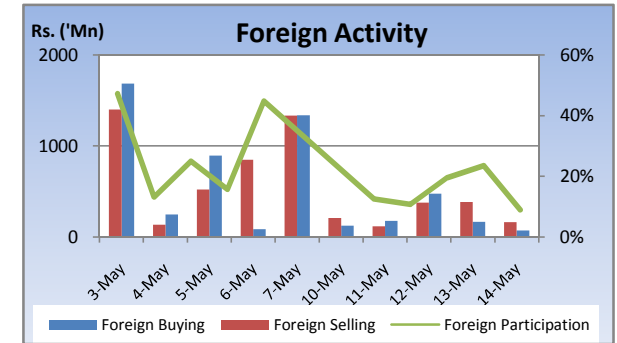
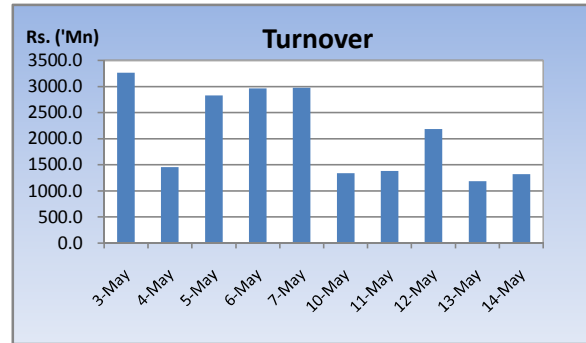
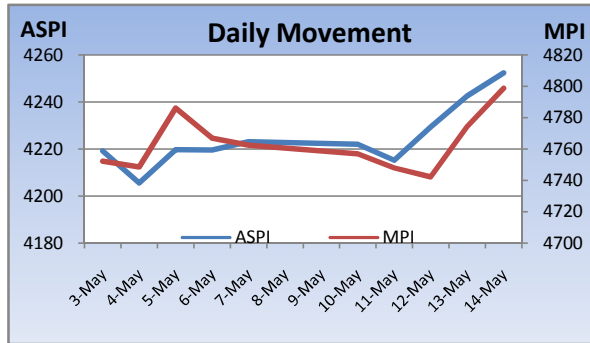


Weekly Market Update

Week Ending: May 14th, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	4252.44	4223.13	0.69%	WATAPOTA	1,000.00	1,550.00	55.00%	1,900.00	1,500.00	700	1,431,148
MPI	4798.87	4762.37	0.77%	ABANS	150.00	189.50	26.33%	200.00	150.00	110,300	20,436,608
MARKET CAP. (Rs. 'Bn)	1384.58	1374.98	0.70%	E - CHANNELLING	18.75	23.00	22.67%	26.75	19.00	9,262,100	219,246,525
MARKET PER(x)	20.99	20.85	0.67%	RENUKA HOLDINGS	28.25	34.00	20.35%	36.00	28.50	5,076,100	170,692,389
MARKET PBV(x)	2.12	2.10	0.95%	RENUKA HOLDINGS[NON VOTING]	22.50	27.00	20.00%	27.75	24.00	7,035,600	181,281,225
Average Daily				Top 5 Losers							
TURNOVER	1482.76	2699.05	-45.1%	CFI	81.00	70.00	-13.58%	78.00	70.00	300	21,800
VOLUME	58.28	107.70	-45.9%	GOOD HOPE	450.00	390.00	-13.33%	390.00	390.00	100	39,000
FOREIGN PURCHASES	205.15	852.20	-75.9%	ACME	32.75	28.50	-12.98%	33.50	27.50	138,500	4,103,775
FOREIGN SALES	252.59	849.61	-70.3%	SELINSING	490.00	427.25	-12.81%	490.00	400.00	1,700	740,150
NET FOREIGN	-47.44	2.59	-1930%	CEYLON GUARDIAN	569.50	510.00	-10.45%	575.00	510.00	3,800	2,123,400
FOREIGN PARTICIPATION	15.4%	31.5%	-51.0%	Top 5 by Turnover							
Sector Summary				GALADARI	34.00	33.00	-2.94%	34.25	31.00	24,053,400	817,202,423
INFORMATION TECHNOLO	182.80	149.02	22.67%	NAT. DEV. BANK	218.00	212.50	-2.52%	219.00	212.00	1,607,100	345,944,690
POWER AND ENERGY	99.96	92.96	7.53%	HOTEL SERVICES	29.25	31.00	5.98%	31.50	29.00	11,303,900	344,918,900
SERVICES	17,236.34	16,083.51	7.17%	JKH	188.25	184.75	-1.86%	186.25	183.50	1,785,200	330,978,261
MOTORS	9,476.35	9,143.55	3.64%	TOUCHWOOD	120.25	128.50	6.86%	137.00	120.00	2,546,500	329,273,537
TRADING	9,644.45	9,377.80	2.84%	Top 5 by Volume							
CONSTRUCTION AND ENGI	4,031.22	4,077.96	-1.15%	NAWALOKA	6.75	6.25	-7.41%	7.00	5.75	40,540,700	261,506,382
LAND AND PROPERTY	412.02	418.10	-1.45%	DIALOG	8.25	8.75	6.06%	9.00	8.00	25,064,300	215,299,926
INVESTMENT TRUSTS	25,474.50	26,092.09	-2.37%	GALADARI	34.00	33.00	-2.94%	34.25	31.00	24,053,400	817,202,423
OIL PALMS	56,401.84	58,285.07	-3.23%	BLUE DIAMONDS[NON VOTING]	0.90	1.00	11.11%	1.10	0.80	17,538,900	18,394,406
STORES AND SUPPLIES	19,754.45	20,837.73	-5.20%	SIERRA CABL	2.60	2.50	-3.85%	2.70	2.50	14,954,800	38,905,660

