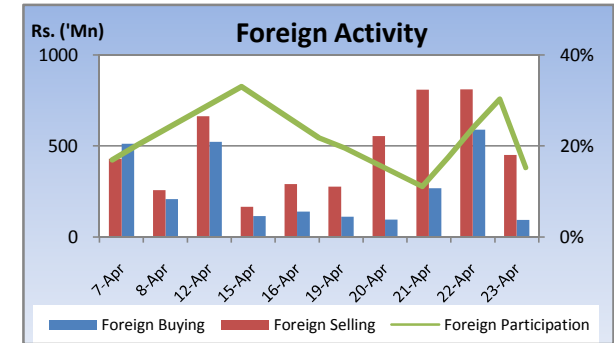
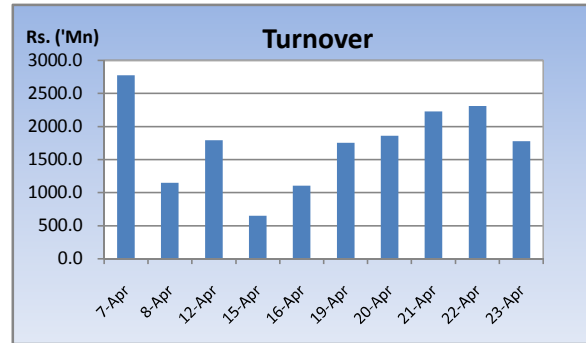
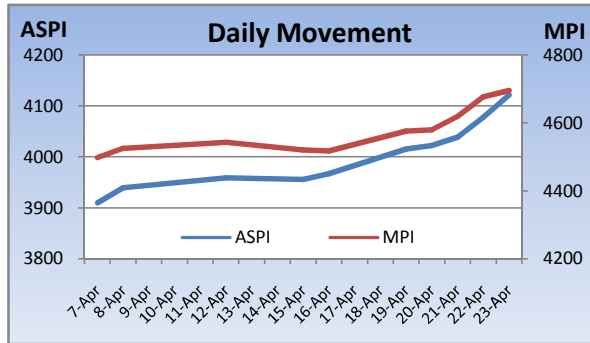


# Weekly Market Update

Week Ending: April 23<sup>rd</sup>, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	4121.64	3966.87	3.90%	DANKOTUWA PORCEL	11.00	14.75	34.09%	15.00	10.75	4,766,900	64,749,499
MPI	4695.83	4517.74	3.94%	SWADESHI	2,850.00	3,800.00	33.33%	3,800.00	3,800.00	200	956,409
MARKET CAP. (Rs. 'Bn)	1340.72	1290.36	3.90%	REEFCOMBER	2.90	3.70	27.59%	3.70	2.90	25,887,000	85,292,713
MARKET PER(x)	20.33	19.56	3.94%	HOTELS CORP.	28.00	35.25	25.89%	38.00	28.00	1,390,900	47,060,561
MARKET PBV(x)	2.05	1.97	4.06%	KEGALLE	54.00	67.50	25.00%	70.00	52.50	1,045,900	65,367,203
<b>Average Daily</b>				<b>Top 5 Losers</b>							
TURNOVER	1987.68	1182.84	68.0%	SEYLAN MERCHANT	11.50	1.30	-88.70%	1.50	1.10	19,898,800	25,473,331
VOLUME	78.20	34.84	124.5%	E B CREAMY	349.00	300.00	-14.04%	350.00	300.00	2,500	859,975
FOREIGN PURCHASES	232.81	259.97	-10.4%	SELINSING	460.00	400.00	-13.04%	400.00	400.00	100	60,868
FOREIGN SALES	581.34	374.18	55.4%	NATION LANKA	15.75	14.00	-11.11%	15.75	14.00	1,073,200	16,116,599
NET FOREIGN	-348.53	-114.21	-205.2%	MULLERS	1.00	0.90	-10.00%	1.00	0.90	2,129,100	1,959,050
FOREIGN PARTICIPATION	20.5%	26.8%	-23.6%	<b>Top 5 by Turnover</b>							
<b>Sector Summary</b>				HOTEL SERVICES	28.00	31.00	10.71%	32.00	27.75	59,956,700	1,814,669,200
INFORMATION TECHNOLO(C	97.36	87.43	11.36%	KEELLS HOTELS	20.25	20.75	2.47%	23.00	20.50	33,716,200	725,430,458
BEVERAGE FOOD AND TOB.	7,430.55	6,752.05	10.05%	SAMPATH	238.25	284.75	19.52%	290.00	238.50	1,873,900	481,456,925
PLANTATIONS	882.68	808.77	9.14%	CHEVRON	172.00	177.75	3.34%	180.00	169.50	2,623,000	452,031,040
TRADING	9,458.91	8,835.32	7.06%	TOUCHWOOD	105.25	125.75	19.48%	141.25	106.00	2,821,800	364,870,166
SERVICES	15,339.22	14,406.55	6.47%	<b>Top 5 by Volume</b>							
OIL PALMS	44,952.85	44,729.83	0.50%	HOTEL SERVICES	28.00	31.00	10.71%	32.00	27.75	59,956,700	1,814,669,200
HEALTH CARE	421.75	421.35	0.09%	NAWALOKA	3.90	4.20	7.69%	4.70	3.90	43,609,300	187,675,701
POWER AND ENERGY	89.35	89.56	-0.23%	KEELLS HOTELS	20.25	20.75	2.47%	23.00	20.50	33,716,200	725,430,458
TELECOMMUNICATIONS	139.69	140.44	-0.53%	TESS AGRO	1.50	1.80	20.00%	2.20	1.60	31,997,200	60,451,641
STORES AND SUPPLIES	20,222.89	20,733.44	-2.46%	REEFCOMBER	2.90	3.70	27.59%	3.70	2.90	25,887,000	85,292,713

