

Executive Summary

The Lao Securities Exchange: As soon as the yesterday news hit the street, traders became restless. BCEL was unable to withstand the today buying frenzy. A strong gush of demands pushed the listed bank all the way to the ceiling price, which is 8,250 Kip. Its turnover broke the old 8-week high record with LAK 1,024 million. On the opposite side, EDL-Gen was pinned down to the floor for the first time in almost three months. The electricity company is now valued at 6,200 Kip per share. The busting volume drove turnover down to LAK 290 million.

- ▶ **Khammuan creates rice stockpile:** The Khammuan provincial rice mills group is beginning to buy paddy rice for stockpiling upon receiving LAK 20 billion from the government. The authorities aim to keep rice prices stable at times when they would normally peak. In the past two weeks, the group has agreed to pay local farmers about 24,000-35,000 kip per 12 kg for wet season rice and 24,000-30,000 kip per 12 kg of dry season rice. The government has stipulated that stockpiling rice must cost no more than 2,500 kip a kg and should sell at 5,500 kip per kg of polished rice.
- ▶ **Draft tax law under review:** A new taxation law is now undergoing reviews and is expected to be implemented by the end of next year. There are seven key changes in the draft law, including the replacement of turnover tax with a 10% VAT, and adjustments to the consumption tax rate for some goods. The two former corporate tax rates for domestic companies and for foreign companies will be combined into one single tax rate of 28 percent. Other changes include the cancellation of the lowest level tax rate and improvements of management structures at all tax offices. Income tax rates for Lao and foreign individuals will also change.

Exchange Rates: 12/05/2011

	Bid	Change	Ask	Change
USD	8,016.00	1.00	8,047.00	2.00
CAD	8,258.00	(41.00)	8,381.00	(37.00)
THB	265.12	(0.36)	266.00	(0.41)
EUR	11,385.00	(146.00)	11,444.00	(144.00)
GBP	12,990.00	(2.00)	13,175.00	1.00
CNY	1,210.00	-	1,227.00	-
JPY	97.71	(0.32)	99.14	(0.27)

Exchange rates, quoted for the Lao Kip by the Bank of Laos

In this issue

- Page 1 – Executive Summary
- Page 2 – The Lao Securities Exchanges
- Page 3 – Lao Economy
- Page 4 – Stock Board
- Page 5 – Appendix

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Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	8,250	↑ 350	4.43	15,500	7,900
EDL-Gen	6,200	↓ 300	4.62	8,850	4,550

