

Executive Summary

The Lao Securities Exchange

EDL-Gen chanted a battle cry from across the stock board, invoking a 3.74% price gain from 5,350 Kip to 5,550 Kip per share. The aspiring investors infused trading volume with 83K shares, arousing more than LAK 462 million (+127%) in turnover. While the generation company heated up its engagements, the public bank seemed too timid to charge forward. BCEL has lost the price momentum from 8,150 Kip to 8,100 Kip per share. Trading volume spread thinner to only 1,470 shares, grinding turnover into a bite-size LAK 12 million (-41%).

▶ Government sets sights on economic growth of 8.5 percent

The government plans to achieve economic growth of more than 8.5% next fiscal year, with the industrial sector the main driving force. The government plans to achieve GDP of 69,927 billion kip (about US\$8.6 billion) next fiscal year, about an 8.5% increase compared to the current fiscal year. Industry is expected to drive this growth, with major contribution from the mining, hydropower and processing sectors. The other driver of economic growth will be the services sector, including banking, transportation and tourism.

▶ EDL cuts power tariffs on industrial charges

Electricité du Laos has reduced its electricity tariff rates against industrial operations to support the government's efforts in boosting investments in industry. The state-owned enterprise has dropped its monthly electricity rates for industrial use since April by 1.3 percent from 599 kip per kWh to 591 kip. Major industries that use medium voltage electricity will benefit in particular from the new rates as they will now pay 502 kip per kWh instead of 509 kip.

Exchange Rates: 09/06/2011

| | Bid | Change | Ask | Change |
|-----|-----------|---------|-----------|---------|
| USD | 8,012.00 | 3.00 | 8,035.00 | 1.00 |
| CAD | 8,105.00 | (15.00) | 8,215.00 | (16.00) |
| THB | 263.30 | (0.43) | 263.90 | (0.50) |
| EUR | 11,702.00 | (34.00) | 11,749.00 | (33.00) |
| GBP | 13,018.00 | - | 13,188.00 | (4.00) |
| CNY | 1,212.00 | 1.00 | 1,228.00 | 1.00 |
| JPY | 99.02 | (0.15) | 100.36 | (0.16) |

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

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| Issue Name | Current Price | Change (Kip) | Change (%) | 52-week | |
|------------|---------------|--------------|------------|---------|-------|
| | | | | High | Low |
| BCEL | 8,100 | ↓ 50 | 0.61 | 15,500 | 7,900 |
| EDL-Gen | 5,550 | ↑ 200 | 3.74 | 8,850 | 4,550 |

