

Executive Summary

The Lao Securities Exchange: Trades suffocated, the Lao stock market plunged into chaos. Liquidity tangled up in the sell-off impulses, smashing stock prices against the grindstone. BCEL embraced a marginal boost in the first session to 8,550 Kip; however the situation became unstable as cheap supplies spiraled up in the second session. The bank coiled down to 8,100 Kip as a result; its feeble turnovers improved slightly to LAK 263.7 million. EDL-Gen also intertwined in the market loop and descended toward 5,500 Kip. The larger volume has become the inspiration, walking turnover toward the LAK 131.1 million, which is still insignificant compared with the average figures.

- ▶ **Farmers abandon rubber due to high costs:** Despite the good market price, rubber is losing its popularity among farmers due to the high capital investment. As a result, farmers are seeking alternative crops. The Teak Export and Import Company believes jatropa will be the high demand crop in the future. Rising diesel prices are convincing farmers to switch over to renewable energy sources, and the investment to make the transition is less than that of growing teak or rubber.
- ▶ **Phu Bia extends life of Phu Kham mine:** Phu Bia Mining, one of the largest mining companies in Laos, plans to keep its Phu Kham operation in Vientiane province alive for at least another decade after discovering new ore reserves. Total Phu Kham ore reserves have increased by 37 percent. Copper, gold and silver have increased by 20 percent, 38 percent and 55 percent respectively when compared with the previous estimate on December 31 2009 after being adjusted for mining depletion during 2010.

Exchange Rates: 24/05/2011

	Bid	Change	Ask	Change
USD	8,016.00	2.00	8,047.00	2.00
CAD	8,123.00	(10.00)	8,240.00	(12.00)
THB	263.79	(0.36)	264.50	(0.40)
EUR	11,249.00	(42.00)	11,305.00	(42.00)
GBP	12,775.00	(84.00)	12,958.00	(85.00)
CNY	1,207.00	(3.00)	1,225.00	(2.00)
JPY	96.91	(0.01)	98.28	(0.05)

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

Lanexang Securities Public Company

5th Floor, LSX Building,
Ban Phonthan Neua, Saysettha District,
Vientiane Capital, The Lao P.D.R.

Tel: (+856)-21 265 468
 Fax: (+856)-21 265 466 (Front Office)
 (+856)-21 265 465 (Back Office)
 Web: www.lxs.com.la
 Email: lanexang@lxs.com.la
 lxs_info@lxs.com.la

Contact:

Vo Ngoc Huy
 Deputy General Director
 Email: Huy.vn@lxs.com.la
 Huy.vn@sbsc.com.vn

Le Trung Hieu
 Manager of Research Department
 Email: Hieu.lt@lxs.com.la

Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	8,100	↓ 400	4.71	15,500	7,900
EDL-Gen	5,500	↓ 100	1.79	8,850	4,550

