.73	5.34	4.64	5.32
UP Indonesian average yield in tonnes CPO/ha	5.11	5.66	5.25	4.81	5.03
UP Group average yield in tonnes CPO/ha	5.70	5.71	5.32	4.68	5.25
UP Group average yield in tonnes FFB/ha	25.88	26.20	24.78	20.73	23.18
UP Group average oil extraction rates (OER), %	22.02	21.80	21.46	22.57	22.64
UP Group average kernel extraction rates (KER), %	4.50	4.55	4.57	4.73	4.81

In the last quarter of 2019, the CPO market prices recovered after the sharp decline experienced during much of the year, where CPO prices periodically traded below MYR 2,000 per tonne.

Due to UP's forward selling policy, UP achieved an average selling price of MYR 2,356 per tonne for the CPO produced in Malaysia, which is 13% higher than the Malaysian Palm Oil Board's ("MPOB") average price of MYR 2,079.

UP's forward selling policy may not be in favour in a rising market, but the reason for having forward sales is to secure certain margins and not in anticipation of being able to predict market prices consistently.

In 2019, UP achieved an average selling price of MYR 1,964 per tonne for the CPO produced in Indonesia, which was 2% lower than the MYR 2,003 per tonne achieved in 2018.

UP's average selling price for PK produced in Malaysia amounted to MYR 1,312 per tonne in 2019, which is a significant decrease of 34% compared to 2018.

Malaysian and Indonesian CPO and PK prices are not fully comparable due to different duty structures.

AVERAGE SELLING PRICES OF CPO AND PK

MYR per tonne	2019	2018	Change %
CPO			
UP Malaysia	2,356	2,606	(9.6)
UP Indonesia	1,964	2,003	(1.9)
UP average	2,275	2,466	(7.7)
MPOB average	2,079	2,233	(6.9)
PK			
UP Malaysia	1,312	1,992	(34.1)
UP Indonesia	1,011	1,356	(25.4)
UP average	1,252	1,866	(32.9)
MPOB average	1,214	1,828	(33.6)

CPO Yield

Favourable weather conditions, especially in Malaysia, and the effect of UP's improved planting material steadily coming into maturity after 10 years of substantial replanting, resulted in improved CPO yields. However, as seen in the table to the left, the average yield for UP decreased marginally compared to 2018, reaching 5.70 tonnes CPO/ha in 2019.

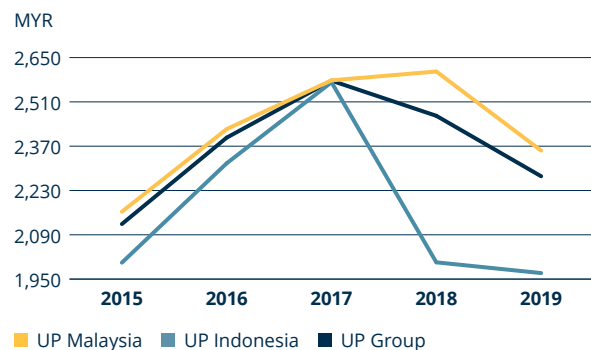
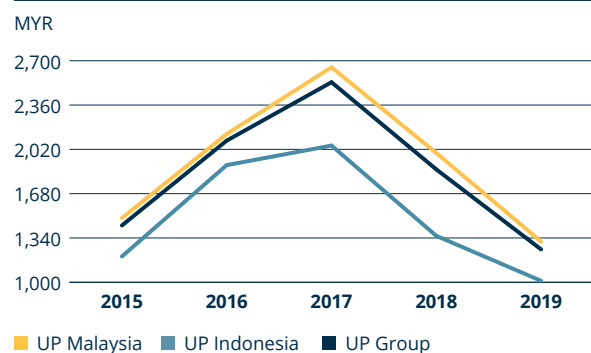
The average yield for UP's Malaysian estates reached 5.88 tonnes CPO/ha in 2019, which is 2.6% higher than the level in 2018 and 69% higher than the Malaysian national average.

However, the yield for UP's Indonesian production declined to 5.11 tonnes CPO/ha, which is 9.7% lower than the level in 2018 due to the labour shortage, as mentioned previously.

17% of UP's mature area in Malaysia has an age profile of between 2.5 to 5 years. These have inherently a 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 effort, made at the R&D Centre, to improve planting material and agronomic practices further. This remains of prime importance in terms of UP's ability to further improve its agronomic productivity

AVERAGE SELLING PRICE CPO**AVERAGE SELLING PRICE PK**

to reach its target of 28.0 tonnes of FFB/ha and an oil extraction rate ("OER") of 23.0% equivalent to a CPO oil yield of 6.5 tonnes per hectare in Malaysia.

For the Indonesian operations, the target is 25.5 tonnes of FFB/ha and an OER of 25.5%, also equivalent to a CPO oil yield of approximately 6.5 tonnes per hectare.

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.

A total of 2,444 hectares of oil palms were replanted on UP's Malaysian properties in 2019 compared to 1,949 ha in 2018.



**FFB
PER HECTARE**

X

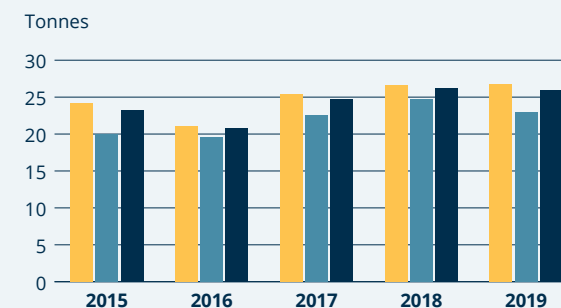
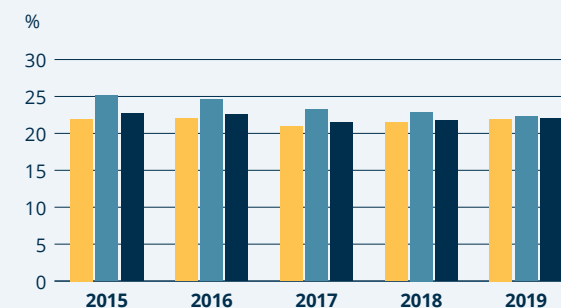
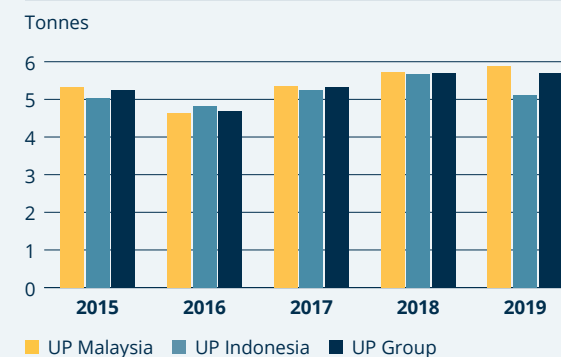


**CPO
EXTRACTION RATE
("OER")**

=



**CPO YIELD
PER HECTARE**

FFB PER HECTARE**CPO EXTRACTION RATE****CPO YIELD PER HECTARE**

During the last 10 years (2010-2019), UP's Malaysian estates have replanted a total of 23,328 ha of oil palms, equivalent to 62% of the total area planted with oil palms. While UP's average age profile has improved, the major proportion of UP's replanting programme for the Malaysian estates will only be completed by 2021, when the additional replanting on the acquired Pinehill is completed.

UP's long-term replanting policy continues to be a high priority, also in times of high vegetable oil prices, to improve the age profile further and, with that, the average yields, which are of critical importance in maintaining a favourable cost base. All planting material used for this extensive replanting programme has been produced by UP, using exclusively proven germplasm with more than 60 years of sterling plant breeding techniques for securing high yields.

Production Costs

Direct production costs (before depreciation and amortisation) per tonne of CPO produced on the Malaysian estates increased

marginally by 2.1% from MYR 896 per tonne in 2018 to MYR 915 per tonne in 2019. The total cost of production was MYR 1,207 per tonne compared to MYR 1,188 per tonne in 2018. The costs per tonne were positively affected by the increase in productivity through mechanisation and the higher CPO production, which rose by 5,737 tonnes or 2.6% compared to 2018 and served as a dampening factor of the industry-wide upward pressure on production costs, mainly from salaries.

Labour cost in Malaysia continues to come under pressure, with the Government raising the minimum monthly wage in specific regions by 9% to now RM1,200 in Malaysia. The trend has been even steeper in Central Kalimantan in Indonesia, where labour wages have risen by 349% since 2006, reaching levels similar to the labour wages paid in Malaysia today. Despite these significant increases, many sectors in Malaysia continue to suffer from acute labour shortages, not only in the manufacturing and construction sectors, but also in the agricultural and plantation sectors. In order to cushion the rising labour costs, UP is actively exploring various initiatives

aimed at increasing efficiency and productivity throughout the operations.

Acquisition of Pinehill (renamed to Tanarata Estate)

In September 2018, UP entered into a conditional sales and purchase agreement to acquire 3,642 hectares of established (brownfield) estates located only 25 kilometres from UP's headquarters. The acquisition was completed on 3 September 2019. The purchase consideration was paid out of UP's cash reserves.

The acquisition has expanded UP's land bank in Malaysia by almost 10% from 40,766 hectares to 44,408 hectares. Within the next 3 years, UP will replant almost all of the acquired land, and by introducing UP's high yielding planting materials, combined with enforcing sustainable practices, UP will be able to increase the yields significantly on this property within the next 4-6 years.

The acquisition has been accounted for as a business combination, with a total purchase consideration amounting to MYR

SEGMENTAL INFORMATION FOR 2019

MYR '000

	Plantations						Refining		Other and not allocated items and eliminations		Total	
	2019			2018			2019	2018	2019	2018	2019	2018
	Malaysia	Indonesia	Total Plantation	Malaysia	Indonesia	Total Plantation	Malaysia	Malaysia				
External segment sales	255,349	137,198	392,547	246,188	156,108	402,296	779,046	901,629	1,508	1,666	1,173,101	1,305,591
Inter-segment sales	307,985	-	307,985	329,130	-	329,130	-	-	(307,985)	(329,130)	-	-
Total	563,334	137,198	700,532	575,318	156,108	731,426	779,046	901,629	(306,477)	(327,464)	1,173,101	1,305,591
Operating profit (EBIT)	232,122	34,007	266,129	352,804	44,916	397,720	61,783	71,004	(478)	(4,155)	327,434	464,569
Share of joint venture	-	-	-	-	-	-	2,880	(3,911)	-	-	2,880	(3,911)
Interests, net	12,253	142	12,395	15,500	10	15,510	5,163	2,595	10,088	12,109	27,646	30,214
Results before taxes	244,375	34,149	278,524	368,304	44,926	413,230	69,826	69,688	9,610	7,954	357,960	490,872
Income taxes	(56,873)	(8,080)	(64,953)	(89,082)	(10,499)	(99,581)	(8,553)	(16,431)	(128)	(760)	(73,634)	(116,772)
Net profit	187,502	26,069	213,571	279,222	34,427	313,649	61,273	53,257	9,482	7,194	284,326	374,100

400.9 million, which has been recognised in the balance sheet according to the purchase price allocation disclosed in the notes to the Financial Statements, section 2.1. Acquisition-related costs, which included stamp duty, registration fee, levy and other related costs, amounted to MYR 24.8 million, is included in the operating expenses in the Income Statement.

UP Indonesia

UP's operations in Central Kalimantan in Indonesia generated a net profit of MYR 26 million in 2019, some 24% lower than the net profit of MYR 34 million achieved in 2018. The reduction in profits was primarily a function of the lower market prices of palm oil and palm kernel obtained in Indonesia but also the lower production that was mainly attributable to higher field losses arising from the chronic labour shortages experienced during the year.

Agricultural standards on UP's estates in Indonesia have reached standards similar to those of its Malaysian properties. The operations in Indonesia now employ 1,355 people and include 9,076 hectares of oil palms (net of 1,314 hectares converted to Plasma) and about 7,673 hectares of permanent conservation areas. The rest of the area is shrub and bushland.

UP's collaboration with Copenhagen Zoo, which was established in 2007, continues to develop very positively. The purpose of this cooperation is to provide UP with the necessary expertise for running and operating the biodiversity department for these softer – yet important – values to become an even stronger integral part of UP's agricultural operations.

Land availability but also suitability, from an environmental and regulatory point of view, have become a limiting resource wherefore expansion possibilities are not what they were when UP initiated the investment in Indonesia in 2006. Any further expansion in Indonesia will only be considered if brown field plantations, developed before 2005, come up for sale that in no way contravene or ignore UP's commitment of adhering to and exceeding the RSPO's principles and criteria.

Refinery Operations (Unitata & UniFuji)

Unitata achieved a net profit of MYR 58 million in 2019, which is marginally higher than the result in 2018 of MYR 57 million. The result is very satisfactory, especially taking into consideration the increasing competition, in particular from the Indonesian refinery sector.

The interest in certified sustainable palm oil is increasing and Unitata is committed to providing high-quality tailor-made solutions to clients who demand palm fractions exceeding the sustainability criteria of the RSPO.

To prepare for future opportunities, UP continues to invest in technology and capable people that can bring Unitata forward with success. During 2019, a new fractionation plant was commissioned, and by the first quarter of 2020, Unitata will be commissioning a new multi stock deodoriser.

UniFuji, which is a 50:50 joint venture between UP and Fuji Oil, continued its positive progress in 2019 after its commissioning in 2018. UP's share of net result in the UniFuji joint venture amounted to a gain of MYR 2.9 million in 2019 compared to a loss of MYR 3.9 million in 2018.

The refinery includes solvent fractionation for the production of value-added palm fractions for the speciality fats and chocolate industry. The joint venture takes advantage of UP's high-quality certified sustainable and traceable crude palm oil and Fuji's expertise in innovation, technical capabilities as well as its high-quality food standards.

In 2019, all CPO and PK produced on UP's estates in Malaysia were value-added in-house (through either Unitata or UniFuji), which is the first time in the history of UP.

Other

During 2019, the Indonesian currency strengthened against the MYR, leading to a foreign exchange gain of MYR 1.7 million on loans to the Indonesian subsidiary, compared to foreign exchange loss of MYR 4.3 million in 2018.

Interest Income

Total net interest income across all UP segments amounted to MYR 27.7 million, which is slightly lower than the MYR 30.2 million reported in the corresponding period of 2018 due to lower bank deposits after the completion of the Pinehill acquisition.

Financial Position and Cash Flows

On 31 December 2019, UP's total current assets amounted to MYR 874 million (31 December 2018: MYR 1,352 million), of which cash at bank and short-term funds amounted to MYR 459 million (31 December 2018: MYR 916 million).

Total non-current assets amounted to MYR 1,984 million (31 December 2018: MYR 1,567 million), of which Right-of-use assets and property, plant and equipment amounted to MYR 1,583 million (31 December 2018: MYR 1,531 million) and Goodwill amounted to MYR 357 million (31 December 2018: MYR nil).

Total equity decreased from MYR 2,589 million on 31 December 2018 to MYR 2,554 million at the end of December 2019. The net profit of MYR 284 million was more than offset by the generous dividend payments of MYR 291 million as well as UP's purchase of own shares amounting to MYR 10 million and negative fair value adjustments of cash flows hedges of MYR 23 million.

Positive cash flows from operating activities amounted to MYR 286 million (2018: MYR 523 million). Capital expenditures in relation to property, plant and equipment, including pre-cropping expenditures amounted to MYR 112 million, compared to MYR 134 million in 2018. Cash outflow from the Pinehill acquisition was MYR 360 million compared to the up-front payment of MYR 41 million in 2018.

SCHÖRLING IN BRIEF

Schörling AB ("Schörling") is a holding company focusing on long-term industrial development. It was founded in 1999.

Schörling is an active holding company with shares in six companies, of which five are publicly listed; Hexagon, Assa Abloy, AAK, Hexpol, Securities, and newly acquired privately held Anticimex.

Schörling has, within the last two decades, successfully contributed to developing their portfolio companies from being small local companies into global market leaders.

By being a long-term and active owner, Schörling aims to support the holdings and add value to the company's shareholders. Schörling is open to making new investments in listed as well as non-listed companies with significant development potential.

NET ASSET VALUE
ON 31/12 2019

83,398

SEK million

▲ 32% ON YEAR-END 2018

UIE'S SHARE OF NET ASSET VALUE
ON 31/12 2019 (SEK)

1,489

SEK million

▲ 32% ON YEAR-END 2018

UIE OWNERSHIP
ON 31/12 2019

1.8%

► UNCHANGED ON YEAR-END 2018

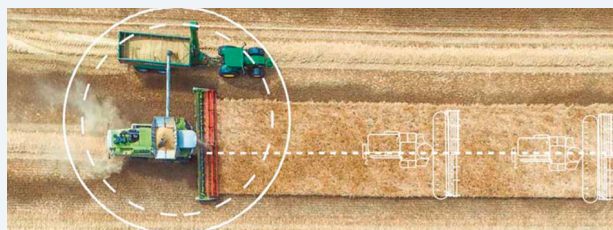
UIE'S SHARE OF NET ASSET VALUE
ON 31/12 2019 (USD)

159.5

USD million

▲ 27% ON YEAR-END 2018

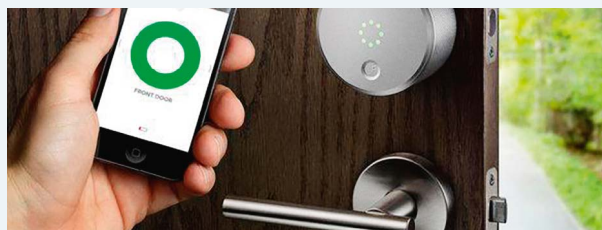
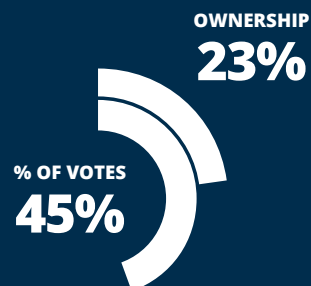
SCHÖRLING'S INVESTMENT PORTFOLIO



HEXAGON

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.

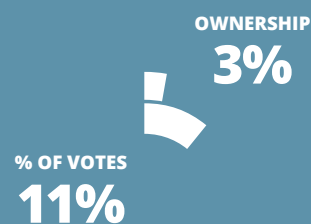
REVENUE (EUR MILLION)		
2019	<div></div>	1,059
2018	<div></div>	1,043
EBIT (EUR MILLION)		
2019	<div></div>	277
2018	<div></div>	271



ASSA ABLOY

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

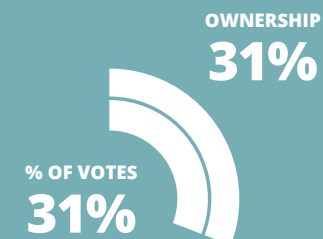
REVENUE (SEK MILLION)		
2019	<div></div>	94,029
2018	<div></div>	84,048
EBIT (SEK MILLION)		
2019	<div></div>	14,920
2018	<div></div>	12,909



AAK

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.

