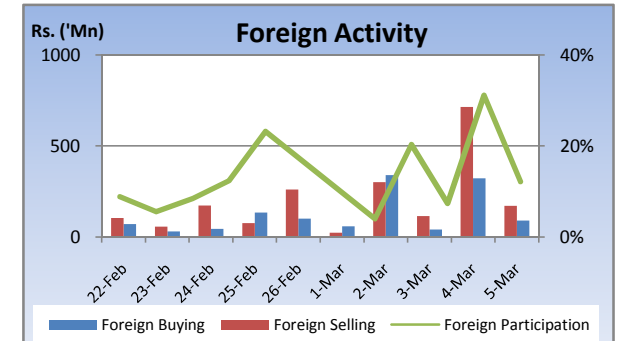
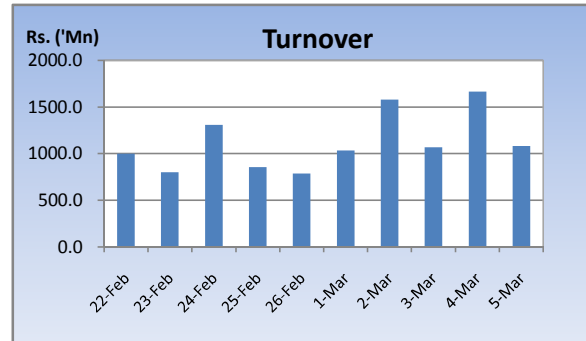
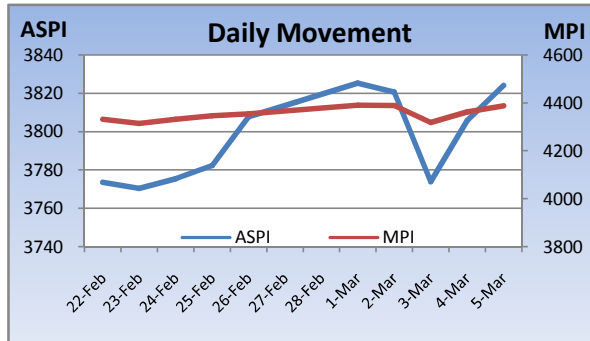


