Philippine Wood Producers Association

2008 ANNUAL REPORT

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INCORPORATED

Philippine Wood Producers Association

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ANNUAL REPORT

Contents

About the cover: A photo of Narra wood (Pterocarpus indicus Willd)

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Chairman Fernando A. Lu

President Antonio C. Olizon

The Board of Directors of the Philippine Wood Producers Association, by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board of Directors and the President of the Association as its Report to the Members of the Association for the year ended December 31, 2008.

FERNANDO A. LU
Chairman

ANTONIO C. OLIZON
President

THE WOOD-BASED INDUSTRY IN REVIEW

GLOBAL OVERVIEW \1

ECONOMIC TRENDS

In 2008, the world economy entered a major downturn. The subprime mortgage problem, that unfolded in 2007 in the US, developed into a global financial crisis so much so that by October 2008 it had transformed into a global economic crisis with no immediate end.

The International Monetary Fund had estimated that the world output (real GDP) had slowed down substantially to 3.4% in 2008 and in its new assessment, it projected real GDP to contract by -0.5 to -1.0% in 2009 but with prospects for recovery before mid-2010.

The global economic crisis has been characterized by major imbalances in the world's financial, housing and commodity markets, declining business and consumer confidence, and uncertainty regarding the financial and economic outlook.

The global economic crisis has caused inflation rates to rise - pushed up by the surge in fuel and food prices - and sharp currency movements.

Housing starts and construction activities weakened in 2008 in the US, EU, Japan and China.

Year-on-year growth in world trade volume (exports plus imports) slowed to 4.1% in 2008 and is forecast to shrink to –11% in 2009, the largest one-year decline in trade since WW II.

Tropical Timber Production and Trade

Production of tropical logs by ITTO member countries in 2008 remained virtually unchanged from the preceding year's, at 144 million cu m. However, the estimate might not have captured significant production curtailment and plant closures in many major producing countries.

In ITTO log producing regions, except Africa, the rate of domestic conversion to primary and/or semi-processed wood products continued: Latin America at 99% in 2006-2008 and Asia-Pacific, close to 90% in 2007, reflecting increasing domestic demand for wood products or emphasizing exports of value-added wood products.

Production of lumber might have risen marginally at about 44.5 million cu m in 2008, mostly in Latin America. Production of tropical veneer has been cyclical over the last 4 years, nearly 4 million cu m in 2008. Production of tropical plywood has been steadily falling since 2003 - although its production in 2008 remained unchanged from 2007's, at 13.5 million cu m - caused by rising production costs (logs, glue, energy and labor), including competition from coniferous plywood and shrinking market.

The picture of declining log exports as against increasing primary wood product exports from total log production is seen in Table 1.

Table 1. Exports of Tropical Primary Wood, 2008
In million cu m, roundwood equivalent

Region	Log Production	Log Exports	Primary Products Exports	Total Export
Africa	18.0	3.5	4.2	7.7
Asia-Pacific	88.9	9.0	31.4	40.4
Latin America	31.7	0.4	5.8	6.2
Total	**138.6**	**12.9**	**41.4**	**54.3**
% share of Asia-Pacific	**64**	**70**	**76**	**74**

Major country players in the production, exports and imports of tropical logs, sawnwood, veneer and plywood as well as their major trade flows may be appreciated on pages 31 and 32 in the herein Souvenir Supplement: In the Know.

Prices

Prices for many tropical logs and primary timber products have remained relatively strong until mid-2008, before declining as the effects of the global economic crisis took hold in major tropical wood product markets.

The increase in prices of most tropical timber products was triggered by shortages in supply, rising ocean freight rates and/or taxes and similar levies; enforcement measures against illegal logging; and restrictions on log exports and reduced logging quota.

However, such upward price trends were negated by the worsening conditions in major markets that dropped sharply the prices due to weakened demand. Also, exporters had been disadvantaged by the strengthening of their currencies which had undermined export competitiveness. In the case of tropical plywood, its price was further eroded by the increasing supply of coniferous plywood and cheaper Chinese combi-plywood.

\1 Source: International Tropical Timber Organization (ITTO) Annual Review and Assessment of the World Timber Situation 2008.

Report To The Members

LOCAL OVERVIEW

Economic Trends

From an exceptionally high GDP growth of 7.2% attained in 2007, the local economy shrank to 3.8% in 2008, having been affected by the global financial meltdown that morphed into the global economic crisis.

Unlike most developed countries that started to experience economic recession in 2008, the Philippines escaped it because of its sound macro-economic fundamentals and the continuous inflow of OCW remittances.

However, it continued to be burdened by a high budget deficit caused by shortfalls in tax collection and the servicing of huge debt. Also, the inflow of foreign direct investment has been slowed down by an unpredictable policy climate.

The Wood-based Industry

The local wood industry did not escape the impact of the global economic crisis that began to manifest itself by the end-half of 2008.

As the government statistics showed, there was a palpable slowdown of the wood industry activities resulting to its somewhat slightly negative albeit flat overall performance. Some wood processing mills either cut production down or closed operations entirely as the local market demand for wood products weakened.

Notwithstanding such passive performance, the total value of trade (imports + exports) attained an 11% gain on a year-to-year basis (US$975 million in 2007 and US$1,080 million in 2008).

Log Supply and Consumption

The net volume of supply or apparent domestic consumption (ADC) of logs in 2008 was 26% less than the previous year's availability (Table 2).

Table 2 - Log Supply, in 1000 cu m

Source	2007	2008p	% Change
Local	803	732	-9
Import	101	146	44
Export	<1	<1	0
ADC	904	878	-26
% Import from ADC	11	17	6

Source: 2007 Philippine Forestry Statistics. DENR/Forest Management Bureau (FMB) 2008 statistical data per communication with the DENR/FMB as above interpreted by PWPA.
Note: ADC means Apparent Domestic Consumption. p means preliminary data

Aside the economic crisis that weakened demand, accounting for the low supply of legally-sourced logs was the delay in the conversion into industrial forest management agreements of timber license agreements that many expired in 2007. A 44% increase in log imports compensated for the shortage of the locally produced logs.

As before, close to 85% of the volume of the locally-sourced logs has come from planted trees, 75% of the volume being supplied mostly by small-holder tree farmers in the CARAGA Region, Regions 6 (Panay), 10 (Northern Mindanao) and 11 (Southern Mindanao).

Of total local log production, falcata (Paraserianthes falcataria) accounted for in excess of 40%; yemane (Gmelina arborea), about 15%; mangium (Acacia mangium) and South American mahogany (Sweitenia spp), about 15% - all planted tree species; and lauans (mostly Shorea spp), 5%.

As to use, quality logs from plantation and natural forests are mostly for the manufacture of veneer and plywood.

Wood Products Supply and Consumption

The net volume of supply, or ADC, of primary wood products declined by 16% relative to that the year before (Table 3).

Table 3 - Primary Wood Products Supply, in 1000 cu m

Source	2007	2008p	% Change
Local	767	683	-11
Import	257	219	-15
Export	253	257	2
ADC	771	645	-16
% Import from ADC	33	34	1

Source: ibid.
Note: Primary wood products refer to lumber (in the case of export, exclude raw/rough form derived from local naturally-grown timbers), veneer and plywood only.

The local production of lumber stayed at almost the same level of volume as in 2007 while those of veneer and plywood appreciably declined by as much as 20%.

On a year-to-year volume basis, the imports of veneer and plywood went down by 15% while their exports did not improve as much.

On a year-to-year volume basis, the ADC of lumber, veneer and plywood slowed down to almost 50,000 cu m (-15%), 30,000 cu m (-20%), and almost 50,000 cu m (-15%), respectively.

Details of the above maybe appreciated in the Comparative Statistical Highlights found at the end of this Report.

Wood Products Markets and Trade

The preliminary ADC of primary wood products was 648,000 cu m, 16% less than that in 2007, of which 34% was import component. Domestic producers do not have a strong influence on pricing due to the availability of cheaper products from illegally-sourced logs, as the NSCB Producers Price Index (PPI) indicates falling prices.

Year	2005	2006	2007	May 2008
PPI (1994 =100)	102.7	110.4	105.5	98.3
% Growth	5.4	7.5	-4.4	-6.8

The 2007-2008 values of exports of logs and wood products are indicated in Table 4.

Table 4 - Value of Wood Exports and Imports, in 1000 US$

Source	2007	2008p	% Change
Exports, fob			
Logs	12	39	225
Primary wood products	32,985	32,841	<1
Secondary wood products	765,657	918,241	20
Total	798,654	951,121	19
Imports, cif			
Logs	23,941	18,543	-23
Primary wood products	141,692	99,946	-30
Secondary wood products	10,881	13,200	21
Total	176,514	131,689	25
Total Values of Trade	1,069,770	1,082,810	11

Source: ibid.
Note: Secondary wood products refer to other wood-based manufactured articles only. Total values of trade refers to the sum of values of exports and imports.

The values of trade (exports + imports) improved by 11% compared to the previous year's.

In terms of export values, the main markets, in descending order, for lumber have been the People's Republic of China, Taiwan, USA and Japan; veneer, Australia, Japan, and USA; plywood, Japan and Singapore; and manufactured wood-based articles, Japan principally and USA.

In terms of import values, the Philippines' main sources, in descending order, of logs have been Solomon Islands, PNG, USA, and Canada; lumber, Canada, USA, Germany, and Malaysia; veneer, Sarawak, USA, People's Republic of China, and Malaysia; plywood, Malaysia and Sarawak; and particle/fiberboard, Malaysia and USA.

THE ASSOCIATION

Issues Faced

Coping with the global economic crisis, that not insignificantly weakened demand for wood products, and by extension slowed down the production and depressed the prices of wood products, was the singular important issue the wood industry faced in 2008 and, perhaps, would be facing in the coming year.

The inadequacy of log supply, the uncontrolled illegal logging, the increasing cost of production, and the unpredictable policy environment, perforce, have been the repeating issues faced by the wood industry.

Inadequacy of log supply. The inadequacy of the supply of logs was caused by the thinned number of forest license holders who were able to operate in 2008 and by the high prices of logs.

The opportunity to increase the supply of logs was lost due to the delay in the conversion of a number of expiring Timber License Agreements into Industrial Forest Management Agreements (IFMAs). Obtaining the free and prior informed consent (FPIC) through the National Commission on Indigenous Peoples was tedious. The FPIC is a condition to the grant of the IFMAs by the DENR.

The hike in prices of logs in the global market up to mid-2008 was due to its declining availability and increasing demand. Huge log demand by China and India increased prices that subsequently dipped. Local prices of quality logs similarly followed the global trends.

Illegal logging. Rampant illegal logging in the untenured forest areas seems beyond the control of the government. It lacks financial and human resources to protect the forest.

Illegal logging not only destroys the forest but it has its effect on depressing prices of wood products as they are sold much cheaper than those legitimately produced.

High costs of production. The increasing cost of production has weighed heavily on the wood producers. Prices of logs, fuel and power in particular have escalated that made costly the production of wood products like plywood.

The use of cheaper small-diameter logs as raw materials and wood wastes as fuel could only knick a fraction off the total production costs.

Unpredictable policy climate. The Association has been clamoring for the passage of the Sustainable Forest Management Act that will, among others, put order in the management of the forest resources and rationalize the wood-based industry. However, it remains unacted by Congress.

In the absence of a new law, the wood industry continues to be directed by the government's oft-changing policies, rules and regulations. This situation obviously does not auger well for developing long-term investment, production and marketing plans by wood-based companies.

Salient Events and Accomplishments

The year in review ended with the Association holding its 57th Annual Assembly of Members on November 7, 2009 at Manila Golf and Country Club. DENR Secretary Jose Atienza, Jr. was again the guest of honor while Isabela Governor Grace Padaca was the recipient of the PWPA's prestigious Molawin Award.

In the Wood Industry

During the year in review, the House of Representatives' Committee on Natural Resources approved the bill entitled Sustainable Forest Management Act (SFMA) and referred it to the Committees on Ways and Means and Finance for further action. The Senate's Committee on Environment and Natural Resources, jointly with other concerned committees, approved its counterpart bill subject to its refinement by the Technical Working Group (TWG). The PWPA participated very actively in the public hearings of the committees of both houses of Congress and in the work of the Senate's TWG.

EO 318, signed by President Macapagal-Arroyo as an alternative measure to SFMA, failed to have its implementing rules and regulations (IRRs) approved by DENR Secretaries Elisea Gozun, Michael Defensor and Angelo Reyes.

