

THE ROUNDTABLE ON SUSTAINABLE PALM OIL
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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THE ROUNDTABLE ON SUSTAINABLE PALM OIL

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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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 25 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 2015 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 26 October 2015.

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

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 2015, 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 25.

Board of Governors' Responsibility for the Financial Statements

The Board of Governors of RSPO is responsible for the preparation of RSPO Group and RSPO financial statements that give a true and fair view in accordance with Accounting Standards for Private Entities and for such internal control as the Board of Governors 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 Board of Governors 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 Accounting Standards 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 2015 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 'Ainul Hossain', is written over the printed name of the firm.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur, Malaysia
26 October 2015

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	RSPO Group		RSPO	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
INCOME					
Subscription income	3	9,777	7,784	9,777	7,784
Contributions from sustainable palm oil trade	4	21,374	18,976	21,374	18,976
Interest income from fixed deposits		473	319	473	319
Other income		-	18	-	18
		<u>31,624</u>	<u>27,097</u>	<u>31,624</u>	<u>27,097</u>
LESS: EXPENDITURE					
Staff costs (including Directors' remuneration)	5	6,003	4,681	-	-
Staff secondment charges		-	-	7,527	5,050
Recruitment expenses		143	29	-	29
Professional fees		273	301	184	292
Office rental		603	439	-	439
Travelling expenses		4	126	4	126
Consultancy fees		659	380	659	380
Trademark and patent		264	127	264	127
Board of Governors meeting expenses		44	263	44	263
General/Extraordinary Assembly		69	3	69	3
Roundtable meetings deficit	6	815	257	815	257
Bad debts written off		154	12	154	12
Allowance for doubtful debts		526	186	526	186
Net foreign exchange (gains)/losses	7	(1,538)	66	(1,607)	32
Auditors' remuneration		62	56	34	31
Depreciation		155	137	-	-
Other expenditure		672	785	236	636
		<u>8,908</u>	<u>7,848</u>	<u>8,909</u>	<u>7,863</u>
Project costs	8	8,812	8,325	8,812	8,325
		<u>17,720</u>	<u>16,173</u>	<u>17,721</u>	<u>16,188</u>
SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION					
TAXATION	9	13,904	10,924	13,903	10,909
		<u>(217)</u>	<u>(167)</u>	<u>(183)</u>	<u>(155)</u>
SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR					
		<u>13,687</u>	<u>10,757</u>	<u>13,720</u>	<u>10,754</u>

The notes on pages 10 to 25 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 2015

	Note	RSPO Group		RSPO	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	10	287	264	-	-
Deferred tax assets	11	72	20	45	-
Investment in a subsidiary	12	-	-	350	350
		359	284	395	350
CURRENT ASSETS					
Membership subscription fee receivable	13	2,810	1,686	2,810	1,686
Other receivables, deposits and prepayments	14	6,787	3,133	6,463	2,943
Current tax assets	19	68	-	68	-
Cash and bank balances	15	16,810	15,287	16,656	15,150
Fixed deposits with a licensed bank	16	19,814	10,684	19,814	10,684
		46,289	30,790	45,811	30,463
LESS : CURRENT LIABILITES					
Deferred subscription income	3	4,420	3,811	4,420	3,811
Prepaid membership fees	3	467	345	467	345
Other payables and accruals	17	3,097	1,554	2,852	1,516
Sponsorship fund	18	261	-	261	-
Current tax liabilities	19	16	83	-	74
		8,261	5,793	8,000	5,746
NET CURRENT ASSETS		38,028	24,997	37,811	24,717
NET ASSETS		38,387	25,281	38,206	25,067
ACCUMULATED FUND		38,387	25,281	38,206	25,067

The notes on pages 10 to 25 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 2015

	Members' fund RM'000	Smallholders' fund RM'000	Special projects fund RM'000	Accumulated fund RM'000
<u>RSPO Group</u>				
<u>2015</u>				
At 1 July 2014	13,737	11,544	-	25,281
Surplus of income over expenditure for the financial year	13,687	-	-	13,687
Project disbursements for the financial year	-	(581)	-	(581)
	<u>27,424</u>	<u>10,963</u>	<u>-</u>	<u>38,387</u>
Transfer to Smallholders' fund	20 (2,137)	2,137	-	-
Transfer to Special Projects fund	21 (10,000)	-	10,000	-
At 30 June 2015	<u>15,287</u>	<u>13,100</u>	<u>10,000</u>	<u>38,387</u>
<u>2014</u>				
At 1 July 2013	9,306	5,587	-	14,893
Surplus of income over expenditure for the financial year	10,757	-	-	10,757
Project disbursements for the financial year	-	(369)	-	(369)
	<u>20,063</u>	<u>5,218</u>	<u>-</u>	<u>25,281</u>
Transfer to Smallholders' fund	20 (6,326)	6,326	-	-
At 30 June 2014	<u>13,737</u>	<u>11,544</u>	<u>-</u>	<u>25,281</u>