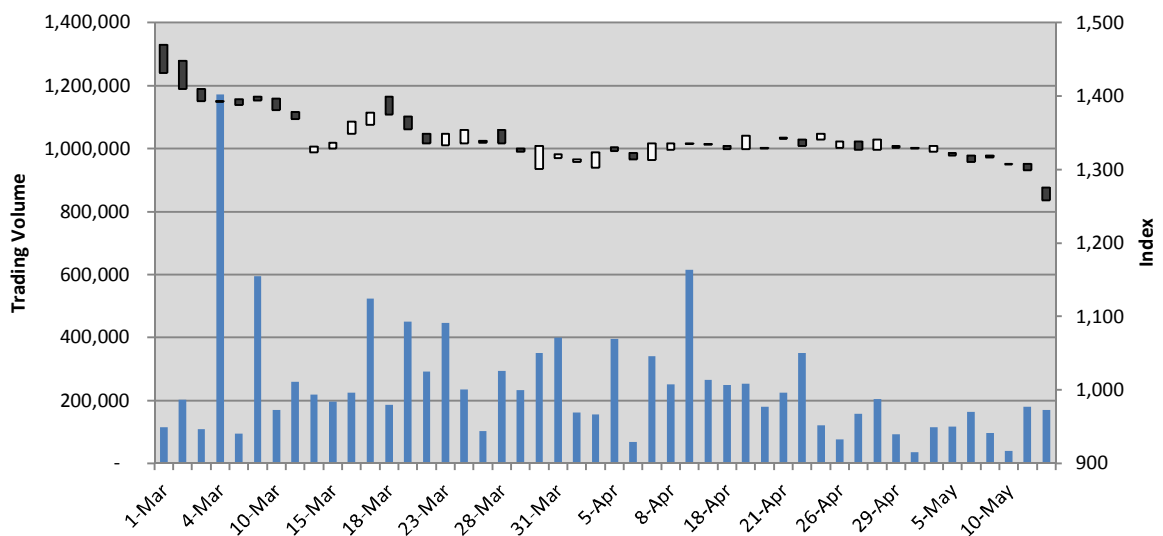
The Lao Securities Exchange

The Lao stock market

The general anticipation has been depicted in the today buying fever. BCEL stole the spotlights for raking in 73% of total trades; its electrified demands enlarged by 140% and piled up to almost 222.5K shares. Suppliers decided to stop selling after the 124,127th share, which was still 88% higher than the yesterday amount. Speculations will keep BCEL spreading upward, at least until the foreign sectors can actually touch the shares on next Monday. The bank will most likely converge into its trading threshold tomorrow. EDL-Gen did not know what was coming. The unbound sell-offs started to push the electricity company off the grid; it has actually fallen through the 6,500 Kip after 3 months of struggles. The most intuitive explanation is the transfer of capitals, from the idle stock to the appreciating one.

The LSX Index 1,258.36 ↓ 41.12 [3.16%]

The retracting EDL-Gen started warping the whole fabric of the LSX index. A total of 316 basis points crumbled away, collapsing the index down to the 1,258 points. Total market's turnover held tightly to the LAK 1,314 million.



The Lao Economy

Sectors Watch & Business News

Khammuan creates rice stockpile

The Khammuan provincial rice mills group is beginning to buy paddy rice for stockpiling upon receiving LAK 20 billion from the government. The authorities aim to keep rice prices stable at times when they would normally peak. In the past two weeks, the group has agreed to pay local farmers about 24,000-35,000 kip per 12 kg for wet season rice and 24,000-30,000 kip per 12 kg of dry season rice. Some members of the group have already brought hundreds tons of rice for the stockpile.

The government has stipulated that stockpiling rice must cost no more than 2,500 kip a kg and should sell at 5,500 kip per kg of polished rice. The project will help low-income earners, victims of natural disasters, and some government officials, especially soldiers and police, to access rice stocks at more affordable prices. The project also encourages farmers to boost production so they are better protected from fluctuations in the price of rice at markets.

According to a report from the Ministry of Commerce and Industry, the Ministry of Finance, several banks and the Prime Minister's Office have agreed to expand the rice stockpile project to deal with possible problems that might occur in the future. Champassak province recently asked the government for 30.12 billion kip to set up a rice stockpile and the proposal is currently under consideration. Rice prices may spiral out of control if the government does not implement measures to control and stabilize prices. Last year, rice prices in all provinces of the country rose to high levels, causing considerable hardship. *[Source: The Vientiane Times]*

Draft tax law under review

A new taxation law is now undergoing reviews and is expected to be implemented by the end of next year. More than 100 people from tax offices in Vientiane and the provinces, businesses and some international organizations attended a seminar in the capital yesterday to contribute their ideas to the draft law. The current tax law has been in place for more than six years, calling the needs of improvements to stay in line with the growth of the Lao economy and with the changes in government policies.

There are seven key changes in the draft law, including the replacement of turnover tax with a 10% VAT, and adjustments to the consumption tax rate for some goods. Under the proposed law, businesses with annual revenue of less than LAK 400 million will be exempt from VAT and will instead pay taxes through the contract tax system, under which rates are based on business catalogues.

