

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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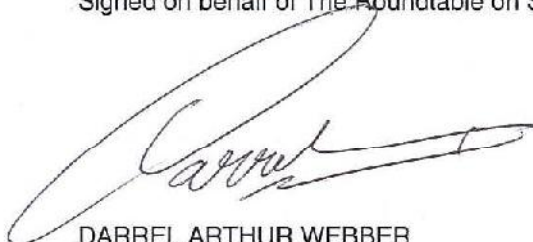
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THE ROUNDTABLE ON SUSTAINABLE PALM OIL

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 2013 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 16 October 2013.

A handwritten signature in black ink, appearing to read 'Darrel', with a large, sweeping flourish above the name.

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 2013, 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 2013 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.


PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur, Malaysia
16 October 2013

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	RSPO Group		RSPO	
		2013 RM	2012 RM	2013 RM	2012 RM
INCOME					
Subscription income	3	6,892,415	5,212,586	6,892,415	5,212,586
Contributions from sustainable palm oil trade	4	11,862,164	9,886,347	11,862,164	9,886,347
Interest income from fixed deposits		233,139	117,601	233,139	117,601
Roundtable meeting surplus	5	338,037	331,055	338,037	331,055
		<u>19,325,755</u>	<u>15,547,589</u>	<u>19,325,755</u>	<u>15,547,589</u>
LESS: EXPENDITURE					
Staff costs (including Directors' remuneration)	6	3,528,077	2,799,346	-	-
Staff secondment charges		-	-	3,876,758	3,132,114
Recruitment expenses		10,567	21,550	10,567	21,550
Professional fees		387,487	215,358	381,637	215,358
Office rental		271,497	90,600	271,497	90,600
Travelling expenses		230,944	165,343	230,944	165,343
Global communication expenses		2,781,947	1,754,058	2,781,947	1,754,058
Consultancy fees		1,673,354	213,703	1,673,354	213,703
RSPO Indonesia Liaison Office ("RILO") expenses	21	308,382	394,205	308,382	394,205
Trademark and patent		300,250	75,457	300,250	75,457
Executive Board meeting expenses		295,689	66,329	295,689	66,329
Extraordinary General Assembly		99,185	-	99,185	-
Outreach events		224,235	14,756	224,235	14,756
Bad debts written off		316,121	192,272	316,121	192,272
Allowance for doubtful debts		398,355	22,160	398,355	22,160
Net foreign exchange gains/(losses)	7	(37,554)	261,625	(41,366)	261,625
Auditors' remuneration		59,488	38,000	40,268	26,000
Depreciation		118,046	106,267	-	-
Other expenditure		611,825	470,638	447,900	454,572
		<u>11,577,895</u>	<u>6,901,667</u>	<u>11,615,723</u>	<u>7,100,102</u>
Project costs	8	3,508,098	3,410,620	3,508,098	3,410,620
		<u>15,085,993</u>	<u>10,312,287</u>	<u>15,123,821</u>	<u>10,510,722</u>
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION					
		4,239,762	5,235,302	4,201,934	5,036,867
TAXATION					
	9	(144,678)	(166,024)	(124,475)	(115,472)
SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR					
		<u>4,095,084</u>	<u>5,069,278</u>	<u>4,077,459</u>	<u>4,921,395</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 2013

	Note	RSPO Group		RSPO	
		2013 RM	2012 RM	2013 RM	2012 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	338,114	177,740	-	-
Deferred tax assets	11	-	4,567	-	-
Investment in a subsidiary	12	-	-	349,900	-
		<u>338,114</u>	<u>182,307</u>	<u>349,900</u>	<u>-</u>
CURRENT ASSETS					
Membership subscription fee receivable	13	1,152,840	2,359,769	1,152,840	2,359,769
Other receivables, deposits and prepayments	14	2,914,342	3,175,228	2,816,836	3,147,762
Cash and bank balances	15	6,424,552	3,413,411	5,928,307	3,207,794
Fixed deposits with a licensed bank	16	10,590,717	7,000,000	10,590,717	7,000,000
		<u>21,082,451</u>	<u>15,948,408</u>	<u>20,488,700</u>	<u>15,715,325</u>
LESS : CURRENT LIABILITES					
Deferred subscription income	3	2,916,627	2,857,458	2,916,627	2,857,458
Prepaid membership fees	3	175,740	-	175,740	-
Other payables and accruals	17	3,259,072	1,594,906	2,873,425	1,403,298
Sponsorship fund	18	152,580	507,364	152,580	507,364
Current tax liabilities	19	17,077	373,133	38,382	342,818
		<u>6,521,096</u>	<u>5,332,861</u>	<u>6,156,754</u>	<u>5,110,938</u>
NET CURRENT ASSETS		14,561,355	10,615,547	14,331,946	10,604,387
LESS : NON-CURRENT LIABILITIES					
Deferred tax liabilities	11	6,531	-	-	-
		<u>6,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>14,892,938</u>	<u>10,797,854</u>	<u>14,681,846</u>	<u>10,604,387</u>
ACCUMULATED FUND		<u>14,892,938</u>	<u>10,797,854</u>	<u>14,681,846</u>	<u>10,604,387</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 2013

