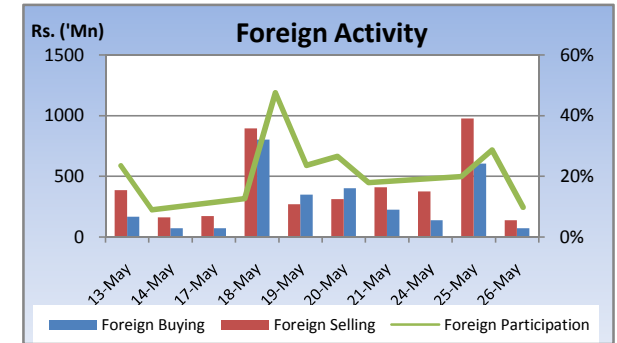
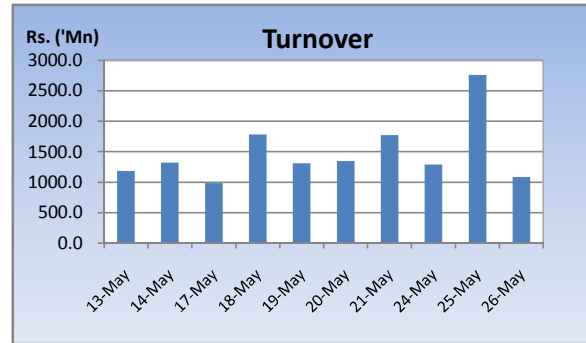
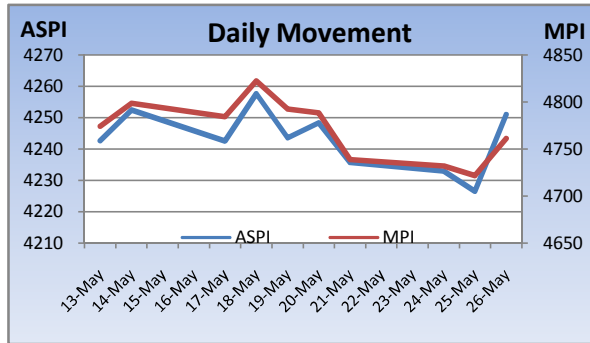


# Weekly Market Update

Week Ending: May 26<sup>th</sup>, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	4250.99	4235.69	0.36%	CONFIFI HOTEL	220.00	318.00	44.55%	327.50	210.00	3,230,547	684,278,985
MPI	4761.35	4738.73	0.48%	COLONIAL MTR	75.00	91.75	22.33%	93.50	75.00	275,100	23,345,580
MARKET CAP. (Rs. 'Bn)	1384.67	1379.68	0.36%	CAPITAL REACH	21.50	25.50	18.60%	25.75	21.50	1,100,200	27,288,275
MARKET PER(x)	20.99	20.92	0.33%	SIGIRIYA VILLAGE	58.25	68.50	17.60%	69.25	58.50	232,400	14,906,075
MARKET PBV(x)	2.12	2.11	0.47%	RIVERINA HOTELS	110.25	125.75	14.06%	153.00	110.00	2,996,220	334,842,025
<b>Average Daily</b>				<b>Top 5 Losers</b>							
TURNOVER	1712.60	1440.08	18.9%	HUEJAY	62.50	52.00	-16.80%	61.00	52.00	900	49,500
VOLUME	28.60	33.94	-15.7%	FINLAYS COLOMBO	220.00	198.00	-10.00%	200.00	193.00	1,400	276,050
FOREIGN PURCHASES	272.88	371.68	-26.6%	ALUFAB	38.50	35.50	-7.79%	38.00	35.50	1,800	65,900
FOREIGN SALES	498.42	413.32	20.6%	SINGER IND.	108.00	99.75	-7.64%	100.25	99.25	500	49,825
NET FOREIGN	-225.55	-41.64	-442%	EQUITY	30.50	28.25	-7.38%	30.25	27.50	11,100	320,750
FOREIGN PARTICIPATION	22.5%	27.3%	-17.4%	<b>Top 5 by Turnover</b>							
<b>Sector Summary</b>				COMMERCIAL BANK	248.50	249.25	0.30%	250.00	247.50	3,870,800	963,853,672
STORES AND SUPPLIES	21,766.74	20,615.31	5.59%	CONFIFI HOTEL	220.00	318.00	44.55%	327.50	210.00	3,230,547	684,278,985
MOTORS	9,946.77	9,487.96	4.84%	HNB	242.25	249.50	2.99%	250.00	240.00	1,669,700	410,667,677
SERVICES	17,544.88	17,118.00	2.49%	RIVERINA HOTELS	110.25	125.75	14.06%	153.00	110.00	2,996,220	334,842,025
TRADING	9,722.13	9,486.94	2.48%	HAYLEYS	295.00	294.25	-0.25%	312.00	294.00	951,400	289,660,590
HOTELS AND TRAVELS	3,970.06	3,876.69	2.41%	<b>Top 5 by Volume</b>							
DIVERSIFIED HOLDINGS	1,340.12	1,346.02	-0.44%	NAWALOKA	6.00	6.00	0.00%	6.25	5.75	6,595,600	39,579,775
MANUFACTURING	2,501.75	2,522.77	-0.83%	RENUKA AGRI	4.00	4.20	5.00%	4.20	3.90	4,575,600	18,690,240
INFORMATION TECHNOLOG	172.86	174.85	-1.14%	FORTRESS RESORTS	21.75	21.75	0.00%	22.00	20.00	4,223,400	84,647,952
PLANTATIONS	866.53	887.12	-2.32%	COMMERCIAL BANK	248.50	249.25	0.30%	250.00	247.50	3,870,800	963,853,672
CONSTRUCTION AND ENGI	3,771.41	3,892.71	-3.12%	SEYLAN MERCHANT	1.10	1.10	0.00%	1.20	1.00	3,279,400	3,607,400