Market Review

The market inched upwards amidst heavy retail participation. Strong interest in Nawaloka and Galadari was prevalent with Nawaloka selling out the balance stake in Galadari. With Dialog returning into profits a positive upward momentum in the counter was observed amidst heavy trading in the counter. The benchmark ASPI gained 29.31 points or 0.69% week on week while the more sensitive MPI reported a week on week gained of 36.50 points or 0.77%.

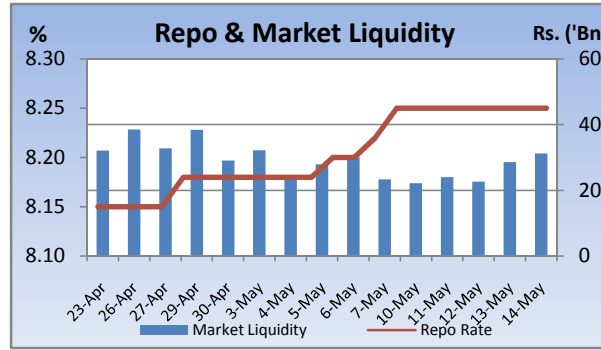
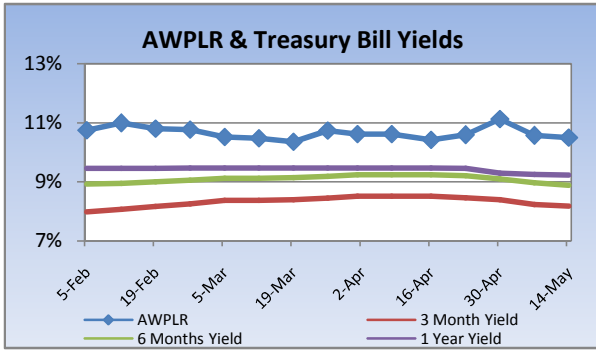
Compared to previous week's closing levels the market gained Rs.10 billion approximately or 0.70% in value this week to close at Rs.1384.58 Bn on Friday.

Total market turnover for the week amounted to Rs.7.4 Bn with an average daily turnover of Rs.1.5 Bn. Turnover for the week witnessed 45% decrease compared to the last week's market turnover of Rs.13.5 Bn.

Heavily traded shares of the week under review were Nawaloka and Dialog with the former being highest in terms of volume for the week, trading over 40m shares. The counter declined 7% during the week in value on a Week on Week basis. Galadari and NDB contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.817m and declined 2.94% in value during the week.

FII participation gained to 15.4% of total turnover this week, from 31.5% reported last week. FII interest was positive during the week with a net outflow of Rs.237m, a 1930% decrease compared to last week's net inflow of Rs.13m.

