

Executive Summary

The Lao Securities Exchange

Stock trading emanated as slowly as it has been lately, until BCEL cascaded 310K shares onto the leisurely market. Who would have thought that the LSX would be overwhelmed with such a bargaining thrill right at the dawn of a new week? The public bank paced quickly to the 8,400 Kip by the end of first session, but encountered a critical resistance right after. By the end of the second session, the bank receded to 8,000 Kip (-0.62%) with a searing turnover of LAK 2,598 million. On the other side, EDL-Gen kept nailing down its 5,200 Kip with an extra 51K shares; roughly LAK 263 million was generated for the electricity company today.

- ▶ **284km transmission line powers up the central of Laos:** Electricite du Laos (EDL) has commenced operation of the Pakxon-Pakbo 155 kV transmission project after two and half years of construction. EDL is the owner of the US\$45 million project, while the contractors are Consortium of Corporation and J-Power System Corporation. Almost US\$40 million of the project was funded by a Japanese Official Development Assistance loan with an annual interest rate of 0.9% and a period of 30 years, including a grace period of 10 years. EDL's contribution was US\$5 million.
- ▶ **Telecom giant makes beeline for Lao market:** VimpelCom Ltd, a leading international provider of telecommunications services, officially enters the Lao telecom market by investing in Millicom Lao Co Ltd. The company holds 78 percent of the 361 billion kip investment, and the Lao government owns the remaining 22 percent. Millicom Lao Co Ltd has officially changed its name to VimpelCom Lao Co Ltd since last Wednesday. The company will maintain its current structure under its popular TIGO brand.

Exchange Rates: 27/06/2011

	Bid	Change	Ask	Change
USD	8,017.00	2.00	8,036.00	(2.00)
CAD	8,012.00	(93.00)	8,114.00	(100.00)
THB	260.04	(1.23)	260.56	(1.24)
EUR	11,307.00	(114.00)	11,346.00	(119.00)
GBP	12,635.00	(71.00)	12,795.00	(79.00)
CNY	1,214.00	-	1,229.00	(2.00)
JPY	98.25	(0.31)	99.54	(0.34)

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	8,000	↓ 50	0.62	15,500	7,900
EDL-Gen	5,200	-	-	8,850	4,550

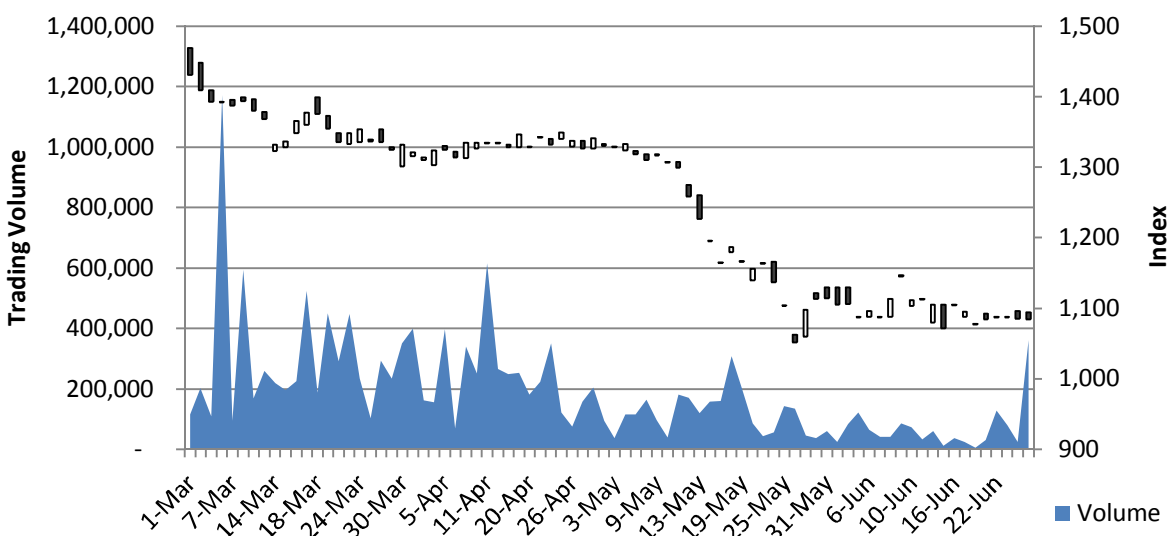
The Lao Securities Exchange

The Lao stock market

BCEL was thrown into a trading spiral made of foreign buying, and got wound up almost to its ceiling price. Skeptics might have considered those large transactions a predetermined placement between private entities due to the massive amount and perfect timing. The inexplicable burst of demand should not be seen as a price manipulating attempt, because the bank fell miserably right after the soar. Whether it was a one-time deal or a long-lasting offer, there are willing buyers out there for the public bank should the suppliers jump the gun. The electricity company grew more attached to the 5,200 Kip as the foreign investors hoard in its shares. Today was the fifth time EDL-Gen closed unchanged. However, demand is stabilizing and supply is responding accordingly. The most important aspect of the Lao securities market is maintaining liquidity, and the aridity problem seemed to have solved itself.

