

THE ROUNDTABLE ON SUSTAINABLE PALM OIL
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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THE ROUNDTABLE ON SUSTAINABLE PALM OIL

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

CONTENTS

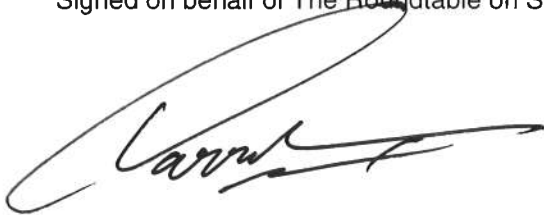
	PAGE
STATEMENT FROM SECRETARY-GENERAL	1
INDEPENDENT AUDITORS' REPORT	2 - 3
STATEMENTS OF INCOME AND EXPENDITURE	4
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES	5
CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED FUND	6
STATEMENT OF CHANGES IN ACCUMULATED FUND	7
CASH FLOW STATEMENTS	8 - 9
NOTES TO THE FINANCIAL STATEMENTS	10 - 24

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 24 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 2011 and of the results and cash flows of the 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 19 October 2011.

A handwritten signature in black ink, appearing to read 'Darrel Arthur Webber', written over a large, light-colored oval shape.

DARREL ARTHUR WEBBER
SECRETARY-GENERAL

Kuala Lumpur, Malaysia



INDEPENDENT AUDITORS' REPORT
TO THE EXECUTIVE BOARD 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 2011, and the statements of income and expenditure, statements of changes in accumulated fund and cash flow statements of RSPO Group and RSPO for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 24.

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 EXECUTIVE BOARD 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 2011 and their financial performance and cash flows for the year then ended.

OTHER MATTERS

This report is made solely to the Executive Board 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 'C. H. H. H.', is written over the printed name of the firm.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur, Malaysia
19 October 2011

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	RSPO Group		RSPO	
		2011 RM	2010 RM	2011 RM	2010 RM
INCOME					
Subscription income	3	3,975,067	3,314,253	3,975,067	3,314,253
Donation from sustainable palm oil trade	4	5,095,046	2,822,045	5,095,046	2,822,045
Interest income from fixed deposits		88,045	50,772	88,045	50,772
Roundtable meeting surplus		115,210	694,501	115,210	694,501
		<u>9,273,368</u>	<u>6,881,571</u>	<u>9,273,368</u>	<u>6,881,571</u>
LESS: EXPENDITURE					
Staff costs (including Directors' remuneration)	5	1,302,682	591,405	-	-
Management fee		-	-	-	770,000
Staff secondment charges		-	-	1,420,000	-
Recruitment expenses		409,228	8,379	409,228	-
Professional fees		230,160	-	230,160	-
Office rental		59,800	57,381	59,800	-
Travelling expenses		56,968	42,203	56,968	-
Global communication expenses		1,367,107	512,081	1,367,107	512,081
Consultancy fees		587,220	337,972	587,220	337,972
RSPO Indonesia Liaison Office ("RILO") expenses		751,660	343,439	751,660	343,439
Trademark and patent		256,045	-	256,045	-
Executive Board meeting expenses		116,117	-	116,117	-
Bad debts written off		533,100	290,737	533,100	290,737
Net foreign exchange losses	6	45,610	329,947	45,610	329,947
Auditors' remuneration		30,000	10,250	21,000	6,500
Depreciation		45,882	4,415	-	-
Property, plant and equipment written off		10,592	-	-	-
Other expenditure		313,947	202,417	300,679	120,566
		<u>6,116,118</u>	<u>2,730,626</u>	<u>6,154,694</u>	<u>2,711,242</u>
Project costs	7	2,072,834	1,782,095	2,072,834	1,782,095
		<u>8,188,952</u>	<u>4,512,721</u>	<u>8,227,528</u>	<u>4,493,837</u>
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION					
		1,084,416	2,368,850	1,045,840	2,388,234
TAXATION					
	8	(66,744)	(115,090)	(50,583)	(115,758)
SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR					
		<u>1,017,672</u>	<u>2,253,760</u>	<u>995,257</u>	<u>2,272,476</u>

The notes on pages 10 to 24 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 2011

