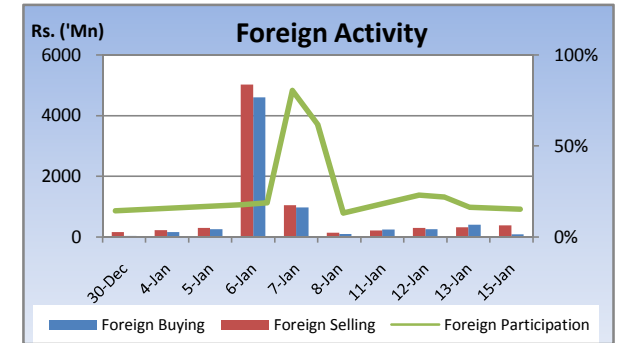
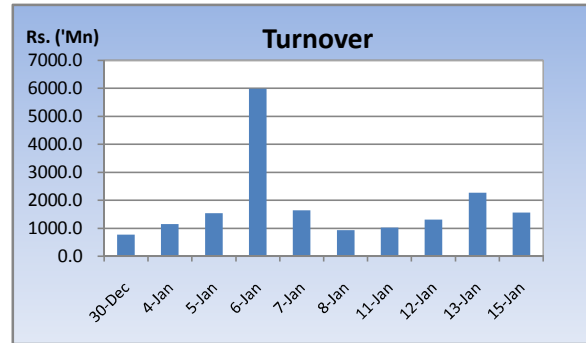
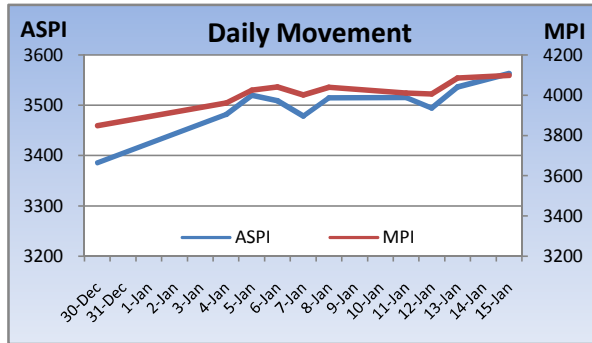


# Weekly Market Update

Week Ending: January 15<sup>th</sup>, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	3563.14	3514.63	1.38%	MTD WALKERS	129.00	279.25	116.47%	290.00	135.00	188,800	41,000,366
MPI	4099.28	4039.36	1.48%	CEYLON LEATHER	56.00	109.75	95.98%	133.00	55.50	3,858,400	411,829,795
MARKET CAP. (Rs. 'Bn)	1147.64	1134.77	1.13%	ENVI. RESOURCES	68.75	119.25	73.45%	132.00	70.00	5,798,400	600,936,449
MARKET PER(x)	17.39	17.19	1.16%	NATION LANKA	14.00	19.75	41.07%	21.75	14.50	2,084,900	37,985,730
MARKET PBV(x)	1.75	1.73	1.16%	EASTERN MERCHANT	126.25	170.00	34.65%	170.00	170.00	100	17,000
<b>Average Daily</b>				<b>Top 5 Losers</b>							
TURNOVER	1536.38	2249.80	-31.7%	SERENDIB HOTELS	73.50	60.25	-18.03%	60.25	60.25	300	18,075
VOLUME	33.83	44.90	-24.7%	GESTETNER	47.25	40.00	-15.34%	40.25	35.00	4,300	168,050
FOREIGN PURCHASES	254.04	1226.70	-79.3%	KELSEY	17.75	15.50	-12.68%	18.25	15.00	321,700	5,474,013
FOREIGN SALES	311.50	1354.54	-77.0%	CEYLON GUARDIAN	500.00	455.50	-8.90%	484.00	445.00	6,300	2,928,248
NET FOREIGN	-57.45	-127.84	55.1%	ASIRI CENTRAL	110.00	100.75	-8.41%	100.75	100.75	200	20,150
FOREIGN PARTICIPATION	18.4%	57.4%	-67.9%	<b>Top 5 by Turnover</b>							
<b>Sector Summary</b>				JKH	180.00	179.00	-0.56%	180.50	178.00	4,263,200	762,384,433
TRADING	5,447.19	4,102.46	32.78%	ENVI. RESOURCES	68.75	119.25	73.45%	132.00	70.00	5,798,400	600,936,449
FOOTWEAR AND TEXTILES	764.04	652.82	17.04%	CEYLON LEATHER	56.00	109.75	95.98%	133.00	55.50	3,858,400	411,829,795
HOTELS AND TRAVELS	3,375.91	3,123.74	8.07%	DISTILLERIES	117.00	119.50	2.14%	122.00	115.00	3,430,300	410,213,342
CHEMICALS AND PHARMA(C	5,650.51	5,273.74	7.14%	HEMAS HOLDINGS	125.00	123.75	-1.00%	126.00	121.00	1,383,400	169,007,350
SERVICES	12,671.11	12,092.33	4.79%	<b>Top 5 by Volume</b>							
DIVERSIFIED HOLDINGS	1,177.99	1,187.07	-0.76%	KSHATRIYA HOLD.	7.00	8.25	17.86%	8.75	7.00	12,449,500	95,812,302
TELECOMMUNICATIONS	148.26	150.54	-1.51%	EAST WEST	9.25	10.50	13.51%	13.25	9.00	6,639,900	77,361,580
HEALTH CARE	407.35	414.38	-1.70%	ENVI. RESOURCES	68.75	119.25	73.45%	132.00	70.00	5,798,400	600,936,449
OIL PALMS	40,794.46	42,395.27	-3.78%	RENUKA AGRI	3.50	3.30	-5.71%	3.50	3.20	4,515,400	14,976,800
INVESTMENT TRUSTS	33,532.30	35,677.12	-6.01%	JKH	180.00	179.00	-0.56%	180.50	178.00	4,263,200	762,384,433