Notwithstanding the urging of the PWPA, the approval of the IRRs of EO 318 and the consideration of the PWPA-proposed Philippine Timber Industry Board (similar to Malaysia's MTIB) as endorsed by Secretary Reyes to the Office of the President, did not merit the attention of incumbent DENR Secretary Jose Atienza, Jr.

The Bureau of Internal Revenue implemented its Regulation No. 2007-13 (paying 12% of forest charges as advance VAT on harvested timber) ignoring to resolve the issues previously raised by the PWPA and the DENR.

The Association's inputs to the DENR/NCR-led consultations on the rationalization of the wood processing and curtailment of the entry of illegally-sourced wood products into Metro Manila and the DENR-initiated consultation on the standardization of lumber were favorably considered.

Meantime, the transfer of the NCIP from the DAR to the DENR and back to Malacañang added tediousness to obtaining FPIC. However, the dialogue between PWPA and NCIP Commissioner Eugenio Insigne had a thawing effect, as it were, on the uneasy relationship that before existed.

In Environment and CSR

The Association rejoiced at the creation of the "Green Courts" under the Supreme Court. The said courts are meant to expedite the trials of environmental culprits, including illegal logging, the bane of the wood industry.

The PWPA continued to strengthen its strategic partnership with the DENR and the leading responsible NGOs of the country. In almost all their flagship projects, the PWPA actively participated in; e.g., the DENR-led National Flag Day, the DENR's programs on Resource-based Enterprises and P2 Billion Upland Development; the DOE's Energy Summit and Program SWITCH; and the NGO-led annual Environment Day.

The PWPA added more flesh, as it were, to its Corporate Social Responsibility (CSR) programs by expanding its Program: Green Philippines. It applied for, and was awarded, an IFMA for a 500-hectare area of forestland in Morong, Bataan. The demonstration forest project, being within Ancestral Domains, was accepted and given the FPIC by the local indigenous community. The PWPA continued to manage the joint DENR-BuCor/DOJ-PWPA two-hectare tree seedling nursery in Muntinlupa City that has become the source of planting materials for Metro Manila.

For extending their sincere best efforts assistance to the Association and the wood industry in a period of global and national economic uncertainties, in behalf of the directors of the Board and officers of the Association, we thank wholeheartedly all our members.

FERNANDO A. LU
CHAIRMAN

ANTONIO C. OLIZON
PRESIDENT

WOOD INDUSTRY INFORMATION

RESOURCES

	2007	2008p	Percentage Change
TLA in existence, number<1	11	5	-54.55
Annual allowable cut, 1000 cu m<2	144	66	-54.17
Forest area under TLAs, 1000 ha	496	301	-39.31
IFMAs in existence, number	148	146	-1.35
Forest area under IFMA, 1000 ha	809	767	-5.19

PRODUCTION (Volume in 1000 cum)

	2007	2008p	Percentage Change
Logs<3	803	732	-8.84
Lumber	362	358	-1.10
Plywood<4	281	235	-16.37
Veneer	124	90	-27.42

EXPORTS (Volume in 1000 cum or as specified; Value in 1000 US$, FOB)

	2007		2008p		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
Logs<5	<1	12	<1	39		225
Lumber<6	208	14,342	214	11,602	2.88	(19)
Plywood	38	14,810	39	19,236	2.63	30
Veneer	7	3,833	4	2,003	-42.86	(48)
Other wood-based manufactured articles (1000 gross kilo)	274,430	765,657	294,068	918,241	7.16	20
Furniture of wood (1000 gross kilo)	29,062	91,604				

IMPORTS (Volume in 1000 cum or as specified; Value in 1000 US$, CIF)

	2007		2008p		Percentage Change	
	Volume	Value	Volume	Value	Volume	Value
Logs	101	23,941	146	18,543	44.55	(23)
Lumber	174	90,703	135	52,019	-22.41	(43)
Plywood	58	41,501	57	38,662	-1.72	(7)
Veneer	25	9,488	27	9,265	8.00	(2)
Other wood-based manufactured articles (1000 gross kilo)	12,280	10,881	15,818	13,200	28.81	21

Source: Per communication with Forest Management Bureau/DENR, p-preliminary as of July 21, 2009

<1 - Most TLAs are in the process of conversion into IFMAs.
<2 - AAC of TLAs with approved AOPs only.
<3 - Natural forest and plantation forest logs, mostly of the latter.
<4 - Industry figures somewhat higher than indicated.
<5 - Forest plantation logs only, natural forest logs not allowed for export.
<6 - Finished lumber only, raw lumber not allowed for export.

ASSOCIATION INFORMATION

	2007	2008	Percentage Change
Regular Members	55	55	-
Associate Members	781	812	3.97
Revenues	P 7,476,562	6,944,734	-7.11
Expenses	P 8,466,643	6,277,609	-25.85
Assets	P 1,914,860	2,399,553	25.31

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Philippine Wood Producers Association, Inc.

We have audited the accompanying financial statements of Philippine Wood Producers Association, Inc. (a nonstock, non-profit corporation), which comprise the statements of assets, liabilities and members' equity as at December 31, 2008 and 2007, and the statements of revenues and expenses, statements of changes in members' equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Philippines applicable to a non-publicly accountable entity as described in Note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. 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 the auditor's 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 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 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 financial statements present fairly, in all material respects, the assets, liabilities and members' equity of Philippine Wood Producers Association, Inc. as of December 31, 2008 and 2007, and its revenues and expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the Philippines for non-publicly accountable entities as described in Note 2 to the financial statements.

SYCIP GORRES VELAYO & CO.

Julie Christine O. Mateo

Julie Christine O. Mateo
Partner
CPA Certificate No. 93542
SEC Accreditation No. 0780-A
Tax Identification No. 198-819-116
PTR No. 1566453, January 05, 2009 Makati City

April 7, 2009

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)

STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY

	December 31	
	2008	2007
ASSETS		
Current Assets		
Cash	**₱557,204**	₱736,091
Receivables - net (Note 3)	**1,652,270**	984,633
Total Current Assets	**2,209,474**	1,720,724
Noncurrent Assets		
Property and equipment - net (Note 4)	**60,422**	101,579
Input tax and other noncurrent assets	**129,657**	92,557
Total Noncurrent Assets	**190,079**	194,136
TOTAL ASSETS	**₱2,399,553**	₱1,914,860
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Payables and accrued liabilities (Note 5)	**₱402,714**	₱824,238
Noncurrent liability		
Retirement benefits liability (Note 6)	**863,463**	624,371
Total Liabilities	**1,266,177**	1,448,609
Members' Equity	**1,133,376**	466,251
TOTAL LIABILITIES AND MEMBERS' EQUITY	**₱2,399,553**	₱1,914,860

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)

STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

BALANCE AT DECEMBER 31, 2006	**₱1,456,332**
Deficiency of revenues over expenses	(990,081)
BALANCE AT DECEMBER 31, 2007	**466,251**
Excess of revenues over expenses	667,125
BALANCE AT DECEMBER 31, 2008	**₱1,133,376**

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)
STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2008	2007
REVENUES		
Membership and assessment dues	**₱5,298,413**	₱4,443,949
Donations and contributions	**1,255,170**	1,364,246
Registration and entrance fees	**143,100**	620,000
Special assessment dues	**8,534**	198,916
Interest	**2,023**	3,121
Affiliation refund	**–**	425,000
Others	**237,494**	421,330
	6,944,734	7,476,562
EXPENSES		
Salaries, wages and other employee benefits	**1,169,448**	1,405,207
Outside services	**613,410**	599,500
Rent, light and water	**541,415**	552,714
Donations and gifts	**538,654**	947,655
Transportation and travel	**477,287**	891,184
Meetings and conferences	**439,599**	494,881
Public relations and information	**386,316**	430,885
Representation and entertainment	**350,414**	526,903
Retirement benefits costs (Note 6)	**239,092**	212,391
Telephone, telegram and postage	**235,009**	242,816
Provision for doubtful accounts (Note 3)	**205,220**	707,940
Office supplies	**171,389**	317,855
Insurance	**125,236**	134,623
Subscription and publication	**59,979**	84,067
Repairs and maintenance	**59,008**	96,901
Depreciation (Note 4)	**47,907**	53,081
Taxes and licenses	**46,033**	34,115
Others	**572,193**	733,925
	6,277,609	8,466,643
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**₱667,125**	(₱990,081)

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	**₱667,125**	(₱990,081)
Adjustments for:		
Depreciation (Note 4)	**47,907**	53,081
Interest income	**(2,023)**	(3,121)
Unrealized foreign exchange loss (gain) - net	**(8,761)**	22,735
Provision for retirement benefits costs	**239,092**	212,391
Provision for doubtful accounts	**205,220**	707,940
Loss on write-off of property and equipment	**1,750**	–
Operating income before working capital changes	**1,510,310**	2,945
Increase in:		
Receivables	**(872,857)**	(404,004)
Other noncurrent assets	**(37,100)**	(20,731)
Increase (decrease) in payables and accrued liabilities	**(421,524)**	409,134
Cash used in operations	**(181,171)**	(12,656)
Interest received	**2,023**	3,121
Net cash used in operating activities	**(179,148)**	(9,535)
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of property and equipment (Note 4)	**(8,500)**	(95,274)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**8,761**	(22,735)
NET DECREASE IN CASH	**(178,887)**	(127,544)
CASH AT BEGINNING OF YEAR	**736,091**	863,635
CASH AT END OF YEAR	**₱557,204**	₱736,091

See accompanying Notes to Financial Statements.

PHILIPPINE WOOD PRODUCERS ASSOCIATION, INC.
(A Nonstock, Non-profit Corporation)
NOTES TO FINANCIAL STATEMENTS

1. **Association Information**

Philippine Wood Producers Association, Inc. (the Association) is an association of corporations, partnerships and individuals engaged in logging, sawmilling, veneer and plywood manufacturing, wood preservation, and other related activities. The Association was incorporated in the Philippines on June 10, 1951 as a nonstock, nonprofit corporation which aims to achieve unity in the wood industry under a single integrated association that would serve as spokesman for the entire wood industry in its continuing dialogue with government authorities. Its services, programs and activities are all geared towards the promotion and development of the lumber and plywood industry.

On December 6, 2001, the Securities and Exchange Commission approved the extension of the Association's corporate term for another 50 years, pursuant to a resolution adopted by a majority vote of the Board of Directors (BOD) and at least two-thirds of the members of the Association on April 18, 2001.

The Association is exempt from the payment of income tax with respect to revenue received in accordance with the provisions of Sec. 30 (f) of the amended National Internal Revenue Code that was passed into law effective January 1, 1998.

The Association had five employees both in 2008 and 2007. The registered office address of the Association is 3rd Floor, LTA Building, 118 Perea Street, Legaspi Village, Makati City.

The financial statements were authorized for issue by the BOD on April 7, 2009.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The financial statements of the Association have been prepared in accordance with accounting principles generally accepted in the Philippines applicable to a non-publicly accountable entity (NPAE). The Company qualifies as an NPAE under Philippine Accounting Standard (PAS) 101, *Financial Reporting Standards for Non-Publicly Accountable Entities*, and as permitted under that Standard, prepared its financial statements on the basis of Statements of Financial Accounting Standards (SFAS) and SFAS/International Accounting Standards effective as of December 31, 2004. Accordingly, the Company availed of the option to defer the application of the new Philippine Financial Reporting Standards and PAS that became effective starting January 1, 2005.

The financial statements of the Association have been prepared on a historical cost basis and presented in Philippine peso.

Cash
Cash includes cash on hand and in banks.

Receivables
Receivables are recognized and carried at invoice amount less any allowance for doubtful accounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have placed into operations, such as repairs and maintenance costs, are normally charged in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Condominium unit	15
Furniture, fixtures and improvements	4
Office equipment	3

The estimated useful lives, residual values and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Asset Impairment
The carrying values of property and equipment and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Any impairment loss is recognized in the statement of revenues and expenses.

Retirement Benefits Costs
Retirement benefits liability is determined in accordance with Republic Act No. 7641, *The Retirement Pay Law*, which entitles regular employees of the Association to retirement benefits after rendering specific years of service, as indicated in the Association's policies. Adjustments to retirement benefits costs are charged against operations.

Revenue Recognition
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Association and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Membership and Assessment Dues
Membership and assessment dues are membership dues of Timber License Agreement (TLA) holders, sawmillers and associate members which are based on monthly fixed rates. Assessment dues of TLA holders are computed based on the annual allowable cuts.

Donations and contributions
Donations and contributions are recognized upon receipt of cash.

Interest income
Interest income is recognized as it accrues.

