

Executive Summary

- ▶ **The Lao Securities Exchange:** The Wednesday sessions beamed another scarlet ray on the Lao securities market, leaving burn-marks on both stocks. BCEL sheared through its 5-week low, stopping at the 10,800 Kip per share; however, its trading volume surged 67% to 68 thousand shares, capturing a turnover of 741 million Kip. The price of EDL-Gen diluted down to 6,700 Kip per share as its trading volume enlarged by 81 percent to 133 thousand shares, evoking a total market turnover of more than 901 million Kip.
- ▶ **Lao Holdings State Enterprise delivers progress report:** The Lao Holdings State Enterprise (LHSE) held its annual meeting on Monday to report on the successes of the government's investment projects, including the Nam Theun 2 hydropower project.
- ▶ **Electrical specialist eyes Lao market:** A global specialist in energy management and electrical equipment is interested in setting up business in Laos in the near future after seeing the growth of the energy, mining and IT sectors.
- ▶ **Renewed campaign to attract more tourists:** The Lao National Tourism Administration (LNTA) expects to attract more tourists to Laos through the Lao Tourism Marketing Board, which was set up last year to work with all stakeholders in the industry.
- ▶ **Agriculture ministry seeks US\$1.8b to achieve five-year goals:** The sector plays an important role in the country's future economic growth, with a value of US\$1.8 billion and the ministry believes it can reach its goals and contribute to achieving the nation's economic growth target of at least 8% per year from 2011 to 2015.

Exchange Rates: 02/03/2011

	Bid	Change	Ask	Change
USD	8,030.00	0.00	8,069.00	0.00
CAD	8,113.00	29.00	8,278.00	30.00
THB	263.37	0.17	264.67	0.17
EUR	11,053.00	34.00	11,109.00	34.00
GBP	12,850.00	126.00	13,111.00	128.00
CNY	1,169.00	0.00	1,192.00	0.00
JPY	96.59	-0.25	98.54	-0.24
VND	0.33	0.00	0.34	0.00

Exchange rates, quoted for the Lao Kip, by the Lao Development Bank

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Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	10,800	↓ 500	4.42	15,500	8,000
EDL-Gen	6,700	↓ 50	0.74	8,850	4,550

