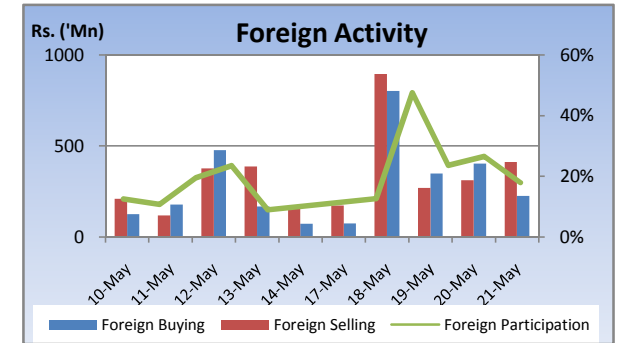
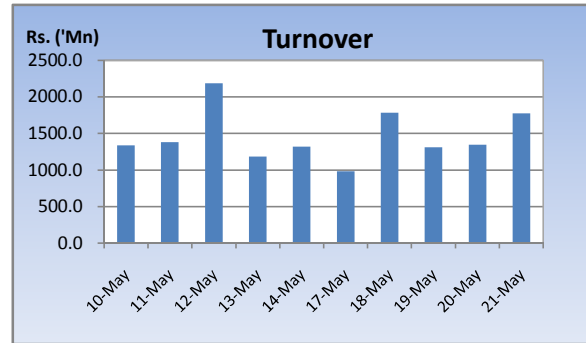
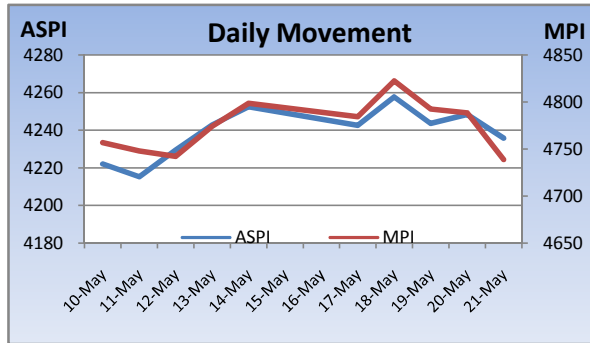


Weekly Market Update

Week Ending: May 21st, 2010



| Market Statistics | Current | Previous | Change | Top 5 Gainers | Previous | Current | Change | High | Low | Volume | Turnover (Rs. 'Mn) |
|-------------------------|-----------|-----------|--------|--------------------------|----------|---------|---------|--------|--------|------------|--------------------|
| ASPI | 4235.69 | 4252.44 | -0.39% | NESTLE | 542.75 | 756.50 | 39.38% | 800.00 | 545.00 | 30,200 | 21,048,841 |
| MPI | 4738.73 | 4798.87 | -1.25% | CEYLON LEATHER | 143.50 | 179.25 | 24.91% | 196.50 | 141.50 | 3,390,700 | 588,716,376 |
| MARKET CAP. (Rs. 'Bn) | 1379.68 | 1384.58 | -0.35% | MTD WALKERS | 432.50 | 519.00 | 20.00% | 540.00 | 425.00 | 82,400 | 39,641,275 |
| MARKET PER(x) | 20.92 | 20.99 | -0.33% | AUTODROME | 400.00 | 470.00 | 17.50% | 470.00 | 430.00 | 700 | 325,800 |
| MARKET PBV(x) | 2.11 | 2.12 | -0.47% | FINLAYS COLOMBO | 190.00 | 220.00 | 15.79% | 225.00 | 185.00 | 4,400 | 846,800 |
| Average Daily | | | | Top 5 Losers | | | | | | | |
| TURNOVER | 1440.08 | 1482.76 | -2.9% | FIRST CAPITAL | 62.00 | 19.00 | -69.35% | 22.50 | 18.75 | 574,400 | 11,805,450 |
| VOLUME | 33.94 | 58.28 | -41.8% | TOUCHWOOD | 128.50 | 87.75 | -31.71% | 95.00 | 85.00 | 496,100 | 43,498,225 |
| FOREIGN PURCHASES | 371.68 | 205.15 | 81.2% | SINGALANKA | 187.50 | 150.00 | -20.00% | 150.00 | 150.00 | 100 | 15,000 |
| FOREIGN SALES | 413.32 | 252.59 | 63.6% | RENUKA CITY HOT. | 259.00 | 225.00 | -13.13% | 257.75 | 225.00 | 11,600 | 2,945,975 |
| NET FOREIGN | -41.64 | -47.44 | 12% | CAPITAL REACH | 24.00 | 21.50 | -10.42% | 24.00 | 21.50 | 206,600 | 4,710,275 |
| FOREIGN PARTICIPATION | 27.3% | 15.4% | 76.6% | Top 5 by Turnover | | | | | | | |
| Sector Summary | | | | COMMERCIAL BANK | 242.00 | 248.50 | 2.69% | 250.00 | 242.00 | 4,459,400 | 1,100,493,925 |
| FOOTWEAR AND TEXTILES | 951.84 | 858.65 | 10.85% | JKH | 184.75 | 180.25 | -2.44% | 184.00 | 180.00 | 4,321,700 | 789,403,656 |
| BEVERAGE FOOD AND TOB. | 8,006.78 | 7,573.74 | 5.72% | CEYLON LEATHER | 143.50 | 179.25 | 24.91% | 196.50 | 141.50 | 3,390,700 | 588,716,376 |
| STORES AND SUPPLIES | 20,615.31 | 19,754.45 | 4.36% | HNB | 233.00 | 242.25 | 3.97% | 246.00 | 233.00 | 1,245,200 | 302,707,677 |
| BANKS FINANCE AND INSUI | 8,666.01 | 8,591.85 | 0.86% | HAYLEYS | 281.00 | 295.00 | 4.98% | 295.25 | 281.00 | 744,300 | 217,118,366 |
| MOTORS | 9,487.96 | 9,476.35 | 0.12% | Top 5 by Volume | | | | | | | |
| HEALTH CARE | 440.07 | 454.07 | -3.08% | JANASHAKTHI INS. | 14.00 | 14.00 | 0.00% | 14.00 | 13.75 | 12,240,600 | 171,323,700 |
| CONSTRUCTION AND ENGI | 3,892.71 | 4,031.22 | -3.44% | DIALOG | 8.75 | 8.25 | -5.71% | 9.00 | 8.25 | 11,605,700 | 100,334,160 |
| INFORMATION TECHNOLO | 174.85 | 182.80 | -4.35% | RENUKA AGRI | 4.00 | 4.00 | 0.00% | 4.20 | 3.90 | 10,495,200 | 42,483,270 |
| POWER AND ENERGY | 94.47 | 99.96 | -5.49% | TESS AGRO | 1.90 | 1.80 | -5.26% | 2.10 | 1.80 | 6,402,000 | 12,485,721 |
| OIL PALMS | 53,283.48 | 56,401.84 | -5.53% | NAWALOKA | 6.25 | 6.00 | -4.00% | 6.50 | 5.75 | 5,985,700 | 36,706,607 |