Company	Price	P/BV	PER 10E	PER 11E
BANKING				
COMMERCIAL BANK	242.00	2.14	14.63	13.69
DFCC	207.25	1.38	11.57	11.87
HNB	233.00	2.21	12.24	14.82
NDB	212.50	1.27	8.34	9.46
NTB	37.25	1.42	11.38	9.48
SAMPATH BANK	284.75	1.63	10.41	11.82
BEVERAGE, FOOD & TOBACCO				
CTC	311.25	18.49	14.17	12.07
DISTILLERIES	123.00	1.55	12.99	11.08
CHEMICALS & PHARMACEUTICALS				
CIC	71.50	1.37	11.27	10.72
CONSTRUCTION & ENGINEERING				
DOCKYARD	286.00	3.34	9.09	7.89
DIVERSIFIED HOLDINGS				
AITKEN SPENCE	1,552.50	2.31	19.45	16.04
CARSONS	560.50	2.84	15.31	13.68
HAYLEYS	281.00	1.61	17.16	22.61
HEMAS HOLDINGS	140.75	1.93	17.67	12.39
JOHN KEELLS HOLDINGS	184.75	2.41	34.71	26.16
HOTELS & TRAVELS				
AITKEN SPENCE HOTEL HOLDINGS	447.50	3.60	53.25	24.50
ASIAN HOTELS AND PROPERTIES	143.50	2.63	60.40	26.72
KEELLS HOTELS	20.00	3.12	(114.36)	37.08
MANUFACTURING				
ACL CABLES	80.00	1.28	53.84	18.79
CHEVRON LUBRICANTS	170.00	7.16	13.65	14.54
LANKA TILES	97.00	2.27	10.88	9.62
ROYAL CERAMICS	140.25	2.09	8.46	6.92
TOKYO CEMENT	32.50	1.70	108.33	20.31
PLANTATIONS				
AGALAWATTE	36.00	1.76	9.68	11.84
KEGALLE	73.00	1.24	8.08	7.07
KELANI VALLEY	70.00	1.53	(55.85)	5.73
POWER & ENERGY				
LANKA IOC	20.50	1.42	(8.53)	26.31
TELECOMMUNICATIONS				
DIALOG	8.75	2.54	(5.84)	14.61

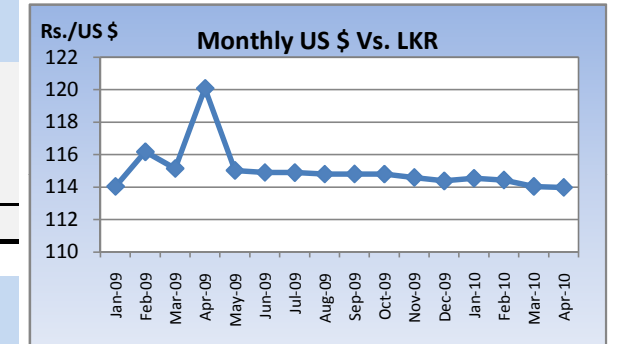


Currency Board

	Current	Previous	Change
USD EXCHANGE RATE			
- AVERAGE MIDDLE RATE	113.76	113.78	-0.02%
- FORWARD 1 MONTH	114.23	114.22	0.01%
- FORWARD 3 MONTHS	115.12	115.08	0.03%
BRITISH POUND	166.12	168.59	-1.46%
EURO	142.57	144.18	-1.12%
JAPANESE YEN	1.22	1.23	-0.75%
INDIAN RUPEE	2.53	2.51	1.09%
AUSTRALIAN DOLLAR	101.84	101.17	0.66%
SINGAPORE DOLLAR	82.23	81.01	1.51%

Treasury Bill Auction

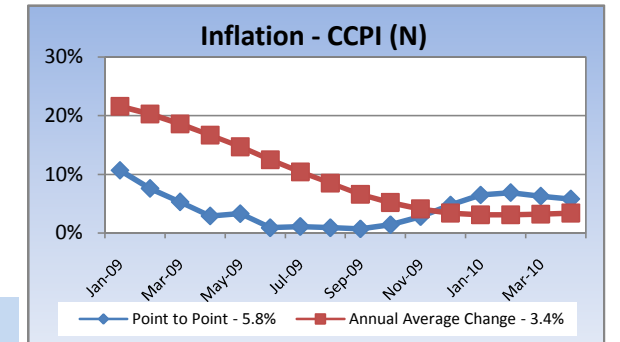
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.18%	8.24%	-6.00	1,000	2,816	1,000
6 MONTHS	8.88%	8.97%	-9.00	4,000	13,406	6,015
12 MONTHS	9.23%	9.25%	-2.00	7,500	10,712	3,302
				12,500	26,934	10,317



Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.50	10.57	18.27
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	9.00
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.03	9.05	11.13
- 7 DAYS	9.21	9.23	11.96
- 1 MONTH	9.40	9.43	12.92
- 3 MONTHS	9.54	9.62	13.96
- 6 MONTHS	9.92	10.02	14.96
- 1 YEAR	10.23	10.36	15.58
	April 2010	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.13	7.22	11.52
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	9.61	9.71	16.27