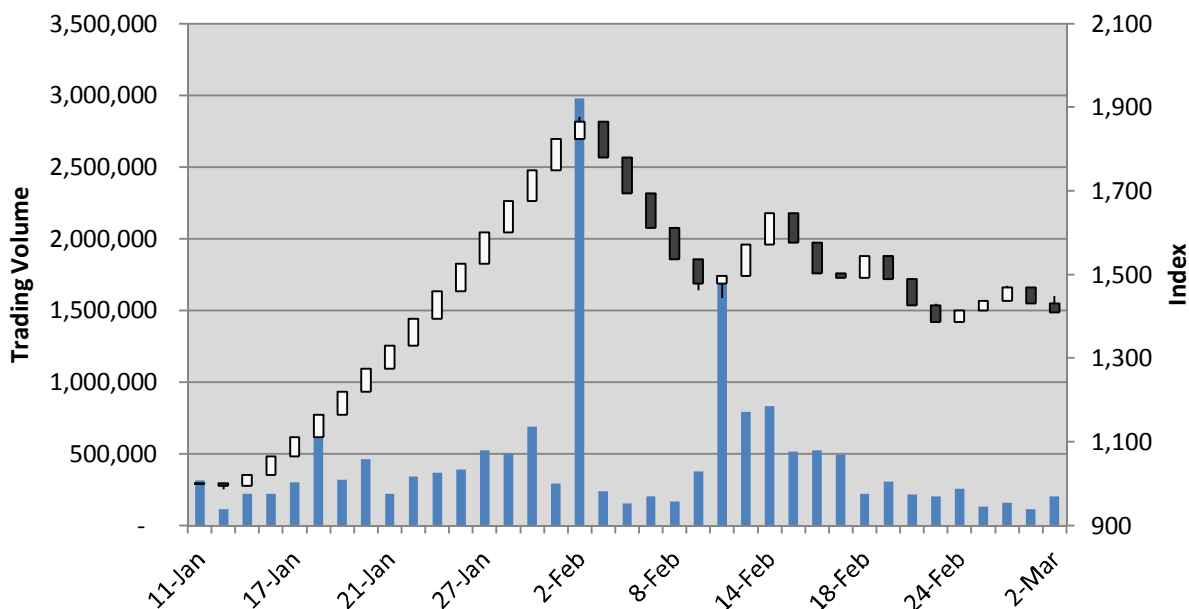
The Lao Securities Exchange

The Lao stock market

Traders slammed BCEL's shares on the floor for the second time this week, equivalent to 6.1% drop compared to last Friday. EDL-Gen only delved by a static 0.7 percent in the same period. The low trading volume on BCEL has caused this stock to fluctuate in a more volatile fashion than EDL-Gen, which is also an indication of a higher level of selling anxiety. BCEL has broken its 5-week low, but its demands did not show signs of recovery; and clearly no selling enthusiasm was detected at this level. However, BCEL has come down to a phase similar to the second trading week, representing a great opportunity for long-term investors. EDL-Gen approached fairly strong buying urges on the lower end; however the sell side would not yield to the growing demands, suggesting that the price might not go deeper. The slower falling rate, of only -0.74%, also suggests a great time to purchase EDL-Gen.

The LSX Index 1,409.58 ↓ 21.59 [1.51%]

The Lao Composite Index looped backward by 1.51 percent as a result of declining stock prices, hovering slightly above its 4-week low level. Total trades soared abruptly by 76% to 201 thousand shares, stretching the market turnover to an unsustainable 1.6 billion Kip.



Lao Economy

Business Sectors

Lao Holdings State Enterprise delivers progress report

The Lao Holdings State Enterprise (LHSE) held its annual meeting on Monday to report on the successes of the government's investment projects, including the Nam Theun 2 hydropower project. LHSE is a shareholder in the Nam Theun 2 Power Company Limited (NTPC) with a 25% equity share. Lao Holdings State Enterprise General Manager, Dr Somboune Manolom, said "Nam Thuen 2 has already paid the government a dividend of US\$9.13 million and this year the project is expected to pay the government a dividend of US\$13.2 million." The dividend will be donated to the Poverty Reduction Fund or used for the management of the enterprise. LHSE is now a shareholder in 9 electricity projects, with a total of 5,385MW of production capacity. Those 9 projects are Nam Theun 2, the Hongsa lignite electricity project, Nam Ngum 3, Xepien-Xenam noy power project, Nam Theun 1, Nam Gniep 1, Xekong 4, Xekong 5 and Nam Kong 1.

The government's investment in the Hongsa lignite project is three times the value of Nam Theun 2, totalling US\$220 million. The Hongsa lignite project is expected to be completed by 2015, and production will begin the following year. Other projects are also progressing or have been approved and are about to begin pending legal formalities. "We don't currently plan to list the LHSE on the securities market, because the enterprise is intended to generate profit to contribute to national development and it is totally publicly owned." "However, we may reevaluate this when the Hongsa lignite project is operational in 2016". Lao Holdings State Enterprise is 100 percent state-owned and investment comes from the government through the Ministry of Finance. The primary function of LHSE is to hold, manage and maintain shares in the Nam Theun 2 Power Company and other power projects.

The Vientiane Times

Electrical specialist eyes Lao market

A global specialist in energy management and electrical equipment is interested in setting up business in Laos in the near future after seeing the growth of the energy, mining and IT sectors. Schneider Electric Thailand-Laos Ltd expects to take this step after working with Electricite du Laos (EDL) to establish world-class standards in electrical installation and energy management. "We have seen that the Lao market is good and has potential or capacity to grow larger," said Schneider Electric Thailand-Laos Country President, Mr Nelson Yeap, at a memorandum of understanding (MOU) signing with EDL recently. The company may open the representative office in Vientiane and recruit permanent staff to support local projects in Laos, according to a handout. Mr Nelson said what the company has to do now is work on human resources in Laos and obtain more market information. It is looking for a collaborator or cooperation with an enterprise on setting up a dealer to study what types of products and solutions the market needs.

The energy market is very important, such as generation and distribution and buildings or residents. The mining sector will also be a main market. "We believe the telecom or IT market is another market target that is growing in Laos," Mr Nelson said. The company has seen the quantities of electrical products from other countries that are being supplied to Laos as a result of energy sector expansion. Expansion into Laos will help the company provide faster service and greater efficiency. Last week it continued working with EDL to develop human resources and increase knowledge of standards in electrical installation and energy management. It extended its MOU with EDL for another year, to improve electrical standards by communicating with consumers who install electrical systems in buildings to ensure accuracy and safety through knowledge and experience. Another purpose is to increase cooperation and exchanges with the National University of Laos and the Department of

Skills Development under the Ministry of Labour and Social Welfare. The cooperation scheme is to promote and support efficient and sustainable energy management in Laos. It trained EDL electricians to upgrade their knowledge and skills, enabling them to understand the appropriate method of electrical system installation and to select and use high quality products based on individual requirements. Schneider is an international company offering integrated solutions across multiple market segments, including energy and infrastructure, industrial processes and building automation.

