

THE ROUNDTABLE ON SUSTAINABLE PALM OIL  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

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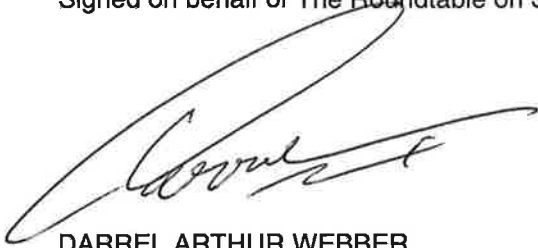
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# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## STATEMENT FROM SECRETARY-GENERAL

I, Darrel Arthur Webber, representing The Roundtable on Sustainable Palm Oil, do hereby state that the financial statements set out on pages 4 to 23 are drawn up so as to give a true and fair view of the state of affairs of The Roundtable on Sustainable Palm Oil Group and The Roundtable on Sustainable Palm Oil as at 30 June 2012 and of the results and cash flows of The Roundtable on Sustainable Palm Oil Group and The Roundtable on Sustainable Palm Oil for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities.

Signed on behalf of The Roundtable on Sustainable Palm Oil on 9 October 2012.



DARREL ARTHUR WEBBER  
SECRETARY-GENERAL

Kuala Lumpur, Malaysia



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of The Roundtable On Sustainable Palm Oil ("RSPO"), which comprise the statements of assets, liabilities and fund balances as at 30 June 2012, and the statements of income and expenditure, statements of changes in accumulated fund and cash flow statements of RSPO Group and RSPO for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 23.

#### Executive Board's Responsibility for the Financial Statements

The Executive Board of RSPO is responsible for the preparation of RSPO Group and RSPO financial statements that give a true and fair view in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities and for such internal control as the Executive Board of RSPO determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE ROUNDTABLE ON SUSTAINABLE PALM OIL (CONTINUED)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities so as to give a true and fair view of the financial position of RSPO Group and of RSPO as of 30 June 2012 and their financial performance and cash flows for the financial year then ended.

OTHER MATTERS

This report is made solely to the members of RSPO, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'P. M. M. M.', is written over the printed name of the firm.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

Kuala Lumpur, Malaysia  
9 October 2012

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENTS OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Note	RSPO Group		RSPO	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>INCOME</b>					
Subscription income	3	5,212,586	3,975,067	5,212,586	3,975,067
Contributions from sustainable palm oil trade	4	9,886,347	5,095,046	9,886,347	5,095,046
Interest income from fixed deposits		117,601	88,045	117,601	88,045
Roundtable meeting surplus	5	331,055	115,210	331,055	115,210
		<u>15,547,589</u>	<u>9,273,368</u>	<u>15,547,589</u>	<u>9,273,368</u>
<b>LESS: EXPENDITURE</b>					
Staff costs (including Directors' remuneration)	6	2,799,346	1,302,682	-	-
Staff secondment charges		-	-	3,132,114	1,420,000
Recruitment expenses		21,550	409,228	21,550	409,228
Professional fees		215,358	230,160	215,358	230,160
Office rental		90,600	59,800	90,600	59,800
Travelling expenses		165,343	56,968	165,343	56,968
Global communication expenses		1,754,058	1,367,107	1,754,058	1,367,107
Consultancy fees		213,703	587,220	213,703	587,220
RSPO Indonesia Liaison Office ("RILO") expenses		394,205	751,660	394,205	751,660
Trademark and patent		75,457	256,045	75,457	256,045
Executive Board meeting expenses		66,329	116,117	66,329	116,117
Bad debts written off		192,272	533,100	192,272	533,100
Allowance for doubtful debts		22,160	-	22,160	-
Net foreign exchange losses	7	261,625	45,610	261,625	45,610
Auditors' remuneration		38,000	30,000	26,000	21,000
Depreciation		106,267	45,882	-	-
Property, plant and equipment written off		-	10,592	-	-
Other expenditure		485,394	313,947	469,328	300,679
		<u>6,901,667</u>	<u>6,116,118</u>	<u>7,100,102</u>	<u>6,154,694</u>
Project costs	8	3,410,620	2,072,834	3,410,620	2,072,834
		<u>10,312,287</u>	<u>8,188,952</u>	<u>10,510,722</u>	<u>8,227,528</u>
<b>SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION</b>					
		5,235,302	1,084,416	5,036,867	1,045,840
TAXATION	9	(166,024)	(66,744)	(115,472)	(50,583)
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR</b>					
		<u>5,069,278</u>	<u>1,017,672</u>	<u>4,921,395</u>	<u>995,257</u>