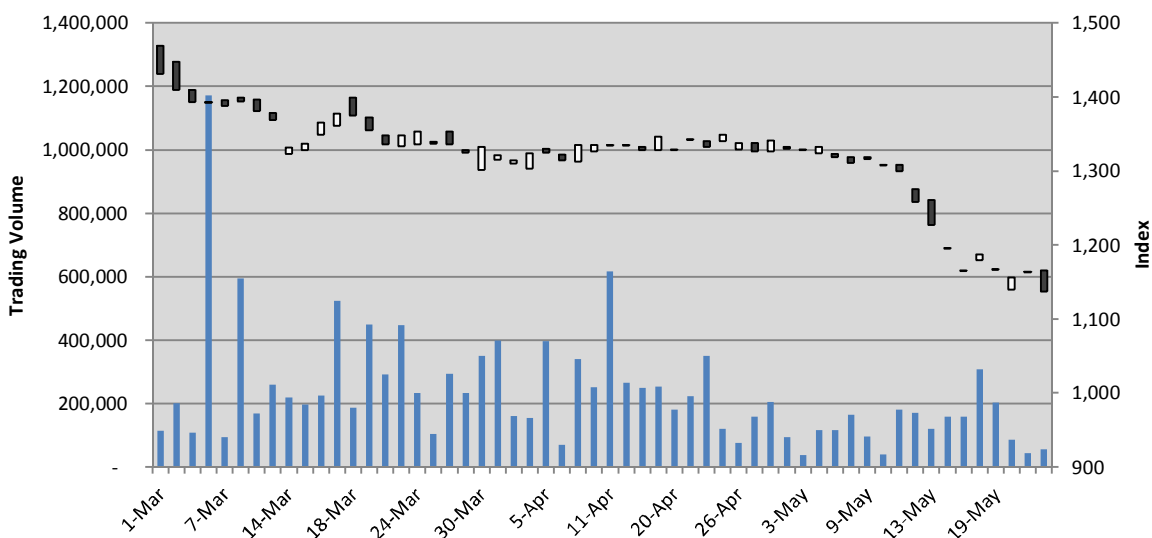
The Lao Securities Exchange

The Lao stock market

On Monday, BCEL briefly had its moments in the sun. Today, supply picked up the pace, because only the early bird catches the worm or the scarce demand in this case. Total supply surged 84% to 139.7K shares while demand withered 77% down to only 32.5K shares. At the current price, only IPO investors showed serious selling interest, while others were just trying to minimize losses. The bank might not face tremendous downward pressure tomorrow, but threat of a new 52-week low still loomed. EDL-Gen also showed no signs of recovery. Lower boundary has been established at the 5,400 Kip; however the supply side has not planned to go down there yet. Total demand expanded 67% to 46.2K shares, while supply amounted to only 23.7K shares (up 41%). The recent cataract on EDL-Gen was caused by the commotion on the BCEL's side. Traders would liquidate their EDL-Gen, and then used the proceeds to buy BCEL. However, both stocks seemed to have stabilized into new orbits. Flat trading might kick off again soon.

The LSX Index 1,136.91 ↓ 27.34 [0.68%]

Even though the volume bar has risen 31% to 56.2K shares, it is still a hindrance to the average volume of May, shredding from the yesterday's 133.1K shares down to 128.3K shares. The Lao Composite index dipped 68 bps to 1,137, while market's turnover grew 25% to LAK 394.8 million.



The Lao Economy

Sectors Watch & Business News

Farmers abandon rubber due to high costs

Despite the good market price, rubber is losing its popularity among farmers due to the high capital investment. As a result, farmers are seeking alternative crops. The Teak Export and Import Company believes jatropa will be the high demand crop in the future. Rising diesel prices are convincing farmers to switch over to renewable energy sources, and the investment to make the transition is less than that of growing teak or rubber. The company already paid LAK 6 million a hectare to grow jatropa compared to 12 million kip for teak, and 25 million kip for rubber.

In 1994, farmers in Had-Nhau village, Luang Namtha district, began growing rubber, and started to generate profits in 2002-2003. Lots of farming families in the area and other provinces, as well as processing companies, have started growing rubber trees since then. The Teak Export and Import Company began to grow rubber in Luang Prabang province in 2005, but it expects to stop next year after considering a further 500 hectares as a high value investment. The company will alternately focus on jatropa production in six provinces - Luang Prabang, Huaphan, Oudomxay, Xayaboury, Vientiane, and Xieng Khuang. The company has planted 1,300 hectares of jatropa, which will be increased to about 4,000 hectares this year.

The company will encourage farmers to grow 20,000 hectares of jatropa in each of the six provinces, while it expands teak cultivation by about 40,000-100,000 saplings in Luang Prabang and Vientiane provinces. The company plans to build a factory to process jatropa and produce bio-diesel for sale. The company, started as a family business to grow teak in 1988, began producing wood products for sale in 1996 and expanded teak cultivation in 2003-2004. [Sources: *The Vientiane Times*]

Government plans to transform state enterprises

The government has stepped up its efforts to convert state-owned enterprises into public companies as it seeks the capital needed to build these strategic businesses. Last week, the Ministry of Finance's State Enterprise Management Department joined together with Lane Xang Securities Public Company to host a seminar for the management of state-owned enterprises about the workings of public companies and how they may be listed on the stock market. Speaking at the Seminar, Head of the Ministry of Finance, Mr. Sila Viengkeo said the presentation aimed to help state enterprises prepare themselves to become public companies and list on the Lao stock market. He said the stock market played an important role in helping companies to mobilize investment funding. Such funding is one of the main driving forces of the economy, especially the growth and expansion of enterprises.