REVENUE (SEK MILLION)		
2019	<div></div>	28,510
2018	<div></div>	27,592
EBIT (SEK MILLION)		
2019	<div></div>	2,142
2018	<div></div>	1,956



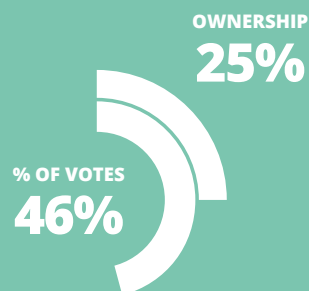
SCHÖRLING'S INVESTMENT PORTFOLIO



HEXPOL

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.

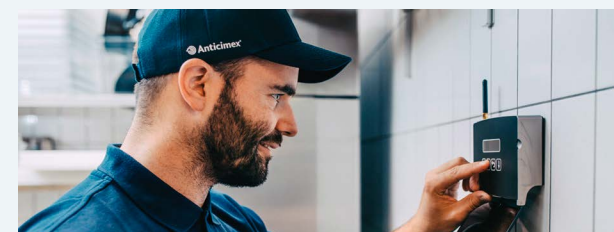
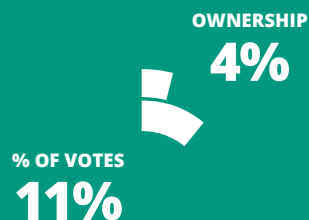
REVENUE (SEK MILLION)		
2019	<div></div>	15,508
2018	<div></div>	13,770
EBIT (SEK MILLION)		
2019	<div></div>	2,043
2018	<div></div>	2,150



SECURITAS

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.

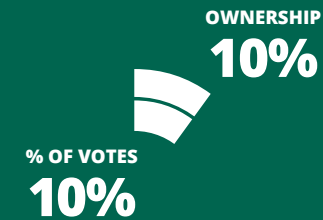
REVENUE (SEK BILLION)		
2019	<div></div>	110.9
2018	<div></div>	101.5
EBIT (SEK BILLION)		
2019	<div></div>	5.2
2018	<div></div>	4.5



ANTICIMEX

ANTICIMEX is a leading global specialist within modern pest control, including bird deterrent and abatement, mosquito control, and bed bug control. Anticimex aims at creating a healthy environment through prevention, technology, and sustainable solutions.

REVENUE (SEK MILLION)		
2019	<div></div>	N/A
2018	<div></div>	6,472
EBIT (SEK MILLION)		
2019	<div></div>	N/A
2018	<div></div>	587



Financial Highlights

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

On 31 December 2019, the market value of Schörling's portfolio of listed shares was SEK 76,633 million (USD 8,213 million) compared to SEK 61,085 (USD 6,808 million) on 31 December 2018, an increase of SEK 15.5 billion.

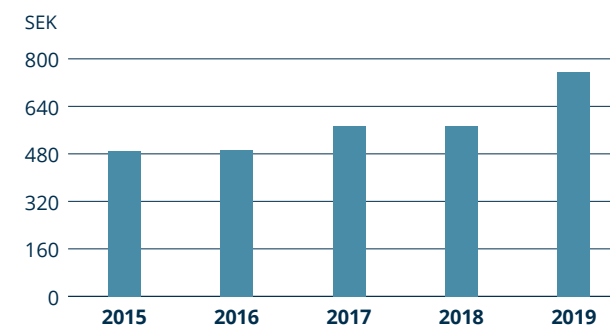
In addition to this, the cash surplus increased by SEK 4.6 billion in 2019. The increase is due to Schörling's sale of its remaining holding of shares in Loomis and a minor equity stake in each of the other five portfolio companies as well as dividends received by Schörling from its portfolio companies of approximately SEK 1 billion.

Consequently, on 31 December 2019, the estimated net cash and other investments amounted to SEK 6,765 million (USD 725 million) compared to SEK 2,206 million (USD 246 million) on 31 December 2018.

The total net asset value was, therefore, SEK 83,398 million (USD 8,938 million) on 31 December 2019, compared to SEK 63,291 million (USD 7,054 million) at the end of 2018, which is an increase of 32%. During the same period, the Nasdaq Stockholm All-Share PI index increased by 30%.

In 2019, all the portfolio companies contributed positively to the fair value increase of Schörling.

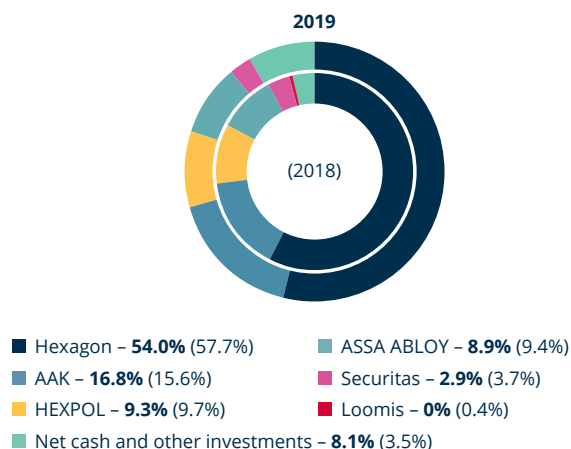
NET ASSET VALUE PER SHARE



SCHÖRLING CONSOLIDATED NET ASSET VALUE

	31 December 2019					31 December 2018				
	No. of shares	Share price	Net asset value	UIE's share of Schörling		No. of shares	Share price	Net asset value	UIE's share of Schörling	
	'000	SEK per share	SEK million	SEK million	USD million	'000	SEK per share	SEK million	SEK million	USD million
Hexagon	85,786	525.00	45,038	804	86.2	89,508	408.00	36,519	652	72.6
AAK	78,774	178.00	14,022	250	26.8	80,580	122.70	9,887	176	19.7
Hexpol	84,179	91.80	7,728	138	14.8	87,379	70.05	6,121	109	12.2
Assa Abloy	33,958	219.00	7,437	133	14.2	37,584	158.15	5,944	106	11.8
Securitas	14,912	161.45	2,408	43	4.6	16,570	142.25	2,357	42	4.7
Loomis	-	-	-	-	-	900	286.00	257	5	0.5
Total			76,633	1,368	146.6			61,085	1,090	121.5
Net cash and other investments			6,765	121	12.9			2,206	40	4.4
Total Net Asset Value			83,398	1,489	159.5			63,291	1,130	125.9
No. of shares outstanding			110,352,321					110,352,321		
Per share			756					574		

SHARE OF TOTAL ASSETS ON 31 DECEMBER



Underlying Performance in Schörling's Portfolio Companies

Despite global economic growth being relatively modest in 2019 and a number of uncertainties about the geopolitical environment (US-China trade war, Brexit uncertainties,

etc.) as well as unrest in the Middle East and a number of extreme weather records being broken during the year, most of Schörling's portfolio companies traded close to an all-time high share price at the end of the year, which resulted in the significant increase in net asset value of 32% in 2019.

From an operational point of view, Schörling's five listed portfolio companies also performed well in 2019, despite challenging market conditions. They all reported an increase in turnover (partly due to acquisitions) and operating profit.

The normalised operating profit (EBIT) in the five portfolio companies increased by 4% to 14% in 2019 and thereby continued the increasing trend, as shown in the 5-year graph to the right.

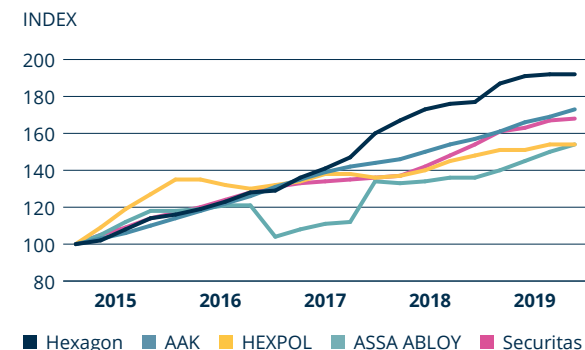
These companies are amongst the global leaders in their respective markets and continue to enjoy significant growth potential.

Investment in New Portfolio Company

On 19 December 2019, Schörling agreed to acquire a minority stake of 9.6% in Anticimex from EQT for a consideration of SEK 2.3 billion (valuing Anticimex at approximately EUR 3.6 billion). The transaction was completed in January 2020.

Anticimex is a leading global specialist within pest control, operating through 154 branches in 18 countries across Europe, Asia-Pacific and the US and serving almost three million customers.

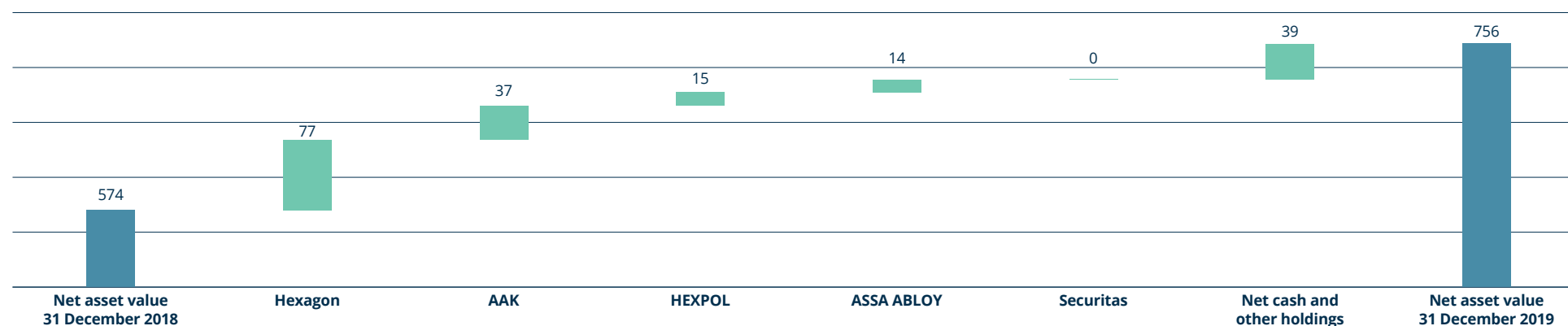
SCHÖRLING'S FIVE LISTED INVESTMENTS: DEVELOPMENT IN EBIT (NORMALISED)¹



1) Five year development trailing 12 months (2014 = Index 100)

CHANGE IN NET ASSET VALUE PER SCHÖRLING SHARE PER INVESTMENT - 2019

SEK



OUTLOOK FOR UIE

With the economic impact of the COVID-19 virus yet to be properly understood, UIE is currently anticipating a substantially lower net profit in 2020. Whilst UP is expecting a higher net profit, the decline in global equity markets has caused the current fair value change of the investment in Schörling to be negative, compared to the positive change of USD 33.6 million in 2019.

The outlook for UIE remains significantly dependent on the performance of UP, which does not release a formal profit outlook. The contribution from Schörling is the result of movements in its fair value, which mainly reflects movements in the share values of Schörling's portfolio companies during the 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 for UIE.

UP

Replanting at UP

UP will continue to replant a large proportion of its old and less productive oil palm areas in Malaysia in 2020, especially after the acquisition of Tanarata Estate, which will almost be completely replanted. The replanting is made with UP's latest planting material, which has higher yield potential. The large areas replanted in Malaysia over the last ten years will likely result in increasing CPO production.

Global Palm Oil Production and Commodity Prices

Current global stocks of the eight major oils have come down to levels only seen back in 2005/2006. This sharp reduction in world vegetable oil stocks, notably lead by palm oil, has created a more bullish outlook and according to the latest oils and fats forecast covering the October 2019 to September 2020 period, production is now falling behind demand.

In Q4 2019, the Malaysian palm oil production decreased by 950,000 MT or 17% compared to the production in Q4 2018. The decrease is likely due to many plantation companies and smallholders reducing/eliminating their fertiliser applications

in the first nine months of 2019, in order to save costs when palm oil prices were low. This development is expected to have a negative impact on yields in 2020 as well as the oil palm entering into a biological resting period. It is anticipated that the palm oil production in Malaysia will only start to recover from May/June 2020.

The consequences of the COVID-19 may also result in a change in the otherwise bullish scenario when looking at the current supply and demand side of vegetable oils. Demand may be significantly impacted, especially from China.

Biodiesel Production

The impact of world biodiesel production continues to be a key factor affecting the overall demand for vegetable oils. In 2019, more than 45 million tonnes of oils and fats, equal to 19% of the world's 17 Oils and Fats, were used for biofuel/biodiesel products, emphasising this segment's significant impact on demand and thereby prices.

The Indonesian biodiesel programme has a growing influence on global palm oil demand by consuming about 6.5 million tonnes of palm oil in 2019 (up from 5.2 million tonnes in 2018). In December 2019, the Indonesian government launched a mandatory B30 admixture programme. If this is implemented and enforced, it will have a direct impact on the price complex, especially for palm oil.

UP Guidance for 2019

Based on the above, and the prices contracted under UP's forward sales policy, the Indonesian production improving and large areas steadily coming into maturity from UP's replanted areas in Malaysia, UP projects the results for 2020 to be better compared to 2019.

SCHÖRLING

In the beginning of 2020, the equity markets (including Sweden), in general, continued to increase, as seen in 2019. However, in recent weeks, especially in the last week of February 2020, equity markets have decreased dramatically due to the impact of the COVID-19 virus. The continuing uncertainty in relation to the outlook for the global economy, the full economic impact of the COVID-19 as well as the political environment is likely to lead to further uncertainty and volatility in equity markets.

If the fair value of Schörling in SEK, as well as the SEK/USD exchange rate on the date of this report, were to remain unchanged, the fair value adjustment recognised in UIE's 2020 Income Statement attributable to Schörling, for the full year, will be negative compared to the positive contribution of USD 33.6 million in 2019.

CONCLUSION

In the face of the global market reaction to the COVID-19 virus, it is virtually impossible to assess the likely impact upon the palm oil market or on the valuation of the Company's investment in Schörling. Given this state of uncertainty and instability, it is currently not possible to project how markets will perform in the short to medium term.

Based upon the above factors, the Board is anticipating that UIE's net profit attributable to shareholders in 2020 will be substantially lower than in 2019.

CORPORATE MATTERS

RISK FACTORS

During a period of turbulence in many respects with global instability, trade wars, Brexit uncertainties, virus outbreak, increased volatility in the share and commodity markets etc., risk management continues to play a significant role in managing the UIE Group.

Risk management is an inherent part of the decision-making process in UIE. UIE has a structured approach to identifying any risk that could potentially affect UIE Group's result, balance sheet and future profitability.

UIE seeks at all times to improve the understanding of the nature of the risk profile by classifying the risks in a risk map after the potential impact of each risk and the likelihood of the risk to occur.

The Board of Directors is responsible for identifying and controlling risks as well as establishing risk policies.

As a holding company, UIE is also indirectly exposed to the commercial and financial risks within UIE's portfolio companies; UP, Schörling and Greenbridge (reported under the UIE segment). The management of these companies are, however, accountable for identifying and controlling their risks.

Risks in the UP segment

Accounting for approximately 68% of UIE's total consolidated assets of USD 1,029 million, UP is the largest investment in UIE; hence the risks related to UP constitute the major proportion of the overall risks in the UIE group. UP's main activity is within the palm oil industry with plantations in Malaysia and Indonesia as well as refineries in Malaysia. The general risks arising from this activity include weather conditions for growing the palms, market conditions for selling the oil as well as risks related to the operation of the plantation and refineries.

UP is a separately listed company in Malaysia and its Board of Directors is responsible for identifying and controlling risks as well as establishing risk policies for the UP group.

The UIE management work closely together with UP in relation to UP's risk management, and UIE's Board regularly reviews UP's risk management reporting.

For further information about the risk factors in UP, please refer to UP's Annual Report 2019.

Risks in the UIE segment

In the UIE segment, the main investment is the 1.8% ownership in Schörling, which is a holding company primarily investing in the industrial sector. Schörling's current portfolio consists of investments in five publicly listed companies as well as one privately held company.

UIE's investment in Schörling amount to USD 159.5 million and account for approximately 16% of UIE's total consolidated assets. UIE's risk in relation to Schörling relates primarily to the share price development of Schörling's portfolio companies.

UIE considers the investment in Schörling as a strategic investment and, therefore, volatility in share prices is an inherent part of UIE's business model.

UIE has the right to appoint one Director of the Board in Schörling and thereby has a more active role in developing the Schörling portfolio for a long-term value appreciation.

Despite a turbulent year in many respects, the risks identified and risk policies in UIE are virtually unchanged compared to last year. The most significant risks in UIE are listed in the following table:

COMMERCIAL RISKS IN UP SEGMENT



EXTREME WEATHER CONDITIONS, E.G. FLOODS, DROUGHT OR FIRE

In recent years, climate change has become more evident with more extreme weather events around the globe.

Impact

Weather conditions affect the production, which was evident in 2016, where the output dropped due to the severe effects of El Niño. However, when weather conditions cause a general drop in production, commodity prices tend to increase and thereby reduce the negative impact of reduced production.

Mitigation

Water management is in place to mitigate the effects of drought and flooding to a certain extent.

UP monitors the water level to ensure all field drains are filled with water during the drought season.

Fire safety plans are in place, and fire hotspots are monitored via satellite through Global Forest Watch.



SHORT-TERM VOLATILITY IN PALM OIL PRICES

Palm oil prices are determined by the global supply and demand for vegetable oils and fats, and are to some extent, affected by the general commodity price development.

Impact

Crude palm oil is a basic commodity where plantation companies like other market participants are price takers. Therefore, volatility in CPO prices has a direct impact on revenue and earnings of UP.

Mitigation

UP uses a Board-regulated forward sales policy to hedge a proportion of future production revenues to mitigate the impact of spot price volatility and to lock in forward prices to secure acceptable margins when deemed opportune.



DEMAND FOR PALM OIL

Negative sentiment towards palm oil derived from western NGO anti-palm oil campaigns can affect the demand for palm oil.

Impact

Reduced demand will affect the supply and demand balance and have a dampening effect on the palm oil prices and hence the UP revenue and earnings.

Mitigation

UP is strongly committed to the Round Table on Sustainable Oil (RSPO), and has the policies of No Deforestations, Preserving areas of High Conservation Values and High Carbon Stock, including No New Development on Peat soils. Furthermore, UP has obtained the world's second "RSPO NEXT" certification, which is an optional add-on to the existing Principles & Criteria for sustainably grown palm oil dedicated to furthering the fight against deforestation and greenhouse gas emissions from palm oil production.

UP produces 100% sustainable, traceable, segregated palm oil of a high quality. In addition, there is 100% circular economy at the new oil mill (Optimill) and UniFuji.

UP closely monitors political developments to be able to respond quickly to any adverse developments.