## Market Review

Market picked up sharply this week with strong buying across board as political stability was confirmed with the announcement of the official electoral results. Heavy activity in the plantation and hotel sector was prevalent during the week. Turnover was boosted for the week with Nahil selling out of the balance 25% stake in Hotel Services. The benchmark ASPI gained 154.77 points or 3.90% week on week while the more sensitive MPI reported a week on week gained of 178.09 points or 3.94%.

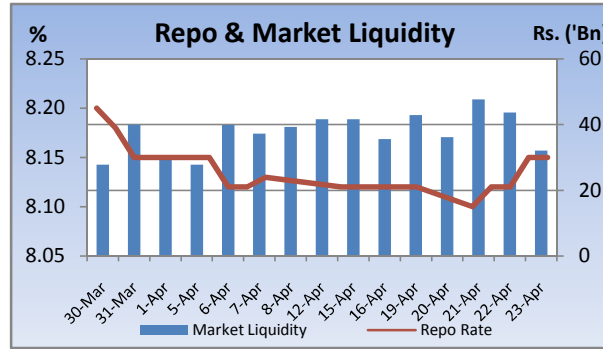
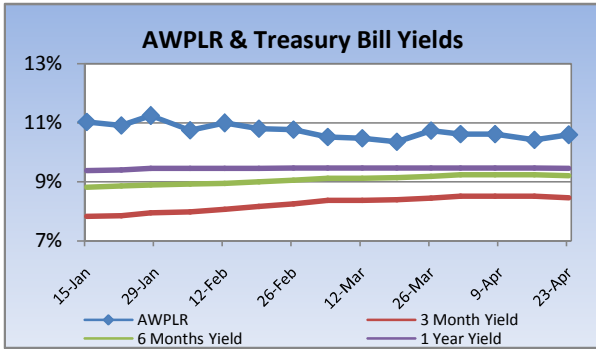
Compared to previous week's closing levels the market gained Rs.50 billion approximately or 3.90% in value this week to close at Rs.1340.72 Bn on Friday.

Total market turnover for the week amounted to Rs.9.9 Bn with an average daily turnover of Rs.2 Bn. Turnover for the week witnessed 180% increase compared to the last week's market turnover of Rs.3.5 Bn.

Heavily traded shares of the week under review were Hotel Services and Nawaloka with the former being highest in terms of volume for the week, trading over 60m shares. The counter gained 10.7% during the week in value on a Week on Week basis. Hotel Services and Keells Hotels contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.1.8Bn and gaining 10.7% in value during the week.

FII participation declined to 21% of total turnover this week, from 27% reported last week. FII interest was negative during the week with a net outflow of Rs.1.7Bn, a 409% decrease compared to last week's net outflow of Rs.343m.