## Market Review

The Bourse gained for the week primarily led by mid cap stocks amidst heavy retail participation on Env. Resources and related stocks. Investor interest on selected hotel sector counters was also observed. The week saw parcels of JKH changing hands boosting turnover. The benchmark ASPI gained 48.51 points or 1.38% week on week while the more sensitive MPI reported a week on week gained of 59.92 points or 1.48%.

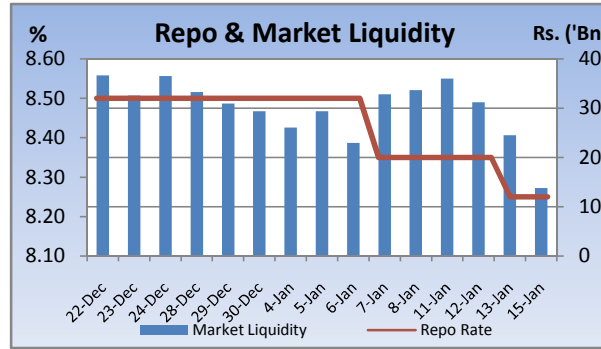
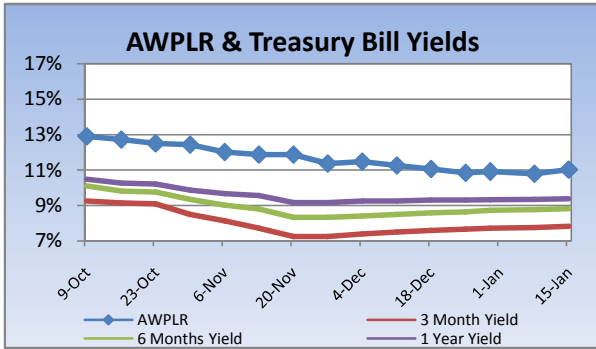
Compared to previous week's closing levels the market gained Rs.13 billion approximately or 1.13% in value this week to close at Rs.1147.64 Bn on Thursday.

Total market turnover for the week amounted to Rs.6.1 Bn with an average daily turnover of Rs.1.54Bn. Turnover for the week witnessed 45% decrease compared to the last week's market turnover of Rs.11.2 Bn.

Heavily traded shares of the week under review were Kshatriya Holdings and East West with the former being highest in terms of volume for the week, trading over 12m shares. The counter gained 18% during the week in value on a Week on Week basis. JKH and Env. Resources contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.762m.

FII participation declined to 18.4% of total turnover this week, from 57.4% reported last week. FII interest was negative during the week with a net outflow of Rs.230m, a 64% increase compared to last week's net outflow of Rs.639m.