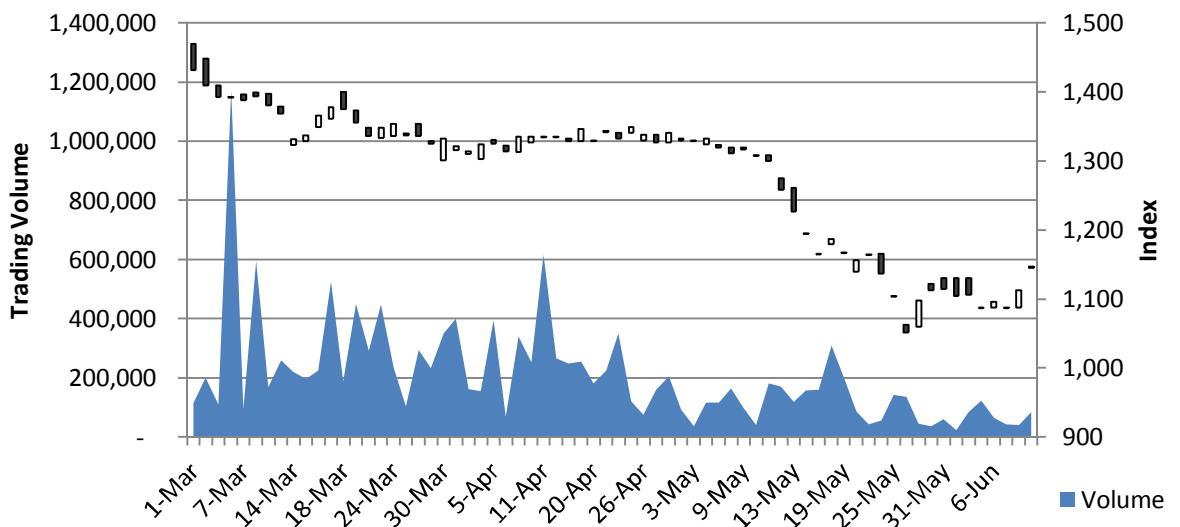
The Lao Securities Exchange

The Lao stock market

EDL-Gen suddenly felt the uncontained urges from within as its total demand thrust relentlessly to 133K shares (+40%). Since the very beginning, buying orders have already been stacking up to the ceiling price; the zealous demand only got stronger in the second session due to the combined forces from the foreign sector. Of course they did not expect easy surrender from the supply side. Total supply exploded from 45K shares to almost 147K shares (+226%), restraining the generation company from the ceiling price of 5,600 Kip. It was the second day in a row EDL-Gen received substantial boost in demand; the company is actually having a clear shot at restoration. BCEL, on the other hand, has put a cap on its liquidity. Total demand trended up slightly to 26K shares (+7%) as supply insisted on a 36% decline from 5,476 shares to 3,505 shares. The supply side has dropped below the critical level, signifying its stubborn determination. The sources of demand are not abundant, but we can temporarily rest assured that BCEL will not plunge deeper than the current stage.

The LSX Index 1,145.06 ↑ 32.25 [2.90%]

The Lao Composite Index got the call from EDL-Gen, and advanced quickly to 1,145 points (+2.90%). Total trades surged twofold from less than 41K shares to almost 85K shares; while market's turnover broke free from the cage and roamed freely to LAK 474 million (+111%).



The Lao Economy

Sectors Watch & Business News

Developers prepare final report on Nam Mang 1 hydropower plant

Construction of the Nam Mang 1 hydropower plant in Borikhamxay province, costing around US\$90 million, is expected to begin shortly. A final report on the project will soon be sent to the government for approval, Deputy Head of the Water Resources and Environment Authority (WREA) Mr Noulin Sinbandhit said yesterday. Mr Noulin was speaking at a provincial consultation workshop on the environmental and social impact assessment report of the project held in Vientiane. The meeting sought consultation on the project's environmental and social management plans. According to WREA, the Nam Mang 1 hydropower plant will take about three and a half years to construct. Laos and China signed a Memorandum of Understanding in 2007 to build the plant, a joint venture between the two countries.

About 300 hectares of forests will be flooded when the dam is built, Mr Noulin said, adding that some areas of the Phoukhaokhuay National Protected Area will be closed. About 500 people of 90 families living along the Mang River will be affected by the project. The river forms the border between Borikhamxay and Vientiane provinces, although the project site is located in Borikhamxay. Families living in Hom district in Vientiane province and Thaphabath district in Borikhamxay province may be affected by the project. Environmental and social management plans have already been approved at the village and district levels and Wednesday's meeting was the final step in the process before a final project report, including the plans, is submitted to the government for approval.

A consultant from the KHIDI Company of China, Mr Yu Hao Miao, said the Nam Mang 1 plant will have an installed capacity of 64 MW. "The project will help to reduce poverty in Laos and facilitate the country's modernization. The main benefits for Laos are the development of infrastructure and more energy for use by local people and businesses." "The project will also build a new 16 km road in Borikhamxay province," he said. The project will have a budget of US\$347,000 for environmental protection and funds of US\$456,000 to spend on social development activities, according to Mr Yu Hao Miao [Sources: *The Vientiane Times*]

Government sets sights on economic growth of 8.5 percent

The government plans to achieve economic growth of more than 8.5 percent next fiscal year, with the industrial sector the main driving force. According to a draft of the 2011-12 national socio-economic development plan, which the government will submit to the National Assembly to consider and approve at the end of this month, the government plans to achieve GDP of 69,927 billion kip (about US\$8.6 billion) next fiscal year, about an 8.5 percent increase compared to the current fiscal year. Industry is expected to drive this growth, with major contribution from the mining, hydropower and processing sectors, which are expected to boost growth to 18 percent compared to this fiscal year.

The other driver of economic growth will be the services sector, including banking, transportation and tourism. The sector is projected to see 6.7 percent growth next fiscal year, while the agriculture sector will grow by only 3 percent. Although the industrial sector is forecast to expand substantially, the national economic base still remains unchanged. The main foundation of the Lao economy is the services sector, which is projected to account for 45 percent of GDP next financial year. The agriculture sector will cover 28.2 percent of GDP, while the industrial sector will account for 26.8 percent.