	Note	RSPO Group		RSPO	
		2011 RM	2010 RM	2011 RM	2010 RM
NON-CURRENT ASSETS					
Property, plant and equipment	9	229,252	24,569	-	-
Deferred tax assets	10	5,948	-	-	-
Investment in a subsidiary	11	-	-	-	-
		<u>235,200</u>	<u>24,569</u>	<u>-</u>	<u>-</u>
CURRENT ASSETS					
Membership subscription fee receivable	12	1,318,099	1,153,416	1,318,099	1,153,416
Other receivables, deposits and prepayments	13	992,991	1,232,744	966,312	1,160,632
Tax recoverable		-	14,500	-	-
Cash and bank balances	14	3,881,870	4,044,900	3,798,843	4,042,532
Fixed deposits with a licensed bank	15	4,000,000	2,400,000	4,000,000	2,400,000
		<u>10,192,960</u>	<u>8,845,560</u>	<u>10,083,254</u>	<u>8,756,580</u>
LESS : CURRENT LIABILITES					
Deferred subscription income		2,032,906	1,712,773	2,032,906	1,712,773
Other payables and accruals	16	1,999,057	1,514,149	1,700,879	1,423,769
Sponsorship fund	17	439,131	755,540	439,131	755,540
Current tax liabilities		228,490	176,763	227,346	176,763
		<u>4,699,584</u>	<u>4,159,225</u>	<u>4,400,262</u>	<u>4,068,845</u>
NET CURRENT ASSETS		<u>5,493,376</u>	<u>4,686,335</u>	<u>5,682,992</u>	<u>4,687,735</u>
		<u>5,728,576</u>	<u>4,710,904</u>	<u>5,682,992</u>	<u>4,687,735</u>
ACCUMULATED FUND		<u>5,728,576</u>	<u>4,710,904</u>	<u>5,682,992</u>	<u>4,687,735</u>

The notes on pages 10 to 24 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Membership fund RM	Sponsorship fund RM	Accumulated fund RM
<u>RSPO Group</u>				
<u>2011</u>				
At 1 July 2010, as previously reported		5,016,757	755,540	5,772,297
Prior year adjustments	18	(305,853)	(755,540)	(1,061,393)
At 1 July 2010, as restated		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>5,728,576</u>	<u>-</u>	<u>5,728,576</u>
<u>2010</u>				
At 1 July 2009, as previously reported		2,581,635	456,759	3,038,394
Prior year adjustments	18	(124,491)	(456,759)	(581,250)
At 1 July 2009, as restated		2,457,144	-	2,457,144
Surplus of income over expenditure for the financial year		2,253,760	-	2,253,760
At 30 June 2010		<u>4,710,904</u>	<u>-</u>	<u>4,710,904</u>

The notes on pages 10 to 24 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	<u>Note</u>	<u>Membership fund RM</u>	<u>Sponsorship fund RM</u>	<u>Accumulated fund RM</u>
<u>RSPO</u>				
<u>2011</u>				
At 1 July 2010, as previously reported		4,956,338	755,540	5,711,878
Prior year adjustments	18	<u>(268,603)</u>	<u>(755,540)</u>	<u>(1,024,143)</u>
At 1 July 2010, as restated		4,687,735	-	4,687,735
Surplus of income over expenditure for the financial year		<u>995,257</u>	-	<u>995,257</u>
At 30 June 2011		<u><u>5,682,992</u></u>	<u><u>-</u></u>	<u><u>5,682,992</u></u>
<u>2010</u>				
At 1 July 2009, as previously reported		2,521,750	456,759	2,978,509
Prior year adjustments	18	<u>(106,491)</u>	<u>(456,759)</u>	<u>(563,250)</u>
At 1 July 2009, as restated		2,415,259	-	2,415,259
Surplus of income over expenditure for the financial year		<u>2,272,476</u>	-	<u>2,272,476</u>
At 30 June 2010		<u><u>4,687,735</u></u>	<u><u>-</u></u>	<u><u>4,687,735</u></u>