	Note	Members' fund RM	Smallholders' fund RM	Accumulated fund RM
<u>RSPO Group</u>				
<u>2013</u>				
At 1 July 2012		7,842,839	2,955,015	10,797,854
Surplus of income over expenditure for the financial year		4,095,084	-	4,095,084
		<u>11,937,923</u>	<u>2,955,015</u>	<u>14,892,938</u>
Transfer to Smallholders' fund	20	(2,631,838)	2,631,838	-
At 30 June 2013		<u><u>9,306,085</u></u>	<u><u>5,586,853</u></u>	<u><u>14,892,938</u></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	20	(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>

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 2013 (CONTINUED)

		Members' fund RM	Smallholders' fund RM	Accumulated fund RM
<u>RSPO</u>				
<u>2013</u>				
At 1 July 2012		7,649,372	2,955,015	10,604,387
Surplus of income over expenditure for the financial year		4,077,459	-	4,077,459
		11,726,831	2,955,015	14,681,846
Transfer to Smallholders' fund	20	(2,631,838)	2,631,838	-
At 30 June 2013		<u>9,094,993</u>	<u>5,586,853</u>	<u>14,681,846</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
		10,604,387	-	10,604,387
Transfer to Smallholders' fund	20	(2,955,015)	2,955,015	-
At 30 June 2012		<u>7,649,372</u>	<u>2,955,015</u>	<u>10,604,387</u>

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 2013

	RSPO Group		RSPO	
	<u>2013</u> RM	<u>2012</u> RM	<u>2013</u> RM	<u>2012</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus of income over expenditure for the financial year	4,095,084	5,069,278	4,077,459	4,921,395
Adjustments for non-cash items:				
Taxation	144,678	166,024	124,475	115,472
Depreciation	118,046	106,267	-	-
Property, plant and equipment written off	1,591	-	-	-
Disposal of Property, plant and equipment	2,441	-	-	-
Provision for doubtful debts	398,355	22,160	398,355	22,160
Bad debts written off	316,121	192,272	316,121	192,272
Unrealised foreign exchange losses/(gains)	(39,795)	44,331	(43,607)	44,331
Interest income	(233,139)	(117,601)	(233,139)	(117,601)
Operating surplus before working capital changes	4,803,382	5,482,731	4,639,664	5,178,029
Changes in working capital:				
Membership subscription fee receivable	540,288	(1,150,036)	540,288	(1,150,036)
Other receivables, deposits and prepayments	382,211	(2,337,888)	452,251	(2,337,101)
Deferred subscription income	59,169	824,552	59,169	824,552
Prepaid membership fees	175,740	-	175,740	-
Other payables and accruals	1,635,681	(404,723)	1,441,642	(298,153)
Sponsorship fund	(354,784)	68,233	(354,784)	68,233
Cash generated from operations	7,241,687	2,482,869	6,953,970	2,285,524
Interest received	161,472	117,601	161,472	117,601
Tax refund	20,000	-	-	-
Tax paid	(509,636)	(20,000)	(428,911)	-
Net cash generated from operating activities	6,913,523	2,580,470	6,686,531	2,403,125

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 (CONTINUED)