ADEQUATE SUPPLY OF LABOUR FOR THE PLANTATIONS

Palm oil plantations are labour intensive and are dependent on sufficient labour. Recruitment of guest workers into Malaysia has been necessary for sufficient supply.

Impact

Insufficient access to labour negatively affects the operations, such as the timely harvest of the fruits and hence the production yields.

Mitigation

Besides UP management's increased focus on mechanization and other initiatives to reduce the dependency on guest workers for the operations, UP's Human Resource is proactively cooperating with government agencies to facilitate the recruitment of guest workers.

UP aims at recruiting more guest workers from Bangladesh and India to alleviate the dependence on Indonesian guest workers and to have a more balanced spread of guest workers.

FINANCIAL RISKS IN UIE SEGMENT



SHARE PRICE VOLATILITY

Impact

The vast majority of Schörling's assets consists of listed shares that are marked-to-market at each reporting day directly affecting the UIE Income Statement.

Mitigation

The share price risk in Schörling is an inherent part of UIE's business model and UIE does not attempt to mitigate short-term fluctuations.

The UIE management closely monitor the development in the underlying investments and through board level presence at Schörling, UIE is active in developing the Schörling portfolio.



CURRENCY IMPACT

UIE's functional currency is USD and a weakening in other currencies against USD can reduce the values of UIE's assets denominated in non-USD currencies.

Impact

The investment in UP is denominated in MYR and as UP is a fully consolidated entity, any currency adjustments of the net investment will flow through Other Comprehensive Income to Equity and thus have no effect on the Income Statement.

The investment in Schörling and Greenbridge is denominated in SEK and any currency adjustment will affect the income statement.

Mitigation

As UP, Schörling and Greenbridge are long-term strategic investments, UIE has decided not to mitigate the potential currency effect by currency hedging. In a long-term perspective, there is an inherent natural hedge for part of the currency exposure as the underlying investments have significant cash inflows in USD.

The majority of cash reserves in UIE and short-term investments is denominated in USD and hence not subject to currency risk.



SHAREHOLDER INFORMATION

In 2019, the UIE share price increased by 1.5%, as equity markets recovered after the significant correction in the fourth quarter of 2018.

On 31 December 2019, UIE's issued share capital amounted to USD 33,727,690, consisting of 3,372,769 issued shares of USD 10.00 each.

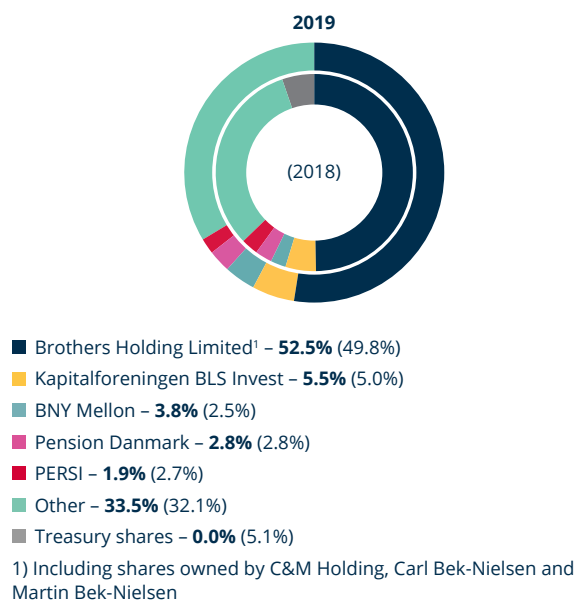
UIE has only one share class, all shareholders have the same rights, and the Articles of Association do not contain any restrictions on ownership. Each share listed by name in UIE's share register is entitled to one vote at the Annual General Meeting.

Ownership

According to UIE's share register, we had 1,811 registered shareholders on 31 December 2019, compared to 1,771 registered shareholders at the end of 2018. On 31 December 2019, the registered shareholders owned 98.1% of the share capital. The remaining 1.9% of shareholders have not yet been registered by name.

At the end of 2019, the major shareholder was Brothers Holding Limited (via the 100% owned subsidiary C&M Holding Limited) with a shareholding of 50.1%, which is owned jointly by Carl Bek-Nielsen and Martin Bek-Nielsen. Including the shareholdings owned individually by Carl Bek-Nielsen and Martin Bek-Nielsen, the Bek-Nielsen family's equity interest amounted to 52.5% at the end of 2019.

CLASSIFICATION OF SHAREHOLDERS ON 31 DECEMBER



Share Price Development, Market Value and Turnover

The market value of UIE's issued share capital on 31 December 2019 was DKK 4,557 million compared to DKK 4,486 million at the end of 2018.

In 2019, the UIE share traded in a price range from DKK 1,210 to DKK 1,425 per share.

At the end of 2018, UIE's closing share price was DKK 1,330, and at the last trading date in 2019, it had increased to DKK 1,350, which is equivalent to an increase of 1.5%. By comparison, the Nasdaq Copenhagen Mid Cap Index increased by 29% in 2019.

In 2019, the total turnover in the UIE share was DKK 290 million, which corresponds to a daily average trading turnover of DKK 1.2 million or approximately 750 shares, which was lower than the daily average number of 1,100 shares traded in 2018.

SHARE INFORMATION ON 31 DECEMBER

	2019	2018
Share price end of year (DKK) ¹	1,350	1,330
Total shares issued	3,372,769	3,555,575
Holding of treasury shares	-	182,806
Nominal value per share (USD)	10	10
Share capital (USD)	33,727,690	35,555,750
Equity (USD '000)	635,242	583,651
Market value (USD '000) ²	682,648	687,866
Market value (DKK '000) ²	4,557,288	4,485,783

1) Closing price

2) Excl. treasury shares

TRADING IN TREASURY SHARES

	2019	2018
Holding at the beginning of the year	182,806	121,593
Share buy-back	-	61,213
Cancellation of treasury shares	182,806	-
Holding at the end of the year	-	182,806

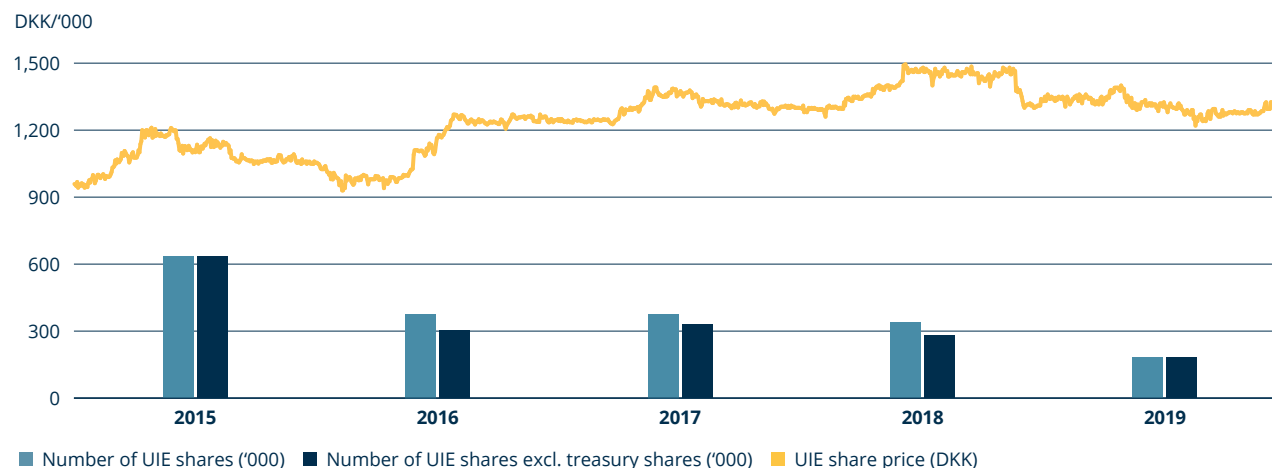
Investor Relations

UIE aims at ensuring open and timely information to its shareholders and other stakeholders.

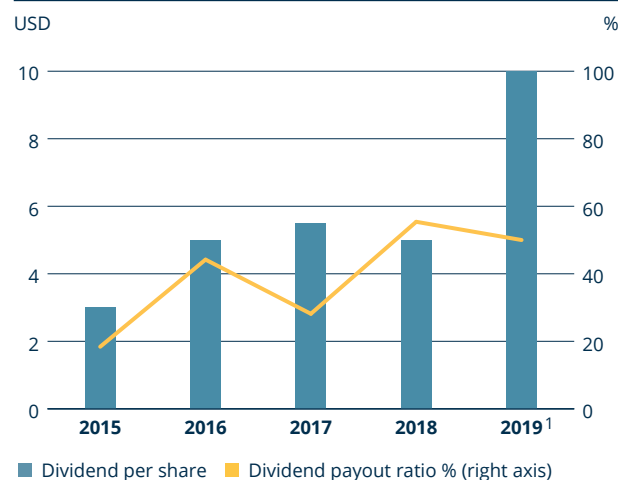
A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. Furthermore, UIE holds analyst and investor meetings in Denmark and abroad.

For more information on our Investor Relations Policy, please visit UIE's website www.uie.dk.

All company announcements published in 2019 are available on UIE's website www.uie.dk/all_announcements/.

SHARE TURNOVER AND SHARE PRICE DEVELOPMENT**Dividend**

UIE's Board of Directors proposes an ordinary dividend of USD 5.00 per share, as well as an extraordinary dividend of USD 5.00 per share, for the financial year 2019 to be paid out on 26 May 2020.

DIVIDEND KEY FIGURES

1) Proposed dividend.

Financial Information

UIE publishes interim and annual reports, which are available on the Company's website and can be subscribed to via the website www.uie.dk/investor-relations/subscribe or the shareholder portal at www.uie.dk/investor-relations/shareholder-portal/.

For reasons of sustainability, the 2019 Annual Report will be the last report that will be offered in a printed version.

Financial Calendar 2020

Annual General Meeting in Malta



First Quarter Report 2020



Half Year Report 2020



Third Quarter Report 2020

Informal Shareholder Meeting

For shareholders unable to attend the Annual General Meeting, an informal shareholder meeting will be held



at 10.00 a.m.
Børssalen
Børsbygningen
1217 Copenhagen K
Denmark

CORPORATE GOVERNANCE

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

The Board of Directors is of the view that developing corporate governance practices is an ongoing process influenced by current laws, regulations and recommendations, and therefore, it regularly reviews and assesses UIE's corporate governance practices to ensure clear and open decision-making processes as well as a high level of transparency.

The shareholders of UIE have ultimate authority over the company and exercise their right to make decisions at the Annual General Meeting ("AGM"), e.g. in relation to approving the annual report, electing Board members and auditors of the company, and deciding on amendments to the Articles of Association.

The general meeting exercises its powers pursuant to the provisions of UIE's Articles of Association, which are available on www.uie.dk. In 2019, the AGM was held on 25 April and minutes of the meeting are available [here](#).

Reporting on Corporate Governance

The Board of Directors remains committed to following the recommendations issued by the Danish Committee on Corporate Governance in May 2013, updated in November 2017.

UIE follows the vast majority of the recommendations, although three specific areas (board involvement in day-to-day management, diversity and independency in committees) have been identified where the Company's corporate governance principles differ slightly from the recommendations.

For more information on the status of compliance with the recommendations, reference is made to the statutory report on corporate governance 2019 on the Company's website www.uie.dk/statutory-report/.

 **Download UIE's Statutory Report on Corporate Governance**

Board of Directors

UIE is managed by the Board of Directors, which is elected by the AGM.

The Board of Directors currently consists of seven qualified directors with specialized knowledge and experience within the sectors where UIE has its investments, and with sound financial insight and M&A experience as well as experience from involvement in other listed companies, thus contributing positively to the Company's business operations and development.

Board members are elected at the AGM for a period of one year and must seek re-election at the ensuing AGM. For further information about the Board members, please see pages 40-41.

Self-evaluation

The Board of Directors has defined a formal procedure for annual evaluation, although it is of the opinion that self-assessment is a continuous process. The Board of Directors

undertakes an evaluation of the work of the Board, as well as the interaction between the Board of Directors and the Chairmanship, generally in connection with the annual strategy meeting. This includes an evaluation of the Chairman's leadership of the Board's work and responsibilities. The evaluation is based on a number of questions and prepares the ground for a discussion of relevant matters of the Board.

The result of the self-evaluation conducted in 2019 did not give rise to any significant considerations and supported the current composition and responsibility of the Board.

Diversity

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, including a reasonable representation of both genders at Board level, which is taken into account when considering profiles and qualifications of potential board candidates.

At the Annual General Meeting in 2019, only men were nominated for election to the Board of Directors. However, during the past years, UIE has been working to find a female board candidate to improve gender diversity. UIE has recently undergone a generation shift, resulting in high board member turnover. Despite efforts in trying to identify a director of the underrepresented gender, the right candidate has not yet been found.

The Nomination Committee will look into appointing a woman to the Board of Directors as and when Board vacancies or transitions arise.

Directors' Responsibilities

The Board of Directors sets the general business principles and deals with the overall and strategic management of the Company, including:

- Assessing, with the Managing Director, the financial and operational management of the Company
- Reviewing and determining the strategy for the Company's activities
- Ensuring that the Company is properly managed and in compliance with the Company's Articles of Association, policies and guidelines as well as laws (including Maltese Companies Act) and regulations (including Nasdaq Copenhagen's Rules for Issuers of Shares)
- Defining tasks in relation to financial and managerial control of the Company
- Evaluating the Company's capital and share structures to ensure that they are in the best interest of UIE and its shareholders

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.

Committees of the Board

The purpose of UIE's Board committees is to prepare decisions and recommendations for consideration and approval by the Board of Directors. The Board of Directors has established the following committees:

- **Audit Committee:** The Audit Committee assists the Board of Directors in fulfilling its responsibilities related to the oversight of the internal and external audit functions, supervising the quality and integrity of all external financial reporting, as well as in relation to risk management and governance.
- **Remuneration Committee:** The Remuneration Committee assists the Board of Directors in fulfilling its responsibilities

related to the establishment, monitoring and adjustment of the Company's remuneration policy, including assessment of remuneration and incentive schemes.

- **Nomination Committee:** The Nomination Committee assists the Board of Directors in identifying and assessing potential candidates for appointment as Directors of the Board as well as evaluates the current composition and competencies of the Board of Directors.

The terms of reference as well as the composition, tasks and responsibilities of the audit, remuneration and nomination committees are available on www.uie.dk.

Board Meetings

The Board of Directors in UIE held four ordinary board meetings in 2019 and one strategy meeting with all directors attending. Furthermore, a telephone conference ("TELCO") was held at which only two of the seven directors attended.

Four meetings were held in the Audit Committee during 2019, with all members attending each meeting.

ATTENDANCE AT BOARD MEETINGS AND THE ANNUAL STRATEGY MEETING

Board member	Board Meeting	TELCO	Strategy
Carl Bek-Nielsen	● ● ● ●	●	●
Martin Bek-Nielsen	● ● ● ●	●	●
John A. Goodwin	● ● ● ●	●	●
Bent Mahler	● ● ● ●	●	●
Jørgen Balle	● ● ● ●	●	●
Frederik Westenholz	● ● ● ●	●	●
Harald Sauthoff	● ● ● ●	●	●

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Board member	Attendance
John A. Goodwin	● ● ● ●
Jørgen Balle	● ● ● ●
Appalanaidu Ganapathy	● ● ● ●

Apart from contemporary business issues, the most important issues dealt with in 2019 were the re-domiciliation of UIE, strategy, IT security, sustainability and diversity.

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 fully complies with the IFRS accounting standards approved by the EU. The Group's financial management organisation 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. The operating risks of the companies, in which UIE invests, are managed by the entities' own management. On a regular basis, the UIE Management and the Audit Committee report to the Board of Directors on developments within the most important risk areas and compliance with adopted policies. The Company reviews and describes the most important strategic and business-related risks in the Annual Report on pages 33-35.

Auditors

As a result of the re-domiciliation of the Company, Ernst & Young Malta Limited were appointed as auditors to the Company. They have indicated their willingness to continue in office, and a resolution for their reappointment will be proposed at the AGM 2020.

BOARD OF DIRECTORS & MANAGEMENT



Non-independent

Born: 1973
Nationality: Danish
First elected: 1998
Term expires: 2019
No. of shares: 61,196

CARL BEK-NIELSEN, CHAIRMAN

Chief Executive Director of United Plantations Berhad

Chairman of the Remuneration Committee and the Nomination Committee

Board positions

- United Plantations Berhad (Deputy Chairman)
- Schörling AB
- Unitata Berhad (Chairman)
- The Malaysian Palm Oil Council
- The Malaysian Palm Oil Association
- The Co-Chairman of the RSPO

Other Commercial Duties

- Director-in-Charge of Unitata Bhd.

Competencies

- Experience and knowledge of culture as well as business environment in South East Asia
- International management and operational experience with the palm oil and refining industries
- Experience as board member in international and listed companies



Non-independent

Born: 1975
Nationality: Danish
First elected: 2003
Term expires: 2019
No. of shares: 20,174

MARTIN BEK-NIELSEN, DEPUTY CHAIRMAN

Executive Director (Finance and Marketing) of United Plantations Berhad

Deputy Chairman of the Remuneration Committee and the Nomination Committee

Board positions

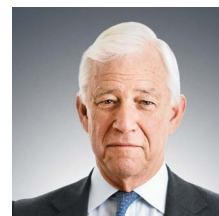
- United Plantations Berhad
- Unitata Berhad
- Member of the MPOA Working Committee - Marketing and Promotion

Other Commercial Duties

- Commercial Director of Unitata Berhad

Competencies

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



Non-independent

Born: 1944
Nationality: British
First elected: 1983
Term expires: 2019
No. of shares: -

JOHN A. GOODWIN, BOARD DIRECTOR

Former Managing Director of UIE

Chairman of the Audit Committee

Board positions

- Durisol UK Ltd.

Competencies

- International management and investment banking experience
- Experience as board member in international and listed companies
- Experience in commercial aspects within the edible oil industry



Independent

Born: 1960
Nationality: Danish
First elected: 2011
Term expires: 2019
No. of shares: 11

BENT MAHLER, BOARD DIRECTOR

Managing Director, Citoforte Asia Pacific Pte Ltd.

