



**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF ADVISOR AND SUPERVISOR OF
THE WWF INDONESIA FOUNDATION**

We have audited the accompanying consolidated financial statements of the WWF Indonesia Foundation (the "Foundation") and its subsidiaries, which comprise the consolidated statement of financial position as at 30 June 2017, the consolidated statement of activities and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the WWF Foundation Indonesia as of 30 June 2017, their consolidated activities and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA
22 January 2018

Drs. M. Jusuf Wibisana, M.Ec., CPA
License of Public Accountant No. AP.0222

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION**30 JUNE 2017**

(Expressed in thousands Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Assets			
Current assets			
Cash and cash equivalents	5	56,572,993	52,414,930
Project advances	2g	7,790,774	10,578,894
Contribution receivables	6	61,024,267	82,949,296
Other current assets		<u>761,119</u>	<u>2,797,033</u>
		<u>126,149,153</u>	<u>148,740,153</u>
Non-current assets			
Fixed assets	7	31,997,951	33,968,700
Intangible assets	1b	4,248,639	4,328,225
Other non-current assets		<u>781,181</u>	<u>457,358</u>
		<u>37,027,771</u>	<u>38,754,283</u>
Total assets		<u><u>163,176,924</u></u>	<u><u>187,494,436</u></u>
Liabilities and net assets			
Current liabilities			
Deferred revenue	8	41,428,523	77,831,721
Accruals and other payables	9	54,573,461	47,328,346
Current portion of long-term bank loans	10	<u>4,483,978</u>	<u>5,801,302</u>
		<u>100,485,962</u>	<u>130,961,369</u>
Non-current liabilities			
Long-term bank loans	10	<u>-</u>	<u>4,416,621</u>
Net assets		<u>62,690,962</u>	<u>52,116,446</u>
Total liabilities and net assets		<u><u>163,176,924</u></u>	<u><u>187,494,436</u></u>

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2017**

(Expressed in thousands Rupiah, unless otherwise stated)

	Notes	2017			2016		
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Revenues							
Donations	11	305,514,202	25,717,368	331,231,570	267,520,061	31,513,960	299,034,021
Foreign exchange gain/(loss), net		-	1,009,409	1,009,409	-	(2,891,424)	(2,891,424)
Interest income		-	1,007,399	1,007,399	-	2,131,886	2,131,886
Others		-	4,831,803	4,831,803	166,361	16,086,566	16,252,927
Net assets released from restrictions							
Fulfillment of restricted programs	2p	(20,859,671)	20,859,671	-	(19,479,006)	19,479,006	-
Total revenues		<u>284,654,531</u>	<u>53,425,650</u>	<u>338,080,181</u>	<u>248,207,416</u>	<u>66,319,994</u>	<u>314,527,410</u>
Expenses							
Project staff cost	12	(84,700,124)	(11,700,458)	(96,400,582)	(68,196,184)	(17,840,010)	(86,036,194)
Grants and professional fees	12	(66,941,127)	(9,337,763)	(76,278,890)	(58,509,940)	(11,360,108)	(69,870,048)
Office and field operating costs	12	(62,639,839)	(12,435,184)	(75,075,023)	(54,421,823)	(24,564,485)	(78,986,308)
Traveling, meeting, and training	12	(70,373,441)	(3,049,431)	(73,422,872)	(67,079,469)	(5,498,018)	(72,577,487)
Provision/reversal/write off for impairment of receivable		-	(5,882,785)	(5,882,785)	-	(3,850,154)	(3,850,154)
Interest expenses		-	(445,513)	(445,513)	-	(1,691,052)	(1,691,052)
Total expenses		<u>(284,654,531)</u>	<u>(42,851,134)</u>	<u>(327,505,665)</u>	<u>(248,207,416)</u>	<u>(64,803,827)</u>	<u>(313,011,243)</u>
Net increase in net assets		-	10,574,516	10,574,516	-	1,516,167	1,516,167
Net assets at beginning of year		-	52,116,446	52,116,446	-	50,600,279	50,600,279
Net assets at end of year		<u>-</u>	<u>62,690,962</u>	<u>62,690,962</u>	<u>-</u>	<u>52,116,446</u>	<u>52,116,446</u>