The notes on pages 10 to 25 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 2015 (CONTINUED)

	Members' fund	Smallholders' fund	Special projects fund	Accumulated fund
	RM'000	RM'000	RM'000	RM'000
<u>RSPO</u>				
<u>2015</u>				
At 1 July 2014	13,523	11,544	-	25,067
Surplus of income over expenditure for the financial year	13,720	-	-	13,720
Project disbursements for the financial year	-	(581)	-	(581)
	<u>27,243</u>	<u>10,963</u>	<u>-</u>	<u>38,206</u>
Transfer to Smallholders' fund	20 (2,137)	2,137	-	-
Transfer to Special projects fund	21 (10,000)	-	10,000	-
	<u>15,106</u>	<u>13,100</u>	<u>10,000</u>	<u>38,206</u>
At 30 June 2015	<u>15,106</u>	<u>13,100</u>	<u>10,000</u>	<u>38,206</u>
<u>2014</u>				
At 1 July 2013	9,095	5,587	-	14,682
Surplus of income over expenditure for the financial year	10,754	-	-	10,754
Project disbursements for the financial year	-	(369)	-	(369)
	<u>19,849</u>	<u>5,218</u>	<u>-</u>	<u>25,067</u>
Transfer to Smallholders' fund	20 (6,326)	6,326	-	-
	<u>13,523</u>	<u>11,544</u>	<u>-</u>	<u>25,067</u>
At 30 June 2014	<u>13,523</u>	<u>11,544</u>	<u>-</u>	<u>25,067</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	RSPO Group		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus of income over expenditure for the financial year	13,687	10,757	13,720	10,754
Adjustments for non-cash items:				
Taxation	217	167	183	155
Depreciation	155	137	-	-
Allowance for doubtful debts	526	186	526	186
Bad debts written off	154	12	154	12
Unrealised foreign exchange losses/(gains)	(1,600)	68	(1,669)	34
Interest income	(473)	(319)	(473)	(319)
Operating surplus before working capital changes and smallholder fund disbursements	12,666	11,008	12,442	10,823
Smallholder fund disbursements	(465)	(369)	(465)	(369)
Changes in working capital:				
Membership subscription fee receivable	(1,720)	(707)	(1,835)	(707)
Other receivables, deposits and prepayments	(3,433)	(182)	(3,231)	(89)
Deferred subscription income	609	895	609	895
Prepaid membership fees	122	169	122	169
Other payables and accruals	1,405	(1,696)	1,336	(1,348)
Sponsorship fund	261	(153)	261	(153)
Cash generated from operations	9,445	8,965	9,239	9,221
Interest received	322	248	322	248
Tax refund	-	23	-	-
Tax paid	(405)	(149)	(371)	(120)
Net cash generated from operating activities	9,362	9,087	9,190	9,349

The notes on pages 10 to 25 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (CONTINUED)

	RSPO Group		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(178)	(65)	-	-
Proceeds from disposal of property, plant and equipment	-	1	-	-
Net cash used in investing activities	<u>(178)</u>	<u>(64)</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	9,184	9,023	9,190	9,349
Effect of foreign exchange rate changes	1,469	(67)	1,446	(35)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	25,971	17,015	25,834	16,520
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>36,624</u>	<u>25,971</u>	<u>36,470</u>	<u>25,834</u>
Cash and cash equivalents comprise:				
Cash and bank balances	16	16,810	15,287	16,656
Fixed deposits with a licensed bank	17	19,814	19,814	10,684
		<u>36,624</u>	<u>36,470</u>	<u>25,834</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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 35 (2014: 28) persons in the Group and nil (2014: 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 FOR THE YEAR ENDED 30 JUNE 2015 (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 FOR THE YEAR ENDED 30 JUNE 2015 (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 FOR THE YEAR ENDED 30 JUNE 2015 (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>2015</u>	<u>2014</u>
	RM'000	RM'000
1 United States Dollar	3.784	3.209
1 Euro	4.2343	4.3784
1 Pound	5.950	5.464

(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 FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 SUBSCRIPTION INCOME

Subscription income from members worldwide amounting to RM9,777,304 (2014: RM7,784,248) was recognised during the financial year.

