

## Executive Summary

**The Lao Securities Exchange:** The Friday's sessions have finally curtained a stormy trading week on the Lao Securities Exchange; there was not even the slightest sound of clapping hands. BCEL tried to shake off its doleful outlook, but its price kept insisting onward to the sorrowful 8,200 Kip. However, confidence started to simmer at this bottom level, boosting trades to 74.6K shares (up 45%) and turnovers to LAK 612.2 million (up 39%). EDL-Gen also needed a shoulder to lean on as its rippling liquidity ruptured severely despite the unchanged price. Trading turnover went through with the 92% retraction and stayed put at the LAK 63.9 million.

**Weekly changes:** The LSX has lost its shine and is now climbing back down to reality. The closing index plunged 5.76% against last Friday. Total trades accumulated to 914.9K shares, averaging to 182.9K shares per day, up 51% from last week. EDL-Gen still played the major role with 63% of total trades. The combined turnover surged 54% to LAK 6,730.2 million.

- ▶ **EDL signs on for Hongsa electricity:** EDL will purchase 100 megawatts (MW) of electricity from the Hongsa lignite-fired power plant that is currently being built with a potential installed capacity of 1,878MW. The electricity will mainly be sent to the Northern provinces where they lack inadequate energy supply. Currently, power is being imported from China, Thailand and Vietnam to supply Bokeo, Xayaboury, Huaphan and Luang Namtha. The 25-year PPA will be effective by June 2015, or once construction of the power plant is completed and energy generation commences. EDL will pay US 6 cents per kWh under the agreement.

### Exchange Rates: 20/05/2011

	Bid	Change	Ask	Change
USD	8,012.00	-	8,043.00	-
CAD	8,197.00	12.00	8,316.00	13.00
THB	264.30	(0.15)	265.00	(0.30)
EUR	11,449.00	23.00	11,506.00	23.00
GBP	12,866.00	42.00	13,049.00	42.00
CNY	1,207.00	-	1,224.00	(1.00)
JPY	97.12	(0.01)	98.55	-

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 5 – Stock Board
- Page 6 – Appendix

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Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	8,200	↓ 400	4.65	15,500	7,900
EDL-Gen	5,600	-	0.00	8,850	4,550