According to a report from the Ministry of Planning and Investment, Laos requires investment funding of US\$1.6 billion a year to secure national GDP growth of at least eight percent over the next five years. About 50 to 60 percent of this funding is expected to come from the private sector. Over the first six months of this fiscal year, the government has held talks with 17 state-owned enterprises to discuss the possibility of converting them into public companies, in which the government would hold a majority share. The government is now developing a strategy and prime ministerial decree on the development of state enterprises and state-private joint ventures, hoping to strengthen these companies so they are better equipped to participate in the development of Laos.

The government has offered 25% of its EDL Generation shares to local and foreign investors, aiming to use the revenue earned to build power plants at the end of 2010. It has also offered 20% of its shares in the BCEL bank to local and private investors and plans to sell a further 10 percent to strategic business partners. There are a number of possible candidates for conversion into public companies: Lao Airlines, Vientiane Water Supply Enterprise, and the telecom firm ETL. Privately owned and joint venture businesses including the Lao Brewery Company and Dao Heuang Group are also looking into the possibility of going public and listing on the Lao stock market. The Lao Securities Exchange expects to list five more companies this year. *[Sources: The Vientiane Times]*

Phu Bia extends life of Phu Kham mine

Phu Bia Mining, one of the largest mining companies in Laos, plans to keep its Phu Kham operation in Vientiane province alive for at least another decade after discovering new ore reserves. PanAust, parent company of Phu Bia Mining Company, announced on its website that its Lao subsidiary has discovered a sufficiently large amount of ore reserves to secure a supply of mining raw materials to the Phu Kham Copper and Gold operation for 14 years. Total Phu Kham ore reserves have increased by 37 percent. Copper, gold and silver have increased by 20 percent, 38 percent and 55 percent respectively when compared with the previous estimate on December 31 2009 after being adjusted for mining depletion during 2010.

The increase in ore reserves is largely due to additional mineralization resulting from infill and resource extension drilling together with a new resource model which incorporates improved gold and silver grade estimation, and revised metallurgical recovery assumptions. According to the company, the Phu Kham upgrade project, which was approved in October last year, will increase ore processing rates and metallurgical recoveries from mid-2012, when ore head grades are scheduled to decline. Consequently, annual copper in concentrate production will rise from current levels of between 60,000 and 65,000 tons to between 65,000 and 70,000 tons.

The company also says the Ban Houayxai Gold-Silver project, which was approved in March 2010, is on track to commence commissioning in December 2011 with first gold production and ramp-up during the March quarter 2012. The project will produce an average of about 100,000 ounces of gold and 700,000 ounces of silver each year over its nine-year mine life. PanAust's subsidiary in Laos is a significant contributor to the Lao economy. The company directly employs almost 1,900 Lao nationals, which comprises 84 percent of Phu Bia Mining's workforce. The value of the company's copper, gold and silver production represents an estimated 10 percent of Laos' GDP and over 30 percent of exports. Phu Bia Mining's total direct contribution to government revenues (royalties, taxation and tenement fees) in 2010 was about US\$57 million. In February 2011 the company made profit tax payments totalling US\$32.3 million for the 2010 year.

PanAust continued to work closely with local and central government agencies and community members to identify, prioritize and implement capacity-building programs and projects in the focus areas of education, healthcare, agriculture, water and sanitation, infrastructure, and small business development. For the second year running, PanAust has received the Best Community Development Initiative Award in the Southeast Asia category at the Asia Mining Congress in Singapore. In 2010, the award was in recognition of the company's Livelihood Improvement Programme that assists the sustainable development of small businesses around the Phu Kham Copper-Gold Operation. *[Sources: The Vientiane Times]*

Stock Boards

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

BCEL

Current	8,100
Volume	32,476
Previous Day Closing Price	8,500
Change	↓ 400
Turnover	263,709,900

