

## Executive Summary

**The Lao Securities Exchange:** Extended periods of scarcity have, for the first time, flushed BCEL all the way down to zero shares. Since no trade was successfully carried out for the public bank today, its base price for Tuesday will be 8,000 Kip as stipulated in the “special quotation” rule. On the other side, EDL-Gen was able to stay afloat with 38.5K shares (-15%), and in exchange, the company had to place its market value on the sacrificing altar. By the end, only the 5,200 Kip (-0.95%) remained alongside a weakening turnover of LAK 200.5 million (-16%).

- ▶ **Laos-Malaysia tourism ties set to expand:** Two-way travel between Laos and Malaysia has seen an increase in recent years, a trend that is expected to continue. Since Malaysian-based low-cost airline Air Asia has started its direct air service to Vientiane in December 2007, the number of travellers between the two countries has increased quite substantially. Tourist arrivals in Malaysia from Laos increased from 35,000 in 2009 to 38,000 last year, and are expected to exceed 40,000 this year. Meanwhile, tourist arrivals from Malaysia to Laos increased by 11 percent, from 14,000 in 2009 to about 15,500 in 2010.

#### Exchange Rates: 04/07/2011

	Bid	Change	Ask	Change
USD	8,007.00	(3.00)	8,027.00	(3.00)
CAD	8,261.00	34.00	8,368.00	33.00
THB	261.91	1.97	262.89	2.09
EUR	11,638.00	50.00	11,679.00	48.00
GBP	12,736.00	36.00	12,899.00	36.00
CNY	1,214.00	-	1,229.00	(1.00)
JPY	98.14	0.02	99.44	0.06

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 – Appendix

### Lanexang Securities Public Company

5<sup>th</sup> 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](http://www.lxs.com.la)  
Email: [lanexang@lxs.com.la](mailto:lanexang@lxs.com.la)  
[lxs\\_info@lxs.com.la](mailto:lxs_info@lxs.com.la)

### Contacts:

Bui Quang Phu  
Deputy General Director  
Email: [Phu.bq@lxs.com.la](mailto:Phu.bq@lxs.com.la)

Le Trung Hieu  
Manager of Research Department  
Email: [Hieu.lt@lxs.com.la](mailto:Hieu.lt@lxs.com.la)

Issue Name	Current Price	Change (Kip)	Change (%)	52-week	
				High	Low
BCEL	8,000	-	0.62	15,500	7,900
EDL-Gen	5,200	↓50	-	8,850	4,550