According to the Ministry of Planning and Investment, the rapid and continuous growth of the industrial and services sectors will force an adjustment in the economic base in coming years. The ministry has expressed confidence that the change in the economic base will be in line with government policy to modernize and industrialize the nation. The government will try its best to keep inflation below GDP growth and keep money supply at appropriate levels, creating a solid foundation for implementation of the 2011-12 national socio-economic development plan in October this year.

The government forecasts that Laos will see a trade surplus next fiscal year, a turnaround from a major deficit of US\$211 million over the first six months of this fiscal year. The export value of Lao commodities, including gold, copper, electricity and garment products, to world markets is expected to hit US\$1.6 billion next financial year, while the value of imports is set to reach US\$1.4 billion. The government will also try to bolster its foreign reserves to secure the import of goods for a period of more than 6 months, creating favorable conditions for Macroeconomic management and currency stability. The Bank of the Lao PDR will try to keep the value of the Kip within a 5 percent range against major global currencies.

The government expects that electricity output will reach 12.04 billion Kwh next year, about a 37 percent increase compared to this fiscal year, while the output value of the mining industry will reach 15,550 billion kip, a 49 percent increase compared to this fiscal year. Rice production is expected to reach 3.6 million tonnes and the output value of the processing industry and handicraft sector is projected to reach 524 billion kip, growing by 12 percent compared to the current fiscal year. The number of tourist arrivals is expected to reach 2.82 million. [*The Vientiane Times*]

EDL cuts power tariffs on industrial charges

Electricite du Laos has reduced its electricity tariff rates against industrial operations to support the government's efforts in boosting investments in industry. The state-owned enterprise has dropped its monthly electricity rates for industrial use since April by 1.3 percent from 599 kip per kWh to 591 kip. Major industries that use medium voltage electricity will benefit in particular from the new rates as they will now pay 502 kip per kWh instead of 509 kip. This is the fifth electricity tariff reduction for industry since 2007. The move is in line with the government's policy to help the industrial sector lower production costs and attract more investors to processing industries in Laos, which bills itself as "the battery of ASEAN". EDL, holding a monopoly on power distribution, has also lowered electricity rates for government offices by 1.3% from 665 kip per kWh to 656 kip. The rates for commercial operations and embassies remain unchanged at 835 kip per kWh, for international organizations at 1,077 kip, and entertainment venues at 1,106 kip. However, EDL has increased its monthly rate on electrically powered irrigation systems by 5 percent from 380 kip per kWh to 399 kip.

In a bid to encourage the public to consume electricity more efficiently, EDL has also raised electricity rates for household use, as power usage in this sector does not contribute to economic growth. Charges will rise from 234 kip per kWh to 269 kip for consumption of between 0 and 25 kWh per month, and from 310 kip per kWh to 320 kip for consumption of 26 to 150 kWh. The tariff for household consumption above 150 kWh per month remains unchanged at 773 kip per kWh. The increase in the electricity rate for irrigation has sparked widespread concern about the effect it will have on production costs in agriculture, one of the country's main economic bases. Such a move would further raise prices and put pressure on the already escalating inflation. According to a government report, electricity price adjustments were one of the main drivers of inflation in April. The government is now looking at measures to curb inflation and has assigned state agencies to suggest solutions to the problem this month. [*Sources: The Vientiane Times*]

Stock Boards

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

BCEL

| | |
|----------------------------|--------------|
| Current | 8,100 |
| Volume | 1,470 |
| Previous Day Closing Price | 8,150 |
| Change | ▼ 50 |
| Turnover | 11,930,500 |

| Sell Remaining Qty | 11:30:00 | Buy Remaining Qty |
|--------------------|--------------|-------------------|
| | | |
| 1,005 | 8,400 | |
| 1,000 | 8,200 | |
| 30 | 8,150 | |
| Exp exe Price | 8,100 | 1,083 |
| | 8,050 | 21,877 |
| Exp exe Qty | 7,750 | 1,500 |
| | | |
| | | |
| 2,035 | Total | 24,460 |

| | |
|---------------|--------------------|
| Opening Price | 8,150 |
| High Price | 8,150 |
| Low Price | 8,100 |
| Price Limit | 8,550 7,750 |