Foreign Currency-Denominated Transactions and Translations
Transactions in foreign currencies are recorded using the prevailing exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at the balance sheet date. All differences are taken to the statement of revenues and expenses.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Association's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

3. **Receivables**

	2008	2007
Membership and assessment dues	**₱2,062,672**	₱1,221,208
Others	**502,758**	471,365
	2,565,430	1,692,573
Less allowance for doubtful accounts	**913,160**	707,940
	₱1,652,270	₱984,633

4. **Property and Equipment**

December 31, 2008:

	Condominium Unit	Office Equipment	Furniture, Fixtures and Improvements	**Total**
Cost				
Beginning balances	₱1,010,396	₱812,828	₱147,526	**₱1,970,750**
Additions	–	8,500	–	**8,500**
Write-off	–	(5,600)	–	**(5,600)**
Ending balances	1,010,396	815,728	147,526	**1,973,650**
Accumulated Depreciation				
Beginning balances	1,010,396	711,249	147,526	**1,869,171**
Depreciation	–	47,907	–	**47,907**
Write-off	–	(3,850)	–	**(3,850)**
Ending balances	1,010,396	755,306	147,526	**1,913,228**
Net Book Values	₱–	₱60,422	₱–	**₱60,422**

December 31, 2007:

	Condominium Unit	Office Equipment	Furniture, Fixtures and Improvements	Total
Cost				
Beginning balances	₱1,010,396	₱717,554	₱147,526	₱1,875,476
Additions	–	95,274	–	95,274
Ending balances	1,010,396	812,828	147,526	1,970,750
Accumulated Depreciation				
Beginning balances	₱1,010,396	₱658,168	₱147,526	₱1,816,090
Depreciation	–	53,081	–	53,081
Ending balances	1,010,396	711,249	147,526	1,869,171
Net Book Values	₱–	₱101,579	₱–	₱101,579

5. **Payables and Accrued Liabilities**

	2008	2007
Accrued expenses	**₱402,714**	₱650,340
Advances from members	**–**	173,898
	₱402,714	₱824,238

6. **Retirement Benefits Liability**

The Company accrues estimated retirement benefits costs for its regular employees pursuant to Republic Act (RA) No. 7641. Under SFAS No. 24, *Retirement Benefits Costs*, the cost of defined retirement benefits, including those mandated under RA No. 7641, should be determined using an accrued benefit valuation method or a projected benefit valuation method. These methods require an independent actuarial valuation, which the Company did not undertake. Management believes, however, that the effect on the financial statements of the difference between the amount determined using the current method of the Company and the required actuarially determined valuation method is not significant.

Retirement benefits liability as of December 31, 2008 and 2007 amounted to ₱863,463 and ₱624,371, respectively.

WHAT IS PWPA?

PWPA is the national, umbrella organization of companies engaged in the management of natural forest, development of industrial tree plantation, manufacturing of wood products, and the trading of wood and wood products.

WHAT IS THE VISION & MISSIONS OF PWPA?

VISION

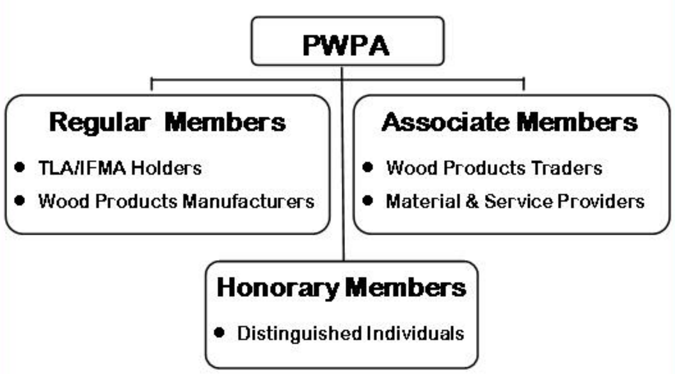
A strong and dynamic organization committed to the economic and environmentally sound development of the Wood Industry in the Philippines.

MISSIONS

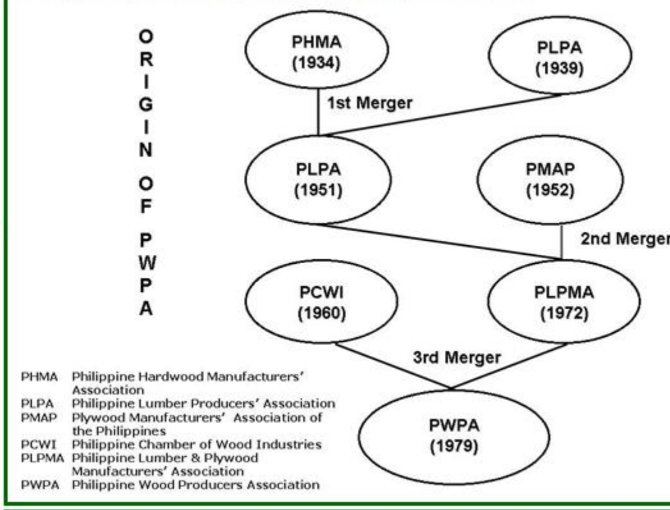
In partnership with government and all concerned stakeholders, we shall:

- **Conserve and protect the environment through the sustainable management of natural and plantation forests;**
- **Utilize technology and best practices for the production of high quality wood products at competitive prices;**
- **Promote and encourage the use of high quality wood products;**
- **Work for appropriate legislation and good governance to ensure the sufficiency of wood resources and enhance the competitiveness of the wood industry; and**
- **Contribute to the well-being of workers and communities where the wood industry operates.**

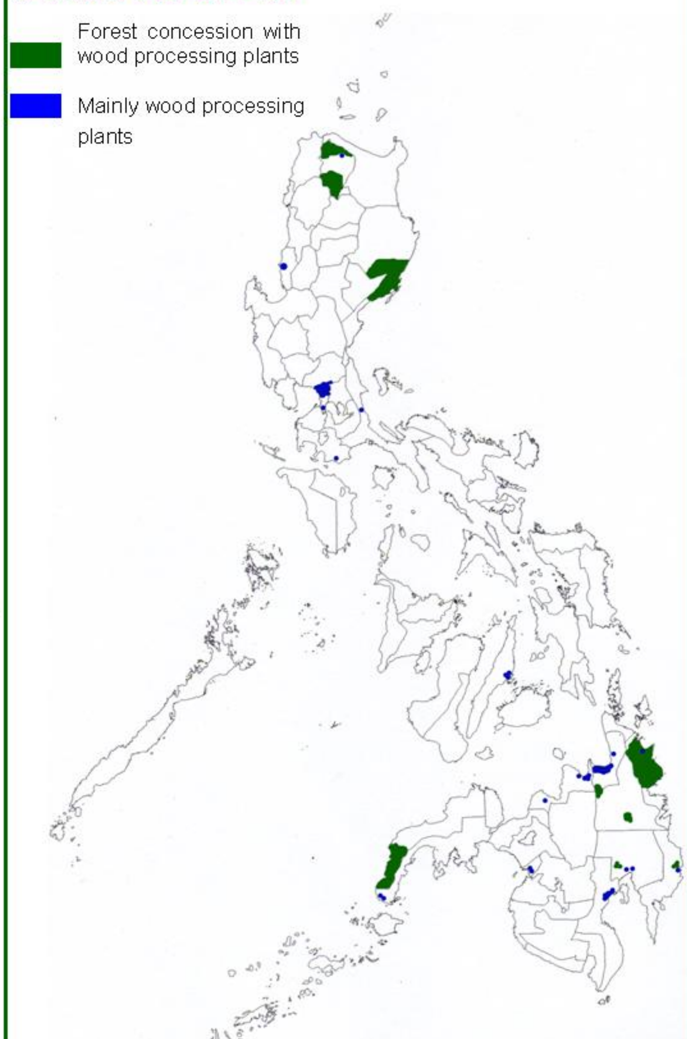
WHO ARE THE MEMBERS OF PWPA?



WHAT IS THE ORIGIN OF PWPA?



WHERE ARE REGULAR MEMBERS OF PWPA LOCATED?



ACTIVITIES OF MEMBERS

- **TIMBER RESOURCE MANAGEMENT AND DEVELOPMENT**

Natural Forest Management

ITP Development

- **TIMBER PROCESSING AND TIMBER PRODUCTS MANUFACTURING**

Logs

Sawmilling

Veneer-Plywood Manufacturing

Downstream Processing

- **CORPORATE SOCIAL RESPONSIBILITY OR CSR**

In Work Places & Communities

In Regions of the Country

Board of Directors 2008-2009

FERNANDO A. LU
Chairman
Pacific Timber Export Corp.

EDITH I. ALCANTARA
C. Alcantara & Sons, Inc.

EVARISTO M. NARVAEZ,JR.
ARTIMCO, Inc.

VICTOR A. CONSUNJI
M & S Company, Inc.

ALFONSO C. KEH, JR.
Emco Plywood Corp.

ROBERT W. KUA
Vicmar Development Corp.

CHARLIE H. LIU
MATIMCO, Inc.

FERNANDO A. LU
Pacific Timber Export Corp.

MANUEL A. NG
Luzon Mahogany Timber Co., Incorporated

ALEX P. ONG
Republic Wooden Commodities Manufacturing Corp.

ANTONIO G. BERNAS
Sirawai Plywood & Lumber Corp.

ARISTEO G. PUYAT
Surigao Development Corp.

STANLEY Q. TAN
United Wood Industries Corp.

RAMON Y. UY
Consolidated Wood Products, Inc.

JHONNY M. YOUNG
Asia-Pacific Timber & Plywood Corp.

LEONARDO D. ANGELES
Secretary of the Board

LU

ALCANTARA

BERNAS

CONSUNJI

KEH, JR.

KUA

LIU

NARVAEZ, JR.

NG

OLIZON

ONG

PUYAT

TAN

UY

YOUNG

ANGELES

ANTONIO G. BERNAS
Chairman Emeritus

OLIZON

ANTONIO C. OLIZON
President

ALFONSO C. KEH, JR.
Executive Vice President

EVARISTO M. NARVAEZ, JR.
VP-Timber

RAMON Y. UY
VP-Lumber & Related Products

ALEX P. ONG
VP-Plywood & Related Products

CHARLIE H. LIU
VP-International Relations

ROBERT W. KUA
VP-Membership Relations

STANLEY Q. TAN
Treasurer

JOSE A. LORENZO
Adviser-Forestry & Environment

LEONARDO D. ANGELES
Executive Director

KEH, JR.

NARVAEZ, JR.

UY

ONG

LIU

KUA

TAN

LORENZO

ANGELES

SERAFICO

PATAWARAN

VASQUEZ

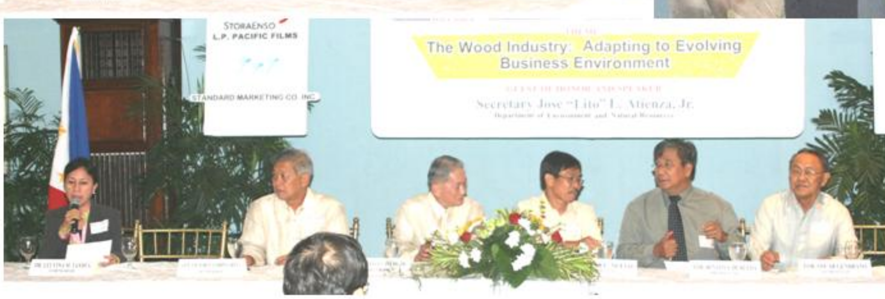
Secretariat Officers

LEONARDO D. ANGELES
Executive Director

REGINO M. SERAFICO
Manager

RICARDO M. PATAWARAN
Industry Coordinator

Glimpses from the PWPA 57th Annual General Assembly



Industry Events

MINDANAO BOARD MEETING AND PLANT VISIT IN CAGAYAN DE ORO CITY, FEBRUARY 2008

MEETING WITH CONGRESSMAN IGGY ARROYO, CHAIR OF THE NATURAL RESOURCES COMMITTEE IN MAKATI CITY, MARCH 2008

MEETING WITH DENR-NCR OFFICIALS ON THE ENTRY OF ILLEGAL WOOD PRODUCTS TO THE NCR IN QUEZON CITY, JUNE 2008

MEETING WITH CONGRESSMAN RUFUS RODRIGUEZ, AUTHOR OF THE SFM BILL IN QUEZON CITY, AUGUST 2008

57TH ANNUAL GENERAL ASSEMBLY OF PWPA MEMBERS WITH RI CHEMICAL CORP. AND CTNI AS CO-PRESENTERS, DENR SECRETARY JOSE ATIENZA, JR. AS GUEST SPEAKER; GOVERNOR GRACE PADACA AS PWPA MOLAWIN AWARDEE IN MAKATI CITY, NOVEMBER 2008