Company	Price	P/BV	PER 10E	PER 11E
<b>BANKING</b>				
COMMERCIAL BANK	193.00	1.71	11.67	10.91
DFCC	167.50	1.12	10.22	9.52
HNB	175.25	1.66	13.27	11.79
NDB	207.00	1.24	8.08	6.72
NTB	38.00	1.39	9.08	7.21
SAMPATH BANK	217.75	1.26	8.18	6.62
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	200.00	11.88	12.40	11.59
DISTILLERIES	119.50	1.52	14.69	12.67
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	63.50	1.30	18.13	14.61
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	279.50	3.26	8.86	7.71
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	1,252.25	1.92	15.69	12.94
CARSONS	540.00	2.94	17.22	15.40
HAYLEYS	185.75	1.08	17.37	21.17
HEMAS HOLDINGS	123.75	1.75	17.19	15.24
JOHN KEELLS HOLDINGS	179.00	2.37	35.82	32.00
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	345.00	2.90	19.44	13.23
ASIAN HOTELS AND PROPERTIES	108.25	2.01	37.56	17.25
KEELLS HOTELS	32.00	5.14	72.66	40.68
<b>MANUFACTURING</b>				
ACL CABLES	82.75	1.33	14.37	11.94
CHEVRON LUBRICANTS	151.00	6.36	14.26	12.92
LANKA TILES	65.00	1.61	8.70	6.45
ROYAL CERAMICS	78.25	1.30	6.69	5.32
TOKYO CEMENT	332.50	1.71	15.29	8.15
<b>PLANTATIONS</b>				
AGALAWATTE	22.75	1.11	6.12	7.45
KEGALLE	41.00	0.76	4.17	3.32
KELANI VALLEY	50.00	1.23	5.14	4.23
<b>POWER &amp; ENERGY</b>				
LANKA IOC	17.50	1.21	23.30	20.71
<b>TELECOMMUNICATIONS</b>				
DIALOG	6.75	1.81	(49.88)	22.09

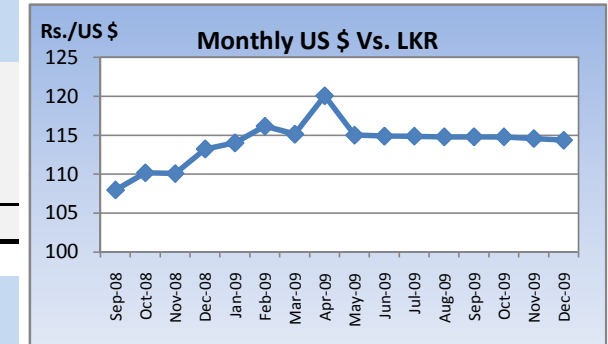


### Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	114.37	114.38	-0.01%
- FORWARD 1 MONTH	114.90	114.86	0.03%
- FORWARD 3 MONTHS	115.70	115.64	0.05%
<b>BRITISH POUND</b>	186.58	182.12	2.45%
<b>EURO</b>	164.84	163.68	0.71%
<b>JAPANESE YEN</b>	1.26	1.23	2.52%
<b>INDIAN RUPEE</b>	2.52	2.51	0.24%
<b>AUSTRALIAN DOLLAR</b>	105.89	104.84	1.01%
<b>SINGAPORE DOLLAR</b>	82.26	81.80	0.57%

### Treasury Bill Auction

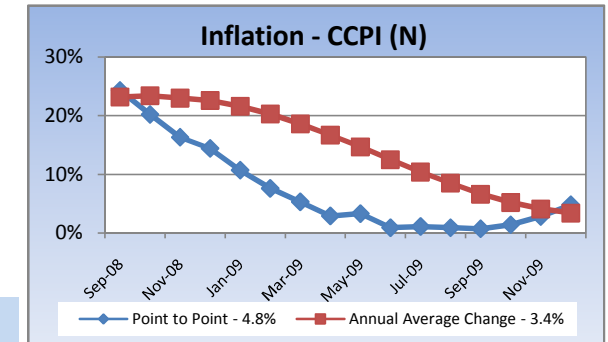
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	7.84%	7.77%	7.00	2,000	2,862	1,337
6 MONTHS	8.82%	8.77%	5.00	3,000	5,046	2,831
12 MONTHS	9.38%	9.35%	3.00	4,000	7,035	3,614
				<b>9,000</b>	<b>14,943</b>	<b>7,782</b>



### Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	11.03	10.79	18.60
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	10.50
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.04	9.05	13.28
- 7 DAYS	9.23	9.23	15.67
- 1 MONTH	9.48	9.41	17.79
- 3 MONTHS	9.66	9.59	18.29
- 6 MONTHS	9.92	9.88	19.04
- 1 YEAR	10.23	10.16	19.75
	<b>December 2009</b>	<b>Month Ago</b>	<b>Year Ago</b>
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	8.01	8.51	11.6
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	10.91	11.17	16.89

### Inflation



Point to Point - 4.8%  
Annual Average Change - 3.4%

## Tea Market

### Colombo Tea Auction

SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 02-2010	Sale 01-2010		2010	2009	
HIGH GROWN	1,494,678	1,374,006	8.78%	2,868,684	2,434,681	17.83%
MEDIUM GROWN	1,096,408	1,103,773	-0.67%	2,200,181	1,620,903	35.74%
LOW GROWN	4,164,701	4,118,765	1.12%	8,283,466	6,753,534	22.65%
<b>TOTAL</b>	<b>6,755,787</b>	<b>6,596,544</b>	<b>2.41%</b>	<b>13,352,331</b>	<b>10,809,118</b>	<b>23.53%</b>