The number of members registered as at 30 June 2015 is 2,282 (2014: 1,631), including associate members 1,032 (2014: 540).

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

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Certificate trading	12,417	13,160
Segregated and mass balance trading	8,957	5,816
	<u>21,374</u>	<u>18,976</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 AAK 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 STAFF COSTS (including Directors' remuneration)

	<u>RSPO Group</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Wages, salaries and bonuses	5,191	4,036
Defined contribution plan	458	425
Other employee benefits and compensations	354	220
	<u>6,003</u>	<u>4,681</u>

Included in staff costs is the remuneration of 2 Executive Directors (2014: 2) of RSPO Secretariat Sdn Bhd of RM1,100,012 (2014: RM1,083,601) and it has 35 (2014: 28) employees at the end of the financial year.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

6 ROUNDTABLE MEETINGS DEFICIT

During the year, 2 Roundtable events were held by the RSPO (2014: 3). The amount expended was more than income received.

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>Annual Roundtable Meetings</u>		
Collections and sponsorships	2,023	1,853
Expenses	(2,210)	(1,519)
	<u>(187)</u>	<u>334</u>
<u>European Roundtable Meetings</u>		
Collections and sponsorships	433	756
Expenses	(1,061)	(1,347)
	<u>(628)</u>	<u>(591)</u>
Total deficits	<u>(815)</u>	<u>(257)</u>

7 NET FOREIGN EXCHANGE LOSSES/(GAINS)

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange losses	62	(2)	62	(2)
Unrealised foreign exchange gains	(1,600)	68	(1,669)	34
	<u>(1,538)</u>	<u>66</u>	<u>(1,607)</u>	<u>32</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

8 PROJECT COSTS

	RSPO Group and RSPO	
	2015 RM'000	2014 RM'000
Biodiversity High Conservation Value (BHCV)	765	483
Certification (including Principle & Criteria)	732	486
Green House Gas/RED	261	270
Smallholder (including POPSI)	562	689
Supply Chain	262	386
Other Technical (including SEARPP)	549	270
Dispute Settlement Facility	599	356
Impact	306	542
Complains	153	72
Website	398	490
Communications	3,532	3,936
IT Projects (Horizon)	77	87
Secretariat Projects (Including HR)	387	116
Overseas Offices	229	142
	<u>8,812</u>	<u>8,325</u>

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

9 TAXATION

	RSPO Group		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax (Note 19):				
- current financial year	270	194	229	154
- (over)/ under provision in prior financial years	(1)	(1)	-	1
	<u>269</u>	<u>193</u>	<u>229</u>	<u>155</u>
Deferred tax (Note 11):				
- origination and reversal of temporary differences	(53)	(26)	(46)	-
Total tax expense	<u>217</u>	<u>167</u>	<u>183</u>	<u>155</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

9 TAXATION (CONTINUED)

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	
	<u>2015</u> RM'000	<u>2014</u> RM'000	<u>2015</u> RM'000	<u>2014</u> RM'000
Surplus of income over expenditure before taxation	<u>13,904</u>	<u>10,924</u>	<u>13,903</u>	<u>10,909</u>
Tax calculated at Malaysian tax rate for trade associations of 26% (2014: 26%)	3,615	2,840	3,615	2,836
Tax effects of:				
- income not subject to tax	(7,775)	(6,760)	(7,775)	(6,760)
- different tax rates of a subsidiary	-	(1)	-	-
- expenses not deductible for tax purposes	4,389	4,086	4,355	4,076
- effects of scale tax rate	(12)	(12)	(12)	(12)
- deferred tax assets not recognised	-	14	-	14
- under provision of tax in prior financial year	-	(1)	-	1
	<u>217</u>	<u>167</u>	<u>183</u>	<u>155</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