The LSX Index 1,083.92 ↓ 1.32 [0.12%]

The liquidity drawdown has finally reached the reinforcement from the public bank, charging up to 360K shares from the last Friday's 25K shares. Market's turnover pierced through the LAK 2,861 million from the previous LAK 136 million. Nevertheless, the Lao index still had to endure a 12 bps loss and is now residing at the 1,084.



The Lao Economy

Sectors Watch & Business News

284km transmission line powers up the central of Laos

Electricite du Laos (EDL) hosted an inauguration ceremony for the Pakxon-Pakbo 155 kV transmission project in Borikhamxay province after two and half years of construction. EDL is the owner of the US\$45 million project, while the contractors are Consortium of Corporation and J-Power System Corporation, EDL Director Khammany Inthilath said. Almost US\$40 million of the project was funded by a Japanese Official Development Assistance loan via the Japan International Cooperation Agency (JICA) with an annual interest rate of 0.9 percent and a loan period of 30 years, including a grace period of 10 years. EDL's contribution was US\$5 million. The project involved the installation of a 284km transmission line from the Pakxon substation in Borikhamxay province to the Pakbo substation in Savannakhet province through Khammuan province.

The 240mm-wide double circuit transmission line has a high thermal-resistant conductor, and is supported by 790 steel poles. The transmission line passes through three substations in Pakxon, Thakhek and Pakbo, covering communities in Borikhamxay, Khammuan and Savannakhet provinces. The new line will be a substitute for the transmission line that imports electricity from Thailand, supplying power to the three central provinces and enhancing their socio-economic development. The line was installed in two sections. The first section connected the 187km from Pakxon to Thakhek, which was finished on May 7, 2011. The second section, from Thakhek to Pakbo, was finished on May 23, 2010; now the two lines have been interlinked.

Minister of Energy and Mines Soulivong Dalavong said EDL was an ongoing player by putting in place electricity programs and projects as identified in the national strategic framework. JICA chief representative Masato Togawa said the Japanese government also provided assistance to the Nam Ngum 1 hydropower project in 1974 and the Nam Leuk hydropower project in 1996. The Greater Mekong Power Network Development project is aimed at meeting the growing demand for power in the south-central region by building and upgrading 115 kV transmission lines and substations in the 300km section between Pakxon and Savannakhet. *[Sources: The Vientiane Times]*

Power sector booms as government sets sights on 10 dams in five years

The government hopes to see 10 hydropower dams built over the next five years as part of its effort to turn Laos into the 'battery of ASEAN.' The construction of 8 power plants with total installed capacity of 2,865 megawatts (MW) will embolden both domestic consumption and exports to Thailand and Vietnam. At present, five hydropower plants are under construction: the Nam Ngum 5 in Vientiane province is about 60% complete, the Theun Hiboun expansion in Khammuan province is 78% complete, the Nam Xong in Vientiane province is 30% finished, the Nam Nhone in Luang Namtha 91% complete, and the Xekhaman 3 in Xekong province is 90% complete. A groundbreaking ceremony to mark the start of construction of the 1,800 MW capacity Hongsa lignite-fired power plant in Xayaboury province is expected to begin this year. The Nam Ngum 3 hydropower plant developers are negotiating a power purchase agreement and the Nam Ngiep 1 project is seeking a construction contractor.

Over the past 5 years, 5 hydropower plants have been built, including Nam Theun 2 in the central province of Khammuan, the current largest hydropower plant of the country. According to a report from the Ministry of Planning and Investment, there are 16 operational hydropower plants in the country. The current total electricity

generation capacity of Laos is more than 2,000 MW. The government has granted approval for feasibility studies into or construction of 73 power plant projects over the past decade, of which 37 projects are now in the economic and technical feasibility study stage, 27 have signed project development agreements with the government, and the rest have received concession agreements.