The notes on pages 10 to 23 form an integral part of these financial statements.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES AS AT 30 JUNE 2012

	Note	RSPO Group		RSPO	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	177,740	229,252	-	-
Deferred tax assets	11	4,567	5,948	-	-
Investment in a subsidiary	12	-	-	-	-
		<u>182,307</u>	<u>235,200</u>	<u>-</u>	<u>-</u>
<b>CURRENT ASSETS</b>					
Membership subscription fee receivable	13	2,359,769	1,318,099	2,359,769	1,318,099
Other receivables, deposits and prepayments	14	3,175,228	992,991	3,147,762	966,312
Cash and bank balances	15	3,413,411	3,881,870	3,207,794	3,798,843
Fixed deposits with a licensed bank	16	7,000,000	4,000,000	7,000,000	4,000,000
		<u>15,948,408</u>	<u>10,192,960</u>	<u>15,715,325</u>	<u>10,083,254</u>
<b>LESS : CURRENT LIABILITES</b>					
Deferred subscription income		2,857,458	2,032,906	2,857,458	2,032,906
Other payables and accruals	17	1,594,906	1,999,057	1,403,298	1,700,879
Sponsorship fund	18	507,364	439,131	507,364	439,131
Current tax liabilities	19	373,133	228,490	342,818	227,346
		<u>5,332,861</u>	<u>4,699,584</u>	<u>5,110,938</u>	<u>4,400,262</u>
<b>NET CURRENT ASSETS</b>		<u>10,615,547</u>	<u>5,493,376</u>	<u>10,604,387</u>	<u>5,682,992</u>
		<u>10,797,854</u>	<u>5,728,576</u>	<u>10,604,387</u>	<u>5,682,992</u>
<b>ACCUMULATED FUND</b>		<u>10,797,854</u>	<u>5,728,576</u>	<u>10,604,387</u>	<u>5,682,992</u>

The notes on pages 10 to 23 form an integral part of these financial statements.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENTS OF CHANGES IN ACCUMULATED FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	Members' fund RM	Smallholders' fund RM	Accumulated fund RM
<u>RSPO Group</u>			
<u>2012</u>			
At 1 July 2011	5,728,576	-	5,728,576
Surplus of income over expenditure for the financial year	5,069,278	-	5,069,278
	<u>10,797,854</u>	<u>-</u>	<u>10,797,854</u>
Transfer to Smallholders' fund	(2,955,015)	2,955,015	-
At 30 June 2012	<u><u>7,842,839</u></u>	<u><u>2,955,015</u></u>	<u><u>10,797,854</u></u>
<u>2011</u>			
At 1 July 2010	4,710,904	-	4,710,904
Surplus of income over expenditure for the financial year	1,017,672	-	1,017,672
At 30 June 2011	<u><u>5,728,576</u></u>	<u><u>-</u></u>	<u><u>5,728,576</u></u>

The notes on pages 10 to 23 form an integral part of these financial statements.



## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENTS OF CHANGES IN ACCUMULATED FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (CONTINUED)

	<u>Members' fund</u> RM	<u>Smallholders' fund</u> RM	<u>Accumulated fund</u> RM
<u>RSPO</u>			
<u>2012</u>			
At 1 July 2011	5,682,992	-	5,682,992
Surplus of income over expenditure for the financial year	4,921,395	-	4,921,395
	<u>10,604,387</u>	-	<u>10,604,387</u>
Transfer to Smallholders' fund	(2,955,015)	2,955,015	-
At 30 June 2012	<u><u>7,649,372</u></u>	<u><u>2,955,015</u></u>	<u><u>10,604,387</u></u>
<u>2011</u>			
At 1 July 2010	4,687,735	-	4,687,735
Surplus of income over expenditure for the financial year	995,257	-	995,257
At 30 June 2011	<u><u>5,682,992</u></u>	<u><u>-</u></u>	<u><u>5,682,992</u></u>

An amount of RM 2,955,015 from the Members' fund was transferred to Smallholders' fund at the end of the financial year for the purposes of smallholders support. The Smallholders Working Group is leading the development of a mechanism on how these funds are to be used and will make recommendations to the Executive Board.

The notes on pages 10 to 23 form an integral part of these financial statements.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	RSPO Group		RSPO	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Surplus of income over expenditure for the financial year	5,069,278	1,017,672	4,921,395	995,257
Adjustments for non-cash items:				
Taxation	166,024	66,744	115,472	50,583
Depreciation	106,267	45,882	-	-
Property, plant and equipment written off	-	10,592	-	-
Provision for doubtful debts	22,160	-	22,160	-
Bad debts written off	192,272	533,100	192,272	533,100
Unrealised foreign exchange losses/(gain)	44,331	(123,223)	44,331	(123,223)
Interest income	(117,601)	(88,045)	(117,601)	(88,045)
Operating surplus before working capital changes	5,482,731	1,462,722	5,178,029	1,367,672
Changes in working capital:				
Membership subscription fee recoverable	(1,150,036)	(574,560)	(1,150,036)	(574,560)
Other receivables, deposits and prepayments	(2,337,888)	239,753	(2,337,101)	194,320
Deferred subscription income	824,552	320,133	824,552	320,133
Other payables and accruals	(404,723)	484,908	(298,153)	277,110
Sponsorship fund	68,233	(316,409)	68,233	(316,409)
Cash generated from operations	2,482,869	1,616,547	2,285,524	1,268,266
Interest received	117,601	88,045	117,601	88,045
Tax paid	(20,000)	(6,465)	-	-
Net cash generated from operating activities	2,580,470	1,698,127	2,403,125	1,356,311
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(57,218)	(261,157)	-	-
Proceeds from disposal of property, plant and equipment	2,463	-	-	-
Net cash used in investing activities	(54,755)	(261,157)	-	-

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 (CONTINUED)

	<u>Note</u>	<u>RSPO Group</u>		<u>RSPO</u>	
		<u>2012</u> RM	<u>2011</u> RM	<u>2012</u> RM	<u>2011</u> RM
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		2,525,715	1,436,970	2,403,125	1,356,311
Effect of foreign exchange rate changes		5,826	-	5,826	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>7,881,870</u>	<u>6,444,900</u>	<u>7,798,843</u>	<u>6,442,532</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		<u><u>10,413,411</u></u>	<u><u>7,881,870</u></u>	<u><u>10,207,794</u></u>	<u><u>7,798,843</u></u>
Cash and cash equivalents comprise:					
Cash and bank balances	15	3,413,411	3,881,870	3,207,794	3,798,843
Fixed deposits with a licensed bank	16	<u>7,000,000</u>	<u>4,000,000</u>	<u>7,000,000</u>	<u>4,000,000</u>
		<u><u>10,413,411</u></u>	<u><u>7,881,870</u></u>	<u><u>10,207,794</u></u>	<u><u>7,798,843</u></u>

The notes on pages 10 to 23 form an integral part of these financial statements.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012

### 1 GENERAL INFORMATION

The principal activity of RSPO Group is to organise programmes which involve the promotion of growth and the use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. RSPO is a "not-for-profit" organisation.

The number of staff at the end of the financial year was 17 (2011: 9) persons in the Group and nil (2011: nil) persons in RSPO.