Weekly Market Update

Week Ending: March 05th, 2010



| Market Statistics | Current | Previous | Change | Top 5 Gainers | Previous | Current | Change | High | Low | Volume | Turnover (Rs. 'Mn) |
|-----------------------|-----------|-----------|--------|---------------------------|----------|---------|---------|--------|--------|------------|--------------------|
| ASPI | 3824.17 | 3807.86 | 0.43% | GESTETNER | 42.25 | 58.50 | 38.46% | 73.75 | 42.00 | 84,600 | 5,384,666 |
| MPI | 4387.63 | 4354.73 | 0.76% | MERC. SHIPPING | 121.00 | 158.50 | 30.99% | 173.00 | 124.75 | 34,200 | 5,204,885 |
| MARKET CAP. (Rs. 'Bn) | 1235.92 | 1226.97 | 0.73% | LANKA TILES | 77.75 | 99.00 | 27.33% | 99.50 | 79.00 | 505,300 | 46,432,132 |
| MARKET PER(x) | 18.74 | 18.60 | 0.75% | LANKA CERAMIC | 61.50 | 72.75 | 18.29% | 79.00 | 61.00 | 1,491,900 | 106,818,060 |
| MARKET PBV(x) | 1.89 | 1.88 | 0.53% | SHAW WALLACE | 184.00 | 216.75 | 17.80% | 303.00 | 189.00 | 140,100 | 37,255,827 |
| Average Daily | | | | Top 5 Losers | | | | | | | |
| TURNOVER | 1286.46 | 950.36 | 35.4% | SINGALANKA | 175.00 | 90.25 | -48.43% | 160.00 | 87.50 | 7,500 | 679,290 |
| VOLUME | 31.16 | 29.00 | 7.4% | KEELLS HOTELS | 30.00 | 26.25 | -12.50% | 33.50 | 24.00 | 2,308,400 | 67,735,936 |
| FOREIGN PURCHASES | 171.38 | 77.63 | 120.8% | MASKELIYA | 35.50 | 31.50 | -11.27% | 35.50 | 31.00 | 492,500 | 16,039,225 |
| FOREIGN SALES | 265.86 | 135.44 | 96.3% | CONVENIENCE FOOD | 145.00 | 130.00 | -10.34% | 130.00 | 130.00 | 100 | 13,000 |
| NET FOREIGN | -94.49 | -57.82 | -63.4% | BLUE DIAMONDS[NON VOTING] | 1.00 | 0.90 | -10.00% | 1.00 | 0.90 | 647,400 | 591,215 |
| FOREIGN PARTICIPATION | 17.0% | 11.2% | 51.6% | Top 5 by Turnover | | | | | | | |
| Sector Summary | | | | NAT. DEV. BANK | 222.75 | 221.50 | -0.56% | 225.00 | 219.50 | 4,091,800 | 901,690,440 |
| STORES AND SUPPLIES | 16,863.92 | 15,321.07 | 10.07% | SEYLAN BANK[NON VOTING] | 21.00 | 24.00 | 14.29% | 24.25 | 20.75 | 12,330,700 | 279,605,151 |
| HOTELS AND TRAVELS | 3,713.90 | 3,512.30 | 5.74% | ASIAN ALLIANCE | 63.50 | 59.00 | -7.09% | 63.50 | 50.00 | 4,948,500 | 247,948,275 |
| MANUFACTURING | 2,457.20 | 2,327.50 | 5.57% | CEY THEATRES | 53.00 | 56.50 | 6.60% | 61.50 | 52.00 | 4,381,000 | 242,546,518 |
| SERVICES | 13,268.62 | 12,586.69 | 5.42% | CHEVRON | 164.25 | 176.00 | 7.15% | 193.75 | 164.00 | 1,320,300 | 233,447,597 |
| TRADING | 8,726.88 | 8,533.54 | 2.27% | Top 5 by Volume | | | | | | | |
| INVESTMENT TRUSTS | 35,220.20 | 36,310.45 | -3.00% | NAWALOKA | 3.80 | 3.70 | -2.63% | 4.00 | 3.60 | 13,898,200 | 51,701,872 |
| HEALTH CARE | 413.11 | 426.30 | -3.09% | SEYLAN BANK[NON VOTING] | 21.00 | 24.00 | 14.29% | 24.25 | 20.75 | 12,330,700 | 279,605,151 |
| TELECOMMUNICATIONS | 138.93 | 143.47 | -3.16% | RENUKA HOLDINGS | 29.50 | 28.75 | -2.54% | 29.75 | 26.00 | 6,649,500 | 177,461,145 |
| PLANTATIONS | 805.46 | 837.71 | -3.85% | JANASHAKTHI INS. | 12.25 | 13.00 | 6.12% | 13.50 | 12.25 | 6,486,400 | 83,363,575 |
| CONSTRUCTION AND ENGI | 4,175.65 | 4,409.66 | -5.31% | BLUE DIAMONDS | 2.00 | 2.10 | 5.00% | 2.20 | 2.00 | 6,139,300 | 12,604,208 |

Market Review

The market saw declines during the early part of the week while it recovered during the latter part of the week with renewed investor interest in the large cap counter. Heavy interest in the ceramic sector was prevalent which led sharp price increases in the sector while crossings in NDB boosted turnover levels for the week. The benchmark ASPI gained 16.31 points or 0.43% week on week while the more sensitive MPI reported a week on week gain of 32.90 points or 0.76%.

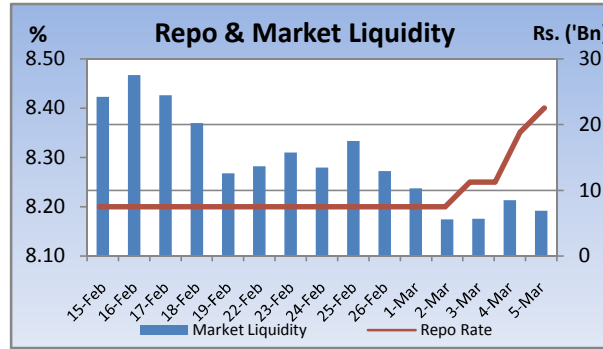
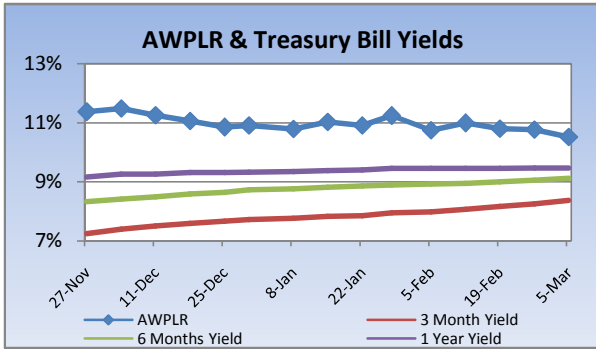
Compared to previous week's closing levels the market gained Rs.9 billion approximately or 0.73% in value this week to close at Rs.1235.92 Bn on Friday.