The accompanying notes form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

(Expressed in thousands Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities			
Net increase in net assets		10,574,516	1,516,167
Adjustments to reconcile changes in net assets to cash provided by operating activities:			
Depreciation	7	4,404,242	5,785,856
Amortisation of intangible assets		79,585	79,585
(Gain)/loss on disposal of fixed assets		(4,862)	(6,629)
Foreign exchange (gain)/loss		(1,070,949)	556,343
Interest expenses		445,513	1,691,052
Finance income		(1,007,399)	(2,131,886)
Provision for impairment receivables		(5,096,809)	3,850,154
Changes in operating assets and liabilities:			
Project advances		2,788,120	(907,480)
Contribution receivables		27,528,646	(16,299,208)
Other assets		1,712,091	(669,217)
Deferred revenue		(36,403,198)	5,546,819
Accruals and other payables		7,245,115	5,588,951
Payment of interest expenses		(445,513)	(1,691,052)
Receipts of finance income		<u>1,007,399</u>	<u>3,787,021</u>
Net cash provided by operating activities		<u>11,756,497</u>	<u>6,696,476</u>
Cash flows from investing activities			
Purchase of fixed assets	7	(2,462,456)	(3,125,040)
Proceeds from sale of fixed assets		<u>33,825</u>	<u>434,511</u>
Net cash used in investing activities		<u>(2,428,631)</u>	<u>(2,690,529)</u>
Net cash flows used in financing activities			
Payment of long-term bank loan		<u>(5,252,769)</u>	<u>(5,557,298)</u>
Net increase/(decrease) in cash and cash equivalents		4,075,097	(1,551,351)
Cash and cash equivalents at beginning of year		52,414,930	54,033,666
Currency exchange gain/(loss) on cash and cash equivalents		<u>82,966</u>	<u>(67,385)</u>
Cash and cash equivalents at end of year		<u><u>56,572,993</u></u>	<u><u>52,414,930</u></u>

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2017

(Expressed in thousands Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and general information

The WWF Indonesia Foundation (the "Foundation") was established based on Notarial Deed No. 3 dated 11 September 1996 of Koesbiono Sarmanhadi, S.H., M.H. The article of association has been amended several times, the latest by Notarial Deed No. 3 dated 4 July 2014 of Sunjonto, S.H., notary in Jakarta. This change was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.06-756 dated 15 August 2014.

The Foundation is domiciled in Jakarta and its office is located at Graha Simatupang Tower 2C, 7th-11th floor, Jl. TB Simatupang Kav. 38, Jakarta. The Foundation has 30 field offices located in cities and/or rural areas throughout Indonesia.

The objective of the Foundation is to contribute substantially to effective and sustainable conservation, natural resource management, and biological diversity as integral components of socio-economic development in Indonesia.

The Board of Advisors, Supervisors, and Executives of the Foundation as at 30 June 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Board of Advisors		
Leader	: Supia Latifah Alisjahbana	Supia Latifah Alisjahbana
Members	: Arifin Mohamad Siregar Djamaludin Suryohadikusumo Abdul Rachman Ramly	Arifin Mohamad Siregar Djamaludin Suryohadikusumo Abdul Rachman Ramly
Board of Supervisors		
Leader	: Arief Tarunakarya Surowidjojo	Arief Tarunakarya Surowidjojo
Members	: Martha Tilaar John Aristianto Prasetyo	Martha Tilaar John Aristianto Prasetyo
Board of Executives		
Leader	: Kemal Azis Stamboel	Kemal Azis Stamboel
Members	: Shinta Widjaja Kamdani Rizal Malik Tati Sumiyati Darsoyo Jerry Ng Alexander S. Rusli	Shinta Widjaja Kamdani Rizal Malik Tati Sumiyati Darsoyo Jerry Ng Alexander S. Rusli

The Board of Advisors, Supervisors, and Executives delegate certain rights and obligations in managing the Foundation to Board of Directors. The Board of Directors as at 30 June 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Board of Directors		
Leader	: Benja Victor Mambai ^{*)}	Benja Victor Mambai
Members	: Aria Nagasastra Wawan Ridwan Apin Aviyan Arnold Sitompul	Anwar Purwoto Wawan Ridwan Nyoman Iswarayoga Devy Wildasari A. Suradji Arnold Sitompul

^{*)} Effective on August 2017, the Leader has changed from Benja Victor Mambai to Rizal Malik. Benja Victor Mambai remains as one of the Members.