Member of the Nomination Committee

Competencies

- Hands-on oil palm plantation development and management experience
- International business development and general management experience in agricultural business-to-business supply enterprises, in Asia Pacific and Middle East markets in particular
- Agricultural equipment manufacturer Board member experience

BOARD OF DIRECTORS & MANAGEMENT



Independent

Born: 1964
Nationality: Danish
First elected: 2013
Term expires: 2019
No. of shares: 100

JØRGEN BALLE, BOARD DIRECTOR

Director of J. Balle Management ApS

Member of the Audit Committee and the Remuneration Committee

Board member

- United Plantations Berhad
- Bach Salicath Holding A/S
- CRF K/S
- HUTTEliHUT ApS
- Frey P/S
- Dry-Bag A/S (Chairman)
- UIE Services A/S

Competencies

- Professional expertise in the global vegetable oil industry, in finance and in FMCG markets, processes and logistics
- Organisational leadership and change management
- Strategic analyses and strategy implementation



Independent

Born: 1971
Nationality: Danish
First elected: 2015
Term expires: 2019
No. of shares: 330

FREDERIK STEEN WESTENHOLZ, BOARD DIRECTOR

Chief Sales Officer of Environment Solutions ApS

Board member

- Environment Solution ApS
- Eagle Rocks A/S
- FW ApS
- Bellamy International ApS
- Keytrade ApS
- Mermaid Asset Management Fondsmæglerselskab A/S
- Keytrade Scandinavia ApS
- K/S Obton Solenergi Lowen
- APH Holding ApS
- Go2partners ApS
- Private Equity ApS
- UIE Services A/S

Competencies

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



Independent

Born: 1955
Nationality: German
First elected: 2017
Term expires: 2019
No. of shares: -

HARALD SAUTHOFF, BOARD DIRECTOR

Competencies

- Business management, organisational leadership and change management experience in the chemical industry
- Commercial experience in the global vegetable oil industry
- Sustainability strategy development and stakeholder management with focus on the palm oil industry



Born: 1971
Nationality: Danish
Employed: 2006
No. of shares: 100

ULRIK JUUL ØSTERGAARD, MANAGING DIRECTOR

Managing Director of UIE

Board member:

- Durisol UK Ltd.
- UIE Services A/S

Competencies

- International business management and investment banking experience
- Expertise in strategy, accounting and finance as well as M&A

REMUNERATION

At UIE, we work to align the remuneration of the Board of Directors and Management with the long-term interests of our shareholders. The remuneration level for the Board of Directors and Management in 2019 is fully in line with our remuneration policy.

UIE's remuneration policy for the Board of Directors and the Management is designed to attract, motivate and retain qualified members to the Board of Directors and the Management, as well as to achieve an appropriate degree of convergence between the Board of Directors' and the Management's interests as well as those of the shareholders' and the Company.

By introducing the policy, the Company aims to ensure that the remuneration is at a reasonable level relative to the achieved results and the particular situation of the Company. Furthermore, the remuneration of the Board of Directors and Management shall support the strategic goals of UIE and promote long-term sustainable value creation for the benefit of the Company's shareholders.

The Remuneration Committee has not proposed any changes to the remuneration level for the Board of Directors in 2019.

Remuneration of the Board of Directors

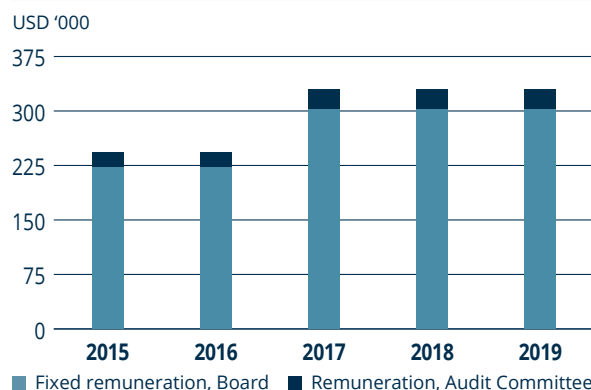
The remuneration of the Board of Directors is approved every year at the AGM. As a matter of principle, the Board of Directors is remunerated with a fixed annual fee and not included in any incentive scheme or other programmes. The fees are routinely benchmarked with other comparable companies listed on the exchange.

Committee Remuneration

In addition to the above-mentioned remuneration, a separate fixed annual fee is paid to the Audit Committee.

However, members of the Nomination Committee and Remuneration Committee are not paid any fees in addition to the ordinary Board fee.

FIVE-YEAR OVERVIEW OF BOARD REMUNERATION



Remuneration of Management

The Managing Director is remunerated with a fixed payment as well as an annual cash bonus, which is adjusted once a year based on individual targets and UIE's financial targets being met. The Managing Director does not participate in any share, option nor warrant schemes.

For further information, reference is made to the remuneration report and remuneration policy on the Company's website www.uie.dk/remuneration-policy/.

▶ [Download UIE's Remuneration Report](#)

REMUNERATION OF THE BOARD OF DIRECTORS IN USD

Member of the Board of Directors	2019	2018	2017
Carl Bek-Nielsen	65,000	65,000	65,000
Martin Bek-Nielsen	50,000	50,000	50,000
John A. Goodwin	37,500	37,500	37,500
Bent Mahler	37,500	37,500	37,500
Jørgen Balle	37,500	37,500	37,500
Frederik Steen Westenholz	37,500	37,500	37,500
Harald Sauthoff	37,500	37,500	25,000
John Madsen	-	-	12,500
Total remuneration	302,500	302,500	302,500

REMUNERATION OF THE MANAGING DIRECTOR IN USD

Remuneration component	2019	2018	2017
Fixed salary	309,000	270,000	223,000
Pension contributions	33,000	50,000	51,000
Work-related benefits	25,000	28,000	24,000
Cash bonus			
(ordinary/extraordinary)	333,000	155,000	556,000
Total remuneration	700,000	503,000	854,000
Fixed remuneration	52%	69%	35%
Variable remuneration	48%	31%	65%
Total	100%	100%	100%

CORPORATE RESPONSIBILITY

UIE continually strives to institute and maintain high corporate responsibility standards, as we have a firm belief that responsible business practice is essential for achieving long-term value creation.

As UIE is a holding company, we have not developed our own sustainable policies. However, we highly support and promote our portfolio companies to operate ethically and professionally, thus taking into account their long-term economic, social, and environmental impact. On this basis, UIE naturally strives to include sustainability as an evaluation criterion when identifying and analysing new investment opportunities.

Long-term Sustainability Targets

UIE takes sustainability seriously and continuously aims to encourage UP, Schörling and Greenbridge to act responsibly by:

- Protecting the environment and natural resources by applying environmentally responsible production methods
- Securing the well-being of employees by providing good and safe working conditions
- Upholding human rights and being responsible members of surrounding communities
- Promoting and maintaining high standards of business ethics, and working against all forms of corruption, including extortion and bribery

UIE is engaged in the operations of UP and has contributed to putting in place relevant measures to ensure sustainable development and growth.

UIE also focuses on active ownership to promote the long-term and sustainable value creation of our investments. As part of exercising the rights as a shareholder, UIE is, when

STRATEGIC SUSTAINABILITY GOALS

We believe we have a responsibility to ensure that our actions benefit not only our main stakeholders but also society as a whole. Thus, being socially responsible is fundamental to the way we do business at UIE.

OUR MAIN FOCUS



FURTHER FOCUS ON



Environment & climate



Safety, labour & human rights



Responsible supply chain management



possible, represented on the boards of the portfolio companies and thus have actual influence in decision-making processes.

UN's Sustainable Development Goals

UIE aims to invest in companies that integrate sustainability initiatives in their core businesses, contributing to the achievement of the UN Sustainable Development Goals ("SDGs"), which have been developed and agreed upon globally in 2015.

Through our investment in UP and Schörling, UIE primarily supports the goals of Good Health & Well-being (SDG 3), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13) and Life on Land (SDG 15).

Environment & Climate (SDG 7, 13 & 15)

UIE has increased focus on environmental issues, aiming to resolve the climate and energy challenges addressed in SDGs 7, 13 and 15 through several business initiatives:

- All oil mills at UP are, for example, equipped with Biogas plants, which capture the methane gas produced when palm oil effluents are biodegraded by an array of bacteria, thereby producing green energy.
- UP is committed to mitigating its "carbon footprint" and thereby its Greenhouse Gas (GHG) emissions, which remains a high priority to which new initiatives and investments continue to be made. UP has managed to reduce its GHG emissions per kg refined oil by 43% from 2004 to 2019, and UP's goal is to reach a 60% reduction by 2023.
- UP has a biodiversity team (established through its partnership with Copenhagen Zoo), which is responsible for mainstreaming environmental concerns into standard operating procedures (focus is on activities primarily within biodiversity, habitat and ecosystem, forestry and rehabilitation).

Safety, Labour & Human Rights (SDG 3 & 8)

UIE invests in companies that act responsibly towards their employees with regard to working environment, employee health and remuneration, as it improves value creation:

- UP aims to ensure the well-being of all employees by providing access to quality essential healthcare services and safe, effective, quality, and affordable essential medicines and treatments.
- Schörling, on the other hand, supports and develops companies to grow from local players to world leaders in their respective markets, enhancing job creation and economic development, which can further curb income inequality, increase economic opportunity and well-being over time.

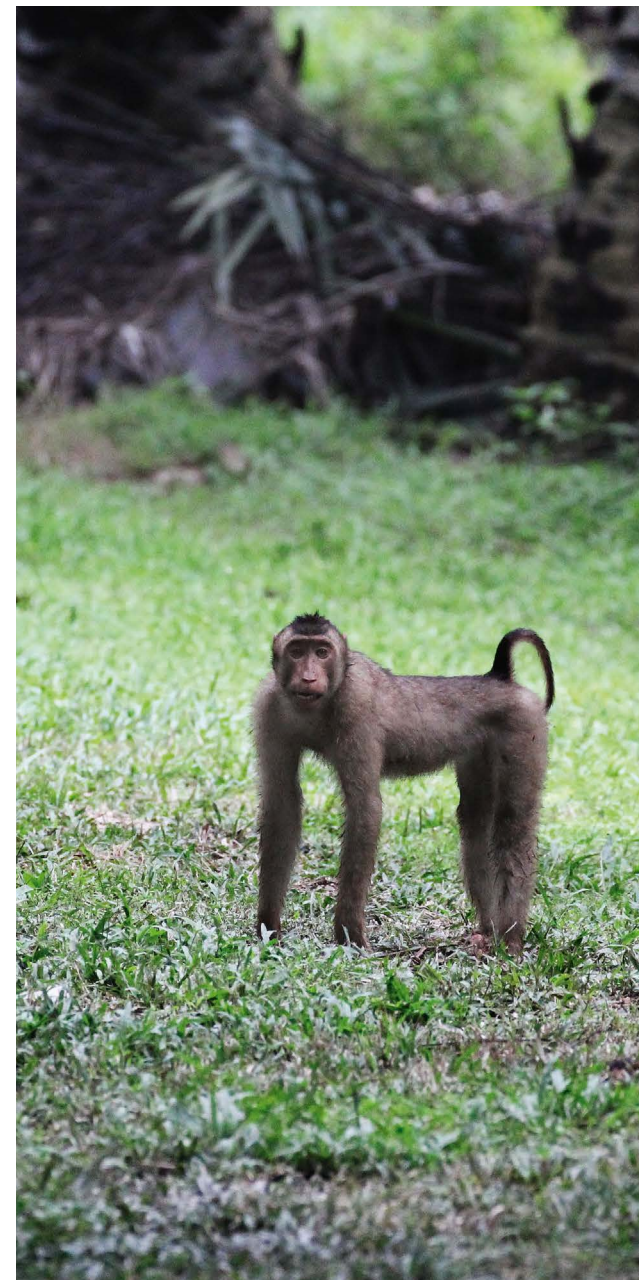
Responsible Supply Chain Management (SDG 12)

It is considered important for UIE to maintain a sustainable supply chain in the portfolio companies that are involved with the manufacture and supply of a product:

- UP became the first producer of certified sustainable palm oil and continues to play a leading role in the development of sustainable agricultural practices in the palm oil sector. Furthermore, UP is a founding member of the RSPO, which promotes the growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders.

An overview of UP's sustainability work and commitments are presented on the following page.

Schörling's sustainability efforts are, however, not included in the annual report as it is a holding company with ownership in six companies, five of which are publicly listed - each with their own approach to sustainability. For further information about the issues relevant for the individual companies, please refer to the different companies' annual reports, sustainability reports, and websites.



SUSTAINABILITY IN UP



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.

Diversity

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

Safety

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

Social Welfare

During 2019, 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 a nursing home that cares for the retired and aged employees.



ENVIRONMENT

UP strives to be recognised as a leader in environmental performance by focusing on sustainable agricultural practices while safeguarding natural resources.

No Deforestation Policy

UP is fully committed to its No Deforestation Policy and contributes to the protection of biodiversity and wildlife as well as the avoidance of clearing land in High Carbon Stock ("HCS") areas. Since 2014, UP has introduced an HCS Policy for all its future developments.

Greenhouse gas (GHG) emissions

UP has made significant investments in promoting green energy, starting with the fully integrated biomass reciprocating boiler and the construction of five biogas plants. These projects have helped to reduce emissions of CO₂ by 70% and CH₄ by 80% at the operating units.

Integrated Pest Management ("IPM")

UP has a strong commitment to minimising the use of pesticides by establishing beneficial flowering plants, monitoring pest outbreaks, using barn owls, leopard cats, etc. as predators of rats.

Jungle reserve

More than 7,500 hectares have been set aside for conservation purposes.



COMMUNITY

UP strives to play a decisive role and fulfill its responsibilities to the societies and local communities in which it operates.

Building good relationships

UP believes in building good relations with the employees and their families and promotes socioeconomic policies and progress in the surrounding communities.

UP encourages communities to participate in sporting and social activities by providing facilities such as football fields, community halls, badminton courts, etc. to help build relationships and create a strong sense of community spirit.

Smallholders' Field Day

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.

Plasma Scheme

In Indonesia, UP is actively involved with a government project, known as the Plasma Scheme, designed to assist smallholders in becoming independent plantation growers.



MARKETPLACE

Through investment in employees and advanced technology, UP is committed to providing high quality certified sustainable and traceable palm oil products and services to customers worldwide.

Traceability

UP recognises the importance placed by the Company's customers and consumers on food safety, product quality, and traceability of the supply chain. Since 2017, UP has established a total overview of its supply chain, ensuring that the finished goods can be traced back to its origins, namely the palm oil mills and further to the individual plantations. Today, 100% of UP's total production of CPO is traceable back to the plantations.

For further information about UP's commitment to CSR, reference is made to UP's Sustainability Report enclosed in the Annual Report (pages 29-91) or the Company's website www.unitedplantations.com.



**Download UP's
Annual Report**

STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT

Statement of Directors' Responsibilities for the Year Ended 31 December 2019

The Companies Act, Cap. 386 of the Laws of Malta requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

After making due enquiries, the Directors have a reasonable expectation, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future.

For this reason, the going concern basis has been adopted in preparing the consolidated financial statements.

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 2019.

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 statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position on 31 December 2019, and of the results of the Group's and the Company's operations and cash flows for the period 1 January - 31 December 2019.

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.

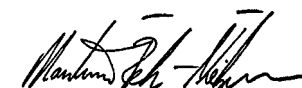
The Annual Report is recommended for approval by the Annual General Meeting.

Malta, 1 March 2020

BOARD OF DIRECTORS



Carl Bek-Nielsen
Chairman



Martin Bek-Nielsen
Deputy Chairman




John A. Goodwin



Bent Mahler



Jørgen Balle



Frederik Steen Westenholz



Harald Sauthoff

MANAGEMENT



Ulrik Juul Østergaard
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2019	2018
Revenue	1.1	283,624	323,526
Costs of goods sold		(98,964)	(120,972)
Gross profit		184,660	202,554
Other income		5,474	9,750
Amortisation, depreciation and impairment loss	2.3, 2.5	(23,570)	(23,060)
Staff costs	1.2	(45,333)	(45,072)
General and administrative costs		(45,321)	(32,185)
Profit from operations before financial items		75,910	111,987
Changes in fair value of Schörling	3.1	33,630	(12,480)
Changes in fair value of Greenbridge	3.1	1,608	946
Results from investing activities - portfolio investments		1,059	(415)
Interest income		8,702	8,802
Interest expense		(43)	(29)
Net foreign exchange gain/(loss)		(485)	(323)
Share of results in joint venture	3.2	689	(969)
Profit before income tax		121,070	107,519
Income tax	4.1	(17,804)	(28,685)
Profit for the year		103,266	78,834
Profits attributable to			
Owners of the Company		67,498	30,440
Non-controlling interest		35,768	48,394
		103,266	78,834
Earnings per share attributable to owners of the Company (USD)		20.01	8.96

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2019	2018
Profit for the year		103,266	78,834
Items that will not be reclassified to the Income Statement			
Actuarial changes to defined retirement plans		52	401
Items that are or may be reclassified to the Income Statement			
Cash flows hedges, fair value adjustment	4.7	(9,136)	115
Cash flows hedges, realisation of previously deferred gains/(losses)	4.7	1,899	-
Foreign currency translation		8,100	(17,188)
Tax on other comprehensive income		1,737	(28)
Other comprehensive income		2,652	(16,700)
Total comprehensive income		105,918	62,134
Total comprehensive income attributable to			
Owners of the Company		68,675	22,477
Non-controlling interests		37,243	39,657
		105,918	62,134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD '000	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
Current assets:			
Inventories	1.3	30,112	36,810
Cash and bank balances	3.3	119,231	144,106
Short-term funds	3.3	89,557	171,789
Trade and other receivables	4.6	58,276	57,736
Derivatives	4.7	1,442	4,169
Portfolio investments	3.1	21,331	19,703
Biological assets	2.2	7,957	6,865
Current tax receivable		3,399	547
Total current assets		331,305	441,725
Non-current assets:			
Intangible assets	2.5a	93,990	7,096
Property, plant and equipment	2.5b	363,346	387,964
Right-of-use assets	2.5c	50,381	-
Land use rights	2.3	-	9,176
Deferred tax assets	4.1	1,023	874
Strategic investments	3.1	179,013	137,174
Derivatives	4.7	110	381
Joint venture	3.2	7,029	6,258
Other financial assets		2,679	12
Total non-current assets		697,571	548,935
Total assets		1,028,876	990,660

The official middle rate of exchange issued by the European Central Bank between the US Dollar and the Euro on 31 December 2019 stood at 1.1234.