## The Lao Securities Exchange

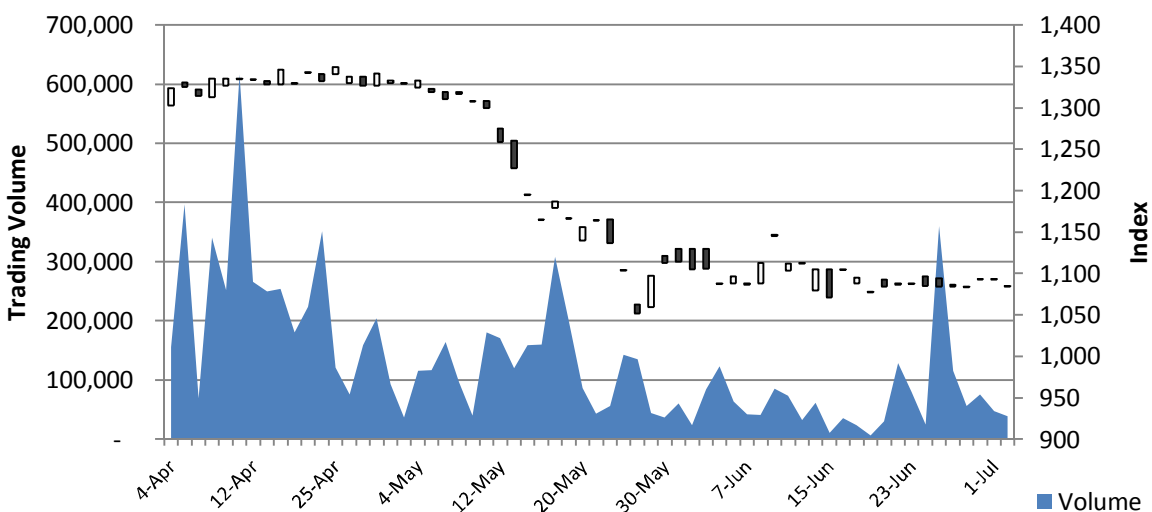
### The Lao stock market

The main artery of BCEL's demand was dried off right after the 2,040 shares (-89%), which was the main cause of its trading dehydration. Demand has never been this low. Were investors just taking a break? Or did the public bank finally run out of luck? The befuddled supply panicked to 21.5K shares (+174%), which was understandable. This is truly the time for contemplation.

As soon as demand uttered a sigh of exasperation (gone from 52.3K to 45K shares), EDL-Gen immediately trimmed its supply down to 44.5K shares (-26%) in order to secure some trades. The 5,250 spike was fairly short, and now the company is back at orbiting the 5,200 Kip. The downtrending demand also signals a more volatile period for the electricity company. This week started out rather vaporously.

### The LSX Index 1,083.92 ↓ 9.71 [0.89%]

EDL-Gen pumped the only life-force into the market's liquidity, saving it from trading paralysis. The LSX exchanged a total of 38.5K shares (-19%) for almost LAK 200.5 million (-21%). Approximately 89 bps were lost, the Lao index hid away in the 1,083 points.



## The Lao Economy

### Sectors Watch & Business News

#### Laos-Malaysia tourism ties set to expand

Two-way travel between Laos and Malaysia has seen an increase in recent years, a trend that is expected to continue. Malaysia Ambassador to Laos Dato' Than Tai Hing said that since Malaysian-based low-cost airline Air Asia started its direct air service to Vientiane in December 2007, the number of travellers between the two countries has increased quite substantially. Tourist arrivals in Malaysia from Laos increased from 35,000 in 2009 to 38,000 last year, and are expected to exceed 40,000 this year. Meanwhile, tourist arrivals from Malaysia to Laos increased by 11 percent, from 14,000 in 2009 to about 15,500 in 2010. "The figure is rather small and can be improved because with the direct flight from Kuala Lumpur, Lao people can fly conveniently to Malaysia and vice-versa," said the ambassador.

With the addition of a direct flight to Vientiane, AirAsia has contributed to the realisation of the Asean Connectivity Master Plan in the region. "We strongly believe that there will be an increase in the arrival of tourists from Laos to Malaysia and we hope that AirAsia will increase its daily flights and also operate on domestic routes in the future," he added. The ambassador made the comments during the Malaysian Travel Mart seminar held on Friday in Vientiane. Also in attendance at the seminar were Managing Director of Best Home Mr Kim Kok Sai, Marketing Officer of Tourism Malaysia Mr Keo Oudone and Tourism Officer of Tourism Malaysia Ms Fazlil HJ Fadzil, as well as participants from tourism offices and travel agencies in Vientiane and the provinces.

The event aimed to enable travel agents and travel industry representatives of each country to meet and exchange their business plans to increase two-way tourism. During the seminar, the ambassador also highlighted that Laos has a long history with many popular historical sites and attractions. He said Laos also has great potential for socio-economic growth as it has vast reserves of renewable energy from hydroelectricity, which will become one of its main sources of income in the future. The number of tourists visiting Laos reached 2.5 million last year and the number is expected to exceed 3.5 million by 2015. Malaysia is striving to place itself as one of the most favored holiday destinations in the world.

Over recent years, the tourism industry in Malaysia has experienced rapid growth and is now its second largest foreign exchange earner, after manufacturing. Overall, Malaysia enjoyed total tourist arrivals of more than 24.5 million in 2010, which is expected to increase to 36 million by 2020. "We would like to highlight four tourism sectors that have great potential in Laos, namely eco-tourism, educational tourism, medical and health tourism, and the Malaysia My Second Home Programme." The Lao tourism sector has indirectly enhanced the development of other sectors through the creation of employment opportunities and improvements to living standards in rural communities. "Laos is preparing for Visit Laos Year 2012 and Malaysia is preparing for Visit Malaysia Year 2013, which will coincide with Laos hosting the Asean Tourism Forum," the ambassador said. "There is a great potential for our two countries to further cooperate in the tourism industry for the mutual benefits of our peoples," he added. *[The Vientiane Times]*