## The Lao Securities Exchange

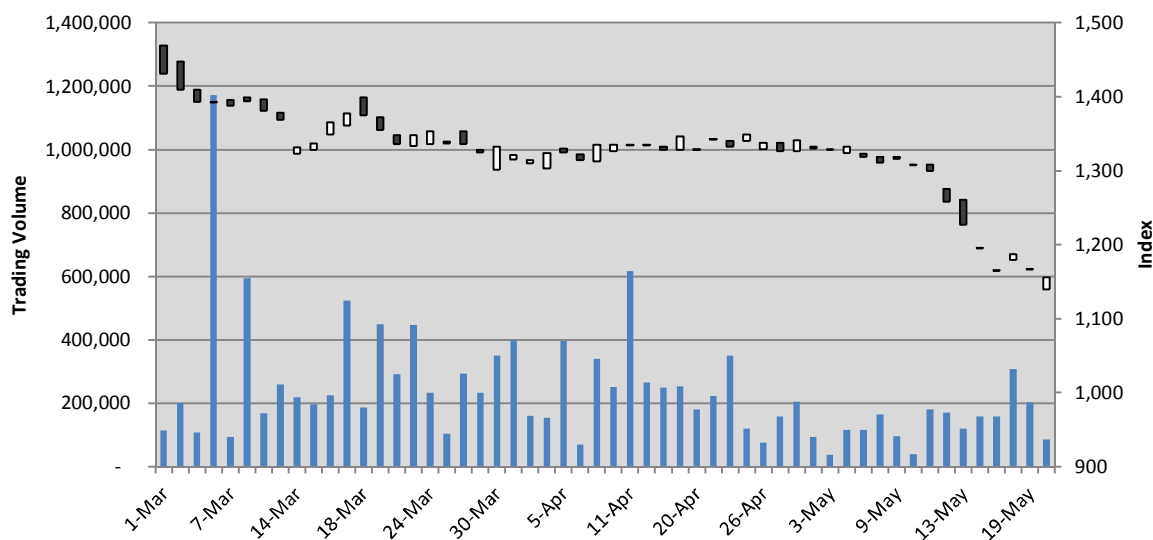
### The Lao stock market

BCEL has finished its retracement back to the beginning of the commotion. The supply side calmed down to 157.3K shares from the yesterday's 484K, while demands smoldered 45% to 74.6K shares. The significance of lifting sell-offs has encouraged demands to breed again, creating opportunities for a stagnant recovery. Fundamental analysis has been considering BCEL undervalued, however foreign capitals still maintain a safe distant despite the recent invitation from the Lao SECO. The next week prospect is awaiting decisions from the foreign sector.

EDL-Gen points to its unchanged price thinking everything is fine, but its impoverishing liquidity knows better. The company has brought its all-time-low volume down to 11.5K shares, followed also by a new low record for supplies of 25.4K shares. Apparently, the supply side is getting tired to haggle further, especially when the buy side is not very serious with negotiations. Demands fell 65% to 59.2K shares, leaving EDL-Gen to wander aimlessly.

### The LSX Index 1,156.34 ↓ 10.56 [0.90%]

Total trades declined sharply to 86.2K shares, stalling this week's average volume down to 182.9K shares per day from the yesterday's reading of 207.2K shares. Market's turnovers shrank 48% to LAK 676 million, while the LSX index distorted down to 1,156 points.



### The Lao Economy

#### Sectors Watch & Business News

##### Solar powered factory produces drinking water

More than 630 families in five villages of Mahaxay district, Khammuan province, have access to clean drinking water after a solar powered water purification facility opened on May 18. The new plant was constructed with the support of the Global Environmental Facility through a grant of US\$48,000, the Lao Institute for Renewable Energy, and Sunlabob Renewable Energy. The technology used in the plant, the first in the province, was manufactured in Germany, Deputy Director of the provincial Public Health Department Dr Ketsana Latxachack said.

Prior to the facility's completion, villagers drink from bottled water or from streams, ponds, rivers and wells. People would have to boil the water before drinking in order to kill water-borne bacteria that cause illnesses and lead to diarrhea. However, due to transport difficulties in remote areas many people lacked the necessary equipment to properly treat water and would drink without boiling. About 70 percent of the population of Khammuan province has access to clean water for household use but it is not safe to drink.

Head of the Lao Institute for Renewable Energy and Sunlabob Renewable Energy, Mr Saleumphon Vongsakhamphui, said the factory produces 80 bottles each containing 20 liters of water every hour. Every six months staff from the Lao Institute for Renewable Energy and Sunlabob Renewable Energy will collect samples from the plant and submit them to the Food and Drug Department in Vientiane to ensure the highest quality standards are being met. *[Sources: The Vientiane Times]*

##### EDL signs on for Hongsa electricity

Electricite du Laos (EDL) signed a power purchase agreement (PPA) with the Hongsa Power Co Ltd. yesterday to finally conclude the 2-year negotiation. EDL will purchase 100 megawatts (MW) of electricity from the Hongsa lignite-fired power plant that is currently being built in Hongsa district, Xayaboury province with a potential installed capacity of 1,878MW. The electricity will mainly be sent to the Northern provinces where they lack inadequate energy supply. Currently, power is being imported from China, Thailand and Vietnam to supply Bokeo, Xayaboury, Huaphan and Luang Namtha. The 25-year PPA will be effective by June 2015, or once construction of the power plant is completed and energy generation begins. EDL will pay US 6 cents per kWh under the agreement.

The Chairman of Hongsa Power Company, Mr Noppol Milinthanggoon, said the agreement with EDL will bring in substantial income for the company of about 106 billion kip (US\$13.2 million) per year, accumulating to about 2.6 trillion kip (US\$330 million) over the 25 year life of the agreement. The plant will sell 75MW of power to a lignite factory in Xayaboury province and the will be exported to Thailand. The Hongsa power plant will be one of the largest in South East Asia, and the largest power plant and lignite mine in Laos. The project shareholders comprise of Ratchaburi Electricity Generating Holding Public Company (40%), Banpu Power Ltd of Thailand (40%), and the Lao Holding State Enterprise (20%).