USD '000	Note	31 Dec. 2019	31 Dec. 2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current tax liability		2,861	5,422
Trade and other payables		24,112	35,148
Derivatives	4.7	5,154	2,184
Bank borrowings		24	24
Retirement benefit obligation	4.5	587	297
Total current liabilities		32,738	43,075
Non-current liabilities:			
Deferred tax liability	4.1	44,877	42,649
Derivatives	4.7	1,975	-
Retirement benefit obligation	4.5	3,731	3,278
Total non-current liabilities		50,583	45,927
Total liabilities		83,321	89,002
Equity:			
Share capital	4.3	33,728	35,556
Treasury shares	4.3	-	(36,487)
Other reserves		578,921	565,373
Equity attributable to owners of the Company		612,649	564,442
Non-controlling interests		332,906	337,216
Total equity		945,555	901,658
Total liabilities and shareholders' equity		1,028,876	990,660

The financial statements on pages 47-86 have been authorised for issue by the Board of Directors on 1 March 2020 and were signed on its behalf by:



Jørgen Balle
Director



John A. Goodwin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Share capital	Share premium	Treasury shares	Translation reserves	Hedging reserves	Retained profits	Total	Non-controlling interests	Total equity
On 1 January 2019	35,556	9,159	(36,487)	(51,484)	87	607,611	564,442	337,216	901,658
Total comprehensive income for the year									
Profit for the period	-	-	-	-	-	67,498	67,498	35,768	103,266
Other comprehensive income	-	-	-	3,813	(2,661)	25	1,177	1,475	2,652
Total comprehensive income for the year	-	-	-	3,813	(2,661)	67,523	68,675	37,243	105,918
Transactions with owners									
Cancellation of treasury shares	(1,828)	(471)	36,487	-	-	(34,188)	-	-	-
Acquisition of non-controlling interests without change of control	-	-	-	-	-	(3,604)	(3,604)	(4,966)	(8,570)
Dividends paid	-	-	-	-	-	(16,864)	(16,864)	(36,587)	(53,451)
Total transactions with owners	(1,828)	(471)	36,487	-	-	(54,656)	(20,468)	(41,553)	(62,021)
On 31 December 2019	33,728	8,688	-	(47,671)	(2,574)	620,478	612,649	332,906	945,555
On 1 January 2018	35,556	9,159	(22,853)	(43,033)	-	595,423	574,252	338,619	912,871
Total comprehensive income for the year									
Profit for the period	-	-	-	-	-	30,440	30,440	48,394	78,834
Other comprehensive income	-	-	-	(8,451)	87	401	(7,963)	(8,737)	(16,700)
Total comprehensive income for the year	-	-	-	(8,451)	87	30,841	22,477	39,657	62,134
Transactions with the owners									
Treasury shares purchased	-	-	(13,634)	-	-	-	(13,634)	-	(13,634)
Dividends paid	-	-	-	-	-	(18,653)	(18,653)	(41,060)	(59,713)
Total transactions with owners	-	-	(13,634)	-	-	(18,653)	(32,287)	(41,060)	(73,347)
On 31 December 2018	35,556	9,159	(36,487)	(51,484)	87	607,611	564,442	337,216	901,658

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2019	2018
Cash flows from operating activities			
Receipts from customers		281,685	334,231
Payment of operating expenses		(197,379)	(190,867)
Payment of taxes		(23,238)	(25,203)
Other receipts		4,535	8,803
Net cash generated from operating activities		65,603	126,964
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		434	755
Interest received		8,660	10,128
Investment in Greenbridge		(6,601)	(2,559)
Dividend received		507	85
Proceeds from sale of portfolio investment		1,253	8,094
Purchase of portfolio investments		(2,770)	(12,620)
Acquisition of Pinehill	2.1	(86,888)	(10,248)
Purchase of property, plant and equipment		(27,113)	(33,190)
Net change in deposits with a tenure of minimum 3 months		4,833	74,788
Net change in short-term funds		83,514	(83,146)
Net cash used in investing activities		(24,171)	(47,913)

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2019	2018
Cash flows from financing activities		
Interest paid	(20)	(28)
Land use rights payments	(103)	(1,462)
Dividends paid	(53,451)	(59,713)
Purchase of treasury shares	-	(13,634)
Purchase of non-controlling interest	(8,483)	-
Change in joint venture balances	734	(676)
Net cash used in financing activities	(61,323)	(75,513)
Net change in cash and cash equivalents	(19,891)	3,538
Cash and cash equivalents at the beginning of year	131,799	128,148
Foreign exchange adjustment	(251)	113
Cash and cash equivalents at the end of year	111,657	131,799
Reconciling cash and cash equivalents to cash and short-term funds:		
Cash and cash equivalents at the end of year	111,657	131,799
Bank overdrafts included in cash and cash equivalents	24	24
	111,681	131,823
Deposits with a tenure exceeding 3 months	7,550	12,283
Total cash and bank balances	119,231	144,106
Short-term funds	89,557	171,789
Cash and short-term funds	208,788	315,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies covering the Consolidated Financial Statements

General Information

At an extraordinary general meeting held on 10 December 2019, it was unanimously agreed to transfer the domicile of the Company from The Bahamas to Malta. Hence, UIE was registered in Malta with effect from 30 December 2019 as a public limited liability company. The Company's shares are publicly traded on Nasdaq Copenhagen.

UIE is a holding company which invests in the agro-industrial sector as well as in selected industrial and technology businesses. UIE exercises long-term and active ownership via involvement at board level and dialogue with the management of the portfolio companies.

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"), applicable interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and the Maltese Companies Act (Cap 386).

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 on the historical cost basis, except as noted in the various accounting policies.

Change in Accounting Policies

The Group has, with effect from 1 January 2019, implemented the standards and interpretations that became effective in the EU from 2019.

- IFRS 16 "Leases"
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"
- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments"

None of these standards and interpretations have had a material impact on profit or loss, assets, liabilities or equity, except for IFRS 16 as discussed as follows:

IFRS 16 'Leases', replacing IAS 17, changes recognition of leases to be capitalised in the balance sheet. IFRS 16 introduces a single, on-balance sheet accounting model for leases. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of IFRS 16 "Property, Plant and Equipment". In contrast lease liability is accreted to reflect interest and is reduced to reflect lease payments made. In regards to leases that were classified as finance leases under IAS 17, the carrying amount of the ROU asset and lease liability at the date of the initial application shall be the carrying amount of the lease asset and lease liability immediately before the date of initial application.

As permitted by the transitional provision of IFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings. However, as all significant leases,

mainly leasehold land, is prepaid and thus already capitalized, there have been no effects to the opening balance of retained earnings. The Group has also applied the following practical expedients under IFRS 16:

- No adjustments are made on transition for leases for which the underlying assets are of low value.
- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases, where lease terms end within 12 months from 1 January 2019.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification as well as land use rights have been reclassified to ROU assets on 1 January 2019 for the Group and the Company, respectively. The detailed impact of changes arising from the adoption of IFRS 16 is set out as follows:

USD '000	31 December 2018	Adoption of IFRS 16	1 January 2019
Land use rights (note 2.3)	9,176	(9,176)	-
Property, plant and equipment (note 2.5b)	387,964	(31,180)	356,784
Right-of-use assets (note 2.5c)	-	40,356	40,356

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 the notes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

	Country of incorporation	Equity interest	
		2019	2018
Subsidiaries:			
MVSB	Malaysia	100%	100%
IPS	Bahamas	100%	100%
UIE Malta Holding Limited	Malta	100%	100%
UIE Services A/S	Denmark	100%	100%
UP	Malaysia	48%	48%
Subsidiaries of UP:			
Unitata Berhad	Malaysia	100%	100%
Butterworth Bulking Installation Sdn. Bhd.	Malaysia	100%	100%
Bernam Advisory Servies Sdn. Bhd.	Malaysia	100%	100%
Berta Services Sdn. Bhd.	Malaysia	100%	100%
PT. Surya Sawit Sejati	Indonesia	95%	95%
PT. Sawit Seberang Seberang ¹	Indonesia	93%	93%
Bernam Agencies Sdn. Bhd.	Malaysia	100%	100%
United International Enterprises (M) Sdn. Bhd. ¹	Malaysia	100%	100%
Associates/Joint ventures of UP:			
Bernam Bakery Sdn. Bhd. ¹	Malaysia	30%	30%
UniFuji Sdn. Bhd. ²	Malaysia	50%	50%

1) Dormant

2) Joint venture

1) Dormant 2) Joint venture

Basis of Consolidation

Subsidiaries are enterprises 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. Non-controlling

interests' share of subsidiaries' profit/loss for the year and of equity are included in the Group's profit/loss and equity but are disclosed separately.

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.

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 on 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 average exchange rates prevailing for the period. 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.

UIE has assessed that although it holds less than 50% of UP's voting shares, de facto control exists as defined under IFRS 10.

The main factor that contributes to UP being considered a subsidiary of UIE is that the shares held by non-UIE related shareholders in UP are widely dispersed. Therefore, UIE related shareholders have a greater ability to control votes at shareholder meetings.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NON-CONTROLLING INTEREST

USD '000	2019	2018
Principal place of business	Malaysia	Malaysia
Proportion of ownership	51.6%	52.2%
Profit attributable to non-controlling interest	35,768	48,394
Accumulated non-controlling interests of the subsidiary on 31 December	332,906	337,216
NCI share of non-current assets	253,114	199,968
NCI share of current assets	109,846	166,862
Dividends paid to non-controlling interest	36,587	41,060

Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of those assets having suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of an asset's fair value less cost to sell and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs, and prorated to the costs of the asset by reference to the cost of the cash-generating unit.

An impairment loss is charged to the Income Statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent

of the carrying amount of the asset (that would have been determined, net of amortisation and depreciation) had no impairment loss been recognised. The reversal is immediately recognised in the Income Statement.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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)
- Biological assets (section 2)
- Research and development costs (section 2)
- Intangible assets (section 2)
- Property, plant and equipment (section 2)
- Right-of-use assets (section 2)
- Land use rights (section 2)
- Strategic and portfolio investments (section 3)
- Cash and short-term deposits (section 3)
- Investment in joint ventures (section 3)
- Taxation (section 4)
- Derivative financial instruments (section 4)
- Financial instruments (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.

SECTION 1: OPERATING ACTIVITIES

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

- Biological assets (section 2.2)
- Intangible assets (section 2.5a)
- Property, plant and equipment (section 2.5b)
- Right-of-use assets (section 2.5c)

Standards Issued, but not yet Effective

The standards and interpretations that are issued, but not effective, up to the date of issuance of the Group's financial statements are as follows:

Effective as of 1 January 2020:

- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 3 "Business Combinations"
- Amendments to "References to the Conceptual Framework in IFRS Standards"
- Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7)

Effective as of 1 January 2021:

- IFRS 17 "Insurance Contracts" (not yet adopted by the EU)

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. The Group will adopt the amendments when it becomes mandatory.

Section 1 covers note disclosures that 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: is a holding company, which invests in the agro-industrial sector as well as in selected industrial and technology businesses. 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 the cultivation of oil palms and coconuts and processing of palm oil in Malaysia and Indonesia.

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

In the UIE segment, the following areas deviate from 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 3.

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 3.

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 acquisition accounting of UP in 2003.

SECTION 1: OPERATING ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2019						2018					
	UIE	UP	Total	Adjust- ments to IFRS	Elimi- nations	UIE con- solidated	UIE	UP	Total	Adjust- ments to IFRS	Elimi- nations	UIE con- solidated
INCOME STATEMENT												
Revenue	-	283,624	283,624	-	-	283,624	-	323,526	323,526	-	-	323,526
Other income	97	5,409	5,506	-	(32)	5,474	193	9,557	9,750	-	-	9,750
Changes in fair value of Schörling	33,630	-	33,630	-	-	33,630	(12,480)	-	(12,480)	-	-	(12,480)
Changes in fair value of Greenbridge	1,608	-	1,608	-	-	1,608	946	-	946	-	-	946
Results from investing activities - portfolio	1,059	-	1,059	-	-	1,059	(415)	-	(415)	-	-	(415)
Share of results of equity-accounted investments	32,835	689	33,524	-	(32,835)	689	44,113	(969)	43,144	-	(44,113)	(969)
Total operating income	69,229	289,722	358,951	-	(32,867)	326,084	32,357	332,114	364,471	-	(44,113)	320,358
Operating expenses	(2,827)	(209,910)	(212,737)	(483)	32	(213,188)	(2,607)	(217,963)	(220,570)	(719)	-	(221,289)
Interest income	1,997	6,705	8,702	-	-	8,702	1,309	7,493	8,802	-	-	8,802
Interest expense	(36)	(7)	(43)	-	-	(43)	(23)	(6)	(29)	-	-	(29)
Foreign exchange adjustment	(485)	-	(485)	-	-	(485)	(323)	-	(323)	-	-	(323)
Profit before tax	67,878	86,510	154,388	(483)	(32,835)	121,070	30,713	121,638	152,351	(719)	(44,113)	107,519
Income tax	(282)	(17,805)	(18,087)	283	-	(17,804)	(93)	(28,936)	(29,029)	344	-	(28,685)
Net profit	67,596	68,705	136,301	(200)	(32,835)	103,266	30,620	92,702	123,322	(375)	(44,113)	78,834
Profits attributable to												
Owners of the Company	67,596	68,454	136,050	(98)	(68,454)	67,498	30,620	92,285	122,905	(180)	(92,285)	30,440
Non-controlling interests	-	251	251	(102)	35,619	35,768	-	417	417	(195)	48,172	48,394

SECTION 1: OPERATING ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2019						2018					
	UIE	UP	Total	Adjust- ments to IFRS	Elimi- nations	UIE con- solidated	UIE	UP	Total	Adjust- ments to IFRS	Elimi- nations	UIE con- solidated
STATEMENT OF FINANCIAL POSITION												
Assets												
Cash & short-term funds	96,924	111,864	208,788	-	-	208,788	95,370	220,525	315,895	-	-	315,895
Other current assets	21,603	100,914	122,517	-	-	122,517	19,827	105,001	124,828	-	-	124,828
Strategic investments	518,555	-	518,555	-	(339,542)	179,013	470,555	-	470,555	-	(333,381)	137,174
Other non-current assets	59	483,197	483,256	28,206	7,096	518,558	70	377,222	377,292	28,375	7,096	412,763
Total assets	637,141	695,975	1,333,116	28,206	(332,446)	1,028,876	585,822	702,748	1,288,570	28,375	(326,285)	990,660
Liabilities and shareholders' equity												
Total liabilities	1,899	74,128	76,027	7,294	-	83,321	2,171	79,336	81,507	7,495	-	89,002
Shareholders' equity												
Equity attributable to owners	635,242	619,608	1,254,850	10,116	(652,317)	612,649	583,651	621,527	1,205,178	9,972	(650,708)	564,442
Non-controlling interest	-	2,239	2,239	10,796	319,871	332,906	-	1,885	1,885	10,908	324,423	337,216
Total shareholders' equity	635,242	621,847	1,257,089	20,912	(332,446)	945,555	583,651	623,412	1,207,063	20,880	(326,285)	901,658
Total liabilities and shareholders' equity	637,141	695,975	1,333,116	28,206	(332,446)	1,028,876	585,822	702,748	1,288,570	28,375	(326,285)	990,660
STATEMENT OF CASH FLOWS												
Operating activities	(3,412)	69,015	65,603	-	-	65,603	(2,682)	129,646	126,964	-	-	126,964
Investing activities	28,380	(18,987)	9,393	-	(33,667)	(24,274)	32,166	(44,050)	(11,884)	-	(37,491)	(49,375)
Financing activities	(22,935)	(71,952)	(94,887)	-	33,667	(61,220)	(32,310)	(79,232)	(111,542)	-	37,491	(74,051)

SECTION 1: OPERATING ACTIVITIES

DISAGGREGATION OF REVENUE FROM CONTRACTS FROM CUSTOMERS

USD '000	2019	2018
Sales proceeds of produce stocks		
<i>Upstream (Plantations):</i>		
Malaysia	62,217	61,005
Indonesia	33,381	38,684
Sales proceeds of finished goods		
<i>Downstream (Refinery):</i>		
Malaysia	187,662	223,424
Rendering of services	364	413
Total	283,624	323,526
Timing of revenue:		
Goods transferred at point in time	283,260	323,113
Services transferred over time	364	413
Total	283,624	323,526

SALES PROCEEDS ON 31 DECEMBER



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
2019						
Revenue	146,771	33,171	73	58,534	45,075	283,624
Total assets	690,123	63,866	-	262,935	11,952	1,028,876
Capital expenditures	36,990	1,058	-	-	-	38,048

USD '000	Malaysia	Indonesia	United States	Europe	Other	Total
2018						
Revenue	154,541	38,684	1,379	86,077	42,845	323,526
Total assets	671,457	62,220	36	249,605	7,342	990,660
Capital expenditures	27,696	3,685	-	-	-	31,381

Major Customers

Revenue from one major customer amounted to USD 143 million (2018: USD 184 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 the sale of produce stocks and finished goods is recognised at a point in time when control of the assets is transferred to the customer, normally at the delivery of the goods. The payment is generally due within 10 to 75 days from delivery. The contracts do

generally not contain other performance obligations, including return obligations.

(ii) Revenue from Services

Revenue from services is recognised over time as the services are rendered.

(iii) Dividend Income

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

SECTION 1: OPERATING ACTIVITIES

1.2 STAFF COSTS AND KEY MANAGEMENT PERSONNEL COMPENSATION

STAFF COSTS

USD '000	2019	2018
Number of employees	6,849	6,515
Wages and salaries	38,588	37,857
Pension costs		
- defined contribution plans	1,831	1,718
- defined benefit plans	824	647
Other social security costs	569	528
Other staff costs	3,521	4,322
Total staff costs	45,333	45,072

REMUNERATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

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

USD '000	2019	2018
Remuneration, excl. pension	1,372	1,332
Pension	166	186
Total	1,538	1,518

UIE's Managing Director receives total remuneration of USD 700,000 (2018: USD 503,000), which includes pension of USD 33,000 and other related benefits of USD 25,000 (2018: USD 50,000 and USD 28,000, respectively).

His contract does not have any unusual employment or contractual terms.

The Managing Director's ordinary 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, UIE's Managing Director has nine months' notice.

The UIE Board of Directors' remuneration was USD 302,500 (2018: USD 302,500) for the year, which was allocated between the Directors as follows: USD 65,000 to the Chairman, USD 50,000 to the Deputy Chairman and USD 37,500 to each of the other Directors of the Board.

The UIE Audit Committee fees were USD 27,000 (2018: USD 27,000) for the year, which were allocated between the Audit Committee members as follows: USD 12,000 to the Chairman and USD 7,500 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 employees of the Group render the associated services.

1.3 INVENTORY

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

USD '000	2019	2018
Agricultural produce stocks	3,913	7,511
Estate stores	6,478	6,667
Raw materials	4,074	7,238
Finished goods	14,449	14,352
Consumables	1,198	1,042
Total	30,112	36,810

In 2019 writedown of inventories recognised in the Income Statement amounted to USD 0.1 million (2018: 2.6 million).

Accounting Policy

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

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

SECTION 2: CAPITAL EMPLOYED

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

This section describes the Group's 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":

- Business combinations
- Biological assets
- Land use rights
- Capital expenditure
- Intangible assets
- Property, plant and equipment
- Right-of-use assets

2.1 BUSINESS COMBINATIONS

To increase its agricultural land bank and optimize the utilization of oil mill and refinery capacity, UIE's subsidiary, United Plantations Bhd, completed the transaction with Pinehill to acquire its plantation business in Darerah Hilir Perak, Malaysia. The plantation business acquired covers agriculture leasehold land measuring approximately 3,642 hectares, and together with a palm oil mill, buildings as well as employees, the acquired group of assets constitutes a business according to IFRS 3.