Market Review

The bourse remained weak as it declined during the week due to selling pressure as investors were looking to take profits in most counters. Turnover was boosted with heavy foreign buying into Commercial Bank. Heavy trading on speculative counters were observed as it helped boost activity levels during the week. The benchmark ASPI declined 16.75 points or 0.39% week on week while the more sensitive MPI reported a week on week decline of 60.14 points or 1.25%.

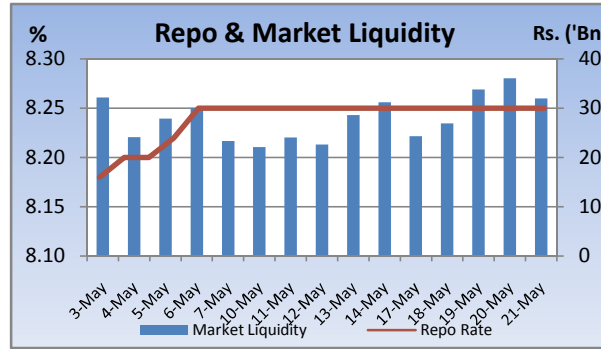
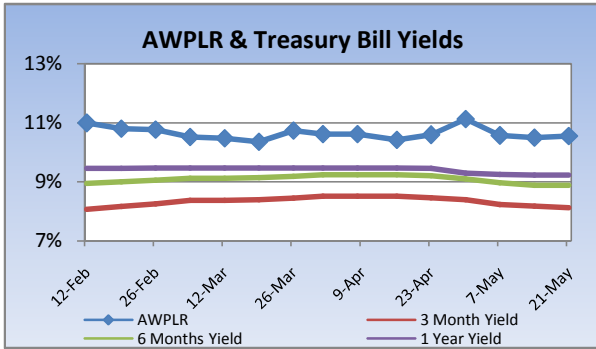
Compared to previous week's closing levels the market declined Rs.5 billion approximately or 0.35% in value this week to close at Rs.1379.68 Bn on Friday.

Total market turnover for the week amounted to Rs.7.2 Bn with an average daily turnover of Rs.1.4 Bn. Turnover for the week witnessed 3% decrease compared to the last week's market turnover of Rs.7.4 Bn.

Heavily traded shares of the week under review were Janashakthi Insurance and Dialog with the former being highest in terms of volume for the week, trading over 12m shares. The counter remained flat 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.1.1Bn and gained 2.69% in value during the week.