The electricity sector has received about US\$4 billion of approved investments since the government began to promote foreign investment in the power sector over a decade ago. Power generation and distribution is the largest investment sector in Laos. Laos generated income of US\$164 million from exports of electricity to Thailand over the first six months of this fiscal year. Laos is expanding its power substations and power grids to facilitate not only electricity exports but also imports in the dry season due to the water drawdown. At present, 72 percent of all Lao households have access to electricity. [Sources: *The Vientiane Times*]

Telecom giant makes beeline for Lao market

VimpelCom Ltd, a leading international provider of telecommunications services, officially enters the Lao telecom market as VimpelCom Lao Co Ltd. The Lao government and VimpelCom Ltd signed the upgraded master plan and joint venture agreements in the telecommunication sector in Laos on Wednesday in Vientiane. "The entry of VimpelCom is a historic occasion for the telecommunications industry in Laos," Head of Indochina cluster of VimpelCom Ltd, Mr Michael Sascha Cluzel, said at the signing ceremony. VimpelCom now holds 78 percent of VimpelCom Lao Co Ltd, with the remaining 22 percent owned by the Lao government, according to the company's press release.

It is an investment of about 361 billion kip (US\$45 million), according to the investment licence presented to the company by the Ministry of Planning and Investment at the ceremony. Effective on Wednesday, the business name Millicom Lao Co Ltd changes to VimpelCom Lao Co Ltd. The company will continue to operate in its current structure under its popular TIGO brand. The agreement to acquire Millicom was signed in September 2009, but completion of the transaction was delayed until it received the endorsement of the Lao government in March this year. TIGO is currently one of the leading telecom brands in Laos with more than 500,000 subscribers as of the end of last month and market share of about 27 percent.

VimpelCom was the first Russian company to list its shares on the New York Stock Exchange. It is a global Fortune 500 organization with more than US\$21 billion turnover per year and spans around 19 countries, covering a total population of 868 million with a subscriber base of 186 million. The South-East Asia region is an important part of VimpelCom's international expansion strategy with operations in Vietnam, Laos and Cambodia. It is one of the world's largest integrated telecommunications services operators offering a wide range of wireless, fixed and broadband services in Russia, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Vietnam, Cambodia, Laos, Algeria, Bangladesh, Pakistan, Burundi, Zimbabwe, the Central African Republic, Italy and Canada. [Sources: *The Vientiane Times*]

Stock Boards

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

BCEL

Current		8,000
Volume		309,707
Previous Day Closing Price		8,050
Change	▼	50
Turnover		2,597,656,000

Sell Remaining Qty	11:30:00	Buy Remaining Qty
3,100	8,400	
5,800	8,350	
500	8,300	
16,400	8,200	
3,931	8,150	
Exp exe Price	8,000	11,878
	7,650	2,000
Exp exe Qty		
29,731	Total	13,878

Opening Price		8,400
High Price		8,400
Low Price		8,000
Price Limit	8,450	7,650

EDL-GEN

Current		5,200
Volume		50,650
Previous Day Closing Price		5,200
Change		0
Turnover		263,380,000

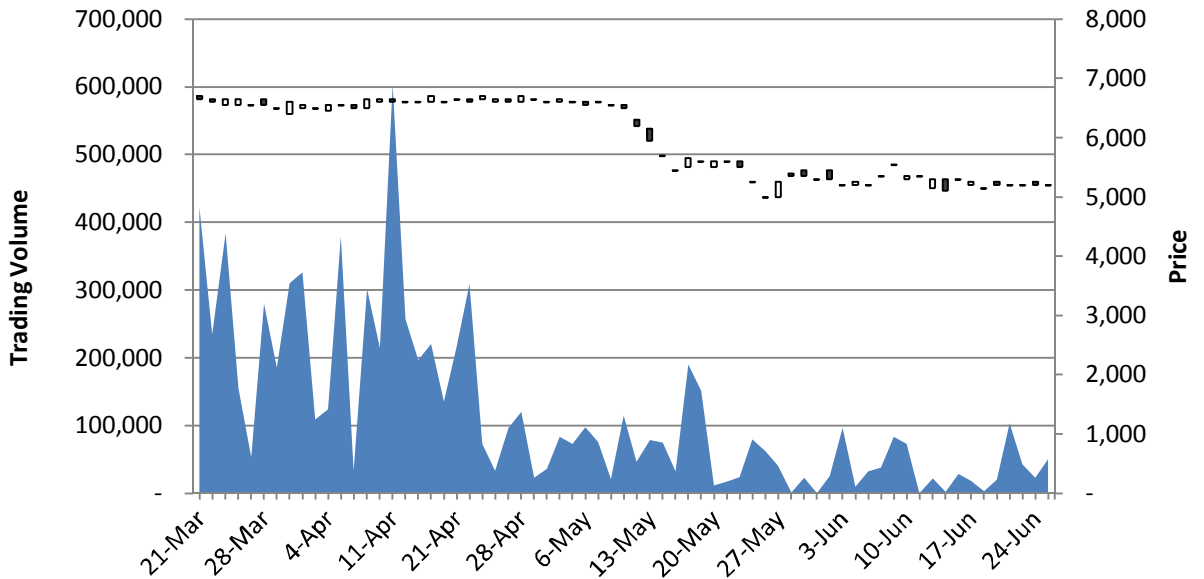
Sell Remaining Qty	11:30:00	Buy Remaining Qty
1,000	5,400	
30,000	5,300	
Exp exe Price	5,200	24,263
	5,150	23,000
Exp exe Qty	5,100	23,000
	5,000	3,000
31,000	Total	73,263