The purchase consideration (net of refund of USD 3.2 million (MYR 12.6 million)) amounted to USD 97.1 million (MYR 400.9 million), of which USD 10.2 million was paid in 2018 and USD 86.9 million settled in cash in 2019. The business combination was completed on 3 September 2019. A provisional purchase price allocation ("PPA") has been completed on 31 December 2019, pending further collection of facts and circumstances related to the allocation of asset values.

Upon completion, the acquired plantation business was integrated into the legal entity United Plantation Bhd. Therefore, disclosing measures in respect of the acquiree since the acquisition date, included in the consolidated statement of comprehensive income for the reporting period, is not practical.

The provisional fair value of assets acquired as a result of the acquisition are as follows:

USD '000

Purchase consideration	97,136
------------------------	--------

USD '000

Right-of-use assets:	
- Leasehold land	10,993
Property, plant and equipment:	
- Bearer plants	1,933
- Buildings	605
- Plant and machinery	483
Deferred tax liabilities	(3,362)
Fair value of identifiable assets	10,652
Provisional goodwill	86,484

The provisional goodwill is attributable to the benefits from both the potential extension of the lease period of leasehold lands and additional synergies arising from the acquisition.

Acquisition-related costs to effect the business combination, which includes stamp duty, registration fee, levy and other related costs, amounted to USD 6.0 million (MYR 24.8 million), and have been expensed under the line item "General and administrative costs" in the current period.

Accounting Policies

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date at fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in other expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions on the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognized in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

SECTION 2: CAPITAL EMPLOYED

2.2 BIOLOGICAL ASSETS

RECONCILIATION OF CARRYING AMOUNT OF FRESH FRUIT BUNCHES AND COCONUTS

USD '000	2019	2018
Carrying amount at 1 January	6,865	7,757
Fair value change	993	(652)
Exchange differences	99	(240)
Net book value on 31 December	7,957	6,865
Hereof:		
Oil palms	6,225	5,410
Coconut palms	1,732	1,455
FFB production in tonnes	1,026,352	1,008,063
Coconut production (nuts '000)	78,104	71,423

The biological assets comprise oil palm fresh fruit bunches ("FFB") and coconuts prior to harvest. The fair value represents the estimated net cash flows from the unripe FFB and coconuts less costs to sell.

Accounting Policies

Biological assets are measured at fair value less cost of sale. Any gains or losses arising from changes in the fair value less cost to sell are recognised in profit or loss.

Estimates

The biological assets of the Group comprise of fresh fruit bunch ("FFB") and coconut prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB and coconut. The fair assessments have been completed consistently using the same valuation techniques within Level 3 of the fair value hierarchy.

To arrive at the fair value of FFB, the management considered

the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 4 weeks to harvest to be negligible. Therefore, quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purposes. The value of the unripe FFB was estimated to be approximately 49% for FFB that are 3 to 4 weeks prior to harvest and 83% for FFB that are 1 to 2 weeks prior to harvest, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from tests. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flows to be generated.

To arrive at the fair value of coconuts, the management derived the assumption that the net cash flows to be generated from coconuts prior to more than 4 weeks to harvest to be negligible. Therefore, the number of unripe coconuts on bearer plants of up to 4 weeks prior to harvest was used for valuation purposes.

Sensitivity Analysis of Biological Assets

A change of 10% in price would impact profit or loss (before tax) by USD 0.8 million in 2019 (2018: USD 0.7 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 2019	December 2018
Oil palms		
Area (hectares)	42,162	38,661
Average FFB selling price (USD/tonnes)	139	116
Coconut palms		
Area (hectares)	3,316	3,085
Average coconut selling price (USD/nut)	0.26	0.26

2.3 LAND USE RIGHTS

USD '000	2019	2018
On 1 January	9,176	8,430
Effect of adoption of IFRS 16 - Leases	(9,176)	-
Additions	-	1,421
Amortisation for the year	-	(270)
Exchange differences	-	(405)
On 31 December	-	9,176

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.

This policy was applicable until 31 December 2018. Following the adoption of IFRS 16 - Leases on 1 January 2019, the carrying amount of Land use rights is reclassified to Right-of-use assets.

2.4 CAPITAL EXPENDITURE

USD '000	2019	2018
Capital expenditure approved by the Directors, but not contracted	31,095	24,160
Capital expenditure contracted, but not provided for	3,221	2,794
	34,316	26,954

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.

SECTION 2: CAPITAL EMPLOYED

2.5a INTANGIBLE ASSETS

Estimates

The Group tests for impairment of goodwill annually and at any other time when such indicators exist. This requires an estimation of value in use of the assets or CGU to which the goodwill is allocated. Estimating the value in use requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

Accounting Policies

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. Furthermore, the Group reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation

is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment Testing

Goodwill in the Group relates to plantations acquired through business combinations, which is allocated to single cash-generating units, being specific estates or UP as a whole.

In 2019, provisional goodwill amounting to USD 86.5 million was recognised in the Group, as described in note 2.1. The goodwill represented the excess of the purchase consideration over the fair value of the identifiable assets recognised upon the Group's acquisition of the plantation business and assets of Pinehill Pacific Berhad's group of companies during the current financial year. This provisional goodwill has been allocated to the Group's CGU identified according to the estate, namely Jendarata-Tanarata estates, which are principally involved in plantation activities, as the Group believes that Jendarata-Tanarata estate's operation will benefit from both the enlarged planted/plantable area and other synergies arising from the acquisition.

One of the significant judgement involved in preparing the estimated future cash flows is the ability to extend the lease period of the leasehold lands, which has an average remaining unexpired lease period of 16 years, for an additional 60 years upon expiry of the existing lease period. The recoverable amount of the CGU is based on the value-in-use calculation, which is derived at using cash flows projection in which the following key assumptions are used for the Jendarata-Tanarata CGU:

- Projection period: A 77-year cash flows projection, based on the maximum lease period of the leasehold lands
- FFB yields per hectare: 15 - 28 MT
- Selling prices per tonne: CPO MYR 2,300 and PK MYR 1,700
- Discount rate: 8.0%

The Group's impairment assessment of the CGU, as outlined previously, included a sensitivity analysis on the key assumptions used. Based on the results of the sensitivity analysis, no reasonable change in the key assumptions used would result in an impairment charge for the current financial year.

Management believes that no impairment charge is required on the goodwill as the recoverable amount calculated based on value-in-use exceeded the carrying value of the goodwill.

2.5b PROPERTY, PLANT AND EQUIPMENT

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 the 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 as well as 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.

SECTION 2: CAPITAL EMPLOYED

In general, construction of major investments is 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.

Bearer plants 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 amortised at maturity of the palm at the rates, which are deemed as the useful economic lives of the crop.

2.5c RIGHT-OF-USE ASSETS

Right-of-use assets comprise leasehold land, which relate to land in Malaysia, and land use rights, which relate to land in Indonesia.

Estimates

Estimates and impairment testing of Right-of-use assets are similar to those for Property, Plant and Equipment.

Accounting Policy

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and Land use rights - over the lease period ranging from 13 to 99 years.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability. The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

SECTION 2: CAPITAL EMPLOYED

2019	2.5a Intangible assets	2.5b Property, plant and equipment							2.5c Right-of-use assets		
USD '000	Goodwill	Freehold land	Leasehold land	Bearer plants	Buildings	Plant and machinery	Capital work-in-progress	Total	Leasehold land	Land-use rights	Total
Costs											
On 1 January 2019	7,096	119,124	48,396	239,272	77,560	214,531	4,331	703,214	-	-	-
Effect of adoption of IFRS 16 - Leases	-	-	(48,396)	-	-	-	-	(48,396)	48,396	9,176	57,572
On 1 January 2019 (adjusted)	7,096	119,124	-	239,272	77,560	214,531	4,331	654,818	48,396	9,176	57,572
Addition related to business combinations	86,484	-	-	1,933	605	483	-	3,021	10,993	-	10,993
Additions	-	-	-	8,370	3,689	9,280	2,753	24,092	-	104	104
Disposals	-	-	-	(2,066)	(280)	(2,638)	-	(4,984)	-	-	-
Reclassification	-	-	-	-	51	3,439	(3,490)	-	-	-	-
Exchange differences	410	1,336	-	3,628	1,260	3,230	55	9,509	628	267	895
On 31 December 2019	93,990	120,460	-	251,137	82,885	228,325	3,649	686,456	60,017	9,547	69,564
Accumulated depreciations											
On 1 January 2019 (adjusted)	-	-	17,216	127,938	43,250	126,846	-	315,250	-	-	-
Effect of adoption of IFRS 16 - Leases	-	-	(17,216)	-	-	-	-	(17,216)	17,216	-	17,216
On 1 January 2019 (adjusted)	-	-	-	127,938	43,250	126,846	-	298,034	17,216	-	17,216
Depreciation/amortisation	-	-	-	8,388	2,550	10,879	-	21,817	1,483	271	1,754
Disposals	-	-	-	(728)	(29)	(1,325)	-	(2,082)	-	-	-
Exchange differences	-	-	-	2,595	645	2,099	-	5,339	211	2	213
On 31 December 2019	-	-	-	138,193	46,416	138,499	-	323,108	18,910	273	19,183
Net book value on 31 December 2019	93,990	120,460	-	112,944	36,469	89,824	3,649	363,346	41,107	9,274	50,381

SECTION 2: CAPITAL EMPLOYED

2018	2.5a Intangible assets	2.5b Property, plant and equipment						
USD '000	Goodwill	Freehold land	Leasehold	Bearer plants	Buildings	Plant and machinery	Capital work-in-progress	Total
Costs								
On 1 January 2018	7,096	122,241	49,661	237,204	75,872	216,515	3,168	704,661
Additions	-	-	-	9,815	3,320	11,870	4,914	29,919
Disposals	-	-	-	(8)	(338)	(9,745)	-	(10,091)
Reclassification	-	-	-	(66)	1,306	2,318	(3,624)	(66)
Exchange differences	-	(3,117)	(1,265)	(7,673)	(2,600)	(6,427)	(127)	(21,209)
On 31 December 2018	7,096	119,124	48,396	239,272	77,560	214,531	4,331	703,214
Accumulated depreciations								
On 1 January 2018	-	-	16,694	123,502	42,301	127,959	-	310,456
Depreciation	-	-	975	8,244	2,397	10,152	-	21,768
Impairment loss	-	-	-	-	-	1,022	-	1,022
Disposals	-	-	-	-	(186)	(8,543)	-	(8,729)
Exchange differences	-	-	(453)	(3,808)	(1,262)	(3,744)	-	(9,267)
On 31 December 2018	-	-	17,216	127,938	43,250	126,846	-	315,250
Net book value on 31 December 2018	7,096	119,124	31,180	111,334	34,310	87,685	4,331	387,964

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.	Furniture and office equipment	10.0%-20.0% p.a.
Bulking installations	5.0% p.a.	Motor vehicles, tractors and implements	12.5%-25.0% p.a.
Railways	4.0% p.a.	Aircrafts	5.0% p.a.
Rolling stock	7.1% p.a.	Leasehold land ¹	50-99 years
Plant and machinery	5.0%-20.0% p.a.		

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.

¹) Applicable until 31 December 2018

Research and Development Costs

All general research and development costs are expended as incurred.

AMORTISATION OF PRE-CROPPING EXPENDITURES AS FROM MATURITY OF THE PALMS



OIL PALM

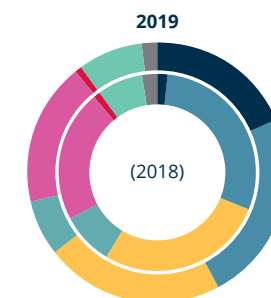
20 YEARS



COCONUT PALM

30 YEARS

NET BOOK VALUE ON 31 DECEMBER



■ Goodwill – 18.5% (1.7%)
■ Freehold land – 23.7% (29.5%)
■ Bearer plants – 22.3% (27.5%)
■ Buildings – 7.2% (8.5%)
■ Plant and machinery – 17.7% (21.7%)
■ Capital work-in-progress – 0.7% (1.1%)
■ Leasehold land – 8.1% (7.7%)
■ Land-use rights – 1.8% (2.3%)

SECTION 3: INVESTMENT ACTIVITIES

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

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

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. The current strategic investments mainly consist of the following three companies:

Investment fully consolidated:

- UP is a company incorporated in Malaysia and its shares are publicly traded on Bursa Malaysia. Its primary business activity is the cultivation and processing of oil palms and coconuts on plantations in Malaysia and Indonesia, as well as the manufacturing and processing of oils and fats in Malaysia. UP is fully consolidated. See page 85 for further information.

Investments at fair value:

- Schörling is a company incorporated in Sweden and its shares were publicly traded on Nasdaq Stockholm until January 2018. Schörling is a holding company focusing on long-term industrial development. Schörling's portfolio currently consists of investments in six companies, of which five are publicly listed.

- Greenbridge is an investment partnership in which UIE has committed to invest up to SEK 200 million – Remaining commitment as per 31 December 2019: SEK 52.1 million (USD 5.6 million). The purpose of Greenbridge is to invest in and have an industrial focus on high-tech and/or software related companies. Greenbridge's objective is to establish a portfolio of core holdings and to support the development and expansion of these investments during a 5-10 year period, leading to the initiation of an IPO or a sale.

UIE invests a small portion of its free funds in a portfolio of money market instruments, debt instruments, derivatives and equity instruments. All instruments in the portfolio investments are recognised at fair value through profit or loss.

FAIR VALUE ACCOUNTED STRATEGIC AND PORTFOLIO INVESTMENTS

USD '000	2019	2018
Portfolio investments		
Total portfolio investments at fair value	21,331	19,703
Strategic investments		
Schörling	159,530	125,900
Greenbridge	19,483	11,274
Total strategic investments at fair value	179,013	137,174

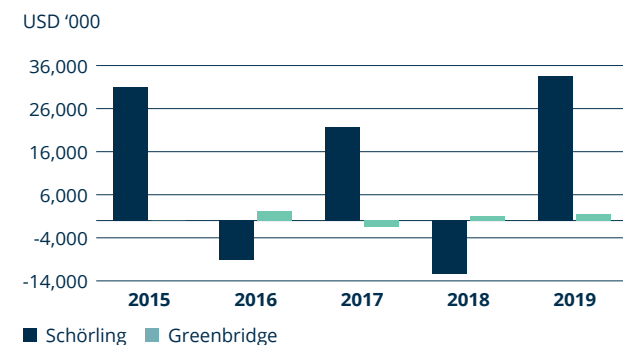
FAIR VALUE ACCOUNTED STRATEGIC INVESTMENTS

USD '000	2019	2018
Schörling		
Investment on 1 January	125,900	138,380
Fair value changes during the year	33,630	(12,480)
Fair value on 31 December	159,530	125,900
Greenbridge		
Investment on 1 January	11,274	7,769
Investment during the year	6,601	2,559
Fair value changes during the year	1,608	946
Fair value on 31 December	19,483	11,274

CHANGE IN FAIR VALUE OF STRATEGIC INVESTMENTS

USD '000	2019	2018
Schörling	33,630	(12,480)
Greenbridge	1,608	946
Total change in fair value of strategic investment	35,238	(11,534)

CHANGE IN FAIR VALUE



SECTION 3: INVESTMENT ACTIVITIES

Accounting Policy

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

Investments in unquoted equities classified at fair value through profit or loss are measured at fair value using valuation techniques based on market conditions existing at each reporting date.

Investment in quoted equities and bonds is recorded on the trade-date basis. Fair value adjustments on quoted equities and bonds, together with the realised gains and losses on investments, are reflected in the Consolidated Income Statement as net gain or loss on investments.

3.2 JOINT VENTURE

In 2017, UP entered into a newly established 50:50 joint venture with Fuji Oil. This joint venture is operating a refinery with a solvent fractionation plant for the production of value-added palm fractions for the speciality fats and chocolate industry.

USD '000	2019	2018
Cost on 1 January	7,224	7,413
Addition	-	-
Exchange rate adjustments	81	(189)
Cost on 31 December	7,305	7,224
Share of results of equity-accounted investments:		
1 January	(966)	(25)
Share of result	689	(969)
Exchange rate adjustments	1	28
31 December	(276)	(966)
Value on 31 December	7,029	6,258

SHARE OF CAPITAL COMMITMENTS IN A JOINT VENTURE

	Country of incorporation	Equity and voting interest	2019	2018
Joint venture				
UniFuji Sdn. Bhd.	Malaysia	50%	50%	

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

USD '000	2019	2018
Statement of comprehensive income:		
Revenue	44,718	3,591
Net profit	1,378	(1,938)
Total comprehensive income	1,378	(1,938)
Statement of financial position:		
Current assets	10,485	8,851
Non-current assets	44,255	41,618
Current liabilities	20,464	13,540
Non-current liabilities	40,217	24,413
Equity	14,059	12,516

Accounting Policies

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

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

SECTION 3: INVESTMENT ACTIVITIES

3.3 CASH AND SHORT-TERM FUNDS

Cash and short-term deposits by segment are as follows:

USD '000	2019	2018
UIE	96,924	95,371
UP	22,307	48,735
Total	119,231	144,106

Specified as:

USD '000	2019	2018
Cash and cash equivalents	111,681	131,823
Deposits (tenure >3 months)	7,550	12,283
Total	119,231	144,106

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

USD '000	2019	2018
Currency		
USD	92,799	75,374
MYR	23,239	57,817
DKK	1,331	3,799
SEK	1,271	1,572
Other	591	5,544
Total	119,231	144,106

Short-term funds on 31 December are as follows:

Currency	USD '000	Interest Rate ¹
2019		
MYR	89,557	3.65%
Total	89,557	
2018		
MYR	171,789	3.42%
Total	171,789	

1) Average weighted interest rate

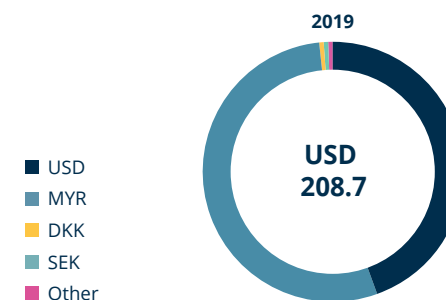
Accounting Policy

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or shorter, which qualify as cash equivalents.

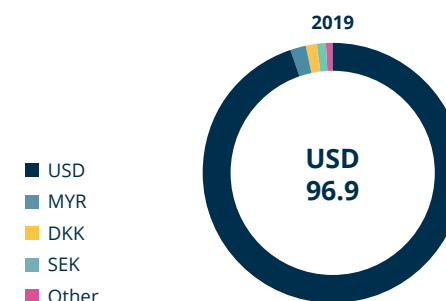
Short-term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets that are convertible to cash with insignificant changes in value.