## Market Review

Indices moved marginally upwards during the week while the turnover was boosted with LOLC securities acquiring stakes in Confifi and Riverina hotels. Crossings in Commercial bank also contributed to boost turnover levels. Once the large crossings in COMB, PALM & BHR are excluded the turnover level was rather small due to the short week with only 3 working days. The benchmark ASPI gained 15.30 points or 0.36% week on week while the more sensitive MPI reported a week on week gained of 22.62 points or 0.48%.

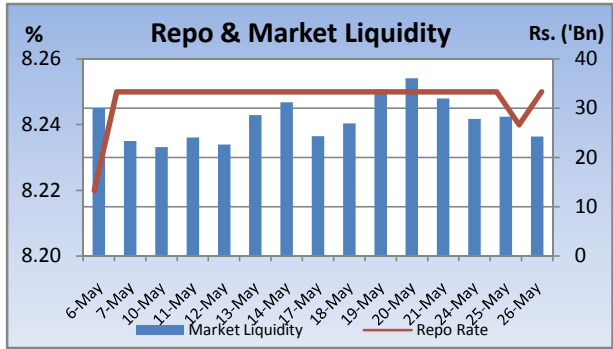
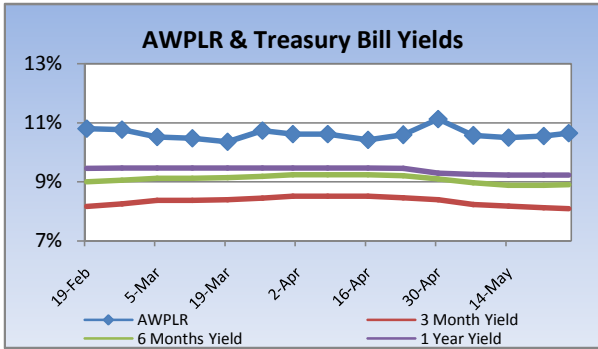
Compared to previous week's closing levels the market gained Rs.5 billion approximately or 0.36% in value this week to close at Rs.1384.67 Bn on Wednesday.

Total market turnover for the week amounted to Rs.5.1 Bn with an average daily turnover of Rs.1.7 Bn. Turnover for the week witnessed 29% decrease compared to the last week's market turnover of Rs.7.2 Bn.

Heavily traded shares of the week under review were Nawaloka and Renuka Agri with the former being highest in terms of volume for the week, trading over 6.5m shares. The counter remained flat during the week in value on a Week on Week basis. Commercial Bank and Confifi Hotel contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.963m and gained 0.30% in value during the week.

FII participation gained to 22.5% of total turnover this week, from 27.3% reported last week. FII interest was negative during the week with a net outflow of Rs.677m, a 225% decrease compared to last week's net ourflow of Rs.208m.