The Vientiane Times

Renewed campaign to attract more tourists

The Lao National Tourism Administration (LNTA) expects to attract more tourists to Laos through the Lao Tourism Marketing Board, which was set up last year to work with all stakeholders in the industry. Some 80 representatives from the government and private sectors as well as some international organizations yesterday attended a conference in Vientiane to learn about the role and work of the marketing board. They will then apply the board's concept to their own work. "We are aware that the success of the tourism sector depends on the work and achievements of many organizations in the public and private sector. This is why we have created the marketing board and aim to work closer with all stakeholders in the future," said LNTA Chairman Mr Somphong Mongkhonvilay. "Tourism is one of the most successful business sectors in Laos. 2010 was yet another record year with 2.5 million tourist arrivals."

The board began operating six months ago and is in the process of defining its plans and strategies, which will be implemented by the LNTA's marketing department. In the future, the board will communicate its strategy to all stakeholders in Vientiane and the provinces. Marketing board President, Mr Soukhaseum Bodhisane, said the objective of the board was to provide a mechanism for private sector involvement with the public sector in an effective private partnership for marketing and promotion of Laos as a tourist destination. "Our organization will also provide advice to the public in order to extensively promote Laos to overseas tourists. We want them to stay here longer and make more purchases here. Our goal is to stimulate spending and bring foreign exchange into the country." The board will have its strategy outlined by April, which will help to guide the organization in bringing more tourists into the country. This would also help the government achieve its target of eradicating poverty by 2020. As part of its work to promote the sector, the LNTA has been producing statistical reports on tourism since 1990.

The Vientiane Times

Natural resource management discussed

Over 50 Agricultural and Forestry officials met yesterday to evaluate the implementation of the Sustainable Natural Resource Management and Productivity Enhancement Project over the past one year and approve plan for 2010-2011 period. Agriculture and Forestry Deputy Minister Ty Phommassack said that the implementation of the project over the last one year was involved with the materialization of the socio-economic development plan of the government and the development plan of the ministry. He said that the project focused on training, capacity building on project management, the participatory cooperation and collaboration between relevant sectors, the enhancement of their accountability and transparency and the reduction of administration procedures. The project is being implemented with the assistance from the Asia Development Bank and the International Fund for Agriculture Development. The main objectives of the project are capacity building for authorities at district, provincial and village levels, the promotion of participation by grassroots people in planning development projects for poverty reduction in 12 poorest districts in the country and 6 poorest districts in five Southern provinces and the sustainable management of natural resources

Lao News Agency

Agriculture ministry seeks US\$1.8b to achieve five-year goals

The Ministry of Agriculture and Forestry requires US\$1.8 billion to ensure the sector grows by 3.5% annually and accounts for 23% of the nation's total GDP over the next 5 years. The sector plays an important role in the country's future economic growth with a value of US\$1.8 billion and the ministry believes it can reach its goals and contribute to achieving the nation's economic growth target of at least 8% per year from 2011 to 2015. According to a recent report from the ministry, 60% of the total funding for the sector in the next five years is expected to come from overseas development assistance (ODA), which will be used to promote productivity, research new seed varieties and techniques, and to develop infrastructure. Another 20% of the funding is expected to come from investment by the private sector, with a focus on commercial production, and the rest will come from the government budget and contributions by farmers.

To encourage the participation of the private sector, the government has a policy to reduce taxes and tariffs for those who invest in agriculture and forestry. For instance, land used for agricultural production is subject to lower land taxes. With a limited amount of funding available, the government will invest in essential infrastructure such as irrigation systems and the development of technical experts working in the sector. Last week, the ministry held a meeting to discuss its five-year plan after President Choummaly Sayasone advised the ministry to bolster its efforts to develop the sector and ensure food security. Officials at the meeting agreed that disbursement of the budget for agriculture had been disorganized in the past year and sometimes had not achieved the intended objectives.