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

TOTAL CASH AND SHORT-TERM FUNDS FOR THE GROUP ON 31 DECEMBER 2019



TOTAL CASH AND SHORT-TERM FUNDS FOR THE UIE SEGMENT ON 31 DECEMBER 2019



SECTION 4: OTHER DISCLOSURES

The notes presented in this section are relevant for the overall understanding of financial statements, but are not relevant for the key themes in the financial statements.

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

- Taxation
- Auditors' remuneration
- Share capital and other reserves
- Capital management
- Pension – defined benefit plans
- Financial risks
- Derivative financial instruments
- Financial assets and liabilities
- Related parties

4.1 TAXATION

INCOME TAX

USD '000	2019	2018
Income tax	19,149	28,366
Movement in deferred tax	716	982
Adjustments to prior years' income tax	(1,324)	(536)
Adjustments to prior years' deferred tax	(737)	(127)
Total	17,804	28,685

EFFECTIVE TAX RATE

USD '000	2019	2018
Profit before tax	121,070	107,519
Tax rate, Malaysia ¹	24%	24%
Tax at the applicable rate	29,057	25,805
Non-taxable income	(11,730)	(1,487)
Expenses not deductible for tax purposes	2,477	4,962
Adjustment regarding utilisation of double deduction for research reinvestment allowance	-	(30)
Overprovision of deferred tax in prior years	(737)	(127)
Overprovision of income tax in prior years	(1,324)	(536)
Other	61	98
Tax expense for the year	17,804	28,685
Effective tax rate	14.7%	26.7%

DEFERRED TAX

USD '000	2019	2018
On 1 January	41,775	41,826
Addition re. acquisition	3,362	-
Recognised in profit or loss	(21)	855
Recognised in OCI	(1,725)	-
Exchange differences	463	(906)
On 31 December	43,854	41,775

Presented after appropriate offsetting as follows:

USD '000	2019	2018
Deferred tax assets	(1,023)	(874)
Deferred tax liabilities	44,877	42,649
Total	43,854	41,775

1) the statutory Malaysian tax rate has been applied for the Group as its main operating activities are located in Malaysia and thus, the vast majority of the Group's tax expense is in Malaysia.

SECTION 4: OTHER DISCLOSURES

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

USD '000	Liabilities				Assets			
	Biological assets	PPE and Right-of-use assets	Other	Total	Retirement benefit obligations	Cash flows hedges	Others	Total
On 1 January 2019	1,656	42,370	-	44,026	(849)	27	(1,429)	(2,251)
Addition re. business combination	-	3,362	-	3,362	-	-	-	-
Recognised in profit or loss	240	1,294	-	1,534	(185)	-	(1,370)	(1,555)
Recognised in OCI	-	-	-	-	-	(1,725)	-	(1,725)
Exchange differences	10	513	-	523	(20)	(12)	(28)	(60)
On 31 December 2019	1,906	47,539	-	49,445	(1,054)	(1,710)	(2,827)	(5,591)
On 1 January 2018	1,873	41,935	832	44,640	(856)	-	(1,958)	(2,814)
Recognised in profit or loss	(164)	1,698	(834)	700	(27)	-	154	127
Recognised in OCI	-	-	-	-	-	28	-	28
Exchange differences	(53)	(1,263)	2	(1,314)	34	(1)	375	408
On 31 December 2018	1,656	42,370	-	44,026	(849)	27	(1,429)	(2,251)

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 temporary taxable differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be avail-

able 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 that affects neither the tax profit nor the accounting profit.

The Group recognises a deferred tax liability for all temporary taxable 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.

4.2 AUDITORS' REMUNERATION

USD '000	2019	2018
Audit fees	293	257
Tax advisory	2	10
Other advisory	5	17
Total	300	284

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

4.3 SHARE CAPITAL AND OTHER RESERVES

The authorised share capital on 31 December 2019 and 2018 was USD 100 million divided into 10 million shares of USD 10 each.

ISSUED AND FULLY PAID CAPITAL

No. of USD 10 shares	2019	2018
Balance		
On 1 January	3,555,575	3,555,575
Cancellation of treasury shares	(182,806)	-
Balance on 31 December	3,372,769	3,555,575

USD '000	2019	2018
Balance		
On 1 January	35,556	35,556
Cancellation of treasury shares	(1,828)	-
Balance on 31 December	33,728	35,556

SECTION 4: OTHER DISCLOSURES

Share Premium

The share premium on 31 December 2019 and 2018 was USD 8.7 million reduced from USD 9.2 million on 31 December 2018 due to the cancellation of treasury shares. 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 nil (2018: 182,806) of its own shares on 31 December 2019.

	No. of USD 10 shares	USD '000
Balance on 1 January 2019	182,806	36,487
Shares acquired in 2019	-	-
Shares cancelled in 2019	(182,806)	(36,487)
Balance on 31 December 2019	-	-
Balance on 1 January 2018	121,593	22,853
Shares acquired in 2018	61,213	13,634
Shares cancelled in 2018	-	-
Balance on 31 December 2018	182,806	36,487

Hedging Reserves

The effective portion of the gain or loss on a hedging instrument is recognised in other comprehensive income in the hedging reserve. The cumulative loss, net of tax, on 31 December 2019 was USD (2.6) million (2018: USD 0.1 million).

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 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.

Dividends

Dividend Declared in respect of the Financial Year 2019

At the forthcoming AGM on 19 May 2020, an ordinary dividend of USD 5.0 per share in respect of the financial year 2019 will be proposed for shareholders' approval. Furthermore, the Board recommends an extraordinary dividend of USD 5.00 per share in recognition of the Company's strong liquidity. The dividend is expected to be paid to shareholders on 26 May 2020.

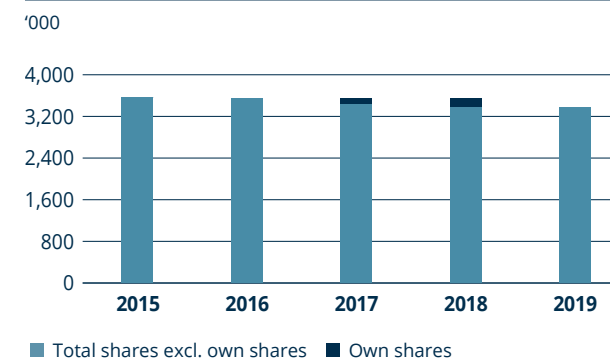
The total dividend will amount to USD 33.7 million.

Dividend Declared and Paid in respect of the Financial Year 2018

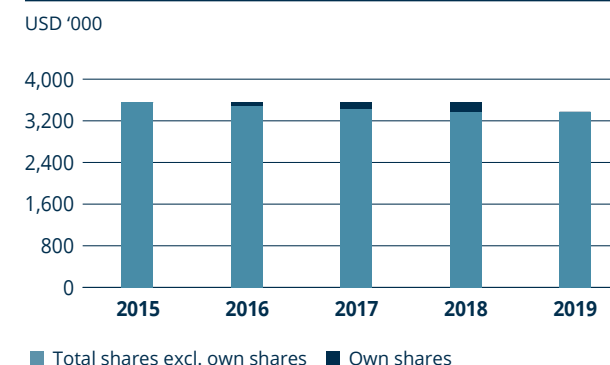
An ordinary dividend of USD 5.0 per share was declared and paid to shareholders in respect of the financial year 2018.

USD '000	2019	2018
Final dividend declared and paid in respect of the previous financial year excluding treasury shares:		
Ordinary dividend	16,864	18,653
Special final dividend	-	-
Total dividends paid	16,864	18,653

NO. OF ISSUED USD 10 SHARES



FULLY PAID CAPITAL



SECTION 4: OTHER DISCLOSURES

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

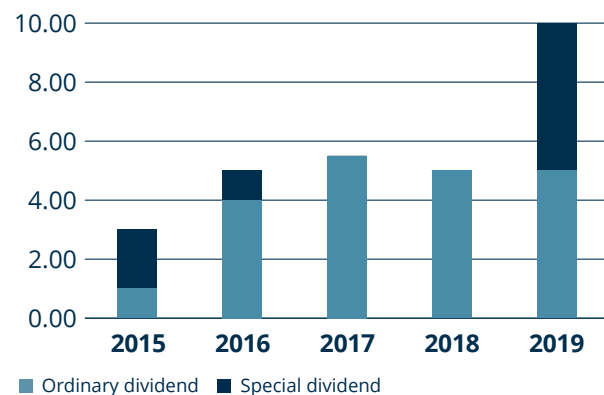
Earnings Per Share

The earnings per share values have been calculated based on the average number of shares outstanding after subtracting the shares that UIE holds itself, resulting in an average of 3,372,769 (2018: 3,395,580) shares outstanding during the year.

	2019	2018
Net profit to owners (USD '000)	67,498	30,440
Average no. of outstanding shares	3,372,769	3,395,580
Earnings per share (USD)	20.01	8.96

DIVIDEND PER SHARE

USD '000



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 so that it can 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 programme, 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.

No changes were made in the objectives, policies or processes for managing capital in 2019 and 2018.

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:

%	2019	2018
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

SENSITIVITY ANALYSIS (GROUP)

USD '000	2019	2018
Discount rate increase by 1%	(435)	(342)
Discount rate decrease by 1%	444	391
The average rate of increase in future earnings increase by 1%	208	170
The average rate of increase in future earnings decrease by 1%	(239)	(158)
Turnover of employee increase by 1%	(54)	(45)
Turnover of employee decrease by 1%	7	20

SECTION 4: OTHER DISCLOSURES

The amounts recognised in the statements of financial position are determined as follows:

USD '000	2019	2018
Present value of unfunded defined benefit obligations	4,318	3,575
On 1 January	3,575	3,607
Provision during the year	824	647
Reversal during the year	-	-
Paid during the year	(111)	(100)
Actuarial changes during the year	(52)	(401)
Exchange difference	82	(178)
On 31 December	4,318	3,575
Analysed as:		
Current	587	297
Non-current:		
Between 1 and 2 years	94	277
Between 2 and 5 years	484	373
Later than 5 years	3,153	2,628
Total non current	3,731	3,278
Total current and non-current	4,318	3,575

4.6 FINANCIAL RISKS

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. There have been

no significant changes to the Group's risk exposure or risk management compared to 2018.

The Board of Directors is responsible for identifying and controlling risks and is assisted by the Audit Committee.

UIE is a non-operating holding company with strategic financial investment activity in the UIE segment and UP as the main operating investment. The financial risk management policy is allocated to managing risks arising from UIE's investing activities and UP's operating activities.

As a separately listed company on the Malaysian stock exchange, UP has its own financial risk management objectives and policies, which are in accordance with UIE's. UP manages its own risks. The risk associated with UP form a significant part of the risk profile in the UIE Group, and the management of UIE is in close ongoing dialogue with the management of UP in relation to identifying, classifying and managing risk in UP.

Management's assessment of financial risks in the Group are as follows:

	UIE Segment	UP Segment	Group
(A) Market risks			
Share price risk	High	Low	High
Commodity price risk	Low	High	High
Foreign currency risk	High	Medium	High
Interest rate risk	Medium	Medium	Medium
(B) Credit risk			
Financial institutions	Medium	Medium	Medium
Trade receivables	Low	Medium	Medium
(C) Liquidity risk	Low	Low	Low

In the management of financial risks, the Group uses a number of financial instruments within the framework of existing risk management policies. 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 conditions.

(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 did not change in 2019.

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.

It is not part of the risk management objective to hedge the share price risk in the UIE segment, as investing activity is part of the business model, and thus, the exposure towards the equity market is an inherent risk.

The primary financial investment is in Schörling. Schörling has a carrying value of USD 159.5 million (2018: USD 125.9 million). Schörling's five major investments are listed on Nasdaq Stockholm. The foreign currency risk related to this investment is described below.

The management actively monitors all investments with regular oversight by the Board of Directors.

A 10% change in the price of investments would result in an impact of approximately USD 18.1 million to the Income Statement (2018: USD 13.9 million).

Commodity Price Risk

Risks arise from fluctuations in the price of palm oil, palm kernel and coconuts, the main commodities produced by UP.

SECTION 4: OTHER DISCLOSURES

It is the policy of UP to hedge a proportion of future CPO production revenues, to reduce the impact of spot price volatility affecting earnings and cash flows. The Group uses commodity futures contracts to manage this risk. As from 1 October 2018, the Group applies hedge accounting to these hedges.

The hedges include minimal risk, as the future contracts match the hedged exposure. Limited ineffectiveness is therefore expected from the hedges.

In addition to the forward sales policy, it is also the objective of UP to reduce the very short-term exposure within the refinery business, by hedging commodity prices of stocks and ongoing production for periods consistent with transaction exposure. Hedge accounting is not applied to these contracts.

A 10% increase/decrease in the CPO/PKO prices would, all other being equal, result in a change in the fair value of the Group's commodity derivatives under hedge accounting of USD 7.2 million (2018: USD 3.6 million), affecting equity through Other Comprehensive Income.

In relation to the derivative where hedge accounting is not applied, a change in the CPO/PKO prices would all other being equal not have any material effect on the income statement or equity, as these all hedge stocks or firm commitments in the refinery segment, which will neutralize the fair value change of the derivatives.

Foreign Currency Risk

The Group's exposure from foreign currency risk derives when there is a mismatch between the currencies in which sales, purchases and financial investments are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily USD and MYR.

In the UP Segment, the functional currency is MYR. Approximately 58% (2018: 61%) of UP's sales are denominated in foreign currencies while almost 46% (2018: 51%) 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.

In the UP segment, forward currency contracts are used to hedge the cash flows from the sales and purchases denominated in foreign currency. On 31 December 2019, UP had hedged 81% (2018: 100%) and 0% (2018: 0%) of its foreign currency-denominated sales and purchases, respectively, for which firm commitments existed at the reporting date, extending to July 2021 (2018: January 2020). The Group does not apply hedge accounting to these contracts.

In respect of the investment activities in the UIE Segment, the primary risk relates to the investment in Schörling, denominated in SEK. Fluctuations in USD/SEK will not affect the Group's cash flows, but impact the Income Statement and Statement of Financial Position as the investment is measured at fair value through profit or loss. It is not part of the risk management objective to hedge the currency risk related to long-term strategic investments.

In relation to cash reserves and short-term investments in fixed income products, it is the Group's policy to minimize the short-term negative impact of exchange rate fluctuations on earnings and cash flows by placing the majority in the functional currency of the entities.

The significant exposure to currencies, other than the functional currency of the individual group entities, as on 31 December comprises the following:

USD '000	DKK	2019 SEK	MYR
Cash and bank balances	892	1,271	1,066
Strategic investments	-	159,530	-
Bonds and equities	13,202	-	1,262
	14,094	160,801	2,328

USD '000	DKK	2018 SEK	MYR
Cash and bank balances	3,799	1,572	21,952
Strategic investments	-	125,900	-
Bonds and equities	13,401	-	1,312
	17,200	127,472	23,264

The sensitivity of the Group's net profit and equity to a 10% change in MYR, DKK and SEK foreign exchange rates against the functional currency of the Group (USD), with all other variables held constant, is USD 17.7 million (2018: USD 16.8 million).

Translation Risk of Foreign Operations

The translation risk relates to the translation of equity and other comprehensive income of the Group's subsidiaries denominated in currencies other than the USD as this is the currency in which the Group prepares its financial statements.

The primary translation risk relates to fluctuations in USD/MYR, as MYR is the functional currency in UP.

The Group does not hedge the currency exposure from net investments in foreign operations, which are recognised in other comprehensive income.

The sensitivity of the Group's net profit and equity to a 10% change in USD/MYR, with all other variable held constant, is USD 6.9 million (2018: USD 9.2 million) and USD 64.1 million (2018: USD 64.4 million), respectively. Excluding NCI, the impact on net profit and equity would be USD 3.3 million

SECTION 4: OTHER DISCLOSURES

(2018: USD 4.4 million) and USD 31.1 million (2018: USD 30.7 million), respectively.

Interest Rate Risk

The Group has exposure to interest rate risk arising from fixed income product, floating-rate cash at bank and short-term deposits. The Group has no interest-bearing debt.

At the reporting date, if interest rates had been 1 percentage point higher/lower, with all other variables held constant, the Group's net profit and equity would have been USD 2.1 million (2018: USD 3.2 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. On 31 December 2019, only 0.6% of the Group's trade receivables were past due (2018: 0.4%)

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 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.

At the reporting date, the majority of the Group's trade receivables of USD 38.9 million (2018: USD 30.3 million) were due from the palm oil refining segment, of which approximately 75% (2018: 86%) was due from one major customer.

The impairment provision amounts to USD 0.0 million on 31 December 2019 (2018: USD 0.1 million).

Banks, Corporate Bonds and Derivatives

The Group is exposed to credit risk on its cash at bank, fixed deposits, corporate bonds as well as financial derivatives. Group manages its credit risk on financial institutions by ensuring that deposits are either placed with SIFI banks (Systemically Important Financial Institution) and/or highly-rated banks. The Group assesses the ratings of the banks routinely. The Group only enters into derivatives with financial institutions, and the credit risk on corporate bonds is limited by investing only in a highly diversified portfolio of highly liquid, short-term bonds with solid credit ratings.

On 31 December 2019, the Group is primarily exposed to three banks with deposits of USD 143 million corresponding to 68% (2018: USD 135 million corresponding to 43%) of the total deposits and the highest exposure to one bank is not more than USD 69.9 million or 33% (2018: USD 62 million corresponding to 20%).

On 31 December 2019, the Groups exposures to corporate bonds amount to USD 19.6 million (2018: USD 17.9 million).

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.

Please refer to note 4.8 for details of the Group's total financial assets.

(C) Liquidity Risk

The Group has a low exposure to liquidity risk (as the cash surplus is significantly higher than the liabilities in the Group). Non-derivative financial liabilities (undiscounted) amounting to USD 24.1 million (2018: USD 35.2 million) all fall due within 1 year. Derivative financial liabilities (undiscounted) amount to USD 7.1 million of which USD 2.0 million fall due after 1 year (2018: USD 2.2 million, all within 1 year).

4.7 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policy

The Group uses financial instruments to reduce the impact of foreign exchanges and commodity price fluctuations on financial results. Net investments in foreign subsidiaries are currently not hedged.

Initial Recognition and Measurement

Derivative financial instruments are initially recognized at fair value and subsequently remeasured at fair value at the end of the reporting period. Gains and losses on derivatives, for which hedge accounting is not applied, are recognized directly in the Income Statement under Other income or Other expenses.

