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To sustain and restore wetlands, their resources and biodiversity

https://malaysia.wetlands.org
In 2018, Wetlands International, went into partnership with two of the big property development Companies in Malaysia, to introduce the building with nature concept into their new urban townships. Together we have embarked on a journey to meet the aspirations of urbanites who want to live in urban townships which are designed to be in harmony with nature and the environment.

In the past, we have been taking our natural environment and rich biodiversity for granted; we have converted many of our natural wetlands into concrete urban jungles and in that process lost many of the functions and benefits; not to mention the adverse impact it has on the biodiversity of the ecosystem.

In our partnership with the two companies, we aim to strike a balance between the needs of development and the needs of the environment by incorporating/integrating nature into the urban townships. Through this, we hope to bring nature back into our townships and to re-establish the connection between man and nature.

For our Brunei office, we worked on two projects namely The canal blocking along Jalan Badas; purpose is to slow down the outflow of water from peat dome. WI carried out the monitoring of the performance and sustainability of the canal blocks placed to ensure the blocks are functioning at the optimum. Second pronect is the Feasibility Study for a Carbon Project at Badas Peat Dome whereby BSP engaged WI to explore the potential to generate carbon credits from Badas peat dome.

The study had identified an area covering approximately 29.000 ha in Belait district as an area with high potential as well as priority for the development and implementation of a verified carbon standard (VCS) project.
I. Message From the Chairman of Council

The feasibility study report outlined a set of detailed recommendations for follow-up; detailed field assessment, appropriate institutional set-up for carbon project negotiation, Project Designed Document (PDD) development and few more are amongst the recommended follow-up action to be taken.

We also conducted a WI staff training session for staff members from the Malaysia office as well as the Brunei branch. The training was to give staff members from both offices an opportunity to interact with each other and also to share about the work they do and projects they are involved in. Our Board members were also present and participated actively in it too. It was good learning session for all.

In the second half of 2018, we finalised the purchase of an office premise in the near vicinity of our present office.

Datuk Paduka Ir Hj Keizrul bin Abdullah
Chairman of Council
II. Our Programmes and Activities

Bringing nature back – one neighbourhood at a time

Wetlands International Malaysia is currently working with two of the biggest property developers on constructed wetlands projects. Combined together their township development is about 7500 hectares. Of this, lakes occupy about 10 – 15% of the area. Realizing the importance of nature and its many benefits to human well-being, the projects aim to develop and promote more green space within their new housing development while conserving existing wetland areas in the project site. For these projects, a series of lakes and wetlands are made to be the focal point of the new township.

Wetlands International’s role is to provide expertise and advice to both developers on wetland design and management methods. This is to ensure that the ecosystem will be well managed and functioning.

Beside that, we will be engaging with the residents of the townships to raise awareness on the importance of wetlands not to mention include them in the conservation and protection of their wetlands within the township.
II. Our Programmes and Activities

Presentation at ILAM – Wetlands
Construction Method

The topic given to use was Wetland Design and Construction and the purpose of the conference was to highlight the potential of incorporating green infrastructures in the landscape setting with special focus on wetland landscapes.

It was an honour to have receive the invitation as our office have been advocating for urban wetlands over the past few years and this was a good opportunity and platform to spread the benefits of urban wetlands.

It is hoped that through this event, we would be able to convince the development sector and the government of the importance of wetlands and its role in the urban settings. And hopefully through this, we will be able to bring nature back into our cities, one wetland at a time.
Mangrove Replanting activities

Healthy mangrove ecosystems are crucial for human and biodiversity wellbeing. Since the 2004 tsunami which caused devastating impacts in the South-east Asian region, the Malaysian government has come to realize the importance of mangrove ecosystems.

Thus began the protection and rehabilitation efforts of our mangroves. Wetlands International has been working with the government to raise awareness amongst corporate sectors and general public on the importance of mangroves.

Our goal is to inspire Malaysians to take action in the protection and rehabilitation of our mangrove ecosystem. But more than that, we hope to inspire a lifestyle change towards more sustainable living which will benefit both the environment and humans in the long run.
BRUNEI

Briefing to Asean Task Force on Peatlands (ATFP)

Wetlands International participated in the meeting - “Hydrological restoration of peatland at Jalan Badas” project in April 2018 for the third meeting of Asean Task Force on Peatlands (ATFP) on behalf of Brunei Shell Petroleum (BSP).

ATFP was especially established to assist the Committee (COM) under the Conference of the Parties to the ASEAN Agreement on Transboundary Haze Pollution (AATHP) in monitoring and supporting the implementation of the ASEAN Peatland Management Strategy (APMS 2016 - 2020).

The meeting was attended by delegates from Asean member states, Asean Secretariat, Global Environment Centre (GEC), European Union (EU), International Fund for Agricultural Development (IFAD), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and the International Union for Conservation of Nature (IUCN).