The notes on pages 10 to 24 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Note	RSPO Group		RSPO	
	2011 RM	2010 RM	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus of income over expenditure for the financial year	1,017,672	2,253,760	995,257	2,272,476
Adjustments for non-cash items:				
Taxation	66,744	115,090	50,583	115,758
Depreciation	45,882	4,415	-	-
Property, plant and equipment written off	10,592	-	-	-
Bad debts written off	533,100	290,737	533,100	290,737
Unrealised foreign exchange (gain)/losses	(123,223)	189,205	(123,223)	189,205
Interest income	(88,045)	(50,772)	(88,045)	(50,772)
Operating surplus before working capital changes	1,462,722	2,802,435	1,367,672	2,817,404
Changes in working capital:				
Membership subscription fee recoverable	(574,560)	(660,942)	(574,560)	(660,942)
Other receivables, deposits and prepayments	239,753	(761,963)	194,320	(851,327)
Deferred subscription income	320,133	333,681	320,133	333,681
Other payables and accruals	484,908	1,198,208	277,110	1,246,193
Sponsorship fund	(316,409)	298,781	(316,409)	298,781
Cash generated from operations	1,616,547	3,210,200	1,268,266	3,183,790
Interest received	88,045	50,772	88,045	50,772
Tax paid	(6,465)	(16,898)	-	-
Net cash generated from operating activities	1,698,127	3,244,074	1,356,311	3,234,562
CASH FLOWS FROM INVESTING ACTIVITY				
Purchase of property, plant and equipment	(261,157)	(22,361)	-	-
Net cash used in investing activity	(261,157)	(22,361)	-	-

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTINUED)

	<u>Note</u>	<u>RSPO Group</u>		<u>RSPO</u>	
		<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		1,436,970	3,221,713	1,356,311	3,234,562
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>6,444,900</u>	<u>3,223,187</u>	<u>6,442,532</u>	<u>3,207,970</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		<u><u>7,881,870</u></u>	<u><u>6,444,900</u></u>	<u><u>7,798,843</u></u>	<u><u>6,442,532</u></u>
Cash and cash equivalents comprise:					
Cash and bank balances	14	3,881,870	4,044,900	3,798,843	4,042,532
Fixed deposits with a licensed bank	15	<u>4,000,000</u>	<u>2,400,000</u>	<u>4,000,000</u>	<u>2,400,000</u>
		<u><u>7,881,870</u></u>	<u><u>6,444,900</u></u>	<u><u>7,798,843</u></u>	<u><u>6,442,532</u></u>

The notes on pages 10 to 24 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011

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 14 (2010: 9) persons in the Group and nil (2010: 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 2011 (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 3(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 statement 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 3(e) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement 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 statement of income and expenditure. Any subsequent increase in recoverable amount is recognised in the statement of income and expenditure.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (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) Payables

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

(j) 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 statement 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 statement of income and expenditure.

(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>2011</u>	<u>2010</u>
	RM	RM
1 US Dollar	3.0205	3.2575
1 Euro	4.3820	3.9785

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

3 SUBSCRIPTION INCOME

Subscription income from members worldwide amounting to RM3,975,067 (2010: RM3,314,253) was recognised during the financial year.

The number of members registered as at 30 June 2011 is 689 (2010: 480).

4 DONATION FROM SUSTAINABLE PALM OIL TRADE

	<u>RSPO Group and RSPO</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
GreenPalm	3,556,883	2,354,862
UTZ	1,538,163	467,183
	<u>5,095,046</u>	<u>2,822,045</u>

Donation from sustainable palm oil trade comprises contributions made to RSPO from GreenPalm and UTZ at the rate of USD1 per tonne of sustainable palm oil or equivalent certificates traded.

GreenPalm is operated by Book and Claim Limited, a company incorporated in England, and a subsidiary of AarhusKarlshamn UK Limited. UTZ provides sustainable palm oil traceability services to RSPO through a web based track-and-trace programme.

5 STAFF COSTS (including Directors' remuneration)

	<u>RSPO Group</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
Wages, salaries and bonuses	942,404	507,929
Defined contribution plan	127,461	78,422
Other employee benefits and compensations	232,817	5,054
	<u>1,302,682</u>	<u>591,405</u>

Included in staff costs is the remuneration of Executive Directors of RM288,168 (2010: RM304,040).

6 NET FOREIGN EXCHANGE LOSSES

	<u>RSPO Group and RSPO</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
Unrealised foreign exchange (gain)/losses	(123,223)	189,205
Realised foreign exchange losses	168,833	140,742
	<u>45,610</u>	<u>329,947</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