The two former corporate tax rates for domestic companies (35%) and for foreign companies (20%) are supposed to be combined into one single tax rate of 28 percent. Other changes include the cancellation of the lowest level tax rate and improvements of management structures at all tax offices. Income tax rates for Lao and foreign individuals will also change, with foreigners paying a flat 10 percent and Lao people subject to a multi-tier system based on income levels and starting from 1,000,000 kip.

The adjustments aim to promote greater production of goods and services in Laos, regional and global integration, equality between Lao and foreign businesses, and better taxation system. The nation's first tax law was passed in 1995, before being amended in 2005. A review of the taxation system was carried out in 2009, the findings of which resulted in the current draft law. *[Sources: The Vientiane Times]*

Stock Boards

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

BCEL

Current		8,250
Volume		124,127
Previous Day Closing Price		7,900
Change	↑	350
Turnover		1,024,047,750

Sell Remaining Qty	11:30:00	Buy Remaining Qty
Exp exe Price	8,250	85,710
	7,950	94
Exp exe Qty	7,900	12,550
	Total	98,354

Opening Price		8,250
High Price		8,250
Low Price		8,250
Price Limit	8,250	7,550

EDL-GEN

Current		6,200
Volume		46,060
Previous Day Closing Price		6,500
Change	↓	300
Turnover		290,078,000

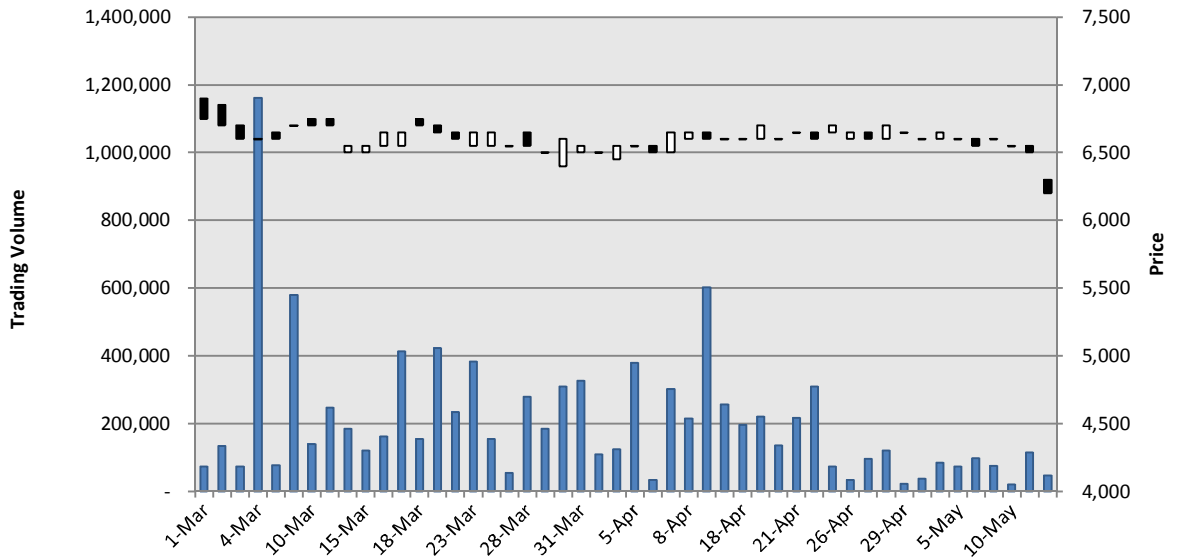
Sell Remaining Qty	11:30:00	Buy Remaining Qty
100,000	6,400	
16,000	6,350	
46,851	6,300	
25,000	6,250	
35,082	6,200	
Exp exe Price		
Exp exe Qty		
392,100	Total	