Company	Price	P/BV	PER 10E	PER 11E
<b>BANKING</b>				
COMMERCIAL BANK	248.75	2.20	15.04	14.07
DFCC	203.50	1.35	11.36	11.65
HNB	222.00	2.10	11.66	14.12
NDB	221.75	1.32	8.71	9.88
NTB	37.75	1.44	11.54	9.60
SAMPATH BANK	284.75	1.81	10.41	11.82
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	315.00	18.71	14.34	12.21
DISTILLERIES	123.00	1.55	12.99	11.08
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	70.00	1.34	11.04	10.50
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	294.00	3.43	9.35	8.11
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	1,450.00	2.16	18.17	14.98
CARSONS	573.50	2.91	15.66	14.00
HAYLEYS	279.00	1.60	17.04	22.45
HEMAS HOLDINGS	134.50	1.84	16.89	15.98
JOHN KEELLS HOLDINGS	185.25	2.42	34.80	26.23
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	448.00	3.61	53.31	24.53
ASIAN HOTELS AND PROPERTIES	146.25	2.68	61.56	27.23
KEELLS HOTELS	20.75	3.23	(118.65)	38.47
<b>MANUFACTURING</b>				
ACL CABLES	83.50	1.34	56.19	19.61
CHEVRON LUBRICANTS	177.75	7.48	14.27	15.20
LANKA TILES	98.00	2.29	13.55	9.72
ROYAL CERAMICS	140.00	2.09	8.45	6.91
TOKYO CEMENT	31.75	1.66	105.83	19.84
<b>PLANTATIONS</b>				
AGALAWATTE	34.25	1.68	9.21	11.27
KEGALLE	67.50	1.15	7.47	6.54
KELANI VALLEY	65.00	1.42	(51.86)	7.02
<b>POWER &amp; ENERGY</b>				
LANKA IOC	17.75	1.23	(7.38)	22.78
<b>TELECOMMUNICATIONS</b>				
DIALOG	7.25	2.10	(4.84)	17.48

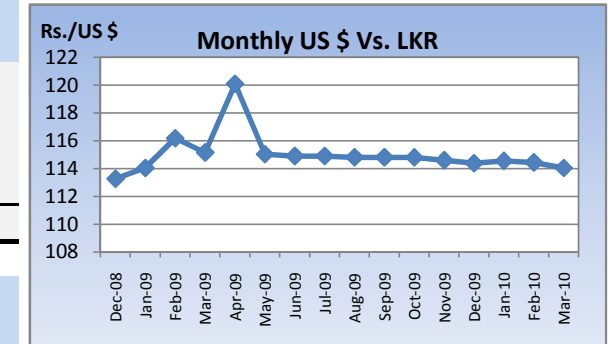


### Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	113.98	113.92	0.05%
- FORWARD 1 MONTH	114.54	114.42	0.10%
- FORWARD 3 MONTHS	115.64	115.45	0.16%
<b>BRITISH POUND</b>	174.65	175.62	-0.55%
<b>EURO</b>	150.55	154.19	-2.36%
<b>JAPANESE YEN</b>	1.22	1.23	-0.81%
<b>INDIAN RUPEE</b>	2.57	2.58	-0.39%
<b>AUSTRALIAN DOLLAR</b>	105.35	105.87	-0.49%
<b>SINGAPORE DOLLAR</b>	82.90	82.61	0.35%

### Treasury Bill Auction

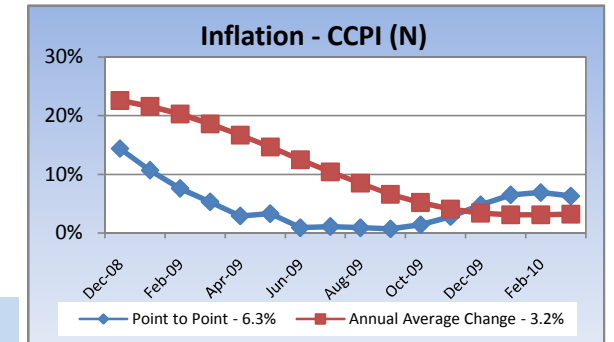
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.46%	8.52%	-6.00	1,500	4,140	2,303
6 MONTHS	9.21%	9.24%	-3.00	3,000	18,984	6,900
12 MONTHS	9.46%	9.47%	-1.00	4,000	6,198	3,287
				<b>8,500</b>	<b>29,322</b>	<b>12,490</b>



### Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.59	10.42	18.83
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	10.25
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.01	9.03	9.93
- 7 DAYS	9.25	9.25	11.52
- 1 MONTH	9.52	9.48	13.10
- 3 MONTHS	9.72	9.71	14.02
- 6 MONTHS	10.01	9.97	15.44
- 1 YEAR	10.32	10.24	16.23
	<b>March 2010</b>	<b>Month Ago</b>	<b>Year Ago</b>
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.22	7.40	11.53
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	9.71	9.99	16.32