	<u>Computers and software</u> RM'000	<u>Furniture and fittings</u> RM'000	<u>Office equipment</u> RM'000	<u>Renovation</u> RM'000	<u>Total</u> RM'000
<u>RSPO Group</u>					
<u>2015</u>					
<u>Cost</u>					
At 1 July 2014	224	170	84	81	559
Additions	53	35	17	73	178
	<u>277</u>	<u>205</u>	<u>101</u>	<u>154</u>	<u>737</u>
<u>Accumulated depreciation</u>					
At 1 July 2014	149	63	30	53	295
Charge for the year	51	37	20	47	155
	<u>200</u>	<u>100</u>	<u>50</u>	<u>100</u>	<u>450</u>
<u>Net book value</u>					
At 30 June 2015	<u>77</u>	<u>105</u>	<u>51</u>	<u>54</u>	<u>287</u>
<u>Net book value</u>					
At 30 June 2014	<u>76</u>	<u>107</u>	<u>54</u>	<u>28</u>	<u>264</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

11 DEFERRED TAX ASSETS/(LIABILITIES)

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		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Subject to income tax				
- Deferred tax assets	72	20	45	-
- Deferred tax liabilities	-	-	-	-
	<u>72</u>	<u>20</u>	<u>45</u>	<u>-</u>
At start of financial year	20	(7)	-	-
Credited/(charged) to income statement (Note 9)				
- property, plant and equipment	8	13	-	-
- other payables and accruals	44	14	45	-
	<u>52</u>	<u>27</u>	<u>45</u>	<u>-</u>
At end of financial year	<u>72</u>	<u>20</u>	<u>45</u>	<u>-</u>
<u>Deferred tax assets</u>				
Other payables and accruals	94	33	63	-
Amount before offsetting	94	33	63	-
Offsetting	(22)	(13)	(18)	-
	<u>72</u>	<u>20</u>	<u>45</u>	<u>-</u>
<u>Deferred tax liabilities</u>				
Property, plant and equipment	4	13	-	-
Unrealised foreign exchange gain	18	-	18	-
Amount before offsetting	22	13	18	-
Offsetting	(22)	(13)	(18)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

12 INVESTMENT IN A SUBSIDIARY

	<u>RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
At 30 June	350	350

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>2015</u>	<u>2014</u>	
		%	%	
RSPO Secretariat Sdn Bhd	Malaysia	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.

13 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Membership subscription fee receivable	3,325	2,216
Less: Allowance for doubtful debts	(515)	(530)
	<u>2,810</u>	<u>1,686</u>

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	RM'000	RM'000	RM'000	RM'000
Receivable from supply chain fees of sustainable palm oil trade	5,582	2,396	5,582	2,396
Other receivables	770	367	746	344
Deposits	146	89	-	-
Prepayments	289	281	135	203
	<u>6,787</u>	<u>3,133</u>	<u>6,463</u>	<u>2,943</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

15 CASH AND BANK BALANCES

Cash and bank balances are denominated as follows:

	RSPO Group		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	2,033	3,001	1,879	2,864
United States Dollar	7,373	9,001	7,373	9,001
Euro	7,404	3,285	7,404	3,285
	<u>16,810</u>	<u>15,287</u>	<u>16,656</u>	<u>15,150</u>

Bank balances are deposits held at call with banks and bear no interest.

As at 30 June 2015, an amount of RM50,000 within bank balance represents money held on behalf of parties under the Dispute Settlement Facility of RSPO for capacity building purposes.

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 3.00% and 3.30% (2014: 2.75% and 3.15%) per annum and the average maturity period is between 30 days to 365 days (2014: 30 days to 365 days).

17 OTHER PAYABLES AND ACCRUALS

	RSPO Group		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Project costs payables	1,692	869	1,692	869
Project costs accruals	259	62	259	62
Other payables	739	485	851	585
Other accruals	407	138	50	-
	<u>3,097</u>	<u>1,554</u>	<u>2,852</u>	<u>1,516</u>

As at 30 June 2015, an amount of RM50,000 (2014 : RM50,000) within other payables represents money held on behalf of parties under the Dispute Settlement Facility of RSPO for capacity building purposes.

Included in other payables of RSPO is an amount due to RSPO Secretariat Sdn Bhd of RM736,505 (2014: RM484,166). The amount is unsecured, interest free and has no fixed terms of repayment.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

18 SPONSORSHIP FUND

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

During the financial year RSPO entered into a Memorandum of Understanding ("MOU") with the United Nations Environment Programme ("UNEP") to co-operate in activities supporting the Great Apes Survival Partnership (GRASP) project. As at the end of the financial year, the RSPO received funds from UNEP amounting to USD75,000 for a project under the UNEP's Small Scale Funding Agreement.