Company	Price	P/BV	PER 10E	PER 11E
<b>BANKING</b>				
COMMERCIAL BANK	249.25	2.20	15.07	14.10
DFCC	203.00	1.35	11.34	11.63
HNB	249.50	2.36	13.11	15.87
NDB	215.00	1.28	8.44	9.58
NTB	37.25	1.42	11.38	9.48
SAMPATH BANK	283.75	1.63	10.37	11.78
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	310.75	18.46	14.15	12.05
DISTILLERIES	122.00	1.54	12.89	10.99
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	137.75	2.63	21.72	20.66
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	260.00	3.04	8.27	7.17
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	1,550.00	2.31	19.42	16.01
CARSONS	530.00	2.69	14.47	12.94
HAYLEYS	294.25	1.44	12.43	23.68
HEMAS HOLDINGS	148.25	2.03	18.61	13.05
JOHN KEELLS HOLDINGS	180.00	2.35	33.81	25.49
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	416.00	3.35	49.50	22.78
ASIAN HOTELS AND PROPERTIES	150.00	2.75	63.13	27.93
KEELLS HOTELS	19.25	3.00	(110.07)	35.69
<b>MANUFACTURING</b>				
ACL CABLES	77.75	1.24	52.32	18.26
CHEVRON LUBRICANTS	163.25	6.87	13.10	13.96
LANKA TILES	95.00	2.22	10.65	9.42
ROYAL CERAMICS	135.00	2.02	8.15	6.66
TOKYO CEMENT	32.75	1.71	109.17	20.47
<b>PLANTATIONS</b>				
AGALAWATTE				
KEGALLE				
KELANI VALLEY				
<b>POWER &amp; ENERGY</b>				
LANKA IOC	19.75	1.36	(8.22)	25.34
<b>TELECOMMUNICATIONS</b>				
DIALOG	8.25	2.39	(5.50)	13.77

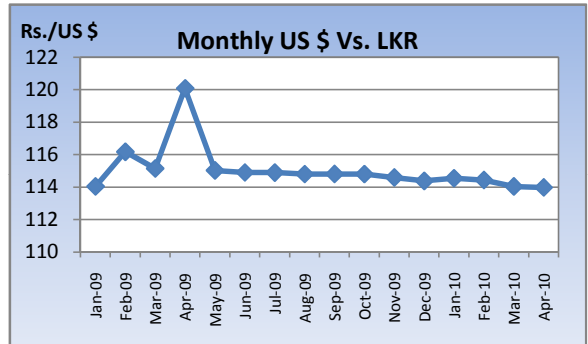


### Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	113.93	113.84	0.08%
- FORWARD 1 MONTH	114.36	114.26	0.09%
- FORWARD 3 MONTHS	115.33	115.12	0.18%
<b>BRITISH POUND</b>	163.62	163.60	0.01%
<b>EURO</b>	139.82	142.96	-2.19%
<b>JAPANESE YEN</b>	1.26	1.26	0.06%
<b>INDIAN RUPEE</b>	2.39	2.43	-1.53%
<b>AUSTRALIAN DOLLAR</b>	93.46	93.77	-0.33%
<b>SINGAPORE DOLLAR</b>	80.57	80.63	-0.07%

### Treasury Bill Auction

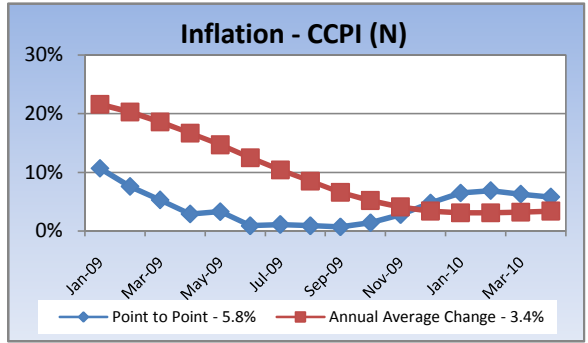
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.10%	8.13%	-3.00	1,000	3,864	1,711
6 MONTHS	8.91%	8.88%	3.00	4,500	5,966	2,674
12 MONTHS	9.23%	9.23%	0.00	7,500	8,520	2,061
				<b>13,000</b>	<b>18,350</b>	<b>6,446</b>



### Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.65	10.55	17.92
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	9.00
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.08	9.06	10.54
- 7 DAYS	9.22	9.22	11.63
- 1 MONTH	9.44	9.40	12.40
- 3 MONTHS	9.60	9.55	13.21
- 6 MONTHS	9.88	9.84	14.21
- 1 YEAR	10.15	10.10	15.08

### 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	1,498,679	1,660,408	-9.74%	28,772,888	23,320,275	23.38%
MEDIUM GROWN	969,093	1,222,981	-20.76%	19,715,094	16,779,789	17.49%
LOW GROWN	2,979,942	4,102,343	-27.36%	77,671,085	59,546,289	30.44%
<b>TOTAL</b>	<b>5,447,714</b>	<b>6,985,732</b>	<b>-22.02%</b>	<b>126,159,067</b>	<b>99,646,353</b>	<b>26.61%</b>

### PRICES (Rs./kg)

	2009	Mar-10	Apr-10	Sale 19-2010	Sale 18-2010	Change
HIGH GROWN	321.28	356.02	351.94	288.00	325.61	-11.55%
MEDIUM GROWN	316.79	348.37	345.86	301.64	334.58	-9.85%
LOW GROWN	388.44	395.36	388.23	376.39	395.01	-4.71%
<b>TOTAL</b>	<b>362.70</b>	<b>379.25</b>	<b>372.31</b>	<b>338.78</b>	<b>367.93</b>	<b>-7.92%</b>

### 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%
<b>TOTAL</b>	<b>28,415,330</b>	<b>30,718,817</b>	<b>-7.50%</b>	<b>102,329,444</b>	<b>80,498,267</b>	<b>27.12%</b>

### PRODUCTION (kg) BY

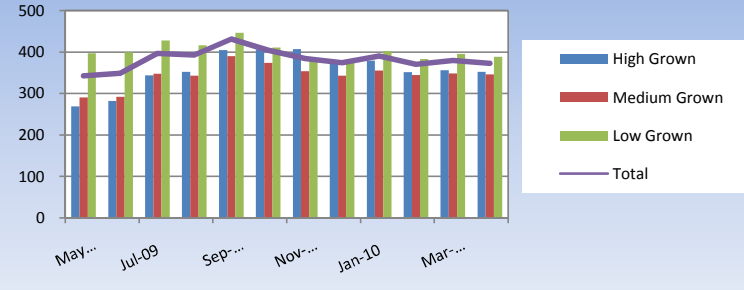
CATEGORY	April			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	26,731,932	28,307,887	-5.57%	95,801,212	74,391,462	28.78%
CTC	1,471,048	2,059,784	-28.58%	5,679,756	5,353,494	6.09%
<b>TOTAL BLACK TEA</b>	<b>28,202,980</b>	<b>30,367,671</b>	<b>-7.13%</b>	<b>101,480,968</b>	<b>79,744,956</b>	<b>27.26%</b>
GREEN TEA	212,350	351,146	-39.53%	848,476	753,311	12.63%
<b>TOTAL</b>	<b>28,415,330</b>	<b>30,718,817</b>	<b>-7.50%</b>	<b>102,329,444</b>	<b>80,498,267</b>	<b>27.12%</b>

### 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%
	<b>100.00%</b>	<b>100.00%</b>
CTC AS A % OF BLACK TEA PRODUCTION	5.22%	5.60%

### Rs./kg

### Tea Prices

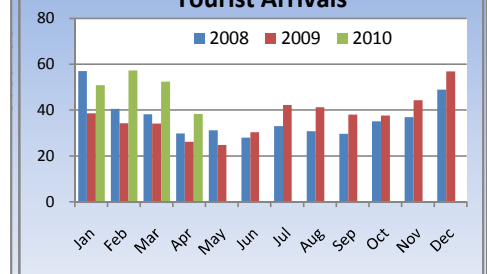


## Tourism

### 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

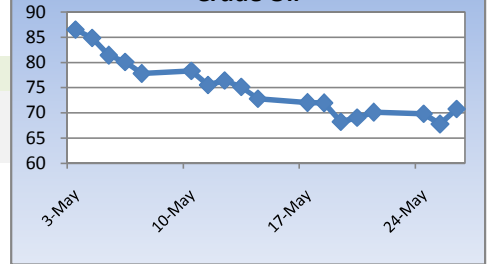


## Crude Oil

### NYMEX CRUDE OIL FUTURES

	26-May-10	21-May-10	Change
US\$/BBL	70.77	70.09	0.97%

### Crude Oil



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