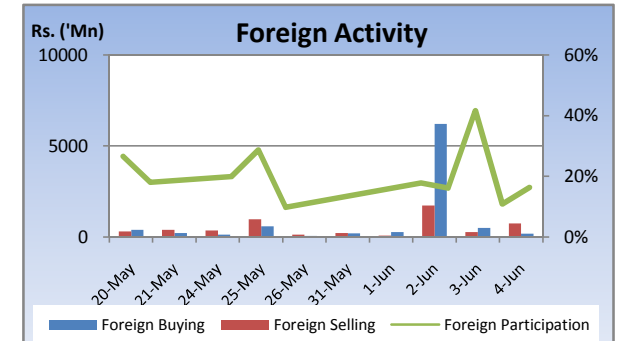
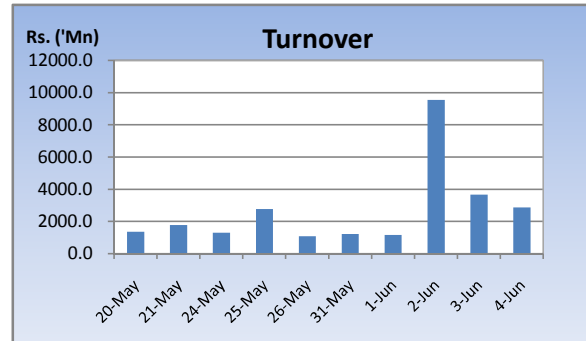
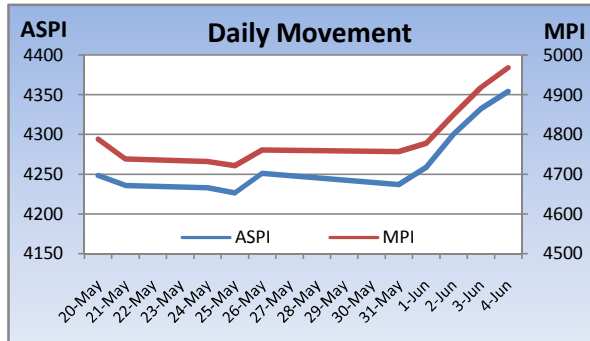


Weekly Market Update

Week Ending: June 04th, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	4354.20	4250.99	2.43%	SINHAPUTHRA FIN	74.00	106.25	43.58%	140.00	100.00	77,100	8,968,319
MPI	4968.34	4761.35	4.35%	E B CREASY	420.00	750.00	78.57%	750.00	500.00	2,500	1,498,473
MARKET CAP. (Rs. 'Bn)	1418.80	1384.67	2.46%	DIMO	433.75	636.25	46.69%	650.00	435.00	642,900	389,228,970
MARKET PER(x)	21.51	20.99	2.48%	PAN ASIA	19.50	28.00	43.59%	28.75	19.25	19,182,433	473,037,331
MARKET PBV(x)	2.17	2.12	2.36%	SINGER SRI LANKA	90.00	127.00	41.11%	135.00	89.75	271,700	30,805,973
Average Daily				Top 5 Losers							
TURNOVER	3689.28	1712.60	115.4%	CONFIFI HOTEL	318.00	212.25	-33.25%	323.00	210.00	2,631,300	554,674,565
VOLUME	52.98	28.60	85.2%	WATAPOTA	1300.00	1011.00	-22.23%	1300.00	1000.00	2,000	2,420,570
FOREIGN PURCHASES	1480.43	272.88	442.5%	RIVERINA HOTELS	125.75	110.00	-12.52%	127.00	107.75	4,460,597	490,835,455
FOREIGN SALES	620.07	498.42	24.4%	KANDY HOTELS	148.25	130.00	-12.31%	147.25	125.00	1,400	181,125
NET FOREIGN	860.36	-225.55	481%	NESTLE	764.00	670.00	-12.30%	750.00	670.00	2,500	1,986,816
FOREIGN PARTICIPATION	28.5%	22.5%	26.4%	Top 5 by Turnover							
Sector Summary				COMMERCIAL BANK	249.25	266.75	7.02%	272.00	247.00	24,511,385	6,130,963,475
MOTORS	12,165.28	9,946.77	22.30%	JKH	180.00	192.00	6.67%	194.50	181.75	13,468,000	2,522,588,975
TRADING	11,707.39	9,722.13	20.42%	HNB	249.50	271.75	8.92%	274.75	248.00	2,346,300	618,052,114
STORES AND SUPPLIES	25,192.86	21,766.74	15.74%	CONFIFI HOTEL	318.00	212.25	-33.25%	323.00	210.00	2,631,300	554,674,565
BANKS FINANCE AND INSUI	9,587.74	8,706.44	10.12%	RIVERINA HOTELS	125.75	110.00	-12.52%	127.00	107.75	4,460,597	490,835,455
FOOTWEAR AND TEXTILES	1,013.61	956.59	5.96%	Top 5 by Volume							
HOTELS AND TRAVELS	3,903.39	3,970.06	-1.68%	COMMERCIAL BANK	249.25	266.75	7.02%	272.00	247.00	24,511,385	6,130,963,475
BEVERAGE FOOD AND TOB.	7,897.40	8,035.65	-1.72%	PAN ASIA	19.50	28.00	43.59%	28.75	19.25	19,182,433	473,037,331
INVESTMENT TRUSTS	24,424.71	25,190.75	-3.04%	JKH	180.00	192.00	6.67%	194.50	181.75	13,468,000	2,522,588,975
SERVICES	16,619.82	17,544.88	-5.27%	KOTMALE HOLDINGS	27.00	27.25	0.93%	28.00	26.00	10,663,800	298,510,225
OIL PALMS	50,242.02	53,293.03	-5.72%	NATIONS TRUST	37.25	44.75	20.13%	45.25	37.00	9,246,200	375,465,483