Inflation



Point to Point - 5.8%
Annual Average Change - 3.4%

Tea Market

Colombo Tea Auction

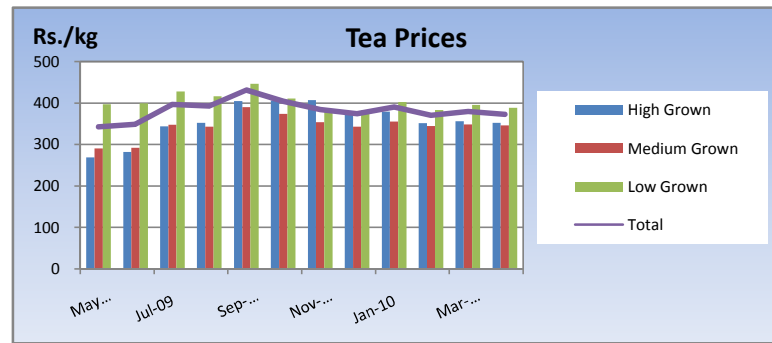
SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 18-2010	Sale 17-2010		2010	2009	
HIGH GROWN	1,786,738	1,469,261	21.61%	25,613,801	19,783,057	29.47%
MEDIUM GROWN	1,217,585	996,498	22.19%	17,523,020	14,447,210	21.29%
LOW GROWN	3,386,578	3,584,329	-5.52%	70,588,800	52,438,142	34.61%
TOTAL	6,390,901	6,050,088	5.63%	113,725,621	86,668,409	31.22%

PRICES (Rs./kg)	2009	Mar-10	Apr-10	Sale 18-2010	Sale 17-2010	Change
HIGH GROWN	321.28	356.02	351.94	347.27	346.59	0.20%
MEDIUM GROWN	316.79	348.37	345.86	346.71	339.94	1.99%
LOW GROWN	388.44	395.36	388.23	409.70	401.01	2.17%
TOTAL	362.70	379.25	372.31	380.25	377.73	0.67%

PRODUCTION (kg) BY ELEVATION	March			Year to date		
	2010	2009	Change	2010	2009	Change
HIGH GROWN	4,982,302	4,699,362	6.02%	17,414,871	13,988,738	24.49%
MEDIUM GROWN	3,737,044	3,241,501	15.29%	11,684,034	8,395,953	39.16%
LOW GROWN	11,779,008	11,072,286	6.38%	44,173,165	27,394,758	61.25%
TOTAL	20,498,353	19,013,149	7.81%	73,272,069	49,779,450	47.19%

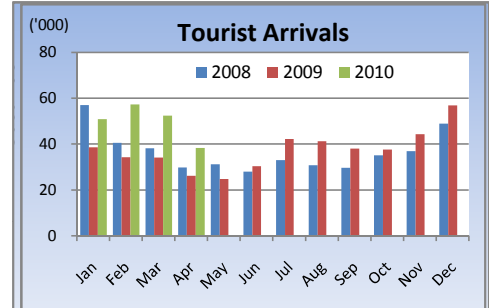
PRODUCTION (kg) BY CATEGORY	March			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	19,025,715	17,738,125	7.26%	68,655,170	46,083,575	48.98%
CTC	1,248,706	1,133,697	10.14%	3,980,773	3,293,710	20.86%
TOTAL BLACK TEA	20,274,421	18,871,822	7.43%	72,635,943	49,377,285	47.10%
GREEN TEA	223,932	141,327	58.45%	636,127	402,165	58.18%
TOTAL	20,498,353	19,013,149	7.81%	73,272,070	49,779,450	47.19%

ANALYSIS OF TOTAL TEA PRODUCTION	March 2010	Year to date 2010
HIGH GROWN	24.31%	23.77%
MEDIUM GROWN	18.23%	15.95%
LOW GROWN	57.46%	60.29%
	100.00%	100.00%
CTC AS A % OF BLACK TEA PRODUCTION	6.16%	5.48%



Tourism

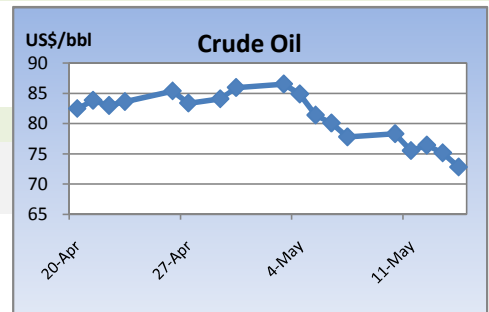
SRI LANKA ARRIVALS	2010	2009	Change
April	38,300	26,054	47.00%
Year to date	198,709	132,756	49.68%
Jan-10	Jan-09	Change	
Occupancy	82.0%	43.7%	87.64%
Foreign Guest Night	384,290	237,858	61.56%



Crude Oil

NYMEX CRUDE OIL FUTURES

US\$/BBL	14-May-10	07-May-10	Change
	72.81	77.78	-6.39%



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