The address of principal place of business of RSPO is Unit A-33A-2, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial statements of The Roundtable on Sustainable Palm Oil are prepared under the historical cost convention in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities.

#### (b) Subsidiaries

Subsidiaries are those corporations in which RSPO Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to RSPO Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over RSPO Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill.

Intergroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of RSPO Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and RSPO Group's share of its net assets together with any unamortised balance or goodwill on acquisition and exchange differences which were not previously recognised in the consolidated statement of income and expenditure.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Investments

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(e) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statements of income and expenditure.

#### (d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Computers and software	33 1/3%
Furniture and fittings	20%
Office equipment	20%
Renovation	50%

At each statement of assets, liabilities and fund balances date, RSPO Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(e) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statements of income and expenditure.

#### (e) Impairment of assets

Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the statements of income and expenditure. Any subsequent increase in recoverable amount is recognised in the statements of income and expenditure.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income recognition

Subscription income from members is recognised on an accrual basis.

Other operating income is recognised when the right to receive payment is established.

(g) Receivables

Receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that RSPO Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(h) Cash and cash equivalents

For purposes of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, deposits held at call with banks and other short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(i) Provisions

Provisions are recognised when the RSPO Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(j) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(k) Foreign currencies

(i) Reporting currency

The financial statements are presented in Ringgit Malaysia.

(ii) Foreign currency transactions and balances

Foreign currency transactions are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the statements of assets, liabilities and fund balances date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statements of income and expenditure.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies (continued)

(iii) Closing rates

The principal closing rates used in the translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>RSPO Group and RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
1 US Dollar	3.1778	3.0205
1 Euro	3.9972	4.3820

(l) Income tax

Current tax expense is determined according to the Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unutilised tax losses can be utilised.

(m) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

Defined contribution plans

A defined contribution plan is a pension plan under which RSPO Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

RSPO Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

#### 3 SUBSCRIPTION INCOME

Subscription income from members worldwide amounting to RM5,212,586 (2011: RM3,975,067) was recognised during the financial year.

The number of members registered as at 30 June 2012 is 900 (2011: 689), including 236 associate members (2011: 161).

#### 4 CONTRIBUTIONS FROM SUSTAINABLE PALM OIL TRADE

	<u>RSPO Group and RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Certificate trading	7,392,345	3,556,883
Segregated and mass balance trading	2,494,002	1,538,163
	<u>9,886,347</u>	<u>5,095,046</u>

The RSPO receives a contribution of USD1 per tonne from all certificates traded on the GreenPalm platform, which allows certified producers to sell credits directly to end users who wish to make a sustainability claim. The USD1 per tonne levy is charged to buyers of certificates. GreenPalm is operated by Book and Claim Limited, a company registered in England and a subsidiary of AarhusKarlshamn UK Limited.

In addition the RSPO receives a contribution of USD1 per tonne from first transactions under the segregated and mass balance supply chains. The USD1 per tonne levy is charged to the first buyer in the supply chain. The registration for these supply chains, now under the name of eTrace, is operated by UTZ Certified.

#### 5 ROUNDTABLE MEETING SURPLUS

Roundtable meeting surplus recognised during the financial year is net of Roundtable meeting expenses of RM1,612,758 (2011: RM1,146,911).

#### 6 STAFF COSTS (including Directors' remuneration)

	<u>RSPO Group</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Wages, salaries and bonuses	2,422,954	942,404
Defined contribution plan	283,989	127,461
Other employee benefits and compensations	92,403	232,817
	<u>2,799,346</u>	<u>1,302,682</u>

Included in staff costs is the remuneration of Executive Directors of RSPO Secretariat Sdn Bhd RM850,201 (2011: RM288,168).



# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 7 NET FOREIGN EXCHANGE LOSSES

	<u>RSPO Group and RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Unrealised foreign exchange losses/(gain)	44,331	(123,223)
Realised foreign exchange losses	217,294	168,833
	<u>261,625</u>	<u>45,610</u>

### 8 PROJECT COSTS

	<u>RSPO Group and RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Palm Oil Producer Support Initiative (POPSI)	813,280	443,587
Green House Gas Working Group II	618,306	690,896
Taskforce Smallholder & Dispute Settlement Facility	307,811	299,522
Task Force on Smallholder Project II	-	44,274
Principles and Criteria Review	301,589	-
Biodiversity High Conservation Value (BHCV)	240,931	223,095
South East Asia Rainforest Research Programme (SEARRP)	225,000	-
New Planting Procedure Working Group	130,650	22,799
High Conservation Value – Training Module	139,175	-
Horizon Project	162,874	40,000
Group Certification Support	86,154	285,905
Trade and Traceability	85,314	-
Annual Communication of Progress (ACOP)	58,467	71,656
High Conservation Value-Investigation of Barrier	55,105	40,015
Review of Service Provider	51,296	26,370
Renewable Energy Directive (RED)	31,065	57,999
High Conservation Value - Assessment Area Project	-	22,531
Borneo Child Aid Society	100,000	100,000
Reversal on closure of:		
- Umbrella Project by DOEN & LNV- Group Certification Scheme	-	(297,315)
- High Conservation Value – Assessment Area Project	(10,250)	-
- Integrated Weed Management Project	(24,168)	-
Others	38,021	1,500
	<u>3,410,620</u>	<u>2,072,834</u>

Project costs relate to expenditure incurred to organise programmes for the promotion of growth and the use of sustainable palm oil.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 9 TAXATION

	RSPO Group		RSPO	
	2012 RM	2011 RM	2012 RM	2011 RM
Current tax (Note 19):				
- current financial year	70,315	71,727	-	50,583
- under provision in prior financial years	94,328	965	115,472	-
	<u>164,643</u>	<u>72,692</u>	<u>115,472</u>	<u>50,583</u>
Deferred tax (Note 11):				
- origination and reversal of temporary differences	1,381	(5,948)	-	-
Total tax expense	<u>166,024</u>	<u>66,744</u>	<u>115,472</u>	<u>50,583</u>

The explanation of the relationship between tax expense and surplus of income over expenditure before taxation:

#### Numerical reconciliation of effective tax expense

	RSPO Group		RSPO	
	2012 RM	2011 RM	2012 RM	2011 RM
Surplus of income over expenditure before taxation	<u>5,235,302</u>	<u>1,084,416</u>	<u>5,036,867</u>	<u>1,045,840</u>
Tax calculated at Malaysian tax rate for trade associations of 26% (2011: 26%)	1,361,179	281,948	1,309,585	271,918
Tax effects of:				
- income not subject to tax	(3,524,715)	(2,149,166)	(3,524,715)	(2,149,166)
- different tax rates of a subsidiary	(11,906)	(2,315)	-	-
- expenses not deductible for tax purposes	2,053,438	1,946,987	2,044,610	1,939,506
- effects of scale tax rate	(11,675)	(11,675)	(11,675)	(11,675)
- deferred tax assets not recognised	182,195	-	182,195	-
- under provision of tax in prior financial years	117,509	965	115,472	-
	<u>166,025</u>	<u>66,744</u>	<u>115,472</u>	<u>50,583</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Computers and software</u> RM	<u>Furniture and fittings</u> RM	<u>Office equipment</u> RM	<u>Renovation</u> RM	<u>Total</u> RM
<u>RSPO Group</u>					
<u>2012</u>					
<u>Cost</u>					
At 1 July 2011	98,220	38,468	27,800	109,770	274,258
Additions	38,921	16,599	1,698	-	57,218
Disposal	(3,547)	-	-	-	(3,547)
At 30 June 2012	<u>133,594</u>	<u>55,067</u>	<u>29,498</u>	<u>109,770</u>	<u>327,929</u>
<u>Accumulated depreciation</u>					
At 1 July 2011	21,158	2,079	1,923	19,846	45,006
Charge for the year	36,974	8,655	5,753	54,885	106,267
Disposal	(1,084)	-	-	-	(1,084)
At 30 June 2012	<u>57,048</u>	<u>10,734</u>	<u>7,676</u>	<u>74,731</u>	<u>150,189</u>
<u>Net book value</u>					
At 30 June 2012	<u>76,546</u>	<u>44,333</u>	<u>21,822</u>	<u>35,039</u>	<u>177,740</u>
<u>Net book value</u>					
At 30 June 2011	<u>77,062</u>	<u>36,389</u>	<u>25,877</u>	<u>89,924</u>	<u>229,252</u>