Market Review

Heavy interest in the banking sector drove indices to sharp gains on expected tax reductions while a Japanese Fund buying into 10% of Commercial Bank and large crossings in JKH boosted turnover for week. LOLC gained full control of the Confifi group with the Furkhan family selling out their stakes in the group. The benchmark ASPI gained 103.21 points or 2.43% week on week while the more sensitive MPI reported a week on week gained of 206.99 points or 4.35%.

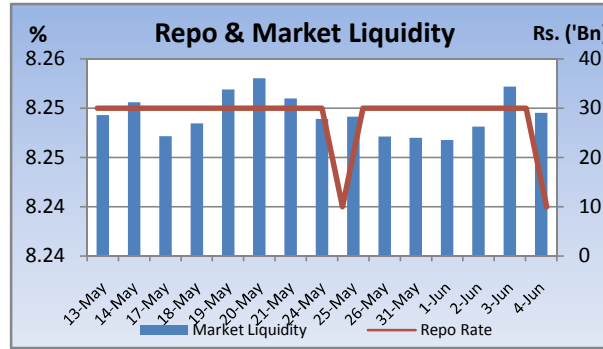
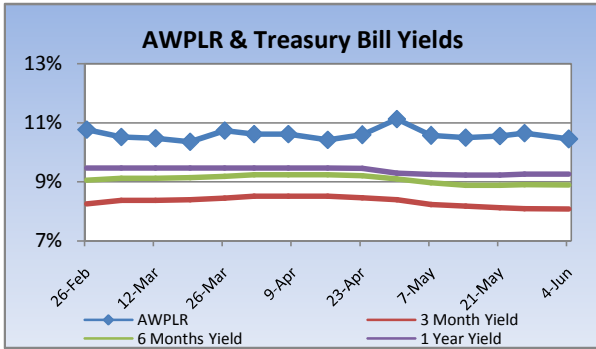
Compared to previous week's closing levels the market gained Rs.34 billion approximately or 2.46% in value this week to close at Rs.1418.80 Bn on Friday.

Total market turnover for the week amounted to Rs.18.4 Bn with an average daily turnover of Rs.3.6 Bn. Turnover for the week witnessed 259% increase compared to the last week's market turnover of Rs.5.1 Bn.

Heavily traded shares of the week under review were Commercial Bank and Pan Asia with the former being highest in terms of volume for the week, trading over 24m shares. The counter gained 7% during the week in value on a Week on Week basis. Commercial Bank and JKH contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.6.1Bn and gained 7% in value during the week.

FII participation gained to 28.5% of total turnover this week, from 22.5% reported last week. FII interest was positive during the week with a net inflow of Rs.4.3Bn, a 735% increase compared to last week's net outflow of Rs.677m.