Sell Remaining Qty	11:30:00	Buy Remaining Qty
4,000	8,700	
3,700	8,600	
10,000	8,550	
2,185	8,500	
18,978	8,100	
Exp exe Price		
Exp exe Qty		
107,255	Total	

Opening Price	8,550
High Price	8,550
Low Price	8,100
Price Limit	8,900 8,100

EDL-GEN

Current	5,500
Volume	23,753
Previous Day Closing Price	5,600
Change	▼ 100
Turnover	131,111,500

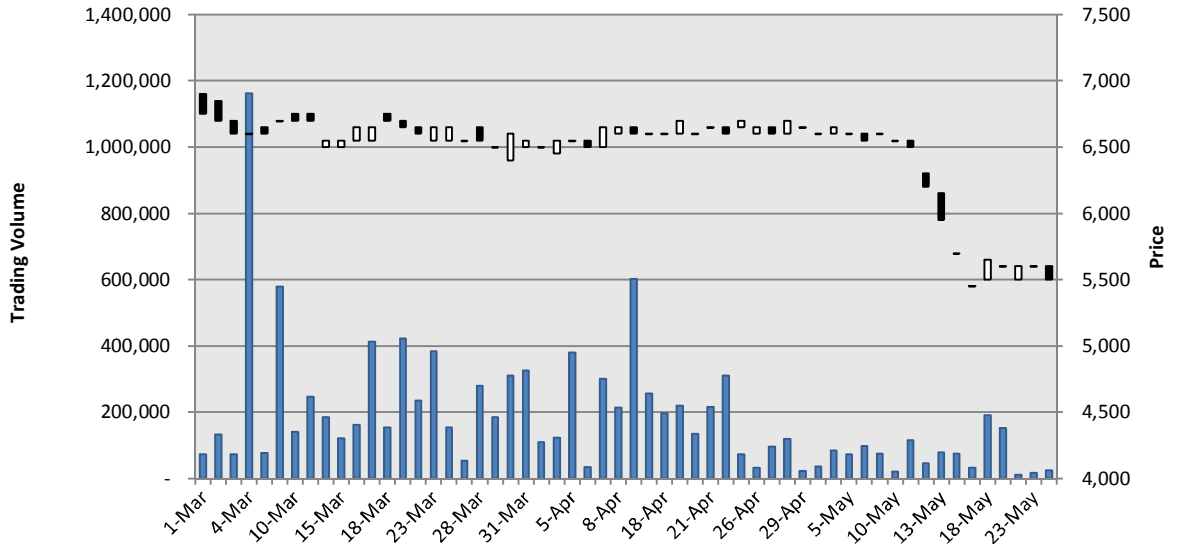
Sell Remaining Qty	11:30:00	Buy Remaining Qty
17,000	5,800	
24,756	5,600	
4,947	5,500	
Exp exe Price	5,400	20,000
	5,350	2,500
Exp exe Qty		
46,703	Total	22,500