Construction of the facility started last October, including road access to the project site, works on a dam, and the building of houses and facilities for more than 400 families to be relocated away from the project area. The lignite-fired power plant will cost about 30.2 trillion kip (US\$3.7 billion) to build, with 70 percent financed by loans and the remaining 30 percent provided by the company. The project began with a survey for lignite in 1994

and consists of two phases: firstly, lignite will be mined locally to supply the plant and, secondly, power will be generated by the plant. *[Sources: The Vientiane Times]*

### Malaysian firm invests US\$5m in Savannakhet water supply

Water needed for industrial development in the Savan-Xeno Special Economic Zone in Savannakhet province could soon meet the growing demand, a senior provincial official has said. Savannakhet Planning and Investment Department Director, Mr Sythone Natharath, made the comment yesterday amid concerns by investors over the insufficient supply of water in Laos' first special economic zone. He said the provincial administration had given the green light for a Malaysian company to team up with the Savannakhet Water Supply Enterprise. They will jointly upgrade water supply capacity in Kaysone Phomvihane district from the present 15,000 cubic meters a day to 30,000 cubic meters.

The Malaysian firm will invest US\$5 million to upgrade water production and supply facilities in the provincial capital. The size of the investment means the firm holds a 70 percent share in the joint venture. "The provincial administration decided to allow a foreign firm to hold a share in the joint venture because we don't have sufficient funds to develop the facilities. In the meantime, the demand for water in Kaysone Phomvihane district and the special economic zone is increasing." The Malaysian company has installed a water tank and is now upgrading pipes in the provincial capital. The work should be completed in the near future, and would result in an adequate supply of water to consumers and industrial developers.

While a private entity was allowed to operate a public utility, it could not increase the price of water without permission from the local and provincial authorities. Such an increase would negatively affect local residents and businesses in the province. According to Savannakhet Water Supply Enterprise officials, water used for household consumption costs 1,500 kip per cubic meter. Businesses pay 4,300 kip per cubic meter, except those that use water as a raw material to produce drinking water or ice will pay 5,500 kip per cubic meter.

The government gave the go-ahead for the private sector to share with state enterprises in operating water supply facilities a few years ago, when demand for water in urban areas and industrial development zones began to increase rapidly. In Vientiane, the Vientiane Water Supply Enterprise has teamed up with a Vietnamese company to build a water production facility on the outskirts of the capital to supply water to the National Stadium and an industrial park in the area. The joint venture sells water to the Vientiane Water Supply Enterprise before it is piped to households and businesses in Vientiane. *[Sources: The Vientiane Times]*

### Stock Boards

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

#### BCEL

Current	8,200
Volume	74,653
Previous Day Closing Price	8,600
Change	↓ 400
Turnover	612,154,600

Sell Remaining Qty	11:30:00	Buy Remaining Qty
17,600	9,000	
36,696	8,600	
28,357	8,200	
Exp exe Price		
Exp exe Qty		
82,653	Total	

Opening Price	8,200
High Price	8,200
Low Price	8,200
Price Limit	9,000 8,200

#### EDL-GEN

Current	5,600
Volume	11,526
Previous Day Closing Price	5,600
Change	0
Turnover	63,893,000