Company	Price	P/BV	PER 10E	PER 11E
BANKING				
COMMERCIAL BANK	266.75	2.36	15.89	14.31
DFCC	250.00	1.66	12.83	5.23
HNB	271.75	2.57	14.28	13.57
NDB	232.25	1.39	9.12	10.00
NTB	44.75	1.71	13.67	9.43
SAMPATH BANK	339.50	1.95	12.41	14.09
BEVERAGE, FOOD & TOBACCO				
CTC	305.00	19.51	13.89	11.82
DISTILLERIES	122.50	1.55	12.94	11.04
CHEMICALS & PHARMACEUTICALS				
CIC	73.50	1.38	11.59	9.52
CONSTRUCTION & ENGINEERING				
DOCKYARD	265.00	3.07	8.43	10.40
DIVERSIFIED HOLDINGS				
AITKEN SPENCE	1,555.00	2.32	20.27	16.06
CARSONS	540.25	2.56	15.82	15.11
HAYLEYS	300.00	1.47	12.67	18.26
HEMAS HOLDINGS	149.00	1.97	16.85	13.10
JOHN KEELLS HOLDINGS	192.00	2.36	22.62	18.65
HOTELS & TRAVELS				
AITKEN SPENCE HOTEL HOLDINGS	415.00	3.07	30.45	19.62
ASIAN HOTELS AND PROPERTIES	145.50	2.65	51.14	24.85
KEELLS HOTELS	19.25	3.00	201.71	35.69
MANUFACTURING				
ACL CABLES	77.50	1.26	(4,891.21)	18.20
CHEVRON LUBRICANTS	158.25	8.55	12.70	13.54
LANKA TILES	96.50	2.14	10.82	9.57
ROYAL CERAMICS	132.00	1.88	7.58	6.51
TOKYO CEMENT	33.50	1.66	31.03	20.94
PLANTATIONS				
AGALAWATTE				
KEGALLE				
KELANI VALLEY				
POWER & ENERGY				
LANKA IOC	21.00	1.34	(26.46)	26.95
TELECOMMUNICATIONS				
DIALOG	8.25	2.34	(5.50)	17.78

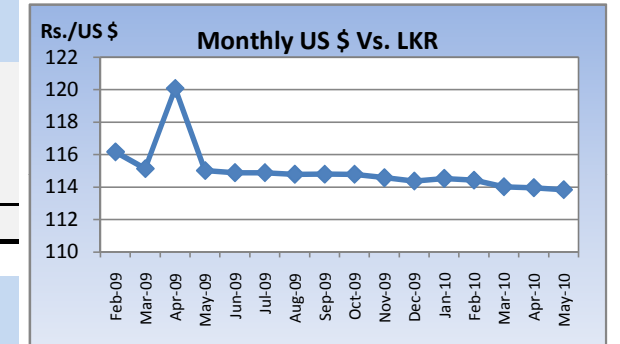


Currency Board

	Current	Previous	Change
USD EXCHANGE RATE			
- AVERAGE MIDDLE RATE	113.80	113.93	-0.11%
- FORWARD 1 MONTH	114.29	114.36	-0.06%
- FORWARD 3 MONTHS	115.19	115.33	-0.12%
BRITISH POUND	166.33	163.62	1.65%
EURO	138.30	139.82	-1.09%
JAPANESE YEN	1.23	1.26	-2.92%
INDIAN RUPEE	2.45	2.39	2.49%
AUSTRALIAN DOLLAR	95.79	93.46	2.49%
SINGAPORE DOLLAR	80.93	80.57	0.44%

Treasury Bill Auction

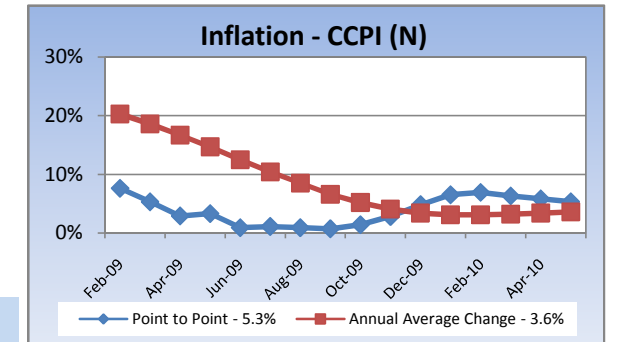
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.08%	8.10%	-2.00	1,000	2,577	1,617
6 MONTHS	8.90%	8.91%	-1.00	3,250	8,345	5,499
12 MONTHS	9.26%	9.26%	0.00	4,750	6,828	2,038
				9,000	17,750	9,154



Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.45	10.65	16.71
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	9.00
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.06	9.08	10.36
- 7 DAYS	9.21	9.22	11.35
- 1 MONTH	9.43	9.44	12.17
- 3 MONTHS	9.60	9.60	12.83
- 6 MONTHS	9.93	9.88	13.88
- 1 YEAR	10.18	10.15	14.75

Inflation



	May 2010	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.05	7.13	11.43
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	9.50	9.61	16.14