7 PROJECT COSTS

	<u>RSPO Group and RSPO</u>	
	<u>2011</u> RM	<u>2010</u> RM
Group Certification Support	285,905	506,406
Integrated Weed Management	-	364,776
High Conservation Value Indonesia Working Group	-	224,913
Indonesia Smallholder Working Group	-	150,000
Green House Gas Working Group I	-	106,481
Green House Gas Working Group II	690,896	135,268
Task Force on Smallholder Project I	-	24,412
Task Force on Smallholder Project II	44,274	122,909
Biodiversity Technical Committee	223,095	117,285
New Planting Procedure Working Group	22,799	29,645
High Conservation Value – Assessment Area	22,531	-
Borneo Child Aid Society	100,000	-
Renewable Energy Directive (RED)	57,999	-
Taskforce Smallholder & Dispute Settlement Facility	299,522	-
High Conservation Value-Investigation of Barrier	40,015	-
Palm Oil Producer Support Initiative (POPSI)	443,587	-
Horizon Project	40,000	-
Annual Communication of Progress (ACOP)	71,656	-
Review of Service Provider	26,370	-
Reversal on closure of Umbrella Project by DOEN & LNV- Group Certification Scheme	(297,315)	-
Others	1,500	-
	<u>2,072,834</u>	<u>1,782,095</u>

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

8 TAXATION

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
Current tax				
- current year	71,727	115,758	50,583	115,758
- under provision in prior financial year	965	-	-	-
	<u>72,692</u>	<u>115,758</u>	<u>50,583</u>	<u>115,758</u>
Deferred tax (Note 10):				
- origination and reversal of temporary differences	(5,948)	(668)	-	-
Total tax expense	<u>66,744</u>	<u>115,090</u>	<u>50,583</u>	<u>115,758</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

8 TAXATION (CONTINUED)

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

Numerical reconciliation of effective tax expense

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Surplus of income over expenditure before taxation	<u>1,084,416</u>	<u>2,368,850</u>	<u>1,045,840</u>	<u>2,388,234</u>
Tax calculated at Malaysian tax rate for trade associations of 26% (2010: 26%)	281,948	615,901	271,918	620,941
Tax effects of:				
- income not subject to tax	(2,149,166)	(1,461,877)	(2,149,166)	(1,461,877)
- expenses not deductible for tax purposes	1,944,672	972,741	1,939,506	968,369
- effects of scale tax rate	(11,675)	(11,675)	(11,675)	(11,675)
- under provision of income tax in prior year financial year	965	-	-	-
	<u>66,744</u>	<u>115,090</u>	<u>50,583</u>	<u>115,758</u>

9 PROPERTY, PLANT AND EQUIPMENT

	<u>Computers and software</u>	<u>Furniture and fittings</u>	<u>Office equipment</u>	<u>Renovation</u>	<u>Total</u>
	RM	RM	RM	RM	RM
<u>RSPO Group</u>					
<u>2011</u>					
<u>Cost</u>					
At 1 July 2010	11,882	3,740	3,674	10,050	29,346
Additions	86,338	38,468	26,581	109,770	261,157
Write off	-	(3,740)	(2,455)	(10,050)	(16,245)
At 30 June 2011	<u>98,220</u>	<u>38,468</u>	<u>27,800</u>	<u>109,770</u>	<u>274,258</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Total RM
<u>Accumulated depreciation</u>					
At 1 July 2010	2,262	504	1,174	837	4,777
Charge for the year	18,896	2,826	2,304	21,856	45,882
Write off	-	(1,251)	(1,555)	(2,847)	(5,653)
At 30 June 2011	<u>21,158</u>	<u>2,079</u>	<u>1,923</u>	<u>19,846</u>	<u>45,006</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>
<u>Net book value</u>					
At 30 June 2010	<u>9,620</u>	<u>3,236</u>	<u>2,500</u>	<u>9,213</u>	<u>24,569</u>

10 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>RSPO Group</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
Deferred tax assets	<u>5,948</u>	<u>-</u>
At start of year	-	(668)
Credited to statement of income and expenditure (Note 8) - property, plant and equipment	<u>5,948</u>	<u>668</u>
At end of year	<u>5,948</u>	<u>-</u>
<u>Deferred tax assets</u>		
Property, plant and equipment (before and after offsetting)	<u>5,948</u>	<u>-</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

11 INVESTMENT IN A SUBSIDIARY

	RSPO	
	<u>2011</u>	<u>2010</u>
	RM	RM
Unquoted shares, at cost	-	-

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

In the current financial year, RSPO presented consolidated financial statements as required by MASB 11 Consolidated Financial Statements and Investments in Subsidiaries. As RSPO did not present consolidated financial statements in previous financial years, the comparative consolidated financial statements have been restated.