Wetlands International gave a briefing during the meeting. Participants were later brought to the site (Jalan Badas) to view the canal block project. Hydrological restoration at Jalan Badas is a joint effort between Brunei Shell Petroleum and Wetlands International as one of the former’s initiatives for conservation of peatland apart from total ceasing of logging operations in the peat swamp forest. In addition to this, is, the improved coordination mechanisms and approaches to control peatland fires which were are a yearly episode in Belait District.
II. Our Programmes and Activities

BRUNEI

Feasibility Study for a Carbon Project at Badas Peat Dome, Brunei

Brunei Shell Petroleum (BSP) and Wetlands International share the same concern on global climate change, biodiversity loss, and the threat that these pose to economies, livelihoods and ecosystems in the region. We recognise that carbon markets provide a unique opportunity for addressing these issues and creating sustainable finance, demonstrating that the maintenance and rehabilitation of forest and wetland ecosystems provides a significant and cost effective approach for climate change mitigation. For this reason, BSP commissioned Wetlands International to explore the potential to generate carbon credits from Badas peat dome and a feasibility study for a carbon project at Badas peat dome was carried out in 2018.

The proposed carbon project activity is compliant with existing Verified Carbon Standard (VCS), in particular with approved VCS methodology VM0007 REDD+ Methodology Framework (version 1.5), including all applicable modules. The recommended project start date is July 2016, and to ensure permanency, 60 years from project starting date is suggested as crediting period (ended in 2075). The area of Interest is located in the Belait District, Brunei Darussalam including the peat swamp areas of Belait, Badas and Lumut (refer as the Badas-Lumut Peat dome/BLP). With conservative assumptions, this project has potential to have Net Emission Reduction of 12,137,356.85 tCO2e for 60 years project period with average annual emission 202,289.28 tCO2e/year (approximately 6.88 tCO2e/ha/year).

Field survey at Jalan Badas for Feasibility study.
BRUNEI

Canal Blocking

The project was initiated to restore the hydrology characteristic of Badas peat swamp forest by placing blocks along the Jalan Badas canal. It will slow down outflow of water from the peat dome.

The peat swamp forest along Jalan Badas suffers from yearly peat fire episode that causes environmental disaster to the population of Belait District. This is due to the construction of canal that promotes the drainage of water from peatland and hence changes the hydrological regime of the peatland. One way of addressing this problem is through hydrological restoration of peatland along the Jalan Badas canal through by construction of blocks. Block construction along Jalan Badas was initiated since mid of 2017 by Brunei Shell Petroleum (BSP) as a follow up to one of the recommendations from Biodiversity Action Plan (BAP) project, 2012-2014. A total of 31 blocks were constructed and about 46 dipwells were also constructed to monitor the water level.

It is noted Key finding/activity: The location and number of canal blocks was determined based on canal bed slope assessment which had been carried out in July 2017. For Badas canal, 20 – 21 cm head difference was recommended and with this figure, corresponding block spacing for Belait river side (South-east) is 60 m and for Highway side (North-west) is 190 m. As the result, a total of 63 canal blocks was recommended to be placed in the canal along Jalan Badas. However, only 31 canal blocks were decided (by funder) to be placed in the canal due to budget constraint. The corresponding spacing for Belait river side (South-east) is then 120 m and for Highway side (North-west) is 350 m. WI is to carry out the monitoring of the performance and sustainability of the canal blocks placed to ensure the blocks are functioning at the optimum.

It is noted that the water table had generally improved after the canal blocking project was carried out.
II. Our Programmes and Activities

BRUNEI

Canal Blocking – Pictorial record.

Construction of peat blocks using peat soil

Measuring of water level at Dipwell

Despite the dry period, water level is still high
Khadijah obtained her BSc. (Social Science) in Accounting and Economics from Southampton University, UK. In 1996, she joined Wetlands International Malaysia as a Finance Officer. Currently, she is in charge of all the Accounts administration of the Malaysia and Brunei office.

Flora George is the current Administration Officer at Wetlands International Malaysia. She has an Executive Diploma in Secretarial studies. She gradually progressed in ranks to serve as the current Administration Officer.

Huaimei joined Wetlands International Malaysia as a Technical Officer in 2014. Her main focus is on peatland conservation and management for Malaysia and Brunei. Huaimei graduated with a Bachelor degree in Conservation Biology and a Masters degree in Ecology & Herpetology.
III. Our Team

Denise joined the WI Malaysia family in 2011. She holds a Bachelor degree in Environmental Science and recently, received her Masters degree in Integrated Water Management. Her work is focused on Mangrove Conservation, Rehabilitation and Wise-use.