Opening Price		6,300
High Price		6,300
Low Price		6,200
Price Limit	6,800	6,200

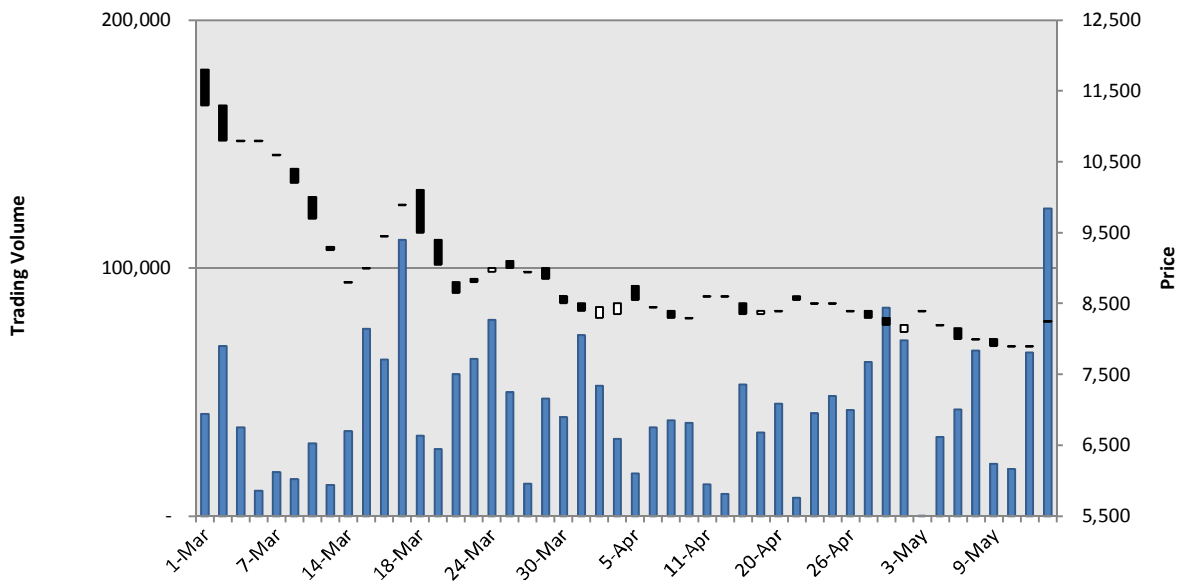
Appendix

▸ Securities Charts

EDL-Gen



BCEL



Appendix

▶ Daily Market Data

LSX Index

Date	Current Index	Change (Points)	Change (%)	Trading Vol. (Share)	Trading Value (Kip)	High	Low
2011/05/12	1,258.36	↓41.12	3.16	170,187	1,314,125,750	1,275.15	1,258.36
2011/05/11	1,299.48	↓8.39	0.64	180,610	1,269,390,200	1,307.87	1,299.48
2011/05/10	1,316.26	-	-	40,020	287,808,000	1,307.87	1,307.87
2011/05/09	1,316.26	↑5.75	0.44	96,409	663,792,700	1,318.90	1,316.26
2011/05/06	1,310.51	↓8.39	0.64	164,512	1,179,049,200	1,318.90	1,310.51

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/12	6,200	↓300	46,060	290,078,000	5,385,302	6,300	6,200
2011/05/11	6,500	↓50	114,592	747,848,000	5,645,881	6,550	6,500
2011/05/10	6,600	-	21,000	137,550,000	5,732,741	6,550	6,550
2011/05/09	6,600	↑50	75,300	496,980,000	5,732,741	6,600	6,600
2011/05/06	6,550	↓50	97,712	644,649,200	5,689,311	6,600	6,550

BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/12	8,250	↑350	124,127	1,024,047,750	1,126,765	8,250	8,250
2011/05/11	7,900	-	66,018	521,542,200	1,078,963	7,900	7,900
2011/05/10	7,900	-	19,020	150,258,000	1,078,963	7,900	7,900
2011/05/09	7,900	↓100	21,109	166,812,700	1,078,963	8,000	7,900
2011/05/06	8,000	-	66,800	534,400,000	1,092,621	8,000	8,000

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