#### No interruptions to northern transport

Lao Airlines bookings for flights to Xieng Khuang province have increased, while the number of people travelling by bus has fallen in the wake of tropical storm Haima, which struck Laos on June 25. Both forms of transport are still operating as normal in the northern provinces. Lao Airlines marketing officer Ms Phouthasone Vannachak

said on Friday that bookings for Xieng Khuang and other northern destinations have increased, except in Xayaboury province, where the company does not operate flights. Lao Airlines believes bookings will increase as people are not confident of travelling by bus in the aftermath of the storm.

The airline has four weekly flights servicing Xieng Khuang. Normally its 56-seat MA60 airplane would carry only about 30 passengers and its 70-seat ATR airplane 40 passengers but now both are fully booked on a regular basis. Ms Phoutthasone said flights will continue as normal despite the storm, as landing areas are unaffected by flooding. However, she said the airline always keeps a close watch on the weather and on occasion has to cancel flights. The owner of a bus business, Ms Chitpasong Luangdetmixay, said her buses to the northern provinces, including Xieng Khuang and Xayaboury, are still going ahead as scheduled.

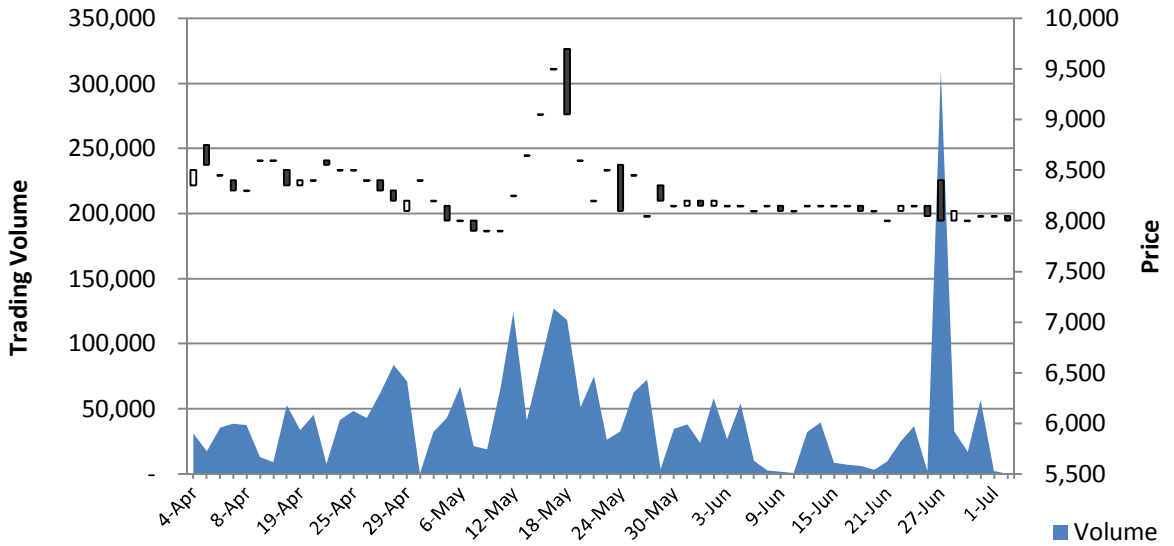
She said the conditions of some northern roads are causing difficulties due to landslides caused by the storm so passengers might experience delays while waiting for the authorities to clear debris. Ms Chitpasong said that during the storm none of her buses had to be cancelled and many passengers still used the services. A passenger who just returned from Huaphan province, Mr Khamseng, said he travelled through rain and floods last week to visit his relatives, and landslides caused delays of 30 minutes to an hour.