Aziah graduated from the University of Brunei Darussalam with a Bachelor degree in Biological Science and a Masters degree. She was involved with the Biodiversity Action Plan (BAP) project, a collaboration between Brunei Shell Petroleum (BSP) and Wetlands International (WI) and was also part of the restoration team with Ecological Clerk of Works (ECoWs) for a Rasau 3D Seismic Survey project.
IV. 2018 Financial Summary

WETLANDS INTERNATIONAL
(A Company Limited By Guarantee And Not Having A Share Capital)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO
SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Dr. Shamsudin Bin Ibrahim and Datuk Paduka Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat, being two of the Directors of Wetlands International do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 5 to 29 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and financial performance of the Company for the financial year ended 31 December 2018 in accordance with Malaysian Financial Reporting Standards in Malaysia and the requirements of the Companies Act, 2016 in Malaysia.

ON BEHALF OF THE BOARD OF DIRECTORS

DR. SHAMSUDIN BIN IBRAHIM
DIRECTOR

DATUK PADUKA IR. HJ. KEIZRUL BIN ABDULLAH @ LIM TEIK KEAT
DIRECTOR

Subang Jaya, Selangor Darul Ehsan
25 APR 2019

STATUTORY DECLARATION PURSUANT TO
SECTION 251(1) (B) OF THE COMPANIES ACT, 2016

I, Khadijah Ahmad, the officer primarily responsible for the financial management of Wetlands International, do solemnly and sincerely declare that the financial statements set out on pages 5 to 29 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KHADIJAH AHMAD

Subscribed and solemnly declared by the abovenamed Khadijah Ahmad,
at: Subang Jaya, Selangor Darul Ehsan
on: 25 APR 2019
before me.
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WETLANDS INTERNATIONAL
(A Company Limited By Guarantee And Not Having A Share Capital)
(Company No. 394031-D)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wetlands International, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WETLANDS INTERNATIONAL (CONTINUED)
(A Company Limited By Guarantee And Not Having A Share Capital)
(Company No. 394031-D)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
d) Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

ZAMZURI & CO.
(No. AF: 001315)
Chartered Accountants

MOHD ZAMZURI BIN DARUS
(No. 02107/11/2020 (J))
Chartered Accountant

25 APR 2019
Selangor Darul Ehsan
STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Revenue by Project

Administrative costs
<table>
<thead>
<tr>
<th>Description</th>
<th>2018 (RM)</th>
<th>2017 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,064,129</td>
<td>1,070,626</td>
</tr>
<tr>
<td>Direct Project Costs</td>
<td>(566,358)</td>
<td>(623,749)</td>
</tr>
<tr>
<td>Gross (deficit)/surplus</td>
<td>497,771</td>
<td>446,877</td>
</tr>
<tr>
<td>Other operating income</td>
<td>19,899</td>
<td>41,459</td>
</tr>
<tr>
<td>Administrative expenses *</td>
<td>(557,920)</td>
<td>(539,369)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(122,310)</td>
<td>(7,317)</td>
</tr>
<tr>
<td>(Deficit)/Surplus before taxation</td>
<td>(162,560)</td>
<td>(58,350)</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deficit for the financial year</td>
<td>(162,560)</td>
<td>(58,350)</td>
</tr>
</tbody>
</table>
## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 (RM)</th>
<th>2017 (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>485,981</td>
<td>39,042</td>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
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<tr>
<td>Trade Receivables</td>
<td>222,508</td>
<td>-</td>
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<tr>
<td>Other receivables, deposits and prepayments</td>
<td>23,395</td>
<td>236,012</td>
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<tr>
<td>Due from a customer</td>
<td>193,288</td>
<td>-</td>
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<tr>
<td>Tax recoverable</td>
<td>26,344</td>
<td>24,860</td>
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<tr>
<td>Cash and bank balances</td>
<td>499,396</td>
<td>1,139,607</td>
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<tr>
<td><strong>LESS: CURRENT LIABILITIES</strong></td>
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<tr>
<td>Trade payables</td>
<td>39,730</td>
<td>35,238</td>
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<tr>
<td>Other payables and accruals</td>
<td>163,498</td>
<td>115,034</td>
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<td><strong>NET CURRENT ASSETS</strong></td>
<td>761,703</td>
<td>1,250,207</td>
</tr>
<tr>
<td><strong>REPRESENTED BY</strong></td>
<td>1,247,684</td>
<td>1,289,249</td>
</tr>
<tr>
<td>Members’ contribution funds</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>200,000</td>
<td>200,000</td>
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<tr>
<td>Other reserve</td>
<td>397,131</td>
<td>276,136</td>
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<td>Surplus in accumulated funds</td>
<td>650,253</td>
<td>812,813</td>
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<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td>1,247,684</td>
<td>1,289,249</td>
</tr>
</tbody>
</table>