### Inflation



Point to Point - 6.3%  
Annual Average Change - 3.2%

## Tea Market

### Colombo Tea Auction

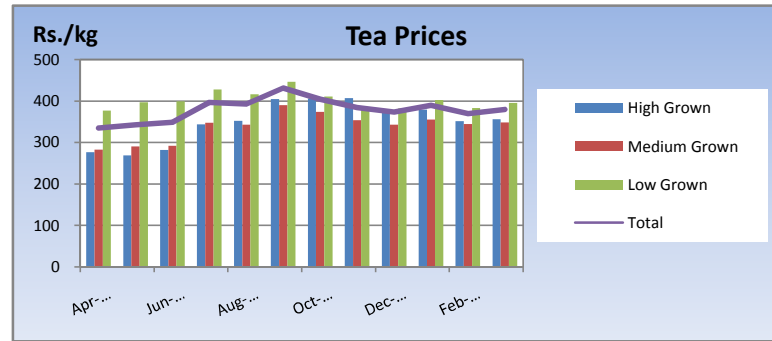
SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 15-2010	Sale 14-2010		2010	2009	
HIGH GROWN	1,357,312	1,315,470	3.18%	21,050,651	16,220,437	29.78%
MEDIUM GROWN	915,029	910,599	0.49%	14,464,614	11,651,777	24.14%
LOW GROWN	3,262,232	3,277,554	-0.47%	60,356,244	43,326,797	39.30%
<b>TOTAL</b>	<b>5,534,573</b>	<b>5,503,623</b>	<b>0.56%</b>	<b>95,871,509</b>	<b>71,199,011</b>	<b>34.65%</b>

PRICES (Rs./kg)	2009	Feb-10	Mar-10	Sale 15-2010	Sale 14-2010	Change
HIGH GROWN	321.28	351.44	356.02	355.48	343.38	3.52%
MEDIUM GROWN	316.79	344.12	348.37	347.22	339.69	2.22%
LOW GROWN	388.44	382.90	395.36	392.92	381.39	3.02%
<b>TOTAL</b>	<b>362.70</b>	<b>369.65</b>	<b>379.25</b>	<b>376.18</b>	<b>365.41</b>	<b>2.95%</b>

PRODUCTION (kg) BY ELEVATION	February			Year to date		
	2010	2009	Change	2010	2009	Change
HIGH GROWN	5,373,023	4,097,599	31.13%	12,099,824	9,289,376	30.25%
MEDIUM GROWN	3,754,110	2,231,473	68.23%	7,755,486	5,154,452	50.46%
LOW GROWN	14,380,879	6,552,619	119.47%	32,115,045	16,322,472	96.75%
<b>TOTAL</b>	<b>23,508,012</b>	<b>12,881,691</b>	<b>82.49%</b>	<b>51,970,355</b>	<b>30,766,300</b>	<b>68.92%</b>

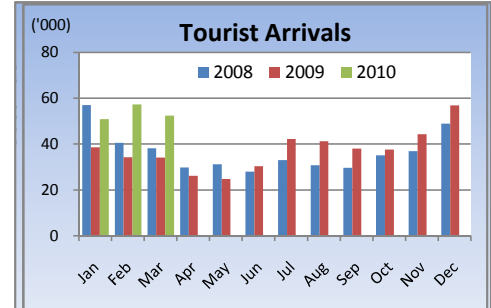
PRODUCTION (kg) BY CATEGORY	February			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	22,074,269	11,871,994	85.94%	48,829,362	28,345,450	72.27%
CTC	1,224,659	914,875	33.86%	2,731,897	2,160,013	26.48%
<b>TOTAL BLACK TEA</b>	<b>23,298,928</b>	<b>12,786,869</b>	<b>82.21%</b>	<b>51,561,259</b>	<b>30,505,463</b>	<b>69.02%</b>
GREEN TEA	209,085	94,821	120.50%	409,096	260,838	56.84%
<b>TOTAL</b>	<b>23,508,013</b>	<b>12,881,690</b>	<b>82.49%</b>	<b>51,970,355</b>	<b>30,766,301</b>	<b>68.92%</b>

ANALYSIS OF TOTAL TEA PRODUCTION	February 2010	Year to date 2010
HIGH GROWN	22.86%	23.28%
MEDIUM GROWN	15.97%	14.92%
LOW GROWN	61.17%	61.79%
	<b>100.00%</b>	<b>100.00%</b>
CTC AS A % OF BLACK TEA PRODUCTION	5.26%	5.30%