He said he had confidence in the bus driver's abilities, but he was a little afraid of the landslides. Tropical storm Haima formed in the South China Sea and moved across Vietnam before hitting Laos, wreaking havoc in Huaphan, Xieng Khuang, Vientiane, Borikhamxay, Khammuan and Xayaboury provinces. Flash floods in the northern provinces killed nine people, and caused 40 billion kip in damage to roads, electricity networks, water supply systems, crops and livestock. *[The Vientiane Times]*

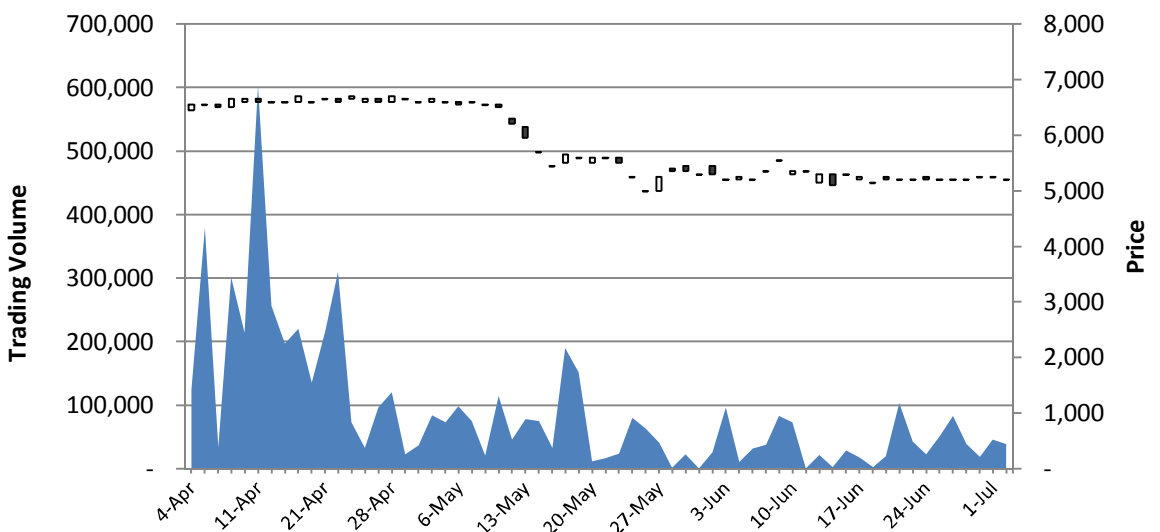
### Appendix

▸ Securities Charts

**BCEL**



**EDL-Gen**



### Appendix

#### ▶ Daily Market Data

#### LSX Index

Date	Current Index	Change (Points)	Change (%)	Trading Vol. (Share)	Trading Value (Kip)	High	Low
2011/07/04	1,083.92	↓9.71	0.89	38,554	200,480,800	1,085.24	1,083.92
2011/07/01	1,093.63	-	-	47,400	254,450,000	1,093.63	1,093.63
2011/06/30	1,093.63	↑9.71	0.90	75,046	661,500,150	1,093.63	1,093.63
2011/06/29	1,083.92	↓2.64	0.24	56,078	339,205,600	1,083.92	1,083.92
2011/06/28	1,086.56	↑2.64	0.24	115,574	693,391,300	1,086.56	1,083.92

#### EDL-Gen

Date	Closing Price	Change (Kip)	Trading Vol. (Share)	Trading Value (Kip)	Market Cap. (mil. Kip)	High	Low
2011/07/04	5,200	↓50	38,554	200,480,800	4,516,705	5,200	5,200
2011/07/01	5,250	-	45,400	238,350,000	4,560,135	5,250	5,250
2011/06/30	5,250	↑50	18,115	203,205,600	4,560,135	5,250	5,250
2011/06/29	5,200	-	39,078	203,205,600	4,516,705	5,200	5,200
2011/06/28	5,200	-	83,089	432,062,800	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
2011/07/04	8,000	↓50	-	-	1,092,621	8,050	8,000
2011/07/01	8,050	-	2,000	16,100,000	1,099,450	8,050	8,050
2011/06/30	8,050	↑50	56,931	458,294,550	1,099,450	8,050	8,050
2011/06/29	8,000	↓100	17,000	136,000,000	1,092,621	8,000	8,000
2011/06/28	8,100	↑100	32,485	261,328,500	1,106,279	8,100	8,000

### 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.*