Opening Price		5,200
High Price		5,200
Low Price		5,200
Price Limit	5,450	4,950

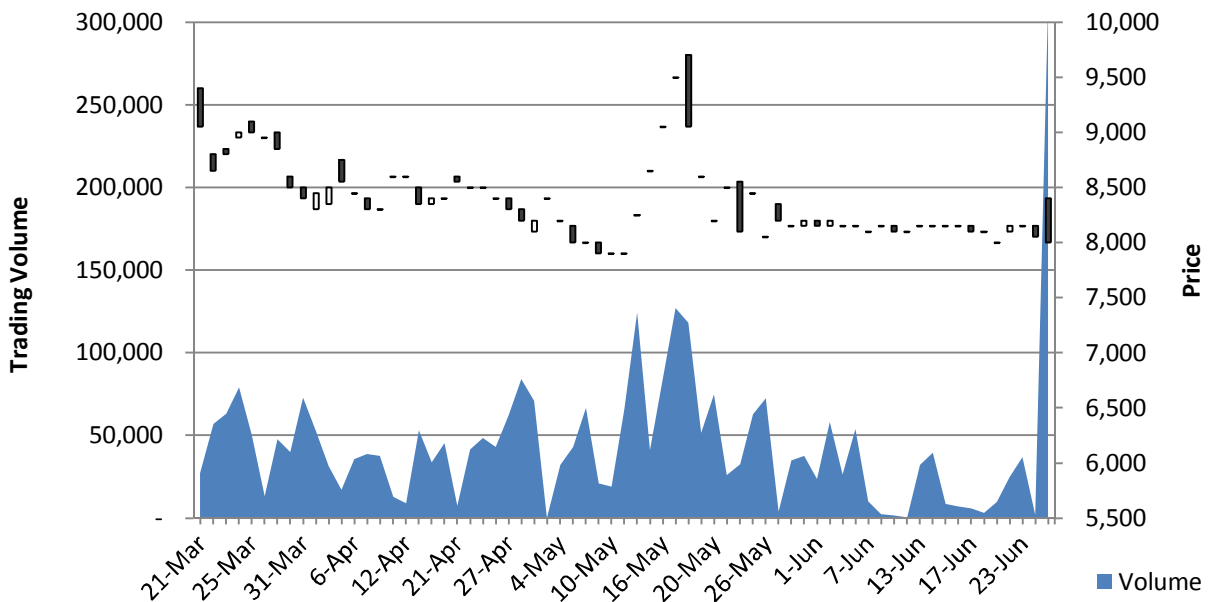
Appendix

► 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
2011/06/27	1,083.92	↓1.32	0.12	360,357	2,861,036,000	1,094.48	1,083.92
2011/06/24	1,085.24	↓2.64	0.24	24,894	135,926,100	1,096.27	1,085.24
2011/06/23	1,087.88	-	0.00	79,706	522,804,050	1,087.88	1,087.88
2011/06/22	1,087.88	↑3.96	0.37	128,169	739,401,700	1,087.88	1,086.56
2011/06/21	1,083.92	↑5.75	0.53	29,602	181,086,000	1,092.31	1,083.92

EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/27	5,200	-	50,650	263,380,000	4,516,705	5,200	5,200
2011/06/24	5,200	-	22,800	119,060,000	4,516,705	5,250	5,200
2011/06/23	5,200	-	42,983	223,511,600	4,516,705	5,200	5,200
2011/06/22	5,200	-	103,368	537,513,600	4,516,705	5,200	5,200
2011/06/21	5,200	↑50	19,960	103,950,000	4,516,705	5,250	5,200

BCEL

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/06/27	8,000	↓50	309,707	2,597,656,000	1,092,621	8,400	8,000
2011/06/24	8,050	↓100	2,094	16,866,100	1,099,450	8,150	8,050
2011/06/23	8,150	-	36,723	299,292,450	1,113,107	8,150	8,150
2011/06/22	8,150	↑150	24,801	201,888,100	1,113,107	8,150	8,100
2011/06/21	8,000	↓100	9,642	77,136,000	1,092,621	8,000	8,000

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