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 11 DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of assets, liabilities and accumulated fund balances:

	<u>2012</u> RM	RSPO Group <u>2011</u> RM
Subject to income tax		
- Deferred tax assets	4,567	5,948
At start of year	5,948	-
(Charged)/credited to income statement (Note 9)		
- property, plant and equipment	(24,493)	5,948
- other payables and accruals	23,112	-
	(1,381)	5,948
At end of year	4,567	5,948
<u>Deferred tax assets</u>		
Property, plant and equipment	-	5,948
Other payables and accruals	23,112	-
Amount before offsetting	23,112	5,948
Offsetting	(18,545)	-
	4,567	5,948
<u>Deferred tax liabilities</u>		
Property, plant and equipment	18,545	-
Amount before offsetting	18,545	-
Offsetting	(18,545)	-
	-	-

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

#### 11 DEFERRED TAX ASSETS (CONTINUED)

The amount of temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax assets are recognised in the statement of income and expenditure by RSPO as the Executive Board are of the view it is not probable for RSPO that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	<u>RSPO Group and RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Unused tax losses	490,746	-
Deductible temporary differences	227,840	-
	<u>718,586</u>	<u>-</u>

#### 12 INVESTMENT IN A SUBSIDIARY

	<u>RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Unquoted shares, at cost	<u>-</u>	<u>-</u>

The investment in a subsidiary, RSPO Secretariat Sdn Bhd ("RSSB"), which was incorporated during the financial year ended 30 June 2007, amounted to RM100, was written off in the same financial year.

Details of the subsidiary are as follows:

<u>Direct subsidiary</u>	<u>Country of incorporation</u>	<u>Group's effective interest</u>		<u>Principal activities</u>
		<u>2012</u>	<u>2011</u>	
		%	%	
RSPO Secretariat Sdn Bhd	Malaysia	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.

In the previous financial year, the shares in the subsidiary are held by certain Executive Board members in trust on behalf of RSPO.

On 1 December 2011, 99 ordinary shares of RM1 each out of 100 ordinary shares of RM1 each of the subsidiary have been transferred from the Executive Board members to RSPO for RMnil.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

13 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE

	<u>RSPO Group and RSPO</u>	
	<u>2012</u>	<u>2011</u>
	RM	RM
Membership subscription fee receivable	2,631,929	1,568,099
Less: Allowance for doubtful debts	(272,160)	(250,000)
	<u>2,359,769</u>	<u>1,318,099</u>

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	RM	RM	RM	RM
Receivable from supply chain fees of sustainable palm oil trade	2,634,091	593,439	2,634,091	593,439
Other receivables	88,246	324,015	88,246	345,768
Deposits	23,020	38,932	-	-
Prepayments	429,871	36,605	425,425	27,105
	<u>3,175,228</u>	<u>992,991</u>	<u>3,147,762</u>	<u>966,312</u>

Included in other receivables of RSPO is an amount due from RSSB of RMnil. (2011: RM21,573). The amount is unsecured, interest free and has no fixed terms of repayment.

15 CASH AND BANK BALANCES

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	RM	RM	RM	RM
Cash and bank balances	3,413,411	3,881,870	3,207,794	3,798,843

Bank balances are deposits held at call with banks, bear no interest and is denominated in Ringgit Malaysia.