CSR Events

DIALOGUES AND SIGNING OF MOA FOR THE FREE AND PRIOR INFORM CONSENT OF THE PWPA IFMA IN MORONG, BATAAN, APRIL, JUNE AND JULY 2008

International Events

ASIA-PACIFIC FORESTRY WEEK IN HANOI, VIETNAM, APRIL 2008

BIO-ENERGY FOR ASIA-PACIFIC REGION IN JAKARTA, INDONESIA, OCTOBER 2008

Environment Events



PWPA JOINED THE PONTIFICAL MASS FOR THE EARTH DAY CELEBRATION 2008 IN MANILA CATHEDRAL, APRIL 2008

TREE PLANTING FOR MUNTINLUPA SCIENCE HIGH SCHOOL MINI-FOREST PARK IN MUNTINLUPA CITY, MAY 2008

SIGNING OF THE COVENANT FOR CLIMATE CHANGE MITIGATION IN NORZAGARAY, BULACAN, MAY 2008

FLAG STICKERS FOR THE CELEBRATION OF FLAG DAY 2008, JULY 2008

PWPA AT THE ENVIRONMENT MONTH CELEBRATION IN MANILA, JUNE 2008

TREE PLANTING WITH CONGRESSMAN RUFUS RODRIGUEZ AND DENR REGION X IN CAGAYAN DE ORO CITY, JULY 2008

1. Forest and Wood Products as Carbon Sinks

Forest as Carbon Sink

- Growing trees absorb CO_2 from the atmosphere at a rate of 0.8-0.9 tons for every m^3 of growth
- The resulting carbon is locked away for the tree's life and the life of wood and wood products coming from the tree
- The best way to use forest as carbon sink is to harvest the mature timber while replanting more trees than before and convert the timber into products which continue to store the carbon

Wood-Based Products as Carbon Sink

- Wood products act as carbon sink through their life
- Using wood products encourages forest to expand, increasing the carbon sink effect thus helps reduce the CO_2 in the atmosphere

2. Wood as Green Construction Material

- Requires less energy to process and transport
  - using 1 m^3 of wood instead of other materials results in 0.8 tons of carbon sequestration
- Excellent thermal insulation property
  - timber frame houses use less energy
- Acts as carbon sink
- Encourages forest plantation expansion by its use

Material	Conductivity (BTU/hr/ft^2/in/°F)	Insulating Efficiency (%)
Softwood	0.80	100
Clay brick	4.8	16.5
Glass	5.5	14.7
Sandstone	12.0	12.3
Concrete	12.6	6.3
Steel	312.0	0.25
Aluminum	1416.0	0.06

3. Wood-based Industries & Climate Change

Three Characteristics of Wood that Mitigate/Adapt Climate Change

- Wood is environment-friendly
- Stores the carbon initially trapped in the trees
- Wood-based products can be produced using low fuel consumption processes

Source: Cabangon, Jariel. Updates of the Activities on Wood-based Products. FPRDI 2008. Ed

FOREST RESOURCES OF THE PHILIPPINES

1. LAND CLASSIFICATION\1

Expression	Total Area\2	Classified A & D	Forestland		
			Classified	Unclassified	Total
Million hectares	30.0	14.2	15.0	0.8	15.8
Percentage	100	47	50	3	53

Source: 2007 Philippine Forestry Statistics. DENR/FMB.

\1- The 1973 Constitution classification land of the public domain into agricultural (~A&D), forest– or timberland, mineral land and national parks.

\2- The total area of the Philippines is 30 million hectares.

2. LAND COVER/USE CLASSIFICATION

Expression	Total Area	Cover/Use Classification\1			
		Forest\2	Other Woodland	Other Land	Inland Water
Million hectares	30.0	7.2	3.6	18.4	0.8
Percentage	100	24	12	61	3

Source: Forest Resources Assessment: National Forest and Tree Resources Assessment 2003-2005. DENR/FMB.

\1- Locations, whether in forestland, in A & D lands, or in both, not specified.

\2- Accordingly, 6.4 million hectares in forestland and 0.8 million hectares in A&D lands.

3. FORESTLAND CLASSIFICATION\1

Expression	Total Area\2	Classified/Established					Unclassified
		Forest Reserve	Timberland	National Parks & GRBS & WA	Military/Naval & Civil Reservation	Fishpond	
Million hectares	15.8	3.3	10.0	1.3	0.3	<0.1	0.8
Percentage	100	21	63	8	2	<1	5

Source: 2007 Philippine Forestry Statistics. DENR/FMB.

\1- Not reflected are ancestral lands and ancestral domains, with or without CALT or CADT - that partake as private lands under native title; might sum up to about 6 million hectares per information by NCIP to Dr. F. O. Tesoro.

\2- The total area of forestland, both classified/established and unclassified, is 15.8 million hectares.

4. USE/CONTROL OF THE ENTIRE FORESTLAND

Tenure	Area 1000 ha	Tenure	Area 1000 ha	Tenure-exempt/free	Area 1000 ha
CBFMA	1,662	AFFLA	78	Untenured Forest Reserve & Timberland\1	2,600
IFMA/ITPLA	833	SIFMA	35	Watershed Reserves	1,508
TLA	496	TFLA	14	National Parks	1,341
FLGMA	113	PTLA	5	Military/Naval/Civil Reservation	292
				Fishpond	91
Total			3,236	Total	5,832
CADT/CALT\1			5,977	Unclassified	755
Total			9,213	Total	6,587

Source: 2007 Philippine Forestry Statistics. DENR/FMB, except as footnoted.

\1- See footnote 1 in item 3, supra.

\2- Interpreted as the balance remaining after deducting tenured, specifically reserved, CADT/CALT and unclassified areas in forestland.

5. Area by Main Forest Type[\1]

Expression	Total Area	Natural Forest			Plantation Forest		
		Broad-leaved	Coniferous	Mixed + Mangrove	Broad-leaved	Coniferous	Mixed + Mangrove
Million hectares	7.2	6.3	0.2	0.3	0.3	<0.1	<0.1
Percentage	100	88	3	4	4	<1	<1

Source: Forest Resources Assessment: Natural Forest and Tree Resources Assessment 2003-2005. DENR/FMB.
Note: Broad-leaved forest consists of what used to be classified as the predominant dipterocarp, high mossy, beach and mangrove formations; Coniferous forest, the Pinus, Agathis and Podocarpus formations; and mixed forest, combinations of the preceeding formations, including bamboos.

6. Management System of the Forest

Expression	Total Area	With Management	With No Known Management
Million hectares	7.2	2.1	5.1
Percentage	100	29	71

Source: ibid.
Note: Accordingly, the State owns 85% of the 7.2 million hectares (not to be confused with forestland), nearly 15% thereof, privately owned. Tenurial agreement holders are required by the government to have formal management system for the forest and forestland awarded to them..

7. Gross and Commercial Volume of Trees in the Forest[\1]

Expression	Gross Volume			Commercial Volume		
	Broad-leaved[\2]	Coniferous	Mixed + Mangrove	Broad-leaved[\4]	Coniferous	Mixed + Mangrove
Million cu m	1,207	29	1	370	15	<1
Percentage	97	2	<1	95	4	<1
Volume/ha (cu m)[\3]	178	229	15	54	120	2

Source: ibid.
\1- Gross and commercial tree volume in both natural and plantation forests.
\2- The mangrove and bamboo gross and commercial volume excluded.
\3- Gross volume of 20 most abundant tree species in natural forest is 118 cu m/ha and commercial volume, 42 cu m/ha; generally of the Shorea, Parashorea and Dipterocarpus spp. Gross volume of 10 most abundant broad-leaved tree species in plantation forest is 34 cu m/ha and commercial volume, about 2 cu m/ha generally of Gmelina arborea, Parasranthes falcataria, Mangifera indica, Pterocarpus indica, Samanea saman, Swietenia macrophylla, etc.

On Climate Change

What is Climate Change?

The entire world is now facing the dangers of Global Warming and Climate Change, characterized by the abrupt changing of the Earth's temperature, mainly caused by 200 years of fossil-fuel based industrialization, urbanization and agriculture.

In recent usage, especially in the context of environmental policy, climate change usually refers to changes in modern climate. It can be a change in the average weather or a change in the distribution of weather events around an average (for example, greater or fewer extreme weather events).

This is commonly used interchangeably with "global warming" and "the greenhouse effect." Climate change refers to the buildup of man-made gases in the atmosphere that trap the suns heat, causing changes in weather patterns on a global scale. The effects include changes in rainfall patterns, sea level rise, potential droughts, habitat loss, and heat stress.

What Cause Climate Change?

The main contributors to climate change are the greenhouse gases which accumulate in the atmosphere and stays there for at least 200 years, trapping heat that we release.

The greenhouse gases of most concern are carbon dioxide, methane, and nitrous oxides. If these gases in our atmosphere double, the earth could warm up by 2.5 to 4.5 degrees Fahrenheit by the year 2050, with changes in global precipitation having the greatest consequences.

Carbon dioxide or CO_2 from the burning of fossil fuels from our vehicles and industries. CO_2 remains in the atmosphere for 200 years.

Methane is produced by the rotting of garbage in dumpsites. It is 20 times more lethal than carbon dioxide.

Carbon dioxide is the main culprit. *The single human activity that is most likely to have a large impact on the climate is the burning of "fossil fuels" such as coal, oil and gas.* These fuels contain carbon. Burning them makes carbon dioxide gas. Since the early 1800s, the amount of carbon dioxide in the earth's atmosphere has increased by nearly 30%, and average global temperature appears to have risen between 1° and 2°F.

Carbon dioxide gas traps solar heat in the atmosphere, partly in the same way as glass traps solar heat in a greenhouse; carbon dioxide is sometimes called a "greenhouse gas." As more carbon dioxide is added to the atmosphere, solar heat has more trouble getting out. The result is that, if everything else stayed unchanged, the average temperature of the atmosphere would increase.

Other gases. Carbon dioxide is not the only gas released by human activities that can cause warming. Human emissions of methane and nitrous oxide together contribute almost half as much warming.

Coal and oil contain sulfur. When they are burned the sulfur is transformed into fine particles in the atmosphere. This sulfur pollution contributes to various environmental problems. Most scientists think that sulfur particles cool the planet but this cooling has partly canceled some of the warming that should have come from the growing concentrations of greenhouse gases. However, since emissions of greenhouse gases continue to grow, and most countries are working hard to reduce emissions of sulfur air pollution, this canceling will probably not continue in the future. In that case, the average temperature may rise more rapidly.

Impacts of Global Warming

As global warming continues, scientists point out that the world is moving towards a dangerous tipping point of irreversible climate change in the year 2050.

The current level of greenhouse gases tapped in the atmosphere is 372 parts per million (ppm). Scientists report that if the 450 ppm level is reached, the world would reach that tipping point.

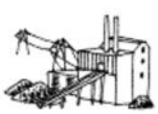
A 7-meter rise in sea water will drastically reduce the land areas of islands like Mactan and Guimaras and vast areas of Malabon, Navotas and Manila will be permanently under water.

Half of the country's 1,610 municipalities are located along our coastline with 80% of the population dependent on seafood as primary source of protein. A mere one-meter increase in sea level could destroy or drastically affect living conditions in 64 of the country's 81 provinces.

If global warming occurs, not every day or every place will be warmer. But on average most places will be warmer. This will cause changes in the amount and pattern of rain and snow, in the length of growing seasons, in the frequency and severity of storms, and in sea level. Farms, forests, and plants and animals in the natural environment, will all be affected.

Human Activities Contributing to Climate Change

- major contributors to possible climate change:
  - **coal, oil, and natural gas,** when burned release carbon dioxide, the most important greenhouse gas.



- modest contributors to possible climate change:
  - **deforestation:** when wood is burned, the carbon contained in the trees is released as carbon dioxide. When wood rots in swamps methane can be produced. Living trees remove carbon dioxide from the atmosphere.

  - **rice paddies, cattle, coal mines, gas pipelines, and landfills** produce methane, another greenhouse gas, which today causes about 30% as much warming as carbon dioxide.

  - **fertilizers and other chemicals** release nitrous oxide, which today causes about 10% as much warming as carbon dioxide.

The ozone hole is a different problem. Many people confuse the hole in the ozone layer with climate change. The main cause of the hole in the ozone layer is chlorofluorocarbons (CFCs), gases that are used in refrigerators and air conditioners, for example. While CFCs alone cause warming, their ozone destruction can cause cooling, thus they approximately balanced.