	RSPO Group and RSPO	
	2015 RM'000	2014 RM'000
UNEP Small Scale Funding	261	-
	<u>261</u>	<u>-</u>

19 CURRENT TAX (ASSETS)/LIABILITIES

	RSPO Group		RSPO	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
As at beginning of financial year	83	17	74	38
Income tax provision (Note 9):				
- current year	270	194	229	155
- (over)/under provision in prior financial years	(1)	(1)	-	1
	269	193	229	156
Tax paid	(404)	(127)	(371)	(120)
As at end of financial year	<u>(52)</u>	<u>83</u>	<u>(68)</u>	<u>74</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

20 SMALLHOLDERS' 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.

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
As at beginning of financial year	11,544	5,587
Add: Addition to fund	<u>2,137</u>	<u>6,326</u>
	13,681	11,913
Less: Project disbursements paid during the financial year	(465)	(369)
Project disbursements payable	<u>(116)</u>	<u>-</u>
As at end of financial year	<u><u>13,100</u></u>	<u><u>11,544</u></u>

The amounts received by the fund comprise of 10% of revenue generated from sustainable palm oil trade. In the prior financial year the fund received an allocation of 50% of after tax surplus. However this additional allocation will not be made available to the fund at the end of the current financial year as the Board of Governors are of the view that the present level of funding of RM13,100,000 is sufficient to meet the fund's current requirements and purpose.

Included in project disbursements payable are amounts due for disbursements relating to one-off funding of initial audit costs that have been completed before the financial year end.

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>Commitments due to be disbursed:</u>		
Within 1 year	993	231
Later than 1 year but not later than 3 years	<u>400</u>	<u>161</u>
	<u><u>1,393</u></u>	<u><u>392</u></u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

20 SMALLHOLDERS' FUND (CONTINUED)

Forecast Commitments:

This relates to projects that were approved or have been conditionally approved post year end by the Smallholder Fund Panel.

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Approved post financial year end	669	448
Conditionally approved post financial year end	1,151	1,472
	<u>1,820</u>	<u>1,920</u>

21 SPECIAL PROJECTS FUND

On 4 June 2015, the RSPO Board of Governors approved and established the Special Projects Fund. The purpose of the fund is to support projects that are of strategic importance to RSPO and requiring focused monitoring.

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
As at beginning of financial year	-	-
Add: Addition to fund	10,000	-
As at end of financial year	<u>10,000</u>	<u>-</u>

Total funds amounting to RM10,000,000 (2014: RMNil) have been allocated to the Special Projects Fund at the end of the financial year. Allocation to the fund can be varied at the discretion of the Board of Governors based on commitments from either the Smallholders' Fund or Special Projects Fund. Utilisation of the fund is subject to the approval of the Board of Governors.

As at 30 June 2015 the Board of Governors has approved that an amount of RM2,000,000 from the fund be utilised for the Socially and Environmentally Sustainable Oil Palm Research ("SEnSOR") Project.

The funding agreement of the SEnSOR Project has been completed post year end and the duration of the project shall be for a period of one year upon its commencement.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

21 SPECIAL PROJECTS FUND (CONTINUED)

	<u>RSPO Group and RSPO</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
<u>Commitments due to be disbursed:</u>		
Within 1 year	1,600	-
Later than 1 year but not later than 3 years	400	-
	<u>2,000</u>	<u>-</u>

22 INDONESIAN LIAISON OFFICE UNDER RSPO SECRETARIAT SDN BHD

The RSPO Secretariat Sdn Bhd has a liaison office in Indonesia, the RSPO Indonesia Liaison Office ("RILO"), and is registered as a Regional Representative Office ("RRO").

RRO expenses incurred in the company during the year are as follows:

	<u>RSPO Group</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Staff costs	609	428
Other operating expenses	271	270
	<u>880</u>	<u>698</u>

23 UNITED KINGDOM ESTABLISHMENT UNDER RSPO SECRETARIAT SDN BHD

The RSPO Secretariat Sdn Bhd has a registered office in United Kingdom in the form of a UK Establishment ("UK Office").

UK office expenses incurred in the company during the year are as follows:

	<u>RSPO Group</u>	
	<u>2015</u>	<u>2014</u>
	RM'000	RM'000
Staff costs	967	566
Other operating expenses	290	122
	<u>1,257</u>	<u>688</u>

24 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Board of Governors of RSPO on 26 October 2015.