16 FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank are placed to earn interest income and is denominated in Ringgit Malaysia.

The average effective interest rates of the fixed deposits are between 2.75% and 3.2% (2011: 1.5% and 2.6%) per annum and the average maturity period is between 30 days to 365 days (2011: 30 days to 365 days).

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 17 OTHER PAYABLES AND ACCRUALS

	RSPO Group		RSPO	
	2012 RM	2011 RM	2012 RM	2011 RM
Project costs payables	507,382	970,210	507,382	970,210
Project costs accruals	590,307	646,477	590,307	646,477
Other payables	393,968	305,942	305,609	84,192
Other accruals	103,249	76,428	-	-
	<u>1,594,906</u>	<u>1,999,057</u>	<u>1,403,298</u>	<u>1,700,879</u>

Included in other payables of RSPO is an amount due to RSSB of RM84,951 (2011: RMnil). The amount is unsecured, interest free and has no fixed terms of repayment.

### 18 SPONSORSHIP FUND

The sponsorship fund comprises contributions from sponsors to meet specific project costs.

	RSPO Group and RSPO	
	2012 RM	2011 RM
DOEN/LNV Umbrella Project (Refer (a))	-	237,117
Green House Gas Working Group II (Refer (b))	-	152,089
Free, Prior and Informed Consent ("FPIC") (Refer (c))	-	49,925
Building Bridges between Commodity Roundtables and REDD+ (Refer (d))	220,322	-
Independent Smallholder Certification Project (Setara Jambi) (Refer (e))	287,042	-
	<u>507,364</u>	<u>439,131</u>
(a) DOEN/LNV Umbrella Project		
As at beginning of financial year	237,117	291,090
Less : Transfer of funds to Independent Smallholder Certification Project (Setara Jambi) (Note 18 (e))	(237,117)	-
Less: Project expenses	-	(53,973)
As at end of financial year	<u>-</u>	<u>237,117</u>

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

### 18 SPONSORSHIP FUND (CONTINUED)

		<u>RSPO Group and RSPO</u>	
		<u>2012</u>	<u>2011</u>
		RM	RM
(b)	Green House Gas Working Group II		
	As at beginning of financial year	152,089	305,495
	Sponsorship received	-	553,781
	Less: Project expenses	(152,089)	(707,187)
	As at end of financial year	<u>-</u>	<u>152,089</u>
(c)	Free, Prior, and Informed consent ("FPIC")		
	As at beginning of financial year	49,925	49,925
	Less : Transfer of funds to Independent Smallholder Certification Project (Setara Jambi) (Note 18 (e))	(49,925)	-
	As at end of financial year	<u>-</u>	<u>49,925</u>
(d)	Building Bridges between Commodity Roundtables and REDD+		
	As at beginning of financial year	-	-
	Sponsorship received	235,514	-
	Less: Project expenses	(15,192)	-
	As at end of financial year	<u>220,322</u>	<u>-</u>
(e)	Independent Smallholder Certification Project (Setara Jambi)		
	As at beginning of financial year	-	-
	Add:		
	Transfer of funds from DOEN/LNV Umbrella Project (Note 18 (a))	237,117	-
	Transfer of funds from FPIC (Note 18 (c))	49,925	-
	As at end of financial year	<u>287,042</u>	<u>-</u>



THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2012 (CONTINUED)

19 CURRENT TAX LIABILITIES

	RSPO Group		RSPO	
	2012 RM	2011 RM	2012 RM	2011 RM
As at beginning of financial year	228,490	162,263	227,346	176,763
Income tax provision (Note 9):				
- current year	70,315	71,727	-	50,583
- under provision in prior financial years	94,328	965	115,472	-
	164,643	72,692	115,472	50,583
Tax paid	(20,000)	(6,465)	-	-
As at end of financial year	<u>373,133</u>	<u>228,490</u>	<u>342,818</u>	<u>227,346</u>

20 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Executive Board of RSPO on 9 October 2012.