Adaptation Mechanisms vs. Global Warming

Malacañang Palace hosted the Carbon Cutting Congress versus Climate Change in November 2008. The Congress Declaration supported, among others, a 50% global emissions reductions by 2050, or before that tipping point of irreversible climate change is reached.

Locally we must also act to cut carbon dioxide and mitigate climate change in order for us to have the moral authority to ask the developed nations to make deep and early cuts.

President Arroyo has issued three Executive Orders:

1. **Administrative Order No. 171** was issued in February 2007, creating the Presidential Task Force on Climate Change (PTFCC) that will assess the impact of climate change to the Philippines and reduce greenhouse emissions in the Philippines through fuel efficiency, energy conservation and use of renewable energy.
2. **Executive Order No. 774** was issued in December 2008 to reorganize the PTFCC into OPACC, with the President as Chair, and creating 17 Task Groups headed by Department Secretaries, with specific programs per Task Group to combat climate change.
3. **Executive Order No. 785** was issued in February 2009 mandating the OPACC to develop a National Climate Change Framework that will consolidate and institutionalize government initiatives to achieve synergy in the implementation of climate change programs and projects.

Due to serious threats to national survival, there is a need for every citizen and every sector of the society to mobilize in order to abort the tipping point warned by scientists.

- For every citizen to reduce his or her "carbon footprint" or the indicator of how much each person pollutes the Earth.
- For transport sector to use bio-fuel blends for gasoline and diesel and improve road systems that will reduce fuel consumption.
- Use biodiesel or diesel-fed vehicles, and bioethanol for gasoline-fed vehicles to reduce CO2 emissions.
- For power sector to tap potential rich sources of clean or alternative energy such as wind, solar, tidal, geothermal and hydro power to gradually replace coal and oil-fired power plants.
- For industries to build structures and buildings designed for environment efficiency and to practice waste and water management and recycling.
- For individuals and communities to practice waste segregation, establish materials recovery facility (MRF), a mandate for every barangay per RA 9003 where wastes will be processed.
- Establish urban gardens in backyards and open spaces for planting of organic vegetables for food production, using compost fertilizers from the MRF.
- Replace old fluorescent lamps with compressed fluorescent lamps which cut power consumption by up to 90% while getting the same amount of brightness. Practice energy conservation measures such as shutting-off air conditioners before 9AM and after 4PM.
- Create carbon sinks by helping conserve forests and plant trees to help absorb carbon dioxide.
- Communities must be primed and organized for disaster preparedness with proper evacuation plans, refuge management, emergency food and water supply, strengthened infrastructures that may serve as evacuation camps, and educate the public.
- Avoid using objects that energy-intensive like plastics, steel and cement. Adopt a more organic lifestyle by doing, eating, and being what's natural.

We have significant number of environmental laws:

- General environmental law
  - PD 1151 - Philippine Environmental Policy
  - PD 1152 - Philippine Environmental Code
  - PD 1586 - Environmental Impact Statement System
  - PD 2146 - Environmental Critical Areas and Projects
  - PD 984 - Pollution Control Law
  - RA 6969 - Toxic Substances and Hazardous Wastes
- Land
  - RA 7586 - National Integrated Protected Areas System Act
  - RA 9147 - Conservation & Protection of Wildlife Resources
  - PD 1144 - Fertilizers and Pesticides
  - RA 7076 - People's Small-scale Mining
  - RA 7942 - Philippine Mining Act
  - RA 7196 - Mini-hydroelectric Power Developers
  - PD 1068 - Non-conventional Energy Resources
  - RA 9367 - Biofuels Act
  - RA 1442 - Geothermal Resources
  - EO 290 - Implementing the Natural Gas Vehicle Program for Public Transport
- Air
  - RA 8749 - Clean Air Act
- Waters
  - PD 979 - Marine Pollution
  - RA 9275 - Clean Water Act
  - PD 296 - Directing Persons to Renounce Possession of Riverbanks
- Others
  - RA 9003 - Solid Wast Management Act of 2001
  - RA 7160 - Environment Related Provisions of the Local Government Code
  - Dao No. 30-92 - Role of Local Governments in Environmental Protection
  - Philippine Agenda 21

Emerging market for land-use carbon credits

by Michael A. Cullen and Leslie L. Durschinger

It is widely accepted that detrimental land-use actions generate at least 18% of global greenhouse gas (GHG) emissions worldwide, mostly from deforestation. FAO estimates global forest loss at about 13 million hectares per year, releasing around 1650 MtCO2 each year.

However, land-use projects represent less than 1% of the official carbon offset market.

In 2007, 18% of traded volume on the voluntary market was accounted for by forestry and agricultural soils projects. Credits from land-use projects often trade at a significant discount to other project types, such as renewable energy, industrial gas, or fuel switching. Still, voluntary buyers and buyers motivated by emerging regulatory schemes are show growing interest in purchasing credits from projects previously designated as Land Use and Land Use Change and Forestry (LULUCF), now referred to as Agriculture, Forestry, and Land Use (AFOLU). This new designation accounts for a broader set of project types including A/R, improved forest management, reduced emissions from deforestation and degradation (REDD), and agricultural land management.

Evolving regulatory environment

Expansion of the market for land-use project generated carbon credits is driven by changes in the regulatory environment. The EU has recently made a commitment to address the global problem of deforestation. In the absence of regulatory acceptance, voluntary interest in AFOLU projects from institutional and retail buyers is growing.

Japan recently announced that it will institute a voluntary emissions reduction plan where companies would voluntarily agree to cut emissions. Japan has been an important player in the worldwide carbon market and has been a strong supporter of forestry projects.

Australia's new government has set up a climate exchange to trade emission reduction credits, and it has proposed recognizing credits from agricultural land use and forestry and appears to be on track in meeting its Kyoto emission reduction targets.

Pending federal legislation in the U.S. and regional initiatives devising legislation to limit GHG emissions and establish cap and trade systems include acceptance of domestic and international forestry projects as offsets. Given the size of the U.S. regulatory market the impact on the demand for land-use credits will be significant.

Market standards

In Bali (December 2007), the UNFCCC included REDD on its post-2012 roadmap, with more details expected to emerge from its next cop in December 2009. The World Bank, through its Forest Carbon Partnership Facility, is supporting reduced/avoided deforestation efforts at the country level. In addition, the voluntary market for AFOLU projects is growing and gaining credibility with market participants. By contrast, the Voluntary Carbon Standard (VCS) provides guidance for accurate accounting of carbon stocks, leakage, and additionality, though no methodologies have been approved to date. Terra Global Capital proposed the first VCS REDD methodology in September, 2008, which is currently under third party validation.

Market growth is being driven by standards that provide transparency for buyers and sellers, carbon accounting methods that are robust and credible, and registration processes that are streamlined and cost effective. The two main standards currently accepted for AFOLU projects are VCS and CDM. These differ significantly in the types of projects accepted and the details of land eligibility (see Table below).

Prices

Market prices for carbon credits from REDD projects vary widely and is used on a limited sample size, they have to date been observed to range from \$2 to \$12 per ton. While the contribution of VCS and CCBS registration ensures a high degree of carbon accounting and social and biodiversity benefits, it is unclear how much of a premium the market will place on credits with both CCBS and VCS registration. Nonetheless, REDD projects as a whole are anticipated to play an important role in the market for worldwide carbon offsets.

A recent survey of the voluntary market by Ecosystems Marketplace noted the following prices were reported for voluntary market transactions per ton of CO2:

- A/R plantation/monocrop - \$8.20 per ton
- A/R restoration of native species - \$ 6.20 per ton
- Avoided deforestation - \$4.80 per ton
- Agricultural soil - \$3.90 per ton

Demand side drivers

Credits from land use projects will continue to provide a low to medium cost abatement solution for compliance with US. EU, Australia and Japan regulatory schemes and for voluntary buyers. Since the voluntary market is expected to grow to US \$50 billion by 2012, the demand for land-use projects with desirable co-benefits to voluntary buyers[7] will impact the market growth for land use credits. For pre-compliance companies and investors, the U.S. market which is predicted to be worth \$1 trillion by 2020, provides an opportunity to invest early in anticipation of increased regulation and market appreciation, to include offset credits from forestry projects.

The Kyoto compliance markets are currently limited for forestry (CDM only allows afforestation/reforestation). Companies with Corporate Social Responsibility (CSR) goals have recently been looking more to buy land-use credits, as they have started to understand the issues of permanence and timing of offsets versus their emissions.

Buyers often focus on two issues beyond the importance they place on accurate carbon accounting. One is permanence: the notion that the offsets created and sold from a project will not be reversed by natural or man-made events that release the project's previously sequestered carbon. The second one is additionality: confirming that that the project resulted in lower green house gas emissions than what would have occurred under a 'business as usual' scenario.

Buyers currently in the market have been categorized as follows:

- Regulatory compliance buyers who need to purchase offsets to meet their regulatory caps;
- CSR companies who purchase credits to meet objectives of environmental responsibility;
- Pre-compliance or early action buyers from corporate entities who will eventually have to comply with a standard;
- Speculators or investors who want to take advantage of possible future price increases; and
- Retail buyers who want to take personal action to offset their carbon footprints.

While each of these buyers has different motivations and pricing objectives, they all need to rely on transparent standards for carbon accounting and the ability to understand the risk related to their carbon offsets purchases.

Can AFOLU projects be brought to market in scale?

It is estimated that reforestation of only 1% of eligible tropical land could give rise to \$5 billion in carbon credits. Each year US \$8 billion worth of carbon (valued at US \$5 per ton) is emitted due to deforestation. Thus the ability for both A/R and REDD to contribute to reducing GHG is significant. However, if forests are to be replanted, stabilized, or deforestation avoided, the developers of such projects will need expertise, capital, and technical support to bring credible projects to market and to implement them.

Often projects require up-front funding to support startup costs for project development and carbon measurement. Having such funding in place early allows for a better chance of project success. In addition, it must be established who is the legal owner of the credits, and how the transaction can be structured to ensure that credits are only sold once and that a viable counterparty can sign the emissions reduction purchase agreement with buyers.

Finally, to ensure that income streams can flow fairly to multiple participants, including local communities, revenue flows need to be accurately predicted and mechanisms put in place to distribute carbon benefits.

Conclusion

The AFOLU carbon market is growing at a rapid rate. The demand for land-based offset credits will undoubtedly increase further with changes in the regulatory systems of developed countries, and because there is no other single source that could potentially meet this growing demand. The measurement, permanence, additionality, and risk issues of AFOLU projects will be better understood and managed, and as the market matures numbers of buyers and early investors will increase.

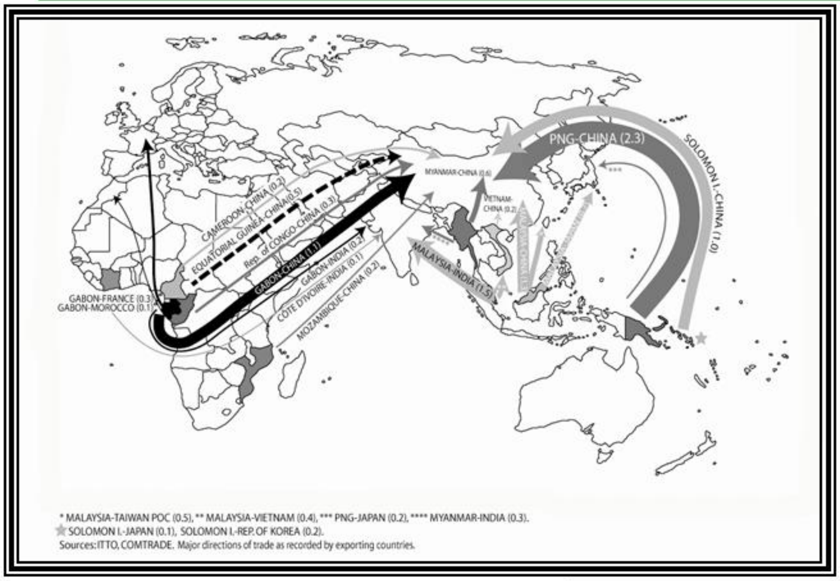
Such maturation will occur as quality projects are brought to market, transparent and rigorous standards are applied, ample technical expertise to measure carbon is developed, and adequate financing to initiate projects is efficiently sourced.

