



## LIONEX NEWSFLASH

edition July 2008



**CHECK OUT THE NEW LIONEX FILM! CLICK** [here](#).

### WELCOME

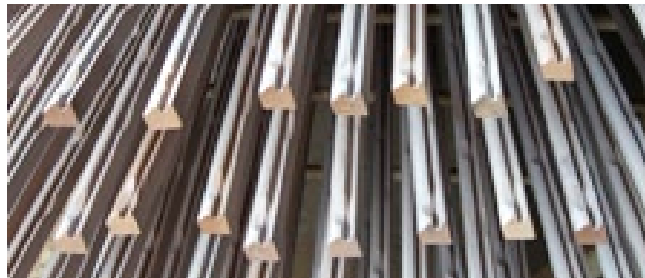
Welcome to the July 2008 edition of the Lionex Newsflash. The timber market in the world has been turbulent the last 6 months. Substantial price corrections in the softwood market, rising fuel prices worldwide and the sub prime crisis in the USA are hot issues which have their effect on the world hardwood business.

There is also good news: The number of forest areas certified under various schemes are rapidly expanding around the globe. Lionex in Malaysia recognizes this trend and is actively involved in ecological and sustainable timber

business. Lionex's commitment towards sustainable forest management will be realized through a stepwise approach to responsible purchasing and work with suppliers and key stakeholders to ensure that best practices are followed. Enjoy this newsflash and we wish all our business partners in Europe a happy summer break!

### MARKET DEVELOPMENTS

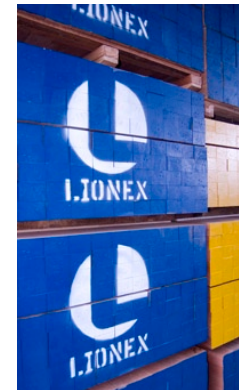
The market for tropical hardwoods in Europe has been sluggish the last few months. Although there is a fair bit of activity in the market, the margin for most importers are under great pressure; mainly due to the strong Euro. Secondly the MYR recently weakened from 3.14 to 3.25 against the USD which certainly did not build further confidence in Europe. The inflow of timber in various kiln dry plants in Malaysia has



reduced significantly which will eventually lead to rising prices in the third and 4th quarter of this year.

### FUEL PRICES

The increase of fuel prices definitely will effect the prices of sawn timber and timber products. Recently the fuel prices in Malaysia have been increased by more than 50%. This price increase certainly will have its effect on the cost price of timber. Besides the sawmilling cost, the kiln dry cost in Malaysia has increased by 10% as well. The market in general changes as well.



There is a further trend into downstream products and also the variety of timber species being used has increased. Lionex currently offers a wide range of timber products in rough sawn and value added form. The most recent product being added are MTCC certified moldings like skirting boards, glazing beads and architraves.

### CERTIFICATION

There are a lot of interesting and positive developments at the moment regarding certification.



## LIONEX NEWSFLASH

edition July 2008

### MTCC

First of all as per 1 July 2008 the MTCC scheme will be changed to a new institutional arrangement which strengthens the scheme. Secondly there are currently 6 FMU in Malaysia being certified against the requirements of the MC&I 2002.

This year MTCC has submitted their scheme for endorsement under the PEFC scheme and endorsement is being expected by end 2008.

MTCC receives more and more recognition from various countries around the world and as per today 122 timber companies have been awarded the MTCC certificate. So far a cumulative total of 230,823 m3 of MTCC-certified timber products has been exported to 20 countries.

### FSC

The percentage of FSC certified timber from various parts of the world has increased. Currently Lionex offers Sapeli, Angelim Pedra and Meranti with FSC certificate to a group a selected business partners in the European market. It is expected that by the end of 2009 the percentage of FSC certified timber shipped to the European market will be at least 25%.



### TLTV

Since May 2008 Lionex offers their Sapeli value added products with a TLTV certificate as well. The SGS TLTV mark has been developed by SGS in association with the SGS "Timber Legality & Traceability Verification (TLTV) Program. TLTV Chain of custody is one of the tools for Lionex to proof 100% legally traceable timber by December 2009.

### LIONEX SOUTH AMERICA

Early 2008 Lionex has strengthened its position in South



America. An office has been opened in the Northern city of Belem. Geographically timber is sourced out of Brazil, Peru and Bolivia. A team of qualified and highly motivated people ensure a constant flow of timber from this continent. Currently a substantial flow of certified timber is being shipped into Port Klang and is converted into semi finished products for the window and door market in the Netherlands.

### FOREST RUN AT FRIM

On the 22nd of June, the Hoo Hoo club organized the World Forestry Day Fun Run at FRIM with the theme "Value our Forest" Lionex was the Organizing Chairman and one of the main sponsor of this event. All collections have been donated to charity as part of our corporate social responsibility program.



Copyright (c) July 2008 LIONEX (M) Sdn Bhd