Hedge Accounting – Cash Flows Hedges

Commencing on 1 October 2018, the Group has designated certain commodity futures contracts as cash flows hedges to reduce the volatility attributable to price fluctuations of CPO. The cumulative gain or loss from contracts existing on 1 October 2018 remains in the Income Statement. Subsequently, value adjustments of the effective part of cash flows hedges are recognized directly in Other comprehensive income. When the hedged transaction (sale of CPO) is recognized in the Income Statement, the cumulative value adjustment of the hedging instrument is transferred from Other Comprehensive Income to the Income Statement, recognised as part of Revenue.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and forward commodity contracts match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method. It compares the changes in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

SECTION 4: OTHER DISCLOSURES

Currently the Group does not apply hedge accounting for its currency hedges.

	2019				2018			
USD '000	Notional amount	Assets	Liabilities	Net	Notional amount	Assets	Liabilites	Net
Hedge accounting applied (cash flows):								
Commodity futures contracts	72,021	-	(7,122)	(7,122)	36,475	1,634	-	1,634
Hedge accounting not applied:								
Forward currency contracts	53,029	996	-	996	99,321	754	(77)	677
Forward Rate agreements/options	2,500	38	-	38	5,000	19	-	19
Commodity futures contracts	75,136	518	(7)	511	75,984	2,143	(2,107)	36
Total derivatives	202,686	1,552	(7,129)	(5,577)	216,780	4,550	(2,184)	2,366
Recognised as:								
Current derivatives (assets/liabilities)		1,442	(5,154)	(3,712)		4,169	(2,184)	1,985
Non-current derivatives (assets/liabilities)		110	(1,975)	(1,865)		381	-	381
		<1 year	1-5 years	Total		<1 year	1-5 years	Total
Maturity of cash flows hedges under hedge accounting:								
Contractual amount (CPO MT)		70,225	41,575	111,800		61,725	4,325	66,050
Contractual amount (USD '000)		45,793	26,228	72,021		33,955	2,520	36,475
Average hedged rate (in MYR per MT)		2,678	2,591	2,646		2,284	2,420	2,293

RECOGNITION OF DERIVATIVES UNDER HEDGE ACCOUNTING IN OTHER COMPREHENSIVE INCOME

USD '000	2019	2018
On 1 January	115	-
Fair value adjustments	(9,136)	115
Realisation of deferred gains/(losses)	1,899	-
On 31 December	(7,122)	115

SECTION 4: OTHER DISCLOSURES

4.8 FINANCIAL ASSETS AND LIABILITIES

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

USD'000	2019	2018
Financial assets measured at fair value through profit and loss	201,896	161,427
Loans, receivables and cash and cash equivalents	269,731	373,649
Financial liabilities measured at fair value through profit/loss	(7,129)	(2,184)
Financial liabilities measured at amortised cost	(24,136)	(35,172)
Total	440,362	497,720

FINANCIAL ASSETS/(LIABILITIES) MEASURED AT FAIR VALUE

31 December 2019

USD '000	Total	Level 1	Level 2	Level 3
Fair value through profit or loss:				
Quoted equities	1,765	1,765	-	-
Unquoted equities	179,013	-	159,530	19,483
Quoted corporate bonds	19,567	19,567	-	-
Commodity futures contracts	(6,611)	(6,611)	-	-
Currency derivatives	1,034	-	1,034	-

31 December 2018

USD '000	Total	Level 1	Level 2	Level 3
Fair value through profit or loss:				
Quoted equities	1,786	1,786	-	-
Unquoted equities	137,174	-	125,900	11,274
Quoted corporate bonds	17,917	17,917	-	-
Commodity futures contracts	1,670	1,670	-	-
Currency derivatives	696	696	-	-

Determination of Fair Value

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 due to the short-term nature of these instruments.
- (ii) investments in quoted equities and corporate bonds are determined based on quoted prices in active markets.
- (iii) the valuation of unquoted shares is based on net asset valuations from the asset manager. The underlying portfolio partly comprises of listed shares which are valued at the fair value on the reporting date. The unlisted shares have been valued using earnings multiples, which are based on latest 12 months realised earnings figures, and multiples, which are based on comparable listed peer group companies. A 5% increase/decrease in the applied multiples would result in an increase/decrease in the fair value of USD 1 million.
- (iv) derivative financial instruments are measured according to generally accepted valuation techniques and are based on observable market data, such as currency and interest rates, as well as commodity prices.

The measurement of fair value is performed regularly.

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 have a significant effect on the recorded fair value and are not based on observable market data.

SECTION 4: OTHER DISCLOSURES

4.9 RELATED PARTIES

UIE has the following shareholder holding more than a five percent interest:

- Brothers Holding Ltd. (via the 100% owned subsidiary C&M Holding Limited)

Brothers Holding Ltd. has received USD 8.4 million (2018: USD 9.3 million) in dividend in 2019.

The Group had a receivable from the Joint Venture UniFuji of USD 0.4 million on 31 December 2019 (2018: USD 5.2 million). Interest income from the advance amounted to USD 0.7 million in 2019 (2018: USD 0.1 million).

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, which later changed its name to UIE Services A/S, has during the year provided asset management services to the Chairman, Carl Bek-Nielsen, and Deputy Chairman, Martin Bek-Nielsen, for the amount of USD 75,000.

All transactions with related parties are undertaken in the ordinary course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

PARENT COMPANY FINANCIAL STATEMENTS



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INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Note	2019	2018
Operating expenses	1, 2	(2,868)	(2,588)
Profit from operations before financial items		(2,868)	(2,588)
Share of results in subsidiary companies	4	68,240	32,012
Results from investing activities - portfolio		1,007	67
Interest income		1,293	1,058
Foreign exchange gain/(loss)		(163)	(89)
Interest expense		(11)	(20)
Profit before income tax		67,498	30,440
Income tax	5	-	-
Profit for the year		67,498	30,440

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2019	2018
Profit for the year	67,498	30,440
Items that are or may be reclassified to the Income Statement		
Share of equity movement in subsidiaries	(3,077)	233
Equity adjustment on foreign currency translation	4,169	(9,147)
Total comprehensive income	68,590	21,526
Total comprehensive income attributable to		
Reserve for net revaluation under the equity method	66,045	(15,570)
Retained earnings	2,545	37,096
	68,590	21,526

STATEMENT OF FINANCIAL POSITION

USD '000	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
Current assets:			
Cash and cash equivalents	3	44,512	73,672
Due from subsidiary company		6,631	-
Trade and other receivables		71	101
Portfolio investments		20,107	18,409
Total current assets		71,321	92,182
Non-current assets:			
Property, plant and equipment		6	11
Investments in subsidiaries	4	577,995	505,350
Total non-current assets		578,001	505,361
Total assets		649,322	597,543
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Due to subsidiary company		2,349	2,042
Trade and other payables		1,614	1,868
Total current liabilities		3,963	3,910
Equity:			
Share capital		33,728	35,556
Share premium		8,688	9,159
Treasury shares		-	(36,487)
Retained earnings		352,309	400,816
Reserve for revaluation under the equity method		250,634	184,589
Total equity		645,359	593,633
Total liabilities and shareholders' equity		649,322	597,543

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

USD '000	Share capital	Share premium	Treasury shares	Revaluation to equity method	Retained profits	Total
On 1 January 2019	35,556	9,159	(36,487)	184,589	400,816	593,633
Profit for the year	-	-	-	64,953	2,545	67,498
Share of equity movement in subsidiaries	-	-	-	(3,077)	-	(3,077)
Foreign currency translation	-	-	-	4,169	-	4,169
Total comprehensive income for the year	-	-	-	66,045	2,545	68,590
Cancellation of treasury shares	(1,828)	(471)	36,487	-	(34,188)	-
Dividends	-	-	-	-	(16,864)	(16,864)
Total contributions and distributions	(1,828)	(471)	36,487	-	(51,052)	(16,864)
On 31 December 2019	33,728	8,688	-	250,634	352,309	645,359
On 1 January 2018	35,556	9,159	(22,853)	200,159	382,373	604,394
Profit for the year	-	-	-	(6,656)	37,096	30,440
Share of equity movement in subsidiaries	-	-	-	233	-	233
Foreign currency translation	-	-	-	(9,147)	-	(9,147)
Total comprehensive income for the year	-	-	-	(15,570)	37,096	21,526
Treasury shares purchased	-	-	(13,634)	-	-	(13,634)
Dividends	-	-	-	-	(18,653)	(18,653)
Total contributions and distributions	-	-	(13,634)	-	(18,653)	(32,287)
On 31 December 2018	35,556	9,159	(36,487)	184,589	400,816	593,633

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

USD '000	2019	2018
Cash flows from operations		
Payment of operating expenses	(2,868)	(2,588)
Movement in working capital balances	(550)	190
Net cash used in operations	(3,418)	(2,398)
Cash flows from investments		
Interest received	1,636	1,416
Capital increase in UIE Malta Holding Limited	(6,600)	(2,500)
Loan given to subsidiaries	(6,000)	-
Dividends from subsidiary companies	3,287	38,668
Dividends from portfolio investments	483	67
Purchase and sale of portfolio investments, net	(1,517)	(4,446)
Net cash generated from investments	(8,711)	(33,205)
Cash flows from financing		
Dividend paid	(16,864)	(18,653)
Purchases of treasury shares	-	(13,634)
Interest paid	(11)	(20)
Net cash used in financing	(16,875)	(32,307)
Decrease in cash position	(29,004)	(1,500)
Cash position, beginning of year	73,672	75,264
Foreign exchange adjustment	(156)	(92)
Cash position, end of year	44,512	73,672

NOTES

1. AUDITORS' REMUNERATION

USD '000	2019	2018
Audit fees	134	98
Tax advisory	2	4
Other advisory	3	9
Total	139	111

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 2019 was USD 700,000 (2018: USD 503,000), including pension contribution of USD 33,000 and other related benefits of USD 25,000 (2018: USD 50,000 and USD 28,000). 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. CASH AND CASH EQUIVALENTS

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

Currency	2019 USD '000	2018 USD '000
USD	41,960	65,003
SEK	53	397
MYR	1,047	3,735
DKK	884	3,413
Other	568	1,124
Total	44,512	73,672

4. INVESTMENTS IN SUBSIDIARIES

USD '000	2019	2018
Cost on 1 January	320,761	318,261
Additions during the year	6,600	2,500
Cost on 31 December	327,361	320,761
Share of result on 1 January	184,589	200,159
Share of result during the year	68,240	32,012
Dividends received	(3,287)	(38,668)
Share of equity movements in subsidiaries	(3,077)	233
Exchange rate differences	4,169	(9,147)
Share of result on 31 December	250,634	184,589
Book value	577,995	505,350

For further information about subsidiaries, reference is made to the descriptions in section 3.1 to the Consolidated Financial Statements.

5. TAXATION

The Company had no taxable income in 2019 and 2018. As of the end of 2019, the Company re-domiciled to Malta and will be subject to Maltese company tax from 2020. However, as a holding company, the Company expects participation exemption on income from subsidiaries and therefore expects no significant taxable income.

6. RELATED PARTIES

In addition to the intercompany balances detailed in the Statement of Financial Position, the Company paid administration service fees to its subsidiary International Plantation Services Limited (which later changed its name to UIE Services A/S), amounting to a total of USD 0.8 million (2018: USD 0.8 million).

Reference is also made to note 4.9 in the Consolidated Financial Statements.

7. OTHER DISCLOSURES

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

- Strategic and portfolio investments (Note 3.1, page 68)
- Share capital and other reserves (Note 4.3, page 72)
- Capital management (Note 4.4, page 74)
- Derivative financial instruments (Note 4.7, page 77)
- Related parties (Note 4.9, page 80)

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The separate financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), applicable interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and the Maltese Companies Act (Cap 386).

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 recognise 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 movements in comprehensive income are shown in the statement of comprehensive income.

After the 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 value in use.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF UIE PLC.

Opinion

We have audited the parent company and consolidated financial statements ("the financial statements") of UIE PLC (the "Company") and of the Group of which the company is the parent, set on pages 47 to 86, which comprise of the consolidated and parent company statements of financial position on 31 December 2019, the consolidated and parent company income statements, the consolidated and parent company statements of comprehensive income, the consolidated and parent company statements of changes in equity and the consolidated and parent company statements of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and its Group on 31 December 2019, and of their consolidated and parent company financial performance and their consolidated and parent company cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Companies Act. Our responsibilities under those standards and the Companies Act are further described in the Auditor's Responsibilities for the Audit of the 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) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession Directive (Code of Ethics for Warrant Holders) issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta, and we have fulfilled our other ethical responsibilities in accordance with these

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

Key Audit Matters Incorporating the Most Significant Risks of Material Misstatements, Including Assessed Risk of Material Misstatements due to Fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and 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 financial statements section of our report, 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 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 financial statements.

Revenue Recognition

The revenue from sale of refined finished goods recognized by the Group during the year amounted to USD 188 million. Given the nature of the manufacturing operations of the Group, we identified revenue recognition in respect of the sale of refined finished goods to be an area of audit focus as we considered the high volume of transactions for numerous types of refined finished goods produced by the Group to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognized. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

Our audit procedures for revenue recognition of the sale of refined finished goods included amongst others:

Testing the Group's internal controls over timing and amount of revenue recognized. We inspected the terms of significant sales contracts to determine the point of transfer of significant risk and rewards.

We have independently obtained third party confirmation of sales for the year from a key customer.

We have also inspected documents, on a sample basis, 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.

The Group's disclosures on revenue recognition are included in Note 1.1 to the consolidated financial statements.

Acquisition of Plantation Business—purchase Price Allocation

On 3 September 2019, the Group acquired the plantation business (which included agricultural lands measuring approximately 8,999 acres together with a palm oil mill in Daerah Hilir Perak) from Pinehill Pacific Berhad's group of companies for a total purchase consideration, net of refund of USD 97 million. As part of the purchase price allocation ("PPA") exercise being performed by management, this amount has been allocated to the right-of-use asset and fair value of other identifiable assets acquired. The fair value of certain assets acquired were arrived at by independent professionally qualified valuers. The PPA is highly dependent on estimates, market knowledge and historical transactions and judgements (open market value approach), particularly around the ability in extending the lease period of the leasehold lands. Therefore, due to the significance of

the balance and uncertainty involved in the PPA exercise, we have considered the valuation of the assets acquired as a key audit matter.

Our audit procedures over the acquisition of plantation business—purchase price allocation included amongst others:

Inspection of the sale and purchase agreement to obtain an understanding of the transaction. We have assessed the appropriateness of methodologies applied by management in measuring the provisional fair value of identifiable assets and liabilities assumed, including the identification and valuation of assets acquired.

We involved a valuation specialist to assist us in evaluating the reasonableness and relevance of key assumptions and estimates used in the model by comparing market transactions for sales of similar properties that have been transacted in the open market, as well as assessing the appropriateness of the comparatives used.

We have also assessed the completeness, relevance and accuracy of the resultant purchase price allocation.

Where external valuers were used, we have also considered the independence, reputation and capabilities of the external valuers.

The Group's disclosures on acquisition of the plantation business are included in Note 2.1 to the consolidated financial statements.

Impairment Review of Goodwill

The Group is required to perform an annual impairment test of the cash-generating unit ("CGU") to which the goodwill with an indefinite useful life has been allocated. The Group estimated the recoverable amounts of its CGUs based on the estimated value-in-use ("VIU") of the respective CGUs. The areas that involved significant audit effort and judgement were the possible variations in the basis and assumptions used by the management in deriving at the VIU of the CGUs. The aforementioned impairment test for financial year 2019 did not give rise to any impairment loss.

Our audit procedures over the impairment review of goodwill included amongst others:

Assessing the VIU of the CGUs, by obtaining an understanding of the relevant internal controls over the process of estimating the VIU of the CGUs.

Assessing the appropriateness of the methodology and approach applied, including historical accuracy of management's estimates of profits (and the resulting cash flows).

We have involved a valuation specialist to assist us in assessing the key assumptions applied in determining the VIU which comprise fresh fruit bunches ("FFB") yield per hectare and selling prices of Crude Palm Oil ("CPO") and Palm Kernel ("PK") by making comparisons to historical trends, taking into consideration the current and expected outlook for economic growth.

We have also assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset.

The Group's disclosures on the impairment assessment of goodwill are included in Note 2.5a to the consolidated financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

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.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the EU, the requirements of the Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- identify and assess the risks of material misstatement of the 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 internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with 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.

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 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.

Matters on which we are Required to Report by the Companies Act

Directors' report

We are required to express an opinion as to whether the directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the directors' report has been prepared in accordance with the Companies Act.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

Other requirements

We also have responsibilities under the Companies Act to report if in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;

- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

Appointment

EY were appointed as the auditor by the General Meeting of Shareholders of the Parent Company and the Group on 26 April 2019. Due to the redomiciliation that the Parent Company has performed during 2019, the responsible auditor at EY has changed from Ernst & Young Malaysia to Ernst & Young Malta Limited. This is the first year of the engagement period for the current statutory auditor.

Consistency with the Additional Report to the Audit Committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Group, which was issued on the same date as this report.

Non-audit Services

No prohibited non-audit services referred to in Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Group and we remain independent of the Group as described in the Basis for opinion section of our report.

No other services besides statutory audit services and services disclosed in the annual report and in the financial statements were provided by us to the Group and its controlled undertakings.

The partner in charge of the audit resulting in this independent auditor's report is

Christopher Balzan for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants

1 March 2020

ABBREVIATIONS & DEFINITIONS

Company Name Abbreviation

Greenbridge Investment Limited Partnership	Greenbridge
Maximum Vista Sdn. Bhd.	MVSB
Schörling AB	Schörling
Schörling & Partners AB	S&P
UIE Plc.	UIE or the Company
United Plantations Berhad	UP

Currency Abbreviation

Danish Kroner	DKK
Malaysian Ringgit	MYR
Swedish Kroner	SEK
United States Dollar	USD

Others Abbreviation

Annual General Meeting	AGM
Corporate Social Responsibility	CSR
Crude Palm Oil	CPO
Expected credit losses	ECL
Fresh Fruit Bunches	FFB
Greenhouse Gas	GHG
High Carbon Stock	HCS
Integrated Pest Management Programme	IPM
International Accounting Standards	IAS
International Financial Reporting Standards as adopted by the EU	IFRS
IFRS Interpretations Committee	IFRS IC
Kernel Extraction Rate	KER
Malaysian Palm Oil Association	MPOA
Malaysian Palm Oil Board	MPOB
Metric tonnes	MT
Non-controlling interests	NCI
Oil Extraction Rate	OER
Palm Kernel	PK
Property, plant and equipment	PPE
Right-of-use	ROU
Roundtable on Sustainable Palm Oil	RSPO
UN Sustainable Development Goals	SDG

Definitions

Earnings per share

Net profit for the period attributable to equity holders of the company/Weighted average number of shares, excluding treasury shares

Book value per share

Equity at the end of the period, excluding minority interests/Number of shares at the end of the period, excluding treasury shares

Return on equity

Net profit for the year attributable to equity holders of the company/Average equity, excluding minority interests

Solvency ratio

Equity at the end of the period/Total assets at the end of the period

Comparative Figures

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

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