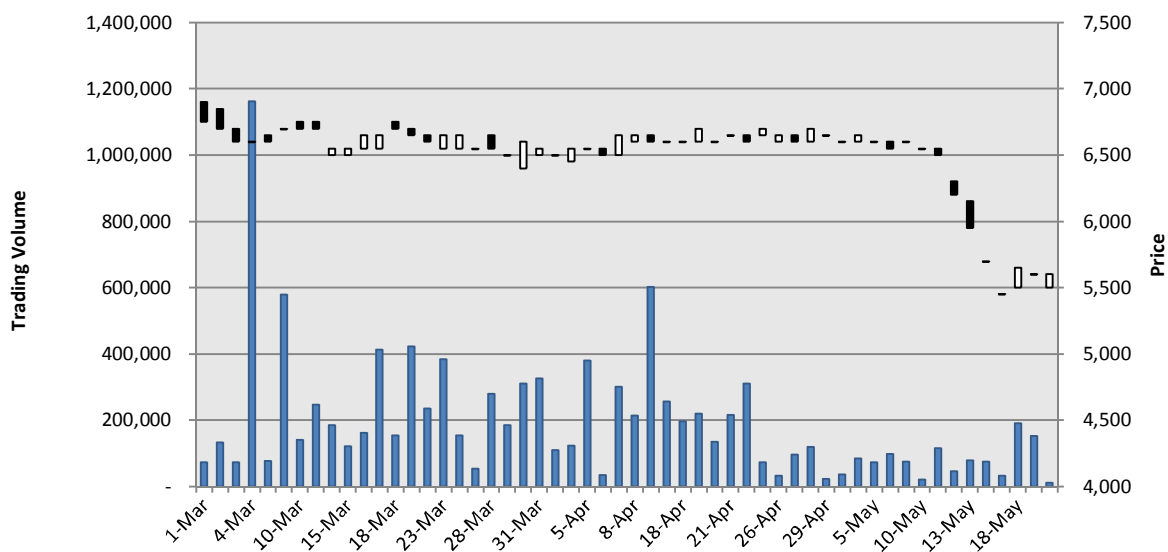
Sell Remaining Qty	11:30:00	Buy Remaining Qty
13,890	5,600	
Exp exe Price	5,500	11,702
	5,400	18,001
Exp exe Qty	5,350	18,000
13,890	Total	47,703