	Note	RSPO Group		RSPO	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(283,252)	(57,218)	-	-
Additional investment in subsidiary		-	-	(349,900)	-
Proceeds from disposal of property, plant and equipment		800	2,463	-	-
Net cash used in investing activities		<u>(282,452)</u>	<u>(54,755)</u>	<u>(349,900)</u>	<u>-</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS					
		6,631,071	2,525,715	6,336,631	2,403,125
Effect of foreign exchange rate changes		(29,213)	5,826	(25,401)	5,826
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		<u>10,413,411</u>	<u>7,881,870</u>	<u>10,207,794</u>	<u>7,798,843</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
		<u><u>17,015,269</u></u>	<u><u>10,413,411</u></u>	<u><u>16,519,024</u></u>	<u><u>10,207,794</u></u>
Cash and cash equivalents comprise:					
Cash and bank balances	15	6,424,552	3,413,411	5,928,307	3,207,794
Fixed deposits with a licensed bank	16	<u>10,590,717</u>	<u>7,000,000</u>	<u>10,590,717</u>	<u>7,000,000</u>
		<u><u>17,015,269</u></u>	<u><u>10,413,411</u></u>	<u><u>16,519,024</u></u>	<u><u>10,207,794</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 2013

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 24 (2012: 17) persons in the Group and nil (2012: nil) persons in RSPO.

The address of principal place of business of RSPO is Unit A-37-1, 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 2013 (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 2013 (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 2013 (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>2013</u>	<u>2012</u>
	RM	RM
1 US Dollar	3.177	3.1778
1 Euro	4.1514	3.9972

(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 2013 (CONTINUED)

3 SUBSCRIPTION INCOME

Subscription income from members worldwide amounting to RM6,892,415 (2012: RM5,212,586) was recognised during the financial year.

The number of members registered as at 30 June 2013 is 1,242 (2012: 900), including 315 associate members (2012: 236).

Subscription income is recognised on a straight-line basis over the subscription period. Deferred subscription income represents the unearned income as at the end of the reporting period. Prepaid membership fees represent the advance payment received for membership application.

4 CONTRIBUTIONS FROM SUSTAINABLE PALM OIL TRADE

	RSPO Group and RSPO	
	2013	2012
	RM	RM
Certificate trading	8,080,667	7,392,345
Segregated and mass balance trading	3,781,497	2,494,002
	<u>11,862,164</u>	<u>9,886,347</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 RM2,265,008 (2012: RM1,612,758).

6 STAFF COSTS (including Directors' remuneration)

	RSPO Group	
	2013	2012
	RM	RM
Wages, salaries and bonuses	3,051,732	2,422,954
Defined contribution plan	356,373	283,989
Other employee benefits and compensations	119,972	92,403
	<u>3,528,077</u>	<u>2,799,346</u>

Included in staff costs is the remuneration of Executive Directors of RSPO Secretariat Sdn Bhd of RM1,030,588 (2012: RM850,201).

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)

7 NET FOREIGN EXCHANGE LOSSES

	RSPO Group		RSPO	
	2013 RM	2012 RM	2013 RM	2012 RM
Unrealised foreign exchange (gains)/losses	(39,795)	44,331	(43,607)	44,331
Realised foreign exchange losses	2,241	217,294	2,241	217,294
	<u>(37,554)</u>	<u>261,625</u>	<u>(41,366)</u>	<u>261,625</u>

8 PROJECT COSTS

	RSPO Group and RSPO	
	2013 RM	2012 RM
Green House Gas/RED	365,683	649,371
Taskforce Smallholder & Dispute Settlement Facility	441,002	307,811
Smallholder (including POPSI)	738,705	813,280
Principles and Criteria Review	38,307	301,589
Biodiversity High Conservation Value (BHCV)	333,137	424,961
South East Asia Rainforest Research Programme (SEARRP)	229,999	225,000
Horizon Project	69,604	162,874
Certification	100,026	86,154
Supply Chain	397,191	136,610
Other Technical	332,615	122,303
Annual Communication of Progress (ACOP)	45,270	58,467
Translation	231,726	-
HR Project	33,500	22,200
Overseas Offices	151,333	-
Borneo Child Aid Society	-	100,000
	<u>3,508,098</u>	<u>3,410,620</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 2013 (CONTINUED)