## Tourism

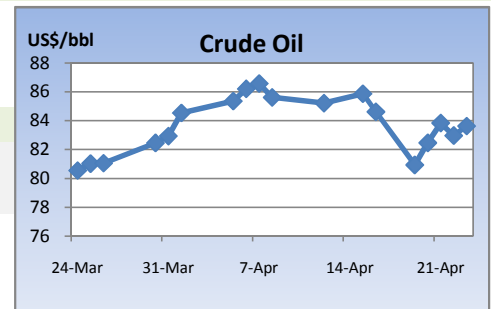
SRI LANKA ARRIVALS	2010	2009	Change
March	52,352	34,065	53.68%
Year to date	160,409	106,702	50.33%
Dec-09	71.2%	49.7%	43.26%
Foreign Guest Night	359,342	261,864	37.22%



## Crude Oil

### NYMEX CRUDE OIL FUTURES

US\$/BBL	23-Apr-10	16-Apr-10	Change
	83.62	84.61	-1.17%



This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources, believed to be reliable. Capital Alliance Securities (Private) Limited however does not warrant its completeness or accuracy. Opinions and estimates given constitute a judgment as of the date of the material and are subject to change without notice. This report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The recipient of this report must make their own independent decision regarding any securities, investments or financial instruments mentioned herein. Securities or financial instruments mentioned may not be suitable to all investors. Capital Alliance Securities (Private) Limited its directors, officers, consultants, employees, outsourced research providers associates or business partner, will not be responsible, for any claims damages, compensation, suits, damages, loss, costs, charges, expenses, outgoing or payments including attorney's fees which recipients of the reports suffers or incurs directly or indirectly arising out actions taken as a result of this report. This report is for the use of the intended recipient only. Access, disclosure, copying, distribution or reliance on any of it by anyone else is prohibited and may be a criminal offence.

### Head Office

5th Floor, Millennium House,  
 No.46/58, Nawam Mawatha,  
 Colombo 2, Sri Lanka  
 General: +94 11 2317777  
 Fax: +94 11 2317788  
 Email: info@capitalalliance.lk  
 Website: www.capitalalliance.lk

## Equity

### CEO - Securities

Harinlal Aturupane: +94 11 231 7760

### Colombo

Dilruk A. Fernando +94 777 721 483  
 Janaka Palapathwala: +94 770 592 243  
 Lakshan Algama Perera: +94 777 447 407  
 Chanaka Sanoj: +94 773 850 227  
 Milanka Induruwage: +94 777 261 893  
 Buddhenia Narangoda: +94 11 2317 754  
 Ifadh Marikar: +94 772 962 567  
 Thanuja de Silva: +94 770 556 577

### Matara

Inok Wijesuriya: +94 41 439 0610  
 Mahi Liyanage: +94 772 962 557  
 Viraj Nanawatte: +94 772 962 541  
 Kithsiri Jayasinghe: +94 777 790 657

## Government Securities

K. H. R. Thilakarathna: +94 11 231 7752  
 W. A. Susantha: +94 11 231 7757  
 Dumindu Silva: +94 11 231 7753

## Research

Dimantha Mathew: +94 777 345 679

## Branches

### Matara

No.38, Station Road,  
 Matara  
 Tel: +94 41 4390610  
 Fax: +94 41 4390611

### Jaffna

Laxan Plaza,  
 No.356B, Kasthuriar Road,  
 Jaffna  
 Tel: +94 21 4591111  
 Fax: +94 21 4591111

### Kurunegala

1st Floor, Union Assurance Building,  
 No.6, Rajapihilla Road, Kurunegala  
 Tel: +94 37 2222034  
 Fax: +94 37 2222035

### Negombo

Jude City Building,  
 No.142, Greens Road, Negombo  
 Tel: +94 31 2227843/4  
 Fax: +94 31 2227843

### Galle

No.30, Sri Devamitta Mawatha,  
 Galle  
 Tel: +94 91 2227631/2  
 Fax: +94 91 2227632

### Jaffna

B. Mugundan: +94 21 459 1111

### Negombo

T. Dananjaya: +94 773 593 016  
 Nihal Fernando: +94 773 286 895

### Kurunegala

Indunil Pradeep: +94 773 741 552  
 P. R. Chandrasena: +94 773 837 325

### Galle

Isuru Jayawardena: +94 773 576092