Officials from various departments under the agriculture ministry have been urged to create harmonized plans and make effective use of all budgets to enable the ministry to reach its four goals set for the next five years. The first goal is to ensure domestic food security; and the second is to enhance the quality and quantity of agriculture and forestry goods produced for commercial purposes. The third goal concerns rural development and poverty reduction and the last relates to forestry and natural resource management. Laos is one of the poorest nations in Asia and has high rates of poverty. The country's economy mainly relies on ODA and natural resources, which are considered an unsustainable source of income. In recent years the country has received ODA from friendly nations amounting to US\$488 million per year on average. The government hopes it can mobilize ODA of between US\$700 and US\$800 million per year over the next five years. As ODA is a key part of the national budget, the government is committed to developing transparent and effective use of ODA so that donors are willing to increase their assistance to Laos.

The Vientiane Times

Stock Boards

▶ Second session: 10:00 – 11:30, Closing

BCEL

Current	10,800
Volume	68,528
Previous Day Closing Price	11,300
Change	↓ 500
Turnover	741,179,400

Sell Remaining Qty	11:30:00	Buy Remaining Qty
1,200	11,500	
200	11,400	
38,846	11,300	
500	11,000	
18,626	10,800	
Exp exe Price		
Exp exe Qty		
60,972	Total	

Opening Price	11,300
High Price	11,300
Low Price	10,800
Price Limit	11,800 10,800

EDL-GEN

Current	6,700
Volume	133,167
Previous Day Closing Price	6,750
Change	▼ 50
Turnover	901,099,050

Sell Remaining Qty	11:30:00	Buy Remaining Qty
110,003	7,000	
30,500	6,900	
40,050	6,850	
6,200	6,800	
7,415	6,750	
Exp exe Price	6,700	14,450
Exp exe Qty	6,650	41,658
	6,600	33,651
	6,550	10,000
	6,500	13,163
199,332	Total	151,357

Opening Price	6,850
High Price	6,850
Low Price	6,700
Price Limit	7,050 6,450

Appendix

▶ Market Data

LSX Index

Date	Current Index	Change (Points)	Change (%)	Trading Vol. (Share)	Trading Value (Kip)	High	Low
2011/03/02	1,409.58	↓ 21.59	1.51	201,695	1,642,278,450	1,447.96	1,409.58
2011/03/01	1,431.17	↓ 38.37	2.61	114,659	967,957,250	1,469.55	1,431.17
2011/02/28	1,469.55	↑ 33.10	2.30	155,324	1,342,646,100	1,472.18	1,469.55
2011/02/25	1,436.45	↑ 22.06	1.56	131,721	1,064,016,500	1,436.45	1,436.45
2011/02/24	1,414.39	↑ 27.34	1.97	256,989	1,742,366,550	1,414.39	1,389.69

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/03/02	6,700	↓ 50	133,167	901,099,050	5,819,600	6,850	6,700
2011/03/01	6,750	↓ 150	73,570	503,051,550	5,863,030	6,900	6,750
2011/02/28	6,900	↑ 150	100,601	694,146,900	5,993,320	6,900	6,900
2011/02/25	6,750	↑ 100	94,900	640,575,000	5,863,030	6,750	6,750
2011/02/24	6,650	↑ 100	246,057	1,619,524,950	5,776,170	6,650	6,550