9 TAXATION

	RSPO Group		RSPO	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax (Note 19):				
- current financial year	109,522	70,315	100,417	-
- under provision in prior financial years	24,058	94,328	24,058	115,472
	<u>133,580</u>	<u>164,643</u>	<u>124,475</u>	<u>115,472</u>
Deferred tax (Note 11):				
- origination and reversal of temporary differences	11,098	1,381	-	-
Total tax expense	<u>144,678</u>	<u>166,024</u>	<u>124,475</u>	<u>115,472</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	
	2013 RM	2012 RM	2013 RM	2012 RM
Surplus of income over expenditure before taxation	<u>4,239,762</u>	<u>5,235,302</u>	<u>4,201,934</u>	<u>5,036,867</u>
Tax calculated at Malaysian tax rate for trade associations of 26% (2012: 26%)	1,102,338	1,361,179	1,092,503	1,309,585
Tax effects of:				
- income not subject to tax	(4,764,930)	(3,524,715)	(4,764,930)	(3,524,715)
- different tax rates of a subsidiary	(2,269)	(11,906)	-	-
- expenses not deductible for tax purposes	3,793,889	2,053,437	3,781,252	2,044,610
- effects of scale tax rate	(11,675)	(11,675)	(11,675)	(11,675)
- deferred tax assets not recognised	3,267	182,195	3,267	182,195
- under provision of tax in prior financial years	24,058	117,509	24,058	115,472
	<u>144,678</u>	<u>166,024</u>	<u>124,475</u>	<u>115,472</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (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>2013</u>					
<u>Cost</u>					
At 1 July 2012	133,594	55,067	29,498	109,770	327,929
Additions	49,367	114,498	43,567	75,820	283,252
Disposal	(4,300)	-	(3,900)	-	(8,200)
Written off	-	-	-	(104,500)	(104,500)
At 30 June 2013	<u>178,661</u>	<u>169,565</u>	<u>69,165</u>	<u>81,090</u>	<u>498,481</u>
<u>Accumulated depreciation</u>					
At 1 July 2012	57,048	10,734	7,676	74,731	150,189
Charge for the year	46,862	18,581	9,707	42,896	118,046
Disposal	(3,464)	-	(1,495)	-	(4,959)
Written off	-	-	-	(102,909)	(102,909)
At 30 June 2013	<u>100,446</u>	<u>29,315</u>	<u>15,888</u>	<u>14,718</u>	<u>160,367</u>
<u>Net book value</u>					
At 30 June 2013	<u>78,215</u>	<u>140,250</u>	<u>53,277</u>	<u>66,372</u>	<u>338,114</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>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (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:

	RSPO Group	
	2013	2012
	RM	RM
Subject to income tax		
- Deferred tax assets	-	4,567
- Deferred tax liabilities	(6,531)	-
	<u> </u>	<u> </u>
At start of year	4,567	5,948
(Charged)/credited to income statement (Note 9)		
- property, plant and equipment	(6,864)	(24,493)
- other payables and accruals	(4,234)	23,112
	<u> </u>	<u> </u>
	(11,098)	(1,381)
	<u> </u>	<u> </u>
At end of year	(6,531)	4,567
	<u> </u>	<u> </u>
<u>Deferred tax assets</u>		
Other payables and accruals	18,878	23,112
	<u> </u>	<u> </u>
Amount before offsetting	18,878	23,112
Offsetting	(18,878)	(18,545)
	<u> </u>	<u> </u>
	-	4,567
	<u> </u>	<u> </u>
<u>Deferred tax liabilities</u>		
Property, plant and equipment	25,409	18,545
	<u> </u>	<u> </u>
Amount before offsetting	25,409	18,545
Offsetting	(18,878)	(18,545)
	<u> </u>	<u> </u>
	6,531	-
	<u> </u>	<u> </u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (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>2013</u> RM	<u>2012</u> RM
Deductible temporary differences	94,733	82,169
	<u>94,733</u>	<u>82,169</u>
Deferred tax assets for deductible temporary differences not recognised at 26%	<u>24,631</u>	<u>21,364</u>

12 INVESTMENT IN A SUBSIDIARY

	<u>RSPO</u>	
	<u>2013</u> RM	<u>2012</u> RM
Unquoted shares, at cost		
At 1 July	-	-
Additions	349,900	-
At 30 June	<u>349,900</u>	<u>-</u>

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>2013</u> %	<u>2012</u> %	
RSPO Secretariat Sdn Bhd	Malaysia	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.