EDL-GEN

| | |
|----------------------------|--------------|
| Current | 5,550 |
| Volume | 83,333 |
| Previous Day Closing Price | 5,350 |
| Change | ▲ 200 |
| Turnover | 462,498,150 |

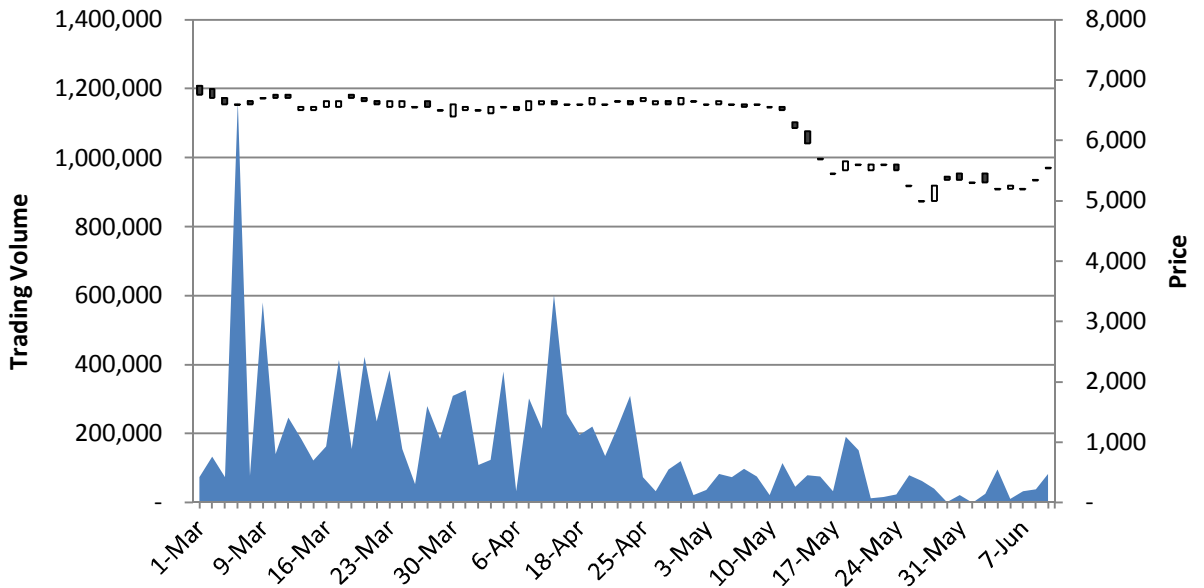
| Sell Remaining Qty | 11:30:00 | Buy Remaining Qty |
|--------------------|--------------|-------------------|
| | | |
| | | |
| 47,401 | 5,600 | |
| 16,321 | 5,550 | |
| Exp exe Price | 5,400 | 47,000 |
| | 5,100 | 2,500 |
| Exp exe Qty | | |
| | | |
| | | |
| 63,722 | Total | 49,500 |

| | |
|---------------|--------------------|
| Opening Price | 5,550 |
| High Price | 5,550 |
| Low Price | 5,550 |
| Price Limit | 5,600 5,100 |