FII participation gained to 27.3% of total turnover this week, from 15.4% reported last week. FII interest was positive during the week with a net outflow of Rs.208m, a 12% increase compared to last week's net outflow of Rs.237m.

| Company | Price | P/BV | PER 10E | PER 11E |
|--|----------|-------|----------|---------|
| BANKING | | | | |
| COMMERCIAL BANK | 248.50 | 2.20 | 15.03 | 14.05 |
| DFCC | 203.75 | 1.36 | 11.38 | 11.67 |
| HNB | 242.25 | 2.29 | 12.73 | 15.41 |
| NDB | 215.00 | 1.28 | 8.44 | 9.58 |
| NTB | 37.25 | 1.42 | 11.38 | 9.48 |
| SAMPATH BANK | 284.00 | 1.63 | 10.38 | 11.79 |
| BEVERAGE, FOOD & TOBACCO | | | | |
| CTC | 310.00 | 18.41 | 14.11 | 12.02 |
| DISTILLERIES | 123.00 | 1.55 | 12.99 | 11.08 |
| CHEMICALS & PHARMACEUTICALS | | | | |
| CIC | 70.00 | 1.34 | 11.04 | 10.50 |
| CONSTRUCTION & ENGINEERING | | | | |
| DOCKYARD | 267.75 | 3.13 | 8.51 | 7.39 |
| DIVERSIFIED HOLDINGS | | | | |
| AITKEN SPENCE | 1,550.25 | 2.31 | 19.43 | 16.02 |
| CARSONS | 545.00 | 2.76 | 14.88 | 13.31 |
| HAYLEYS | 295.00 | 1.44 | 12.46 | 23.74 |
| HEMAS HOLDINGS | 139.00 | 1.90 | 17.45 | 12.24 |
| JOHN KEELLS HOLDINGS | 180.25 | 2.35 | 33.86 | 25.52 |
| HOTELS & TRAVELS | | | | |
| AITKEN SPENCE HOTEL HOLDINGS | 420.00 | 3.38 | 49.97 | 22.99 |
| ASIAN HOTELS AND PROPERTIES | 148.00 | 2.71 | 62.29 | 27.56 |
| KEELLS HOTELS | 19.25 | 3.00 | (110.07) | 35.69 |
| MANUFACTURING | | | | |
| ACL CABLES | 79.75 | 1.28 | 53.67 | 18.73 |
| CHEVRON LUBRICANTS | 165.75 | 6.98 | 13.31 | 14.18 |
| LANKA TILES | 95.50 | 2.23 | 10.71 | 9.47 |
| ROYAL CERAMICS | 138.50 | 2.07 | 8.36 | 6.83 |
| TOKYO CEMENT | 32.50 | 1.70 | 108.33 | 20.31 |
| PLANTATIONS | | | | |
| AGALAWATTE | 34.00 | 1.67 | 9.14 | 11.18 |
| KEGALLE | 69.00 | 1.17 | 7.63 | 6.69 |
| KELANI VALLEY | 69.00 | 1.51 | (55.05) | 5.65 |
| POWER & ENERGY | | | | |
| LANKA IOC | 19.00 | 1.31 | (7.90) | 24.38 |
| TELECOMMUNICATIONS | | | | |
| DIALOG | 8.25 | 2.39 | (5.50) | 13.77 |

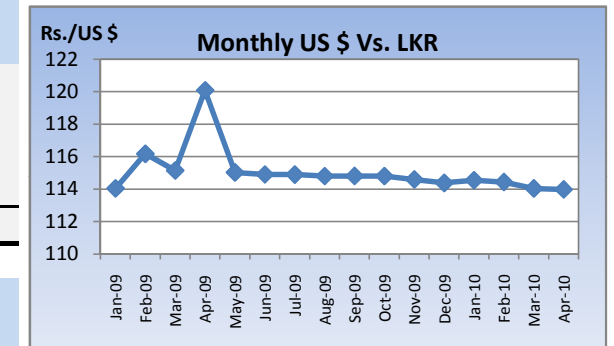


Currency Board

| | Current | Previous | Change |
|--------------------------|---------|----------|--------|
| USD EXCHANGE RATE | | | |
| - AVERAGE MIDDLE RATE | 113.84 | 113.76 | 0.07% |
| - FORWARD 1 MONTH | 114.26 | 114.23 | 0.03% |
| - FORWARD 3 MONTHS | 115.12 | 115.12 | 0.00% |
| BRITISH POUND | 163.60 | 166.12 | -1.52% |
| EURO | 142.96 | 142.57 | 0.28% |
| JAPANESE YEN | 1.26 | 1.22 | 3.05% |
| INDIAN RUPEE | 2.43 | 2.53 | -4.09% |
| AUSTRALIAN DOLLAR | 93.77 | 101.84 | -7.92% |
| SINGAPORE DOLLAR | 80.63 | 82.23 | -1.95% |