During the year, RSPO subscribed for an additional 349,900 ordinary shares of RM1 each in RSPO Secretariat Sdn Bhd.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)

13 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE

	<u>RSPO Group and RSPO</u>	
	<u>2013</u>	<u>2012</u>
	RM	RM
Membership subscription fee receivable	1,930,097	2,631,929
Less: Allowance for doubtful debts	(777,257)	(272,160)
	<u>1,152,840</u>	<u>2,359,769</u>

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	RM	RM	RM	RM
Receivable from supply chain fees of sustainable palm oil trade	2,577,098	2,634,091	2,577,098	2,634,091
Other receivables	143,401	88,246	206,292	88,246
Deposits	95,200	23,020	-	-
Prepayments	98,643	429,871	33,446	425,425
	<u>2,914,342</u>	<u>3,175,228</u>	<u>2,816,836</u>	<u>3,147,762</u>

Included in other receivables of RSPO is an amount due from RSSB of RM80,405. (2012: RM nil). 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	RM	RM	RM	RM
Cash and bank balances	6,424,552	3,413,411	5,928,307	3,207,794

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% (2012: 2.75% and 3.2%) per annum and the average maturity period is between 30 days to 365 days (2012: 30 days to 365 days).

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)

17 OTHER PAYABLES AND ACCRUALS

	RSPO Group		RSPO	
	2013 RM	2012 RM	2013 RM	2012 RM
Project costs payables	2,407,090	507,382	2,407,090	507,382
Project costs accruals	228,073	590,307	228,073	590,307
Other payables	463,665	393,968	238,262	305,609
Other accruals	160,244	103,249	-	-
	<u>3,259,072</u>	<u>1,594,906</u>	<u>2,873,425</u>	<u>1,403,298</u>

Included in other payables of RSPO is an amount due to RSSB of RM nil (2012: RM84,951). 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	
	2013 RM	2012 RM
Building Bridges between Commodity Roundtables and REDD+ (Refer (a))	46,508	220,322
Independent Smallholder Certification Project (Setara Jambi) (Refer (b))	106,072	287,042
BACP Development and Implementation of Credible RSPO Standards for Sustainable Palm Oil (Refer (c))	-	-
	<u>152,580</u>	<u>507,364</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2013 (CONTINUED)

20 SMALLHOLDERS' FUND

An amount of RM 2,631,838 (2012 : RM 2,955,015) was transferred from the Members' fund to the Smallholders' fund at the end of the financial year. The amounts transferred comprise of 10% of revenues generated from sustainable palm oil trade plus 50% of after tax surplus. The balance of the fund at 30 June 2013 was RM5,586,853 (2012 : RM 2,955,015). No payments have yet been made from the fund.

The purpose of the Smallholders' fund is to support smallholders to be RSPO certified. The fund is managed by the Smallholder Fund Manager from the RSPO Secretariat Sdn Bhd and overseen by the Smallholder Fund Panel selected by the Smallholder Working Group.

The fund is now in operation and is expected to start making payments relating to specific projects in the next financial year.

21 REGISTRATION OF INDONESIAN LIAISON OFFICE UNDER RSPO SECRETARIAT SDN BHD

RSPO Secretariat Sdn Bhd ("RSPO Secretariat") has now registered a liaison office in Indonesia in the form of a Regional Representative Office.

(a) Registration of RSPO Indonesia Liaison Office ("RILO")

On 14 December 2012, RSPO Indonesia Liaison Office ("RILO"), the liaison arm of RSPO in Indonesia, was registered as a Regional Representative Office ("RRO") under the RSPO Secretariat. Thus, subsequent to 31 December 2012, all of RILO's expenses were recognized directly within the RSPO Secretariat, being the administrative extension of RSPO Secretariat in Indonesia.

Total expenses incurred in RILO are as follows:

	RSPO Group	
	2013	2012
	RM	RM
RILO expenses as a part of RSPO costs pre-registration	308,382	394,205
RILO expenses incurred in RSPO Secretariat post-registration	229,545	-
RILO expenses for the year	<u>537,927</u>	<u>394,205</u>

22 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Executive Board of RSPO on 16 October 2013.