Total market turnover for the week amounted to Rs.6.4 Bn with an average daily turnover of Rs.1.3Bn. Turnover for the week witnessed 35% increase compared to the last week's market turnover of Rs.4.7 Bn.

Heavily traded shares of the week under review were Nawaloka and Seylan Bank (X) with the former being highest in terms of volume for the week, trading over 14m shares. The counter declined 2.6% during the week in value on a Week on Week basis. NDB and Seylan Bank (X) contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.901m declining 0.56% during the week in value.

FII participation declined to 17% of total turnover this week, from 11.2% reported last week. FII interest was negative during the week with a net outflow of Rs.472m, a 63% decrease compared to last week's net outflow of Rs.289m.

| Company | Price | P/BV | PER 10E | PER 11E |
|--|----------|-------|----------|---------|
| BANKING | | | | |
| COMMERCIAL BANK | 192.25 | 1.70 | 11.63 | 10.87 |
| DFCC | 180.25 | 1.20 | 10.07 | 10.32 |
| HNB | 180.00 | 1.70 | 9.46 | 11.45 |
| NDB | 221.50 | 1.32 | 8.70 | 9.86 |
| NTB | 37.00 | 1.35 | 9.04 | 7.53 |
| SAMPATH BANK | 241.25 | 1.39 | 9.06 | 8.04 |
| BEVERAGE, FOOD & TOBACCO | | | | |
| CTC | 242.00 | 14.37 | 11.02 | 9.38 |
| DISTILLERIES | 118.00 | 1.49 | 12.46 | 10.63 |
| CHEMICALS & PHARMACEUTICALS | | | | |
| CIC | 65.75 | 1.26 | 10.37 | 9.86 |
| CONSTRUCTION & ENGINEERING | | | | |
| DOCKYARD | 297.25 | 3.47 | 9.45 | 8.20 |
| DIVERSIFIED HOLDINGS | | | | |
| AITKEN SPENCE | 1,390.00 | 2.07 | 17.42 | 14.36 |
| CARSONS | 540.75 | 2.74 | 14.38 | 13.09 |
| HAYLEYS | 219.50 | 1.26 | 16.50 | 19.32 |
| HEMAS HOLDINGS | 122.00 | 1.67 | 15.32 | 14.50 |
| JOHN KEELLS HOLDINGS | 168.50 | 2.20 | 31.65 | 23.86 |
| HOTELS & TRAVELS | | | | |
| AITKEN SPENCE HOTEL HOLDINGS | 419.00 | 3.37 | 49.86 | 22.94 |
| ASIAN HOTELS AND PROPERTIES | 133.75 | 2.45 | 56.29 | 24.90 |
| KEELLS HOTELS | 26.25 | 4.09 | (150.09) | 48.67 |
| MANUFACTURING | | | | |
| ACL CABLES | 78.00 | 1.25 | 52.49 | 18.32 |
| CHEVRON LUBRICANTS | 176.00 | 7.41 | 14.13 | 15.05 |
| LANKA TILES | 99.00 | 2.31 | 13.69 | 9.82 |
| ROYAL CERAMICS | 113.75 | 1.70 | 6.86 | 5.61 |
| TOKYO CEMENT | 31.00 | 0.16 | 10.33 | 1.94 |
| PLANTATIONS | | | | |
| AGALAWATTE | 29.75 | 1.46 | 8.00 | 9.79 |
| KEGALLE | 48.25 | 0.82 | 5.34 | 4.68 |
| KELANI VALLEY | 56.50 | 1.23 | (45.08) | 6.10 |
| POWER & ENERGY | | | | |
| LANKA IOC | 18.00 | 1.24 | (7.49) | 23.10 |
| TELECOMMUNICATIONS | | | | |
| DIALOG | 7.00 | 2.03 | (4.67) | 16.88 |