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

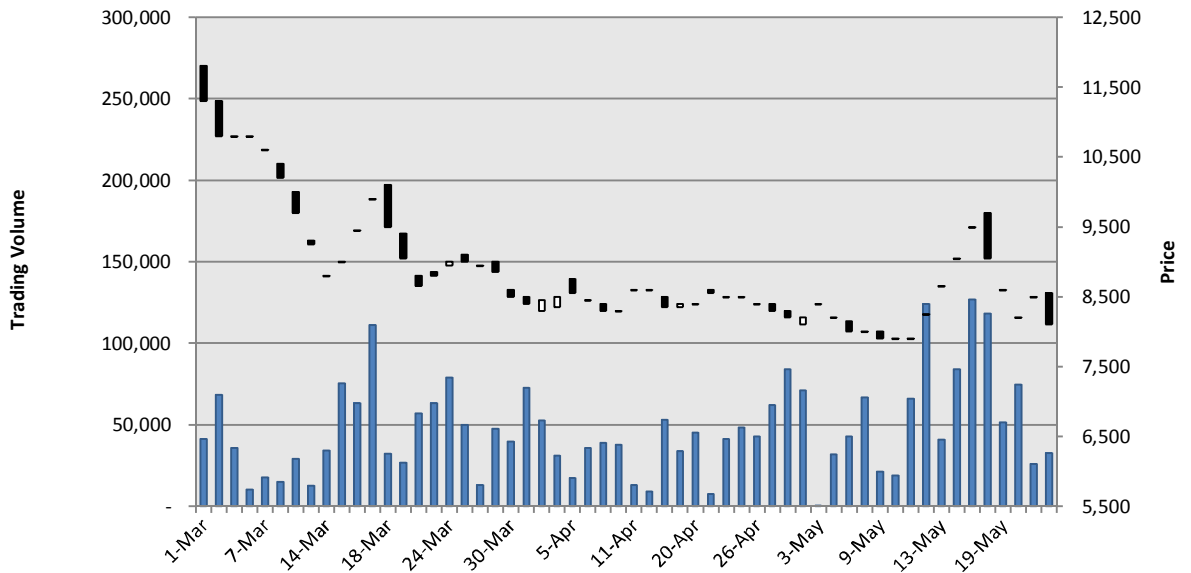
Appendix

▸ 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
2011/05/24	1,136.91	↓27.34	2.35	38,076	394,821,400	1,164.26	1,164.26
2011/05/23	1,164.26	↑7.92	0.68	42,830	315,335,000	1,164.26	1,164.26
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

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/24	5,500	↓100	23,753	131,111,500	4,777,284	5,600	5,500
2011/05/23	5,600	-	16,800	94,080,000	4,864,143	5,600	5,600
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

BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/05/24	8,100	↓400	32,476	263,709,900	1,106,279	8,550	8,100
2011/05/23	8,500	↑300	26,030	221,255,000	1,160,910	8,500	8,500
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

Lanexang Securities Public Company

Head office

5th Floor, LSX Building, Ban Phonthan Neua,
Saysettha District, Vientiane Capital,
The Lao P.D.R
Tel:(+856)-21 265 468
Fax:(+856)-21 265 466
www.lxs.com.la

A joint venture between:



Sacombank Securities Company

Head office

278 Nam Ky Khoi Nghia street, District 3
Ho Chi Minh City
Vietnam
Tel: +84 (8) 6268 6868
Fax: +84 (8) 6255 5957
www.sbsc.com.vn



Lao Development Bank

Head office

013 Souphanouvong Rd, Sihom Village
Chanthabuly Dist, Vientiane Capital,
The Lao P.D.R
Tel: (+856)-21 213 300
Fax: (+856)-21 241 275
www.ldb.org.la

Disclaimers

This document was prepared by LXS. Its subsidiaries, branches, and affiliates are also referred to as LXS. The information and statements contained herein, including any expression of opinion, are based upon sources believed to be reliable, however no representation or warranty, either expressed or implied, is provided in relation to their accuracy, completeness or reliability. Expressions of opinion herein were arrived from careful considerations, which were based upon the best information known to us; and our opinion are believed to be fair and reasonable in the circumstances prevailing at the time. Any opinion expressed herein is subject to change without notice and may be different or contrary to opinions expressed by other business sectors as a result of using different assumptions and criteria. This document is distributed solely for information purpose and should not be construed as an offer or solicitation to buy or sell any securities or related financial instruments. Any analysis in this document is based on numerous assumptions, and past performance is not necessarily indicative of future results. LXS hereby does not promise that investors will obtain profits, nor will it share with investors any profits or liabilities for any investment activity taken by investors with regards to the contents presented herein. The use of any information, statements forecasts and projections contained herein will be at the sole discretion and risk of the users. The responsible analyst(s) of this report may interact with trading desk personnel, and sales personnel for the purpose of synthesizing and interpreting market data. LXS has in place necessary policies, procedures, and physical information barriers to control the flow of nonpublic materials from one area, division into another. LXS ensures confidential information will not be publicly disclosed without proper procedures, authorization. LXS and/or its officers, directors and employees may have a position in any security mentioned herein and may also perform or seek to perform investment banking services for these companies. No person is authorized to give any information or to make any representation not contained in this document. Any information or representation not contained in this document must not be relied upon as having been authorized by or on behalf of LXS.