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>2011</u>	<u>2010</u>	
		%	%	
RSPO Secretariat Sdn Bhd	Malaysia	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.

The shares in the subsidiary are held by certain Executive Board members in trust on behalf of RSPO.

12 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE

	<u>RSPO Group and RSPO</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
Membership subscription fee receivable	1,568,099	1,403,416
Less: Allowance for doubtful debts	(250,000)	(250,000)
	<u>1,318,099</u>	<u>1,153,416</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	RSPO Group		RSPO	
	2011 RM	2010 RM	2011 RM	2010 RM
Receivable from donation of sustainable palm oil trade	593,439	798,261	593,439	798,261
Other receivables	324,015	133,762	345,768	133,762
Deposits	38,932	11,012	-	4,400
Prepayments	36,605	289,709	27,105	224,209
	<u>992,991</u>	<u>1,232,744</u>	<u>966,312</u>	<u>1,160,632</u>

Included in other receivables of RSPO is an amount of RM21,573 (2010: RMnil) due from a subsidiary, RSPO Secretariat Sdn Bhd. The amount is unsecured, interest free and has no fixed terms of repayment.

14 CASH AND BANK BALANCES

	RSPO Group		RSPO	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	<u>3,881,870</u>	<u>4,044,900</u>	<u>3,798,843</u>	<u>4,042,532</u>

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

15 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 1.5% and 2.6% (2010: 1.8% and 3.7%) per annum and the average maturity period is between 30 days to 365 days (2010: 30 days to 365 days).

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

16 OTHER PAYABLES AND ACCRUALS

	RSPO Group		RSPO	
	2011 RM	2010 RM	2011 RM	2010 RM
Project costs payables	970,210	230,625	970,210	230,625
Project costs accruals	646,477	744,145	646,477	744,145
Other payables	305,942	507,523	84,192	448,999
Other accruals	76,428	31,856	-	-
	<u>1,999,057</u>	<u>1,514,149</u>	<u>1,700,879</u>	<u>1,423,769</u>

Included in other payables of RSPO is an amount of RMnil (2010: RM53,226) due to a subsidiary, RSPO Secretariat Sdn Bhd. The amount is unsecured, interest free and has no fixed terms of repayment.

17 SPONSORSHIP FUND

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

	RSPO Group and RSPO	
	2011 RM	2010 RM
Biodiversity and Agricultural Commodities Program (Refer (a))	-	109,029
DOEN/LNV Umbrella Project (Refer (b))	237,117	291,091
Green House Gas Working Group II (Refer (c))	152,089	305,495
Free, Prior and Informed Consent ("FPIC") (Refer (d))	49,925	49,925
	<u>439,131</u>	<u>755,540</u>
(a) Biodiversity and Agricultural Commodities Program		
As at beginning of financial year	109,029	-
Sponsorship receivable	-	167,479
Less : Project expenses	-	(58,450)
Less : Write off of sponsorship receivable on discontinuation of project	(109,029)	-
As at end of financial year	<u>-</u>	<u>109,029</u>
(b) DOEN/LNV Umbrella Project		
As at beginning of financial year	291,090	1,015,531
Less : Project expenses	(53,973)	(724,440)
As at end of financial year	<u>237,117</u>	<u>291,091</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

17 SPONSORSHIP FUND (CONTINUED)

		<u>RSPO Group and RSPO</u>	
		<u>2011</u>	<u>2010</u>
		RM	RM
(c)	Green House Gas Working Group II		
	As at beginning of financial year	305,495	-
	Sponsorship received	553,781	440,764
	Less: Project expenses	(707,187)	(135,269)
	As at end of financial year	<u>152,089</u>	<u>305,495</u>
(d)	Free, Prior, and Informed consent ("FPIC")		
	As at beginning of financial year	49,925	346,141
	Less: Project expenses	-	(296,216)
	As at end of financial year	<u>49,925</u>	<u>49,925</u>

During the financial year, DOEN/LNV Umbrella Project and FPIC were completed and as at 30 June 2011, the remaining balances of RM237,117 and RM49,925 respectively were due to Ministerie Landbouw, Natuur en Voedselkwaliteit ("LNV").