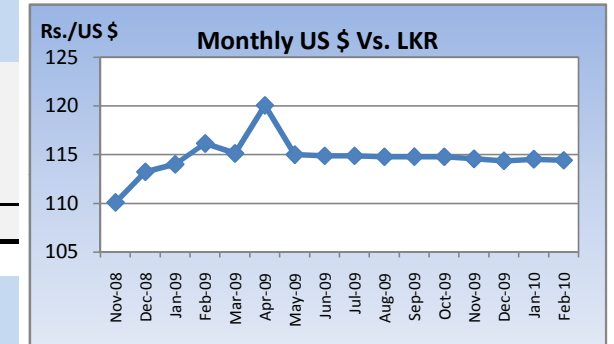


Currency Board

| | Current | Previous | Change |
|--------------------------|---------|----------|--------|
| USD EXCHANGE RATE | | | |
| - AVERAGE MIDDLE RATE | 114.27 | 114.64 | -0.32% |
| - FORWARD 1 MONTH | 115.02 | 114.90 | 0.10% |
| - FORWARD 3 MONTHS | 116.11 | 115.85 | 0.22% |
| BRITISH POUND | 171.88 | 174.66 | -1.59% |
| EURO | 155.25 | 155.37 | -0.08% |
| JAPANESE YEN | 1.28 | 1.28 | 0.03% |
| INDIAN RUPEE | 2.51 | 2.48 | 1.10% |
| AUSTRALIAN DOLLAR | 102.83 | 101.81 | 1.00% |
| SINGAPORE DOLLAR | 81.49 | 81.25 | 0.30% |

Treasury Bill Auction

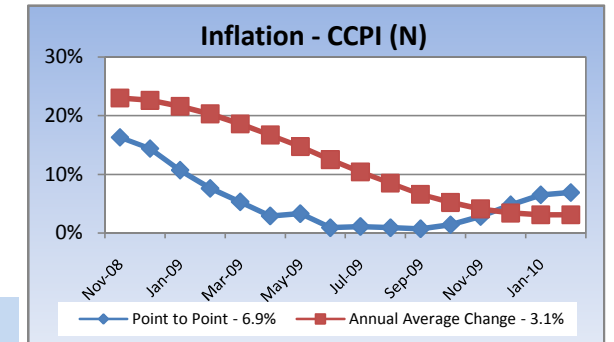
| Maturity | Weighted Average Yield | | | Amount Offered Rs. ('Mn) | Bids Received Rs. ('Mn) | Amount Accepted Rs. ('Mn) |
|-----------|------------------------|---------------|---------------------|-----------------------------|----------------------------|------------------------------|
| | Current Week | Previous Week | Change Basis Points | | | |
| 3 MONTHS | 8.38% | 8.26% | 12.00 | 2,500 | 4,345 | 2,873 |
| 6 MONTHS | 9.12% | 9.06% | 6.00 | 3,750 | 8,618 | 6,064 |
| 12 MONTHS | 9.47% | 9.47% | 0.00 | 4,750 | 5,516 | 590 |
| | | | | 11,000 | 18,479 | 9,527 |



Interest Rates

| | Current Week | Previous Week | Year Ago |
|---|--------------|---------------|----------|
| COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR] | 10.52 | 10.77 | 19.81 |
| OVERNIGHT RATE ON REPURCHASE AGREEMENTS | 7.50 | 7.50 | 10.25 |
| SRI LANKA INTER BANK OFFER RATE [SLIBOR] | | | |
| - OVERNIGHT | 9.30 | 9.01 | 13.90 |
| - 7 DAYS | 9.40 | 9.24 | 14.60 |
| - 1 MONTH | 9.63 | 9.45 | 15.85 |
| - 3 MONTHS | 9.87 | 9.73 | 16.79 |
| - 6 MONTHS | 10.13 | 9.95 | 17.52 |
| - 1 YEAR | 10.34 | 10.23 | 18.65 |

Inflation



| | February 2010 | Month Ago | Year Ago |
|---|---------------|-----------|----------|
| COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR] | 7.40 | 7.73 | 11.55 |
| COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR] | 9.99 | 10.46 | 16.42 |

Point to Point - 6.9%
Annual Average Change - 3.1%

Tea Market

Colombo Tea Auction

| SALES (kg) | Current | Previous | Change | Year to date | Year to date | Change |
|--------------|------------------|------------------|---------------|-------------------|-------------------|---------------|
| | Sale 09-2010 | Sale 08-2010 | | 2010 | 2009 | |
| HIGH GROWN | 1,604,172 | 1,530,913 | 4.79% | 12,525,037 | 10,586,151 | 18.32% |
| MEDIUM GROWN | 943,943 | 970,346 | -2.72% | 8,789,010 | 7,701,375 | 14.12% |
| LOW GROWN | 4,108,612 | 4,258,260 | -3.51% | 37,570,804 | 30,059,816 | 24.99% |
| TOTAL | 6,656,727 | 6,759,519 | -1.52% | 58,884,851 | 48,347,342 | 21.80% |