Point to Point - 5.3%
Annual Average Change - 3.6%

Tea Market

Colombo Tea Auction

SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 21-2010	Sale 20-2010		2010	2009	
HIGH GROWN	1,762,141	1,498,679	17.58%	30,552,445	25,091,389	21.76%
MEDIUM GROWN	1,276,542	969,093	31.73%	20,999,379	17,923,661	17.16%
LOW GROWN	4,186,242	2,979,942	40.48%	81,900,995	63,058,418	29.88%
TOTAL	7,224,925	5,447,714	32.62%	133,452,819	106,073,468	25.81%

PRICES (Rs./kg)

	2009	Apr-10	May-10	Sale 21-2010	Sale 20-2010	Change
HIGH GROWN	321.28	351.94	328.08	299.47	288.00	3.98%
MEDIUM GROWN	316.79	345.86	333.37	304.38	301.64	0.91%
LOW GROWN	388.44	388.23	396.15	368.76	376.39	-2.03%
TOTAL	362.70	372.31	367.25	340.49	338.78	0.50%

PRODUCTION (kg) BY

ELEVATION	April			Year to date		
	2010	2009	Change	2010	2009	Change
HIGH GROWN	6,392,859	9,455,149	-32.39%	24,206,548	23,443,887	3.25%
MEDIUM GROWN	4,749,037	5,708,484	-16.81%	16,647,111	14,104,438	18.03%
LOW GROWN	17,273,434	15,555,184	11.05%	61,475,785	42,949,942	43.13%
TOTAL	28,415,330	30,718,817	-7.50%	102,329,444	80,498,267	27.12%

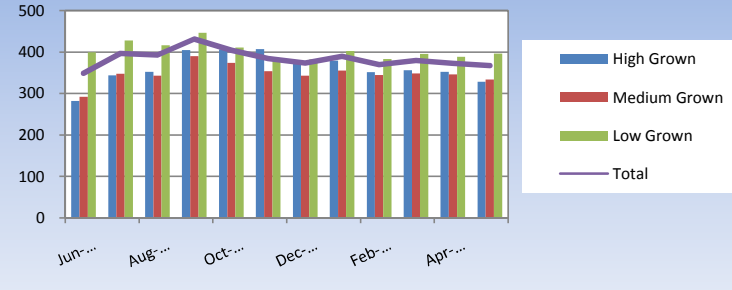
PRODUCTION (kg) BY

CATEGORY	April			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	26,731,932	28,307,887	-5.57%	95,801,212	74,391,462	28.78%
CTC	1,471,048	2,059,784	-28.58%	5,679,756	5,353,494	6.09%
TOTAL BLACK TEA	28,202,980	30,367,671	-7.13%	101,480,968	79,744,956	27.26%
GREEN TEA	212,350	351,146	-39.53%	848,476	753,311	12.63%
TOTAL	28,415,330	30,718,817	-7.50%	102,329,444	80,498,267	27.12%

ANALYSIS OF TOTAL

TEA PRODUCTION	April 2010	Year to date 2010
HIGH GROWN	22.50%	23.66%
MEDIUM GROWN	16.71%	16.27%
LOW GROWN	60.79%	60.08%
	100.00%	100.00%
CTC AS A % OF BLACK TEA PRODUCTION	5.22%	5.60%

Rs./kg Tea Prices

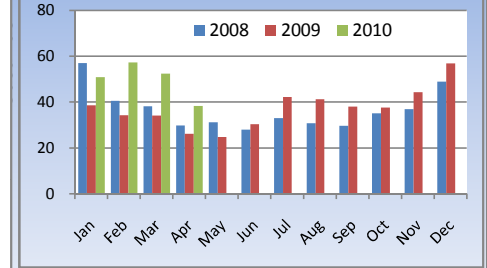


Tourism

SRI LANKA

ARRIVALS	2010	2009	Change
May	35,213	24,739	42.34%
Year to date	233,922	157,495	48.53%
Occupancy	Mar-10	Mar-09	Change
Foreign Guest Night	372,202	220,780	68.59%

Tourist Arrivals

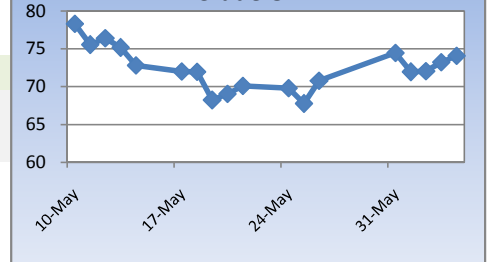


Crude Oil

NYMEX CRUDE OIL FUTURES

	04-Jun-10	26-May-10	Change
US\$/BBL	74.08	70.77	4.68%

Crude Oil



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