Source: Tropical Forest Update, 18 No. 3 2008

Abridged from the article prepared by Mr.. Michael A. Cullen, Managing Director, Terra Global Capital and Mr. Leslie L. Durschinger, Founder and Managing Director, Terra Global Capital

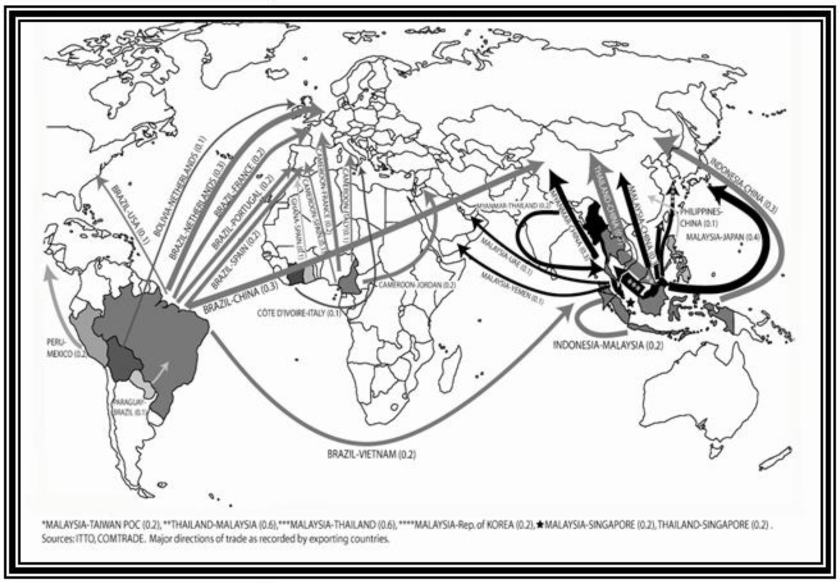
VCS best
Land -use project types and available carbon standards

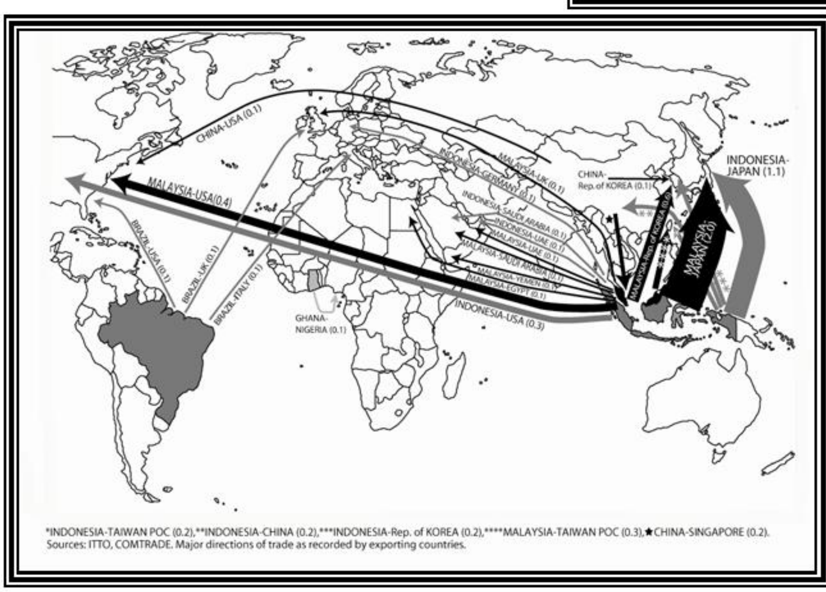
Category	Examples	CDM	VCS
Afforestation/ Reforestation	• Tree planting with or w/o harvest, on deforested land • Agro-forestry on deforested land • Assigned natural regeneration, on deforested land	/ / / Deforested prior 1990	/ / / Deforested > 10 yrs prior project starts
Avoided Deforestation (REDD)	• Reduction of degradation and deforestation • Enrichment planting or ANR, on degraded lands		/ /
Improved Forest Management	• Conversion from commercial to sustainable timber harvesting • Extending rotations of harvests • Other treatments to restore forest value		/ / /
Agriculture Land Management	• Conservation tillage • Optimized fertilization (reducing N2O emissions) • Improved water management rice (reducing CH4) • Rangeland management		/ / / /



Major Trade Flows: Tropical Industrial Roundwood 2007 (million m^3)

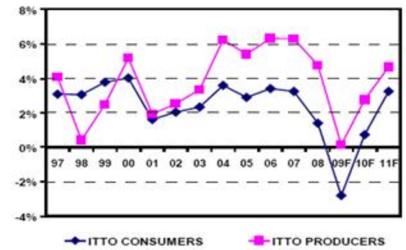
Major Trade Flows: Tropical Sawnwood 2007 (million m^3)





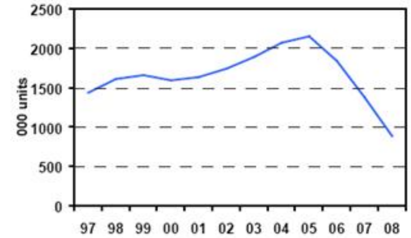
Major Trade Flows: Tropical Plywood 2007 (million m^3)

Source: International Tropical Timber Organization (ITTO). Annual Review and Assessment of the World Timber Situation, 2008



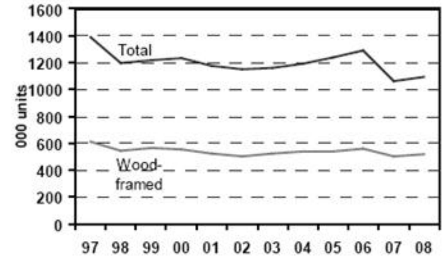
Source: IMF 2009

ITTO Producers and Consumers Real GDP Growth 1997-2011



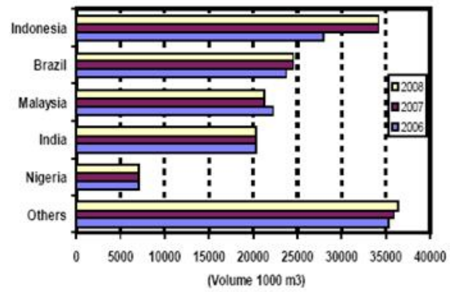
Annual data, new privately owned housing starts
Source: US Census Bureau

US Housing Starts 1997-2008

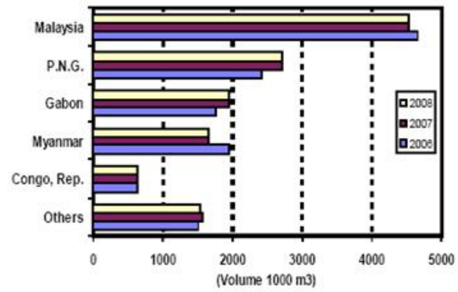


Source: Japan Lumber Reports, various issues

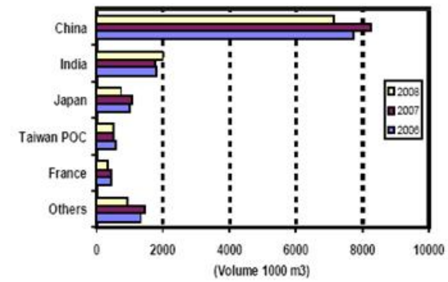
Japan Housing Starts 1997-2008



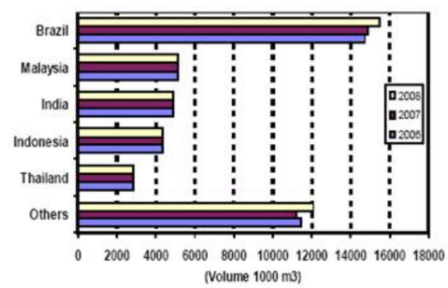
Major Tropical Log Producers



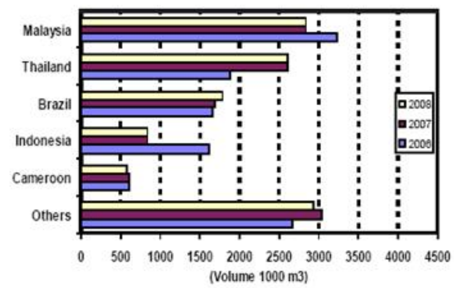
Major Tropical Log Exporters



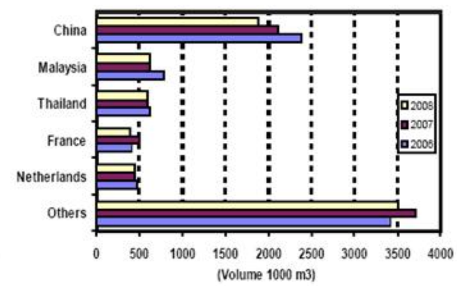
Major Tropical Log Importers



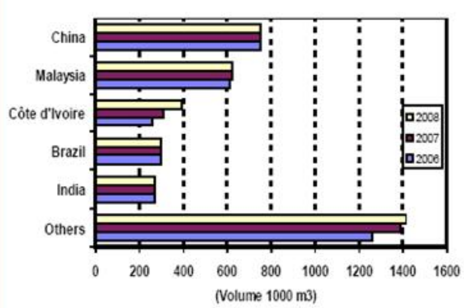
Major Tropical Sawnwood Producers



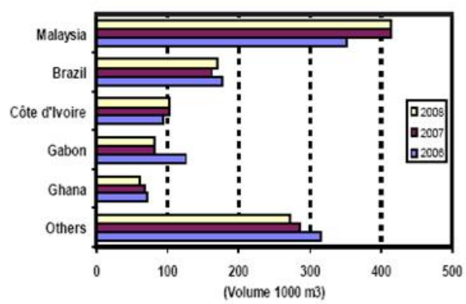
Major Tropical Sawnwood Exporters



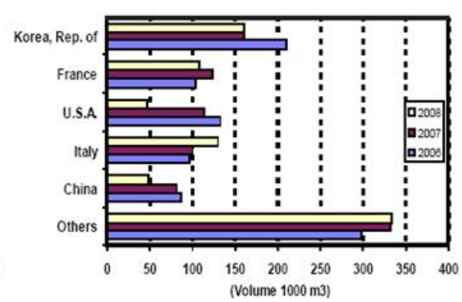
Major Tropical Sawnwood Importers



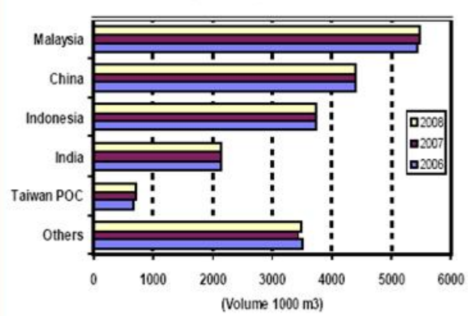
Major Tropical Veneer Producers



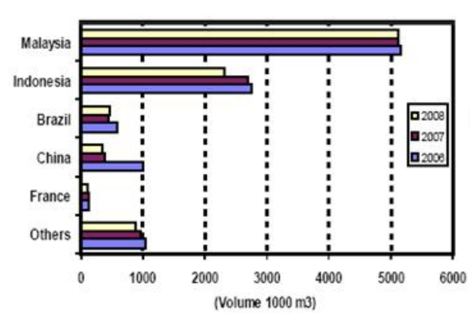
Major Tropical Veneer Exporters



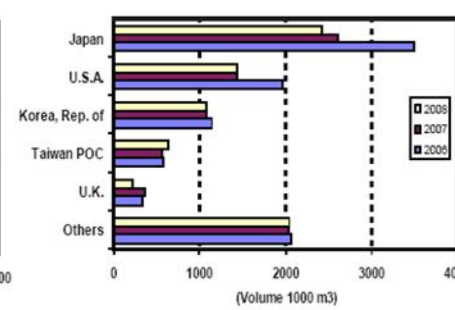
Major Tropical Veneer Importers



Major Tropical Plywood Producers



Major Tropical Plywood Exporters



Major Tropical Plywood Importers

ACTIVE REGULAR MEMBERS

CAR

FURNITURE GROUP, INC.
R-273 Wellington Bldg., Plaza Ruiz, Binondo, Manila
Mr. Florio M. Buñag

REGION I

SHIPSIDE, INC.
Poro, San Fernando City, La Union
Mr. Felipe U. Yap/Mr. Jun Balbin

REGION II

LIBERTY LOGGING CORP.
123 Kaingin Rd., Balintawak, Quezon City
Mr. Wilson Lim

LUZON MAHOGANY TIMBER IND., INC.
14 A Road 11 Toro Hills, Project 8, Quezon City
Mr. Manuel A. Ng

REGION III

PACIFIC TIMBER EXPORT CORP.
UDC Compound, Malhacan, Meycauayan, Bulacan
Mr. Fernando A. Lu

WORLDWOOD TRADING CORPORATION
Km. 28 Bo. Wakas, Bocaue, Bulacan
Ms. Adelina S. Lee