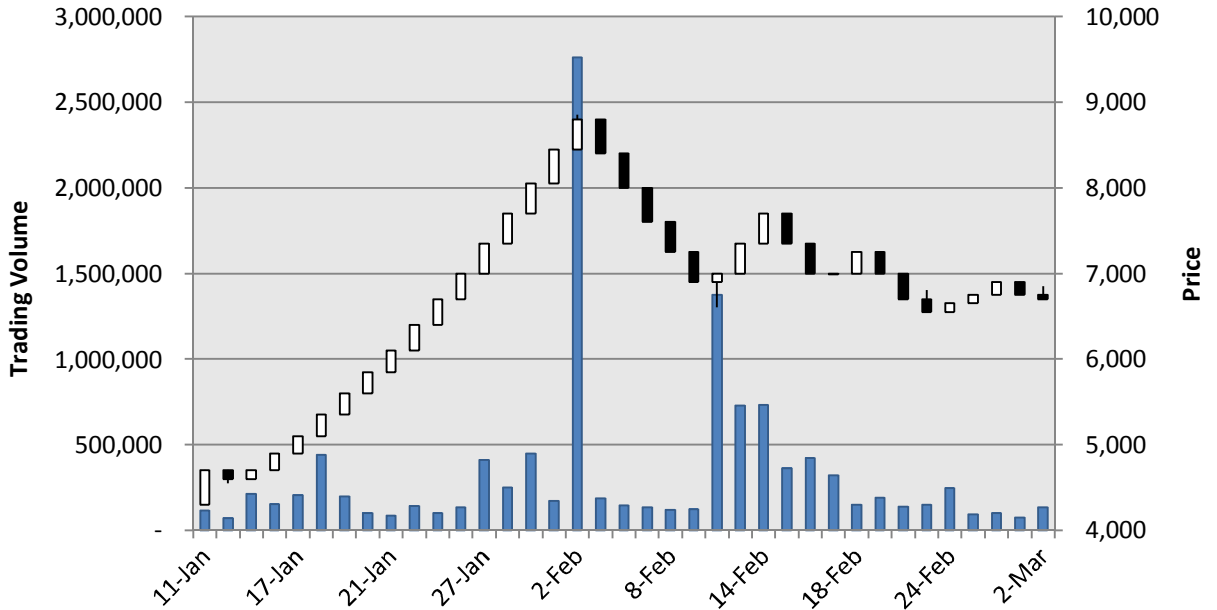
BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/03/02	10,800	↓ 500	68,528	741,179,400	1,475,038	11,300	10,800
2011/03/01	11,300	↓ 500	41,089	464,905,700	1,543,327	11,800	11,300
2011/02/28	11,800	↑ 300	54,723	648,499,200	1,611,616	11,900	11,800
2011/02/25	11,500	↑ 200	36,821	423,441,500	1,570,642	11,500	11,500
2011/02/24	11,300	↑ 400	10,932	122,841,600	1,543,327	11,300	11,000

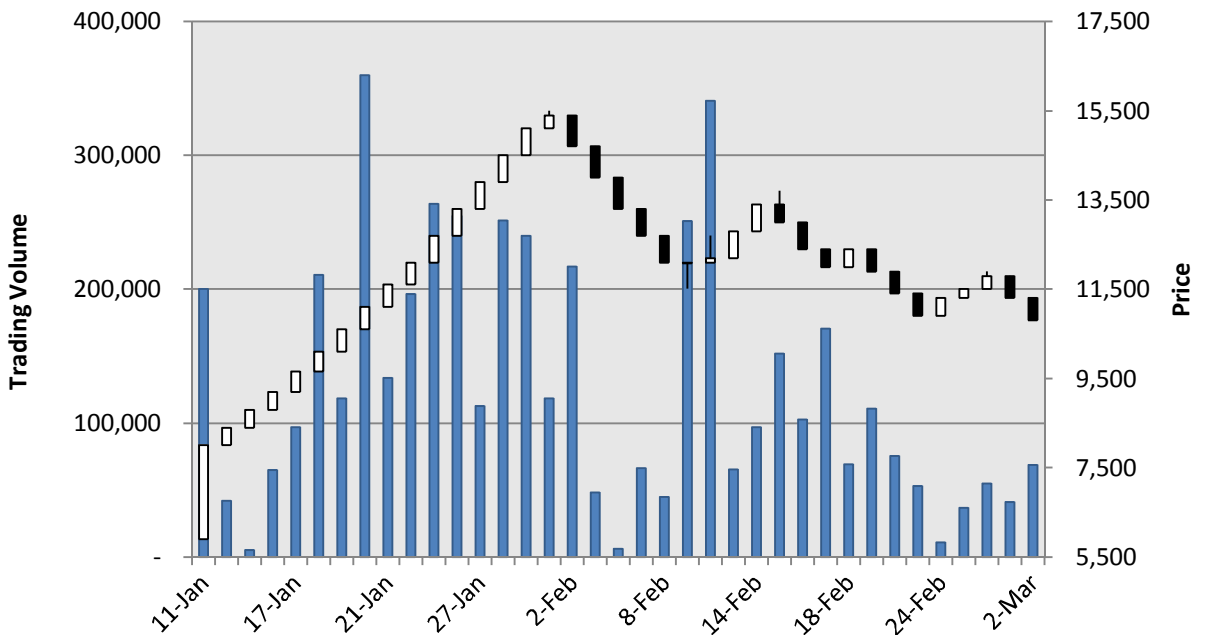
Appendix

▶ Market Data (cont.)

EDL-Gen



BCEL



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