PRICES (Rs./kg)

| | 2009 | Jan-10 | Feb-10 | Sale 09-2010 | Sale 08-2010 | Change |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| HIGH GROWN | 321.28 | 378.77 | 351.44 | 350.81 | 339.76 | 3.25% |
| MEDIUM GROWN | 316.79 | 354.84 | 344.12 | 342.24 | 342.01 | 0.07% |
| LOW GROWN | 388.44 | 401.89 | 382.90 | 382.86 | 394.58 | -2.97% |
| TOTAL | 362.70 | 389.77 | 369.65 | 369.38 | 374.62 | -1.40% |

PRODUCTION (kg) BY

| ELEVATION | January | | | Year to date | | |
|--------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| HIGH GROWN | 5,853,768 | 5,191,777 | 12.75% | 5,853,768 | 5,191,777 | 12.75% |
| MEDIUM GROWN | 3,629,387 | 2,922,979 | 24.17% | 3,629,387 | 2,922,979 | 24.17% |
| LOW GROWN | 17,415,100 | 9,769,854 | 78.25% | 17,415,100 | 9,769,854 | 78.25% |
| TOTAL | 26,898,255 | 17,884,610 | 50.40% | 26,898,255 | 17,884,610 | 50.40% |

PRODUCTION (kg) BY

| CATEGORY | January | | | Year to date | | |
|------------------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| ORTHODOX | 25,300,941 | 16,473,455 | 53.59% | 25,300,941 | 16,473,455 | 53.59% |
| CTC | 1,429,485 | 1,245,138 | 14.81% | 1,429,485 | 1,245,138 | 14.81% |
| TOTAL BLACK TEA | 26,730,426 | 17,718,593 | 50.86% | 26,730,426 | 17,718,593 | 50.86% |
| GREEN TEA | 167,829 | 166,017 | 1.09% | 167,829 | 166,017 | 1.09% |
| TOTAL | 26,898,255 | 17,884,610 | 50.40% | 26,898,255 | 17,884,610 | 50.40% |

ANALYSIS OF TOTAL

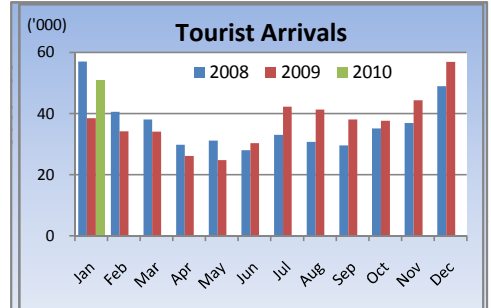
| TEA PRODUCTION | January 2010 | Year to date 2010 |
|---|--------------|-------------------|
| HIGH GROWN | 21.76% | 21.76% |
| MEDIUM GROWN | 13.49% | 13.49% |
| LOW GROWN | 64.74% | 64.74% |
| CTC AS A % OF BLACK TEA PRODUCTION | 5.35% | 5.35% |



Tourism

SRI LANKA

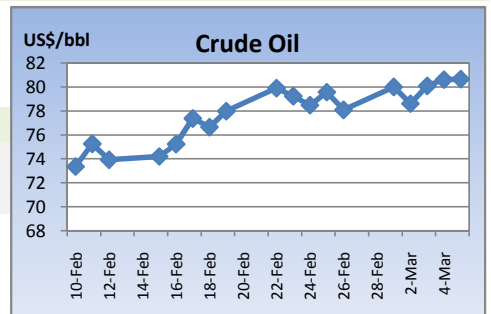
| ARRIVALS | 2010 | 2009 | Change |
|---------------------|---------|---------|--------|
| January | 50,757 | 38,468 | 31.95% |
| Year to date | 50,757 | 38,468 | 31.95% |
| Nov-09 | Nov-08 | Change | |
| Occupancy | 57.4% | 45.5% | 26.15% |
| Foreign Guest Night | 267,874 | 221,049 | 21.18% |



Crude Oil

NYMEX CRUDE OIL FUTURES

| | 5-Mar | 26-Feb | Change |
|----------|-------|--------|--------|
| US\$/BBL | 80.65 | 78.08 | 3.29% |



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