### PRICES (Rs./kg)

	2009	Nov-09	Dec-09	Sale 02-2010	Sale 01-2010	Change
HIGH GROWN	321.28	406.89	373.51	382.88	384.76	-0.49%
MEDIUM GROWN	316.79	353.90	343.16	352.77	358.50	-1.60%
LOW GROWN	388.44	383.69	381.81	399.92	395.96	1.00%
<b>TOTAL</b>	<b>362.70</b>	<b>383.88</b>	<b>373.50</b>	<b>388.50</b>	<b>387.36</b>	<b>0.29%</b>

### PRODUCTION (kg) BY

ELEVATION	November			Year to date		
	2009	2008	Change	2009	2008	Change
HIGH GROWN	6,861,150	8,180,231	-16.13%	66,077,779	79,010,228	-16.37%
MEDIUM GROWN	4,379,060	3,708,866	18.07%	40,883,397	46,476,414	-12.03%
LOW GROWN	17,050,767	12,941,630	31.75%	156,839,030	173,762,363	-9.74%
<b>TOTAL</b>	<b>28,290,976</b>	<b>24,830,727</b>	<b>13.94%</b>	<b>263,800,205</b>	<b>299,249,005</b>	<b>-11.85%</b>

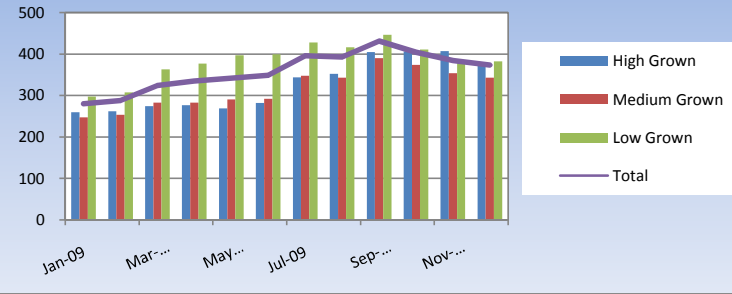
### PRODUCTION (kg) BY

CATEGORY	November			Year to date		
	2009	2008	Change	2009	2008	Change
ORTHODOX	26,600,088	22,637,961	17.50%	247,366,137	280,999,756	-11.97%
CTC	1,505,080	1,958,011	-23.13%	14,305,216	15,165,991	-5.68%
<b>TOTAL BLACK TEA</b>	<b>28,105,168</b>	<b>24,595,972</b>	<b>14.27%</b>	<b>261,671,353</b>	<b>296,165,747</b>	<b>-11.65%</b>
GREEN TEA	185,809	234,755	-20.85%	2,128,853	3,083,259	-30.95%
<b>TOTAL</b>	<b>28,290,977</b>	<b>24,830,727</b>	<b>13.94%</b>	<b>263,800,206</b>	<b>299,249,006</b>	<b>-11.85%</b>

### ANALYSIS OF TOTAL

TEA PRODUCTION	November 2009	Year to date 2009
HIGH GROWN	24.25%	25.05%
MEDIUM GROWN	15.48%	15.50%
LOW GROWN	60.27%	59.45%
	<b>100.00%</b>	<b>100.00%</b>
CTC AS A % OF BLACK TEA PRODUCTION	5.36%	5.47%

### Rs./kg Tea Prices

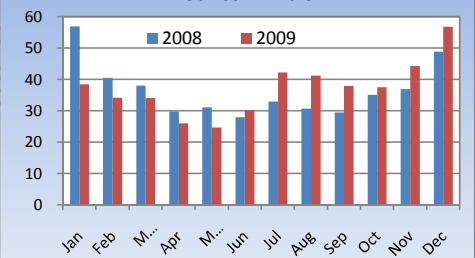


## Tourism

### SRI LANKA

ARRIVALS	2009	2008	Change
December	56,862	48,925	16.22%
Year to date	447,890	438,475	2.15%
Occupancy	53.0%	39.1%	35.55%
Foreign Guest Night	256,575	201,821	27.13%

### Tourist Arrivals

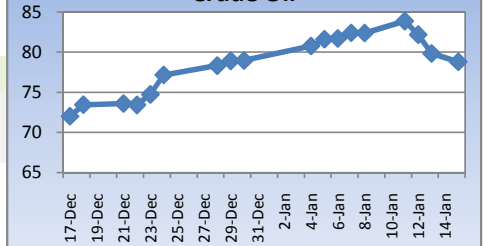


## Crude Oil

### NYMEX CRUDE OIL FUTURES

	15-Jan	8-Jan	Change
US\$/BBL	78.78	82.36	15.52%

### US\$/bbl Crude Oil



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