Treasury Bill Auction

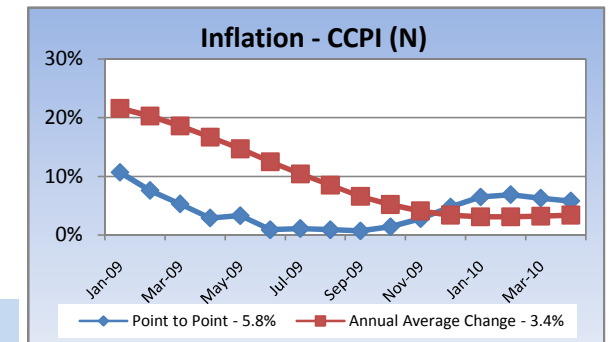
| Maturity | Weighted Average Yield | | | Amount Offered Rs. ('Mn) | Bids Received Rs. ('Mn) | Amount Accepted Rs. ('Mn) |
|-----------|------------------------|---------------|---------------------|-----------------------------|----------------------------|------------------------------|
| | Current Week | Previous Week | Change Basis Points | | | |
| 3 MONTHS | 8.13% | 8.18% | -5.00 | 1,000 | 5,783 | 2,129 |
| 6 MONTHS | 8.88% | 8.88% | 0.00 | 4,000 | 8,450 | 6,900 |
| 12 MONTHS | 9.23% | 9.23% | 0.00 | 7,500 | 10,394 | 2,414 |
| | | | | 12,500 | 24,627 | 11,443 |



Interest Rates

| | Current Week | Previous Week | Year Ago |
|---|--------------|---------------|----------|
| COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR] | 10.55 | 10.50 | 16.65 |
| OVERNIGHT RATE ON REPURCHASE AGREEMENTS | 7.50 | 7.50 | 9.00 |
| SRI LANKA INTER BANK OFFER RATE [SLIBOR] | | | |
| - OVERNIGHT | 9.06 | 9.03 | 10.82 |
| - 7 DAYS | 9.22 | 9.21 | 11.83 |
| - 1 MONTH | 9.40 | 9.40 | 12.75 |
| - 3 MONTHS | 9.55 | 9.54 | 13.65 |
| - 6 MONTHS | 9.84 | 9.92 | 14.71 |
| - 1 YEAR | 10.10 | 10.23 | 15.56 |

Inflation



| | 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 |

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 19-2010 | Sale 18-2010 | | 2010 | 2009 | |
| HIGH GROWN | 1,660,408 | 1,786,738 | -7.07% | 27,274,209 | 21,631,172 | 26.09% |
| MEDIUM GROWN | 1,222,981 | 1,217,585 | 0.44% | 18,746,001 | 15,692,198 | 19.46% |
| LOW GROWN | 4,102,343 | 3,386,578 | 21.14% | 74,691,143 | 55,998,504 | 33.38% |
| TOTAL | 6,985,732 | 6,390,901 | 9.31% | 120,711,353 | 93,321,874 | 29.35% |

PRICES (Rs./kg)

| | 2009 | Mar-10 | Apr-10 | Sale 19-2010 | Sale 18-2010 | Change |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| HIGH GROWN | 321.28 | 356.02 | 351.94 | 325.61 | 347.27 | -6.24% |
| MEDIUM GROWN | 316.79 | 348.37 | 345.86 | 334.58 | 346.71 | -3.50% |
| LOW GROWN | 388.44 | 395.36 | 388.23 | 395.01 | 409.70 | -3.59% |
| TOTAL | 362.70 | 379.25 | 372.31 | 367.93 | 380.25 | -3.24% |

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% |

Tea Prices

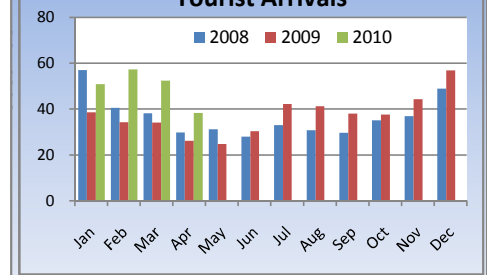


Tourism

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% |

Tourist Arrivals

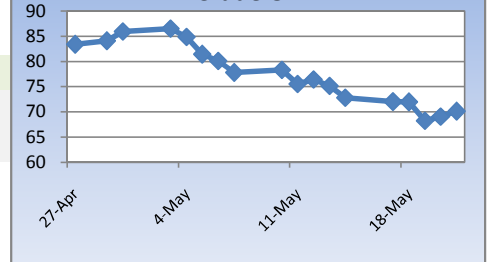


Crude Oil

NYMEX CRUDE OIL FUTURES

| | 21-May-10 | 14-May-10 | Change |
|----------|-----------|-----------|--------|
| US\$/BBL | 70.09 | 72.81 | -3.74% |

Crude Oil



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