Opening Price	5,500
High Price	5,600
Low Price	5,500
Price Limit	5,850 5,350

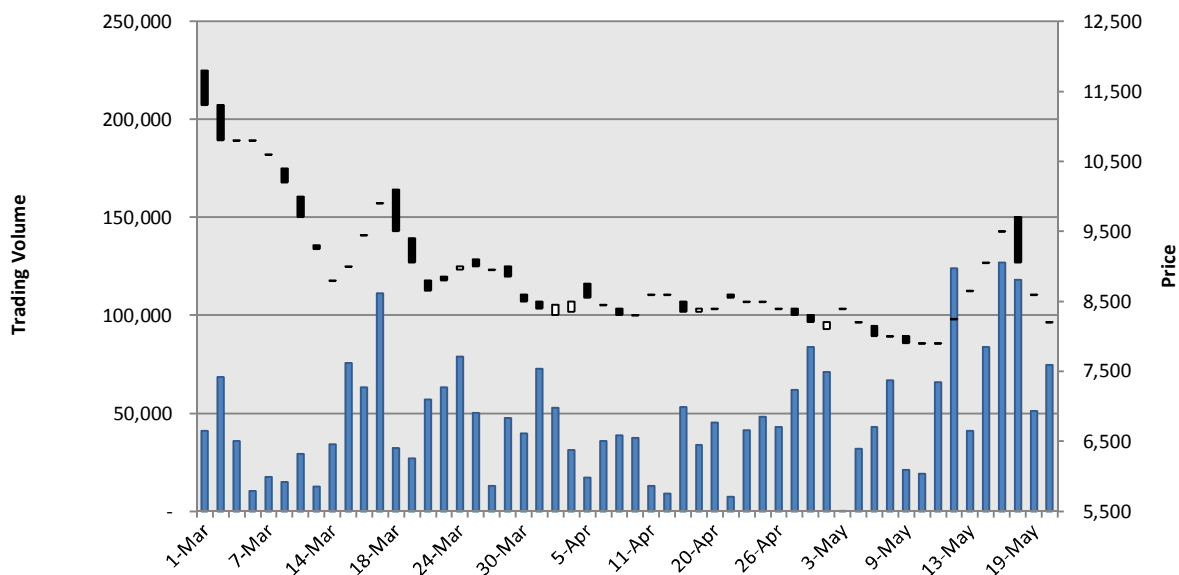
### Appendix

#### ► 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
2011/05/20	1,156.34	↓10.56	0.90	86,179	676,047,600	1,156.34	1,139.55
2011/05/19	1,166.89	↓20.27	1.71	202,583	1,288,454,800	1,166.89	1,166.89
2011/05/18	1,187.16	↑21.69	1.86	308,321	2,198,080,750	1,187.16	1,179.14
2011/05/17	1,165.47	↓30.08	2.52	159,396	1,383,159,450	1,165.47	1,165.47
2011/05/16	1,195.56	↓31.40	2.56	158,472	1,184,476,000	1,195.56	1,195.56

#### EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/20	5,600	-	11,526	63,893,000	4,864,143	5,600	5,500
2011/05/19	5,600	↓50	151,253	847,016,800	4,864,143	5,600	5,600
2011/05/18	5,650	↑200	190,091	1,063,036,850	4,907,573	5,650	5,500
2011/05/17	5,450	↓250	32,371	176,421,950	4,733,854	5,450	5,450
2011/05/16	5,700	↓250	74,536	424,855,200	4,951,003	5,700	5,700

#### BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/20	8,200	↓400	74,653	612,154,600	1,119,936	8,200	8,200
2011/05/19	8,600	↓450	51,330	441,438,000	1,174,567	8,600	8,600
2011/05/18	9,050	↓450	118,230	1,135,043,900	1,236,027	9,700	9,050
2011/05/17	9,500	↑450	127,025	1,206,737,500	1,297,487	9,500	9,500
2011/05/16	9,050	↑400	83,936	759,620,800	1,236,027	9,050	9,050



### Appendix

#### ▶ Weekly Market Data

#### LSX Index

Week	Start Date	Closing Index	Index Change (%)	Total Trading Volume (Shares)	Total Turnover (Mn. Kip)	Total Turnover (Thou. US\$)	Weekly High	Weekly Low
19	2011/05/16	1,156.34	↓5.76	914,951	6,730	839,389	1,187.16	1,139.55
18	2011/05/09	1,226.96	↓6.38	606,586	4,370	545,035	1,307.87	1,226.96
17	2011/05/03	1,310.51	↓1.66	432,858	3,065	382,325	1,332.57	1,310.51
16	2011/04/25	1,332.57	↑0.04	653,158	4,857	605,703	1,348.88	1,326.82
15	2011/04/18	1,332.10	↓0.20	1,258,890	8,671	1,081,451	1,346.24	1,328.14

#### EDL-Gen

Week	Start Date	Closing Price	Price Change (%)	Total Trading Volume (Shares)	Total Turnover (Mn. Kip)	Total Turnover (Thou. US\$)	Weekly High	Weekly Low
19	2011/05/16	5,600	↓5.88	459,777	2,575	321,180	5,650	5,450
18	2011/05/09	5,950	↓9.16	335,311	2,153	268,493	6,550	5,700
17	2011/05/03	6,550	↓1.50	291,034	1,922	239,739	6,650	6,550
16	2011/04/25	6,650	↑0.76	345,050	2,299	286,749	6,700	6,600
15	2011/04/18	6,600	-	1,078,091	7,148	891,475	6,700	6,600

#### BCEL

Week	Start Date	Closing Price	Price Change (%)	Total Trading Volume (Shares)	Total Turnover (Mn. Kip)	Total Turnover (Thou. US\$)	Weekly High	Weekly Low
19	2011/05/16	8,200	↓5.20	455,174	4,155	518,208	9,700	8,200
18	2011/05/09	8,650	↑8.13	271,275	2,217	276,543	8,400	8,100
17	2011/05/03	8,000	↓2.44	141,824	1,143	142,586	8,500	8,200
16	2011/04/25	8,200	↓3.53	308,108	2,557	318,954	8,600	8,400
15	2011/04/18	8,500	↓1.16	180,799	1,523	189,976	8,600	8,350



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