18 PRIOR YEAR ADJUSTMENTS

During the financial year, RSPO made the following prior year adjustments:

- (i) Prior year adjustment to recognise tax liabilities relating to the surplus of income and expenditure recognised in previous years;
- (ii) Prior year adjustment to recognise service tax in respect of management fee expenses recognised in previous years; and
- (iii) Prior year adjustment to classify sponsorship fund as current liabilities to reflect the nature of the sponsorship received.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

18 PRIOR YEAR ADJUSTMENTS (CONTINUED)

The effects of the prior year adjustments (of which the comparatives have been restated) are disclosed as follows:

(a) Impact on RSPO Group's statement of assets, liabilities and fund balances

	As previously reported RM	<u>Balances as at 1 July 2009</u>	
		Prior year adjustment RM	As restated RM
<u>Capital and reserves</u>			
Accumulated fund	3,038,394	(581,250)	2,457,144
	<u> </u>	<u> </u>	<u> </u>
		<u>Balances as at 30 June 2010</u>	
	As previously reported RM	Prior year adjustment RM	As restated RM
<u>Current liabilities</u>			
Other payables and accruals	1,385,059	129,090	1,514,149
Sponsorship fund	-	755,540	755,540
Current tax liabilities	-	176,763	176,763
<u>Capital and reserves</u>			
Accumulated fund	5,772,297	(1,061,393)	4,710,904
	<u> </u>	<u> </u>	<u> </u>
		<u>Increase/(decrease) to balances as at 30 June 2011</u>	
			RM
<u>Current liabilities</u>			
Other payables and accruals			81,283
Sponsorship fund			439,131
Current tax liabilities			227,346
<u>Capital and reserves</u>			
Accumulated fund			(747,760)
			<u> </u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

18 PRIOR YEAR ADJUSTMENTS (CONTINUED)

(b) Impact on RSPO Group's statement of income and expenditure

	<u>For the financial year ended 30 June 2010</u>		
	<u>As</u> <u>previously</u> <u>reported</u> RM	<u>Prior year</u> <u>adjustment</u> RM	<u>As</u> <u>restated</u> RM
Other expenditure			
- tax penalties	-	7,854	7,854
- service tax	-	38,500	38,500
- service tax penalties	-	19,250	19,250
Taxation	(668)	115,758	115,090
	<u> </u>	<u> </u>	<u> </u>
		<u>Increase/(decrease) for the</u> <u>financial year ended 30 June 2011</u> RM	
Other expenditure			
- tax penalties			26,692
Taxation			50,583
			<u> </u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

18 PRIOR YEAR ADJUSTMENTS (CONTINUED)

(c) Impact on the RSPO's statement of assets, liabilities and fund balances

	As previously reported RM	<u>Balances as at 1 July 2009</u>	
		<u>Prior year adjustment</u> RM	As <u>restated</u> RM
<u>Capital and reserves</u>			
Accumulated fund	2,978,509	(563,250)	2,415,259
	<u>2,978,509</u>	<u>(563,250)</u>	<u>2,415,259</u>
		<u>Balances as at 30 June 2010</u>	
	As previously reported RM	<u>Prior year adjustment</u> RM	As <u>restated</u> RM
<u>Current liabilities</u>			
Other payables and accruals	1,331,929	91,840	1,423,769
Sponsorship fund	-	755,540	755,540
Current tax liabilities	-	176,763	176,763
<u>Capital and reserves</u>			
Accumulated fund	5,711,878	(1,024,143)	4,687,735
	<u>5,711,878</u>	<u>(1,024,143)</u>	<u>4,687,735</u>
		<u>Increase/(decrease) to balances as at 30 June 2011</u>	
			RM
<u>Current liabilities</u>			
Other payables and accruals			44,033
Sponsorship fund			439,131
Current tax liabilities			227,346
<u>Capital and reserves</u>			
Accumulated fund			<u>(710,510)</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2011 (CONTINUED)

18 PRIOR YEAR ADJUSTMENTS (CONTINUED)

(d) Impact on the RSPO's statement of income and expenditure

	<u>For the financial year ended 30 June 2010</u>		
	<u>As previously reported</u>	<u>Prior year adjustment</u>	<u>As restated</u>
	RM	RM	RM
Other expenditure			
– tax penalties	-	7,854	7,854
– service tax	-	38,500	38,500
Taxation	-	115,758	115,758
	<u> </u>	<u> </u>	<u> </u>
			<u> </u>
			Increase/(decrease) for the
			<u>financial year ended 30 June 2011</u>
			RM
Other expenditure			
- tax penalties			26,692
Taxation			50,583
			<u> </u>