ELCO WOOD PROCESSING CORP.
San Juan, Balagtas, Bulacan
Mr. Juan L. Santiago

REGION IV

MT. BANAHAW WOOD IND., INC.
24 Dancalan St., Damar Village, Quezon City
Mr. Rafael Tantuco

TABLERIA TAN TAO SAWMILL, INC.
Calicanto, Batangas City 4200
Ms. Lee Kim Hua

NCR

ATLANTA WOOD DEVELOPMENT CORP.
12 T. Santiago St., Canumay, Valenzuela City
Ms. Fe Lacson

CAPITOL SAWMILL, INC.
Paseo de Blas, Valenzuela City
Mr. Rufino Chua

CONSOLIDATED WOOD PRODUCTS, INC.
8389 Dr. A. Santos Ave., Sucat, Parañaque
Mr. Ramon Y. Uy

EXCEL WOOD INDUSTRIES, INC.
Phil. Stock Exchange Bldg. 20 F West Tower 2001 A,
Exchange Road, Pasig City
Mr. Mariano de Jesus

EXTENSIVE WOOD PROCESSING CORP.
Km. 15 Mc Arthur Highway, Dalandanan,
Valenzuela City
Mr. Johnny Chan

GREAT WOOD CORP.
356 F. Sandiego St., Viente Reales St.,
Valenzuela City
Mr. Alfredo Go

GREAT WORLD IND'L. INT'L. CORP.
Bo. Canumay, Valenzuela City
Mr. Benjamin Coquinco

SOUTHERN SAWMILL, INC.
1331 Dagupan St., Tondo, Manila
Mr. Tiong Ben dela Cruz

BULACAN INTEGRATED WOOD IND. CORP
197 Mc Arthur Highway, Valenzuela City
Mr. Felix L. Sy

HANTEX MANUFACTURING CORP.
5122 B. Hao St., Mapulang Lupa, Valenzuela City
Mr. Philip Hao

PREMIUM PLYWOOD CORP.
2227 Felix Huertas, Sta. Cruz, Manila
Mr. Willy Dizon

REPUBLIC WOODEN COMMODITIES MANUFACTURING CORP.
917 Susano Ave., Novaliches, Quezon City
Mr. Alex P. Ong

TOPLITE LUMBER
71 Sapang Bakaw St., Lawang Bato, Valenzuela City
Mr. Johnny Chua

WINLEX MARKETING CORP. (International Plywood Corp.)
197 Mc. Arthur Highway, Karuhatan, Valenzuela City
Mr. Felix L. Sy

REGION VII

BUDGET BUILDERS, INC.
235 N. Bacalso Avenue, Mambaling, Cebu City
Mr. Wilson Y. Lumakang

CENTRAL LUMBER CORP.
268 Magallanes St., Cebu City
Mr. Jeffrey Sinco

MATIMCO, INC.
Highway Estancia, Mandaue City
Mr. Charlie H. Liu

REGION IX

MEGA PLYWOOD CORP.
Suite 272 Wellington Bldg., Plaza Ruiz, Binondo, Manila
Mr. Alfredo Chua

SIRAWAI PLYWOOD & LUMBER CORP.
4/F DACON Bldg., 2281 Chino Roces Ave. Ext., Makati City
Atty. Antonio G. Bernas

REGION X

ASIA-PACIFIC TIMBER & PLYWOOD CORP.
14-A Trinidad St., Victoria Village, East Canumay, Valenzuela City
Mr. Jhonny M. Young

CAGAYAN DE ORO TIMBER. COMPANY, INC. (CATIMCO)
Puntod, Cagayan de Oro City
Rev. Prudencio T. Plaza, Jr.

HCH WOOD CORP.
Phividec Industrial Estate, Gracia, Tagoloan, Misamis Oriental
Mr. Huang Chun Ming

JASY'S LUMBER
Purok I, Villaflor, Oroquieta City, Misamis Occidental
Mr. Joseph S. Yew

NOVAWOOD FOREST INDUSTRIES CORP.
Purok II, Lapasan, Clarin, Misamis Occidental
Mr. Rosendo Dy/Benjamin Dy/Alex P. Ong

TIMBERWOOD DEVELOPMENT CORP.
c/o SWL Ent. Mohon, Tagoloan, Misamis Oriental
Mr. Huang Ting Pi

TIPI WOOD PRODUCTS CORP.
R-502 State Cond. I, Salcedo St., Legaspi Village, Makati City
Mr. Emmanuel S. de Asis

UNION PLYWOOD CORP.
R-502 State Cond. I, Salcedo St., Legaspi Village, Makati City
Mr. Antonio C. Olizon

VICMAR DEVELOPMENT CORP.
U-C G/F Cordova Bldg., Valero cor Sedeño Sts., Salcedo Village, Makati City
Mr. Robert W. Kua

REGION XI

BAGANGA PLYWOOD CORP.
Suite 272 Wellington Bldg., Plaza Ruiz, Binondo, Manila
Mr. Alfredo Chua

C. ALCANTARA & SONS, INC.
3/F Alson's Bldg., 2286 Pasong Tamo, Makati City
Ms. Edith I. Alcantara

CONSOLIDATED PLYWOOD IND., INC.
Cagangohan, Panabo City, Davao del Norte 8105
Mr. Henry C. Wee

SMWPI WOOD PRODUCTS, INC. (San Manuel Wood Products, Inc)
Daliao, Toril, Davao City
Mr. Benjamin Ng/ Mr. Pedro Chao/ Mr. Randy Ng

TAGUM WOODCORE INDUSTRIES
Magdum, Tagum City
Mr. Antonio L. Libuangan

REGION XII

M & S COMPANY, INC.
4/F DACON Bldg., 2281 Chino Roces Ave. Ext., Makati City
Mr. Victor A. Consunji

MINRICO LUMBER ENTERPRISES CO., INC.
Jose Lim Sr. St., Cotabato City
Ms. Yu Beng L. Chua/ Mr. Albert Chua

CARAGA REGION

AGUSAN PLYWOOD CORP. c/o Richmond Plywood
2227 Felix Huertas, Sta. Cruz, Manila
Mr. Jacinto Ngo

ARTIMCO, INC. (Asas-asan Timber Co., Inc)
Rm. 11-12, 11/F Manila Bank, Corp.,
6772 Ayala Avenue, Makati City
Mr. Evaristo M. Narvaez, Jr.

CASILAYAN SOFTWOOD & DEV'T. CORP.
2111 Pasong Tamo cor. Tindalo St., Makati City
Mr. Jose Yap

EMCO PLYWOOD CORP.
2/F ACE Bldg. 103 Rada cor. De La Rosa St.
Legaspi Village, Makati City
Mr. Alfonso C. Keh, Jr.

JAKA EQUITIES CORP.
Jaka Center 2111 Pasong Tamo St., Makati City
Mr. Jose Yap

PHIL. SOFTWOOD PRODUCTS, INC.
111 A. 6th St. cor 6th Avenue, Grace Park, Caloocan City
Mr. Stanley Q. Tan/Mr. Stephen Q. Tan

RICHMOND PLYWOOD CORP.
No. 7 Lopez Jaena St., Barasoain,
Little Baguio, San Juan, Metro Manila
Mr. James Lim

ROYAL MATCH CO., INC.
2111 Pasong Tamo cor. Tindalo St., Makati City
Mr. Jose Yap

SURIGAO DEVELOPMENT CORP.
4/F ENZO Bldg., 399 Sen. Gil J. Puyat Ave., Makati City
Mr. Aristeo G. Puyat

THE NEW SOUTH STAR MFG. CORP.
1014 Quirino Highway, Nova., Quezon City
Mr. Peter Chua

VENTURA PLYWOOD PHILIPPINES, INC.
Lilo, Banza, Butuan City
Mr. Lawrence Ting

ACTIVE ASSOCIATE MEMBERS

CAR

Abra Fairway Merchandising
Aguinalde Const. Supply
Apco Hardware & Construction Supply
Baguio Genesis Const. Supply
BCAIDCOR Enterprises & Hardware
DMJS Construction Supply - Annex
DMJS Construction Supply - Main
First Pacific Hardware
Gerco Hardware
Irisan Construction Supplies and Aggregates
New Northern Construction Supply
New Superior Hdwe & Const. Supply
Newco Lumber & Hardware
Pentap Hardware & Const. Supply
Pyramid Hardware & Const. Supply
UBBOG BLR Lumber & Hardware
U-Need Lumber & Const. Supply

REGION I

3R & M Paint & Gen. Mdse.
3RMM Trading
A. C. Newborn Home and Builder's Center
A.B. Casiano Gravel & Sand & Const.
A.H. Arellano Gen. Mdse.
A.R. Lu Commercial
Ackset Lumber
Adamas Construction
Agoo Builders
A-Haus Construction Supply
Al-A Commercial
Alarcios Trading
Alcel Construction
Alems Hollow Block & Construction Supply
Angeles Bauang Lumber
Anna Beatrix Marketing & Const.
Anna Leizel Trading Const.
APN Construction Supply
Aquino Jugo Commercial
Arly Trading & Const. Supply
Arpee Const. Supply
Asia Const. Supply
Asian Lumber & Const. (ALCCO Lbr. Corp.)
Asingan Enterprises
Avenue Lumber & Hardware
Ay General Merchandising
B & A Lumber & Const. Supply
Baccarra Hi-way Lumber
Baccarra Lumber & Hardware
Bacnotan Bicycle Store & Gen. Mdse.
Balaoan Hardware & Const. Supply
Ballalos Enterprises
Barraca Commercial
Bauang Ilocano Lumber
Benzwood Marketing
Bertrade Const. Supply
Binalonan Alfonso Lumber
BNB Const. Mat. & Cycle Parts
Boy Construction Supply
C & M Commercial
Caropa Trading
Carried Lumber
Cebenell Concrete Products & Gen. Mdse
CEC Const. Supply
Cendaña Construction Supply
Centro Lumber & Hardware Corp.
Chuancho Hardware & Lbr. General Mdse.
Cindy's Lumber & Hardware
Cleofel Enterprises
Co Lao Lumber
Coby Trading
Currimao Const. Supply
D.J. Standard Commercial
D.S. Trading
Dagupan Filco Mdse Corp.
Dagupan Tony's Lumber
Daylight Electrical Supply & Hardware
Diay Lumber & Hardware
Diwata Ng Baguio Lbr., Hdwe. & Gen. Mdse.
DMP Coco Lumber & Const. Supply
Dolores Lumber & Hardware
Domestic Lumber & Hardware
Doton's Trading
Dragon Merchandising
Dulay Lumber & Hardware
Dyuy Lumber & Hardware
East Central Pang. Lbr. & Hardware Corp.
Edel's Construction
EDJ Trading
El Niña Enterprises
EMZ Commercial
Erosalie Lumber
Eterna Lumber & Hardware
F.B. Sapigao Builders & Const. Supply
Fieltro Coco Lumber & Const. Supply
FJM Trading
Florayjun Concrete Products & Const. Supply
FM Sales Center
Gamboa Lumber and Hardware
Good Well Marketing
Goodluck Trading
Goodnews Lumber & Hardware
GTL Lbr Hdwe & Const. Supply
GYJM Enterprises & Const. Supply
H & S Merchandising
Hard Point Const. Supply
Harry Queen Commercial
Hi-way Lumber & Const. Supply
Honey Bee Marketing
Hundred Island Mdsg.
I.L. Loveranes Merchandising
Imerson Hardware
Jaime S. Canilang Hardware
JC Trading Center & Lumber
Jesman Builders & Gen. Mdsg
JMW Merchandising Corp.
Joel's Merchandising
John's Const. Supply
JWC Commercial, Inc.
Kambal Const. Supply