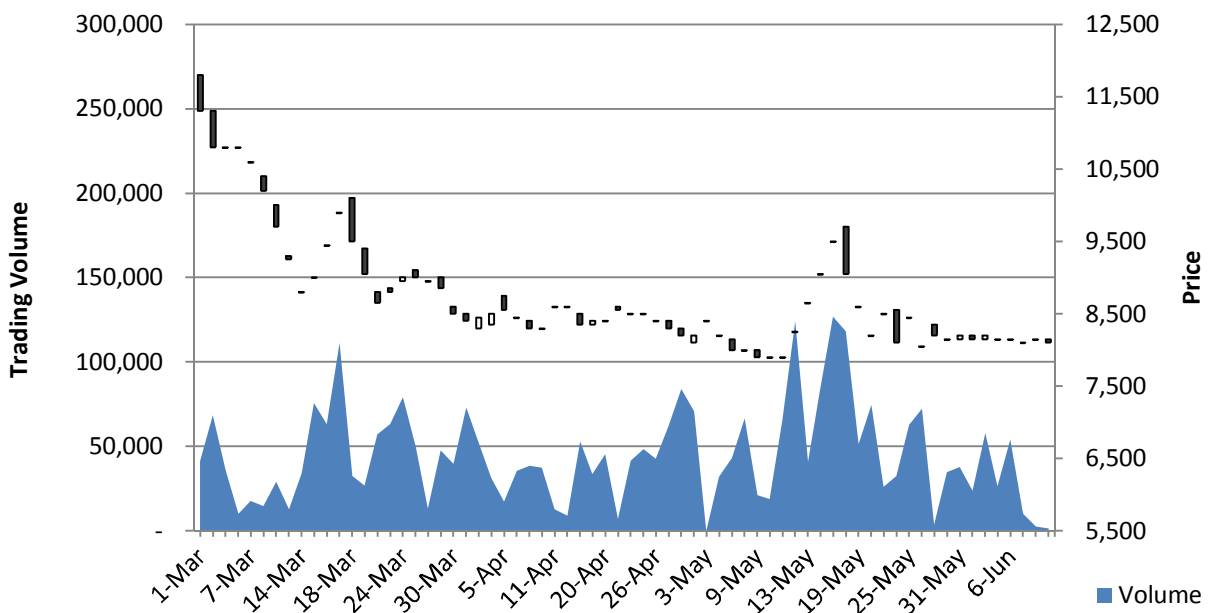
Appendix

► 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 |
|------------|---------------|-----------------|------------|----------------------|---------------------|----------|----------|
| 2011/06/09 | 1,145.31 | ↑32.25 | 2.90 | 84,803 | 474,428,650 | 1,146.63 | 1,145.31 |
| 2011/06/08 | 1,113.06 | ↑26.50 | 2.44 | 40,625 | 224,343,750 | 1,113.06 | 1,087.88 |
| 2011/06/07 | 1,086.56 | ↓9.71 | 0.89 | 42,060 | 248,265,900 | 1,087.88 | 1,086.56 |
| 2011/06/06 | 1,096.27 | ↑8.39 | 0.77 | 64,033 | 492,668,950 | 1,096.27 | 1,087.88 |
| 2011/06/03 | 1,087.88 | ↓18.10 | 1.64 | 122,632 | 715,737,500 | 1,087.88 | 1,087.88 |

EDL-Gen

| Date | Closing Price | Change (Kip) | Trading Vol. (Share) | Trading Value (Kip) | Market Cap. (mil. Kip) | High | Low |
|------------|---------------|--------------|----------------------|---------------------|------------------------|-------|-------|
| 2011/06/09 | 5,550 | ↑200 | 83,333 | 462,498,150 | 4,820,714 | 5,550 | 5,550 |
| 2011/06/08 | 5,350 | ↑150 | 38,125 | 203,968,750 | 4,646,994 | 5,350 | 5,350 |
| 2011/06/07 | 5,200 | ↓50 | 31,869 | 165,718,800 | 4,516,705 | 5,200 | 5,200 |
| 2011/06/06 | 5,250 | ↑50 | 10,000 | 52,300,000 | 4,560,135 | 5,250 | 5,200 |
| 2011/06/03 | 5,200 | ↓100 | 96,174 | 500,104,800 | 4,516,705 | 5,200 | 5,200 |

BCEL

| Date | Closing Price | Change (Kip) | Trading Vol. (Share) | Trading Value (Kip) | Market Cap. (mil. Kip) | High | Low |
|------------|---------------|--------------|----------------------|---------------------|------------------------|-------|-------|
| 2011/06/09 | 8,100 | ↓50 | 1,470 | 11,930,500 | 1,106,279 | 8,150 | 8,100 |
| 2011/06/08 | 8,150 | ↑50 | 2,500 | 20,375,000 | 1,113,107 | 8,150 | 8,150 |
| 2011/06/07 | 8,100 | ↓50 | 10,191 | 82,547,100 | 1,106,279 | 8,100 | 8,100 |
| 2011/06/06 | 8,150 | - | 54,033 | 440,368,950 | 1,113,107 | 8,150 | 8,150 |
| 2011/06/03 | 8,150 | ↓50 | 26,458 | 215,632,700 | 1,113,107 | 8,150 | 8,150 |

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