Kambal Lumber & Hardware
Kapitbahay Lumber & Hardware
Kawanku Trading & Const. Supply
King's Commercial Corp.
King's Land Lumber & Hardware
Kriston Merchandising
KTM Trading
L. V. Cabacungan General Merchandising
L.U. Kuliglig Merchandising
L.U. Lumber & Hardware
L.U. Maxim Enterprises
L.U. New Capital Lumber-Hardware Co., Inc.
L.U. New Central Trading
L.U. New Peoples Lumber & Hardware
L.U. R & R General Merchandise
Ladera Const. Supply
Lama Merchandising
Lander Hardware and Lumber
Laoag Far Eastern Lumber & Hardware
Laoag Kambal Corporation
Leiverance Enterprises
Leonardos' Const.
Liberty Commercial
LO-ER Lumber & Hardware
Lucky Star Lumber & Hardware
M.M. Agustin Jr. Lbr & Gen. Mdsg
M.U.S. Const. Supply
Mabuhay Lumber & Hardware
Mae & King Concrete Prod. Const. Supply
Majesty Lumber
Mangaliag Lamsen Enterprises
Marimar Lumber & Hardware
Marlo Merchandising
Masuerte Const. Supply
MB Viray Coco Lumber
Medium Lumber & Hardware & Carpentry Shop
Mika Joben Hardware & Const. Supply
Miramar Lumber & Hardware
Mong Ding Const. Supply
Mories Enterprises
Morla Lumber & Hardware
MRDJ Const. Supply
Multi Sales Hardware & Gen. Mdse.
N.I.F. Lumber (for. Filipinas Lumber)
Naguillian Lumber & Hardware
Narra Commercial
Narvacan Lumber & Hardware
Navasca Hardware & Const. Supply
Nestinne Enterprises
New Agoo Cement Center Lumber & Hardware
New Antonio Lumber & Hardware
New Bacarra Lumber & Hardware
New Bantay Lumber & Hardware
New Batac Lumber & Hardware
New Born Lumber & Hardware
New Calasiao Lumber
New Dagupan Corp.
New Fercal Hardware & Lumber
New Laoac Const. & Gen. Mdsg
New Northcoast Trading Corp.
New Northern Union Lumber Corp.
New Pozorrubio Merchandising
Newton Construction Supply
NorthCoast Trading Corp.
Northern Trading & Const. Supply
NS Castillo Trading & Const. Supply
Oriental Lumber Corp.
Pangasinan Hope Mercantile Corp.
Pangasinan New Wilson Lumber
Pangilinan Lumber & Const. Supply
Peña Hardware
Pench Gen. Merchandise
Phil. Topwood Industries & Trading Corp.
Piddig Central Lumber & Hardware
Pinatubo Trading
Popular Lumber & Hardware
Pro-Bahay Lumber & Const. Supply
R. Sytian Merchandising
R.J. Buada Trading
R.S. Zigma Trading
Rainbow Lumber & Const. Supply
Reijan Const. Supply
Reliance Const. Supply
RHKP Uson Builders Supply
Rivera Hollow Blocks & Const. Supply
Ro-gie Const.
Romel's Sales Center
Royal Court Lumber & Const.
RV Jugo Const. Supply
Ryes Commercial
Salazar Const. Supply
Salcedo Lumber
San Carlos Lumber & Hardware, Inc.
Sanchez Hardware
Sinait-Bantay Marketing
Sintong Marketing Co., Inc.
Snow Ball Hardware and Gen. Merchandise
Solidbilt Concrete Products & Gen. Mdsg.
Solidnorth Marketing
Sonson Concrete Products & Const. Supply
Standard Enterprises & Const. Supply
T. Gamayo Const. Supply
Tagumpay Lumber & Hardware
Talico Industrial & Const. Supply
Tamondong Furniture & Gen. Mdsg.
Thrifty Mart Lumber & Hardware
Topco Lumber & Hardware
Trio 8 Merchandising
Triple RM Hardware
Tumanan Hardware & Construction Supply
Unique Lumber
Universal General Merchandise
Urdaneta Lumber & Hardware
Uson Steel Bar & Const. Supply
Vanna Enterprises
VC Bautista Const. & Supply
Vigan Fortune Lumber & Hardware-Candon
Vigan Fortune Lumber & Hardware-Vigan
Vigan Galaxie Gen. Mdsg. & Lumber
Vilca Construction Supply
Viloria Lumber & Hardware
VJ Cruz Steel Supply & Gen. Mdse.
WD Merchandising
Woodluck Lbr. Const. Supply & Gen. Mdse.
Y.R. Merchandising
Yakal Const. & Electrical Supplies Co.

Yakal Lumber & Comm'l. Dev't. Inc.-Candon
Yakal Lumber & Comm'l. Dev't. Inc.-Tagudin
Yakal Lumber & Hdwe - Narvacan

REGION III

1010 Hardware & Gen. Mdse.
424 Trading
A & D Lumber and Hardware
A.C. Sunrise Lumber Contruction Supply
A.David Construction Supply
Airon Lumber and Hardware
Alapan Construction Supply
Alaska Marlins
Allan Cubacub Const. Supply
Almarie Rose Gen. Merchandise
Angeles LCM Lumber
Angeles Romars Trading
Angli-Lumber and Hardware
Anmar Lumber & Hardware
Apung Duque Lumber & Hardware
Aweca Exim Trading Corp.
Balgon Hardware
Banzil-Galang General Mdse.
Bataan Commercial Enterprises
Berly's Construction Supply
Bliss Lumber & Hardware
C.A. Bada Hardware
Cabzon Hardware
California Lumber
Capil Merchandising
CDY Const. Supply
Cedar Lumber & Hardware
CGE Construction Supply
CGE Hardware
Channel Const. & Trading
CKY World Trading Inc.
CL Maris
Cordero's Tagalog Lumber & Hardware
Cristina Hardware
DAJ Parquet Enterprises
Danilo R. Clamonte Mini Lumber
Diamond City Trading
Dynamic Balibago JC Commercial
E. N. Mini Hardware & Lumber
Easy S. Hardware & Const. Supply
Edith Construction Supply
Edmar Joseph Trading
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Educalan Lumber
Elicaño Trading & Supply
EM Steel
Emra Construction Supply
F.S. Yap Const. & Gen. Msde.
First Coconut Trading
Flores Wee Gen. Mdse.
Frenzel's Hardware
Friendship Const. Supply
Gines Enterprises-Guimba Branch
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JC Baluyot Hardware
JC Maris
JCY Enterprises
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Mabiga Const. Supply
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Manfel Trading
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Martin-Marquez Mini Lumber
Marzon Hardware & Lumber
Master Lumber
MJ Hardware
MKA Hardware
MMC Arts & Craft
Mose Hardware
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REGION IV

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Evelyn Hardware & Const. Supply
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Fiesta Hdwe & Const. Supply
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FJ Benavidez Const. Supply
Golden Harvest Lbr. & Const. Supply
Green City Hardware
Greg Manuel Enterprises
H & K Fortune Enterprises
Hok Lbr. Supply
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Intermodal Kogyo Corp.
J & H Const. Supply
J & V Hdwe & Const. Supplies
J. Michael Const. Supply
JFT General Merchandise & Hardware
JKW General Merchandise
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Maxdyme Lumber & Const. Supply
Mayapa Hardware and Gen. Mdse
Mez Construction Supply
Milsan Enterprise
MJF General Merchandise
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Tableria Central - Main
Tableria La Confianza Co., Inc.
Taytay Sash Contractors Coop.
Topyield Hardware & Gen. Mdse.
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United Hardware & Gen. Mdse.
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Vasquez Trading
Vicrom Trading
VR Patron Hardware Lbr & Const. Supply
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366 Merchandising Center
3J'J Trading Corp.
747 Lumber & Const. Supply
828 Hardware & Gen. Mdse.
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Adelante Marketing
AGC Flat Glass Phils., Inc. (Asahi Glass Phils., Inc.)
Albarose Enterprises
AMA KD World Marketing Corp.
Anton Const. Supply
A-Plus Builders
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JR Gale Enterprises
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Kabayan Enterprises
Kamuning Lumber & Const. Supply
KBB EL Construction
Kerrigan General Mdse.
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Kimjoe Lbr Hdwe & Elect. Supply
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Konstruct Depot Corp.
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Metrowood Enterprises
Midland Const. Supply
Mirran's Hdwe & Const. Supply
Module System & Services Inc.
Moon House Marketing
Muñoz Const. Supply
Muntinlupa Dynamic Builders Supplies
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N.K. Marketing
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New Cosmopolitan Lumber & Hardware Corp.
New Del Monte Lbr. & Hdwe, Inc.
New Distinct Lbr. & Hdwe, Inc.
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New Galas Lumber & Hardware
New Golden Town Lumber
New Grace Lumber & Construction Supply
New Imus Lumber & Mdse. Co. Inc.
New JJW Lbr. & Const. Supply
New Kalentong Lumber
New Land Lumber & Const. Supply
New Marvin Lumber& Gen. Mdse
New Navotas Lbr. & Const. Supply
New Osaka Lumber
New Sabarte Hardware
New Sandalwood Lumber & Const. Supply
New Spring Lumber
New Sto. Domingo Lumber & Hardware
New Tableria Masaya & Const. Supply
New World Const. Supply
Newton Hardware & Lumber
Newtown Hardware & Electrical Supply
NHL Const. Supply
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P.V. Lumber & Const. Supply
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Wilstrong Lumber & Hardware
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REGION VII

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Cebu Universal Lumber Co. Inc.
Cebu World Laminate Inc.
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REGION IX

Gulayon Mini-Sawmill & Lumber Yard

REGION XI

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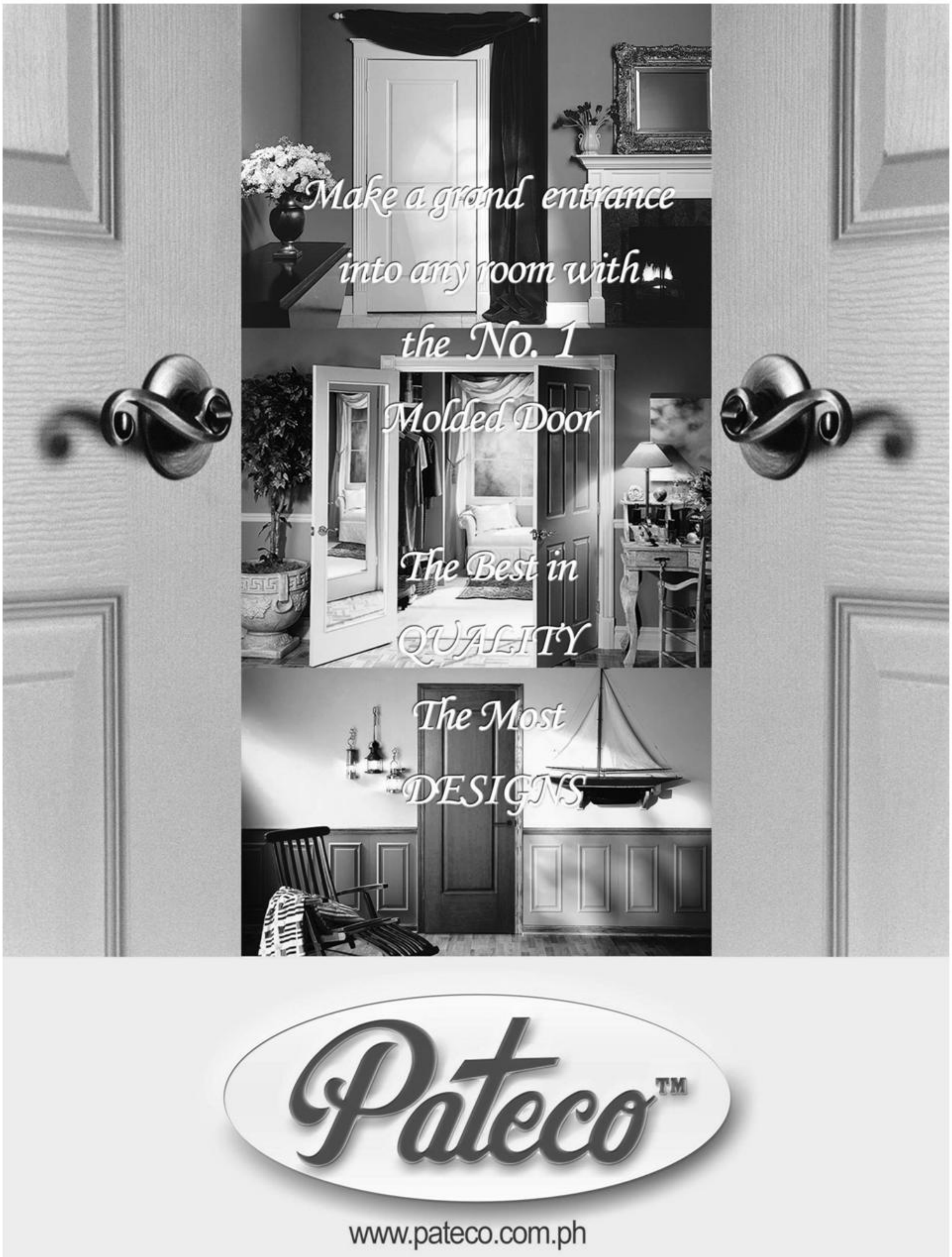
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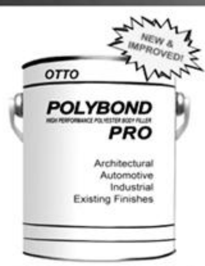

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