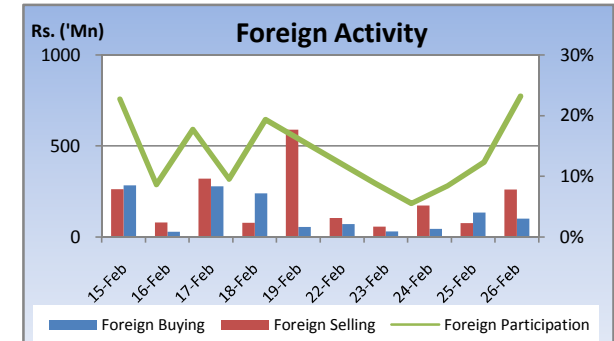
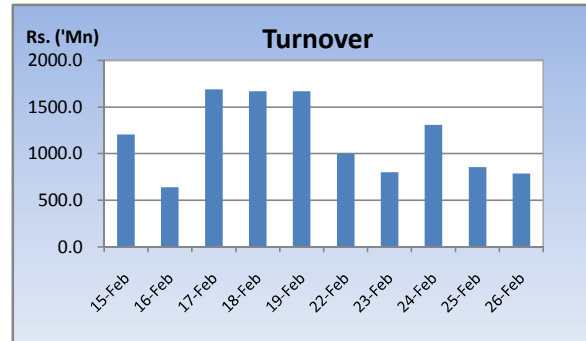
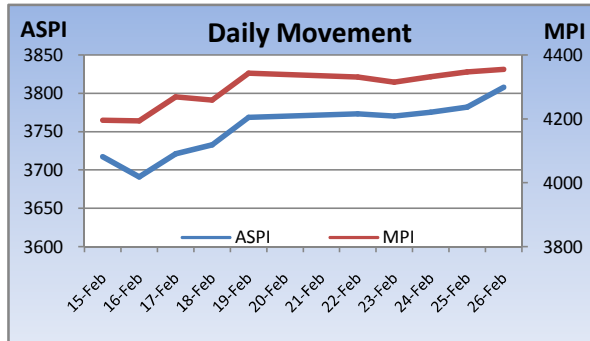


# Weekly Market Update

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



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	3807.86	3768.81	1.04%	DIMO	307.00	462.25	50.57%	505.00	320.00	131,700	49,262,818
MPI	4354.73	4343.04	0.27%	COLONIAL MTR	54.00	80.00	48.15%	82.00	54.00	1,822,500	125,846,008
MARKET CAP. (Rs. 'Bn)	1226.97	1214.36	1.04%	SHAW WALLACE	130.00	184.00	41.54%	195.00	128.25	25,300	4,366,559
MARKET PER(x)	18.60	18.41	1.03%	TEA SERVICES	400.00	530.00	32.50%	530.00	440.00	4,600	2,299,852
MARKET PBV(x)	1.88	1.86	1.08%	UNION CHEMICALS	199.75	250.00	25.16%	250.00	205.00	700	162,975
<b>Average Daily</b>				<b>Top 5 Losers</b>							
TURNOVER	950.36	1375.46	-30.9%	LANKA ASHOK	1345.00	1075.00	-20.07%	1150.00	1000.00	200	232,250
VOLUME	29.00	39.28	-26.2%	SUNSHINE HOLDING	820.00	702.00	-14.39%	702.00	650.00	1,100	799,280
FOREIGN PURCHASES	77.63	178.23	-56.4%	ARPICO	68.50	61.25	-10.58%	65.00	61.00	23,500	1,465,605
FOREIGN SALES	135.44	266.83	-49.2%	BERUWELA WALKINN	67.00	60.00	-10.45%	62.00	60.00	500	30,200
NET FOREIGN	-57.82	-88.60	34.7%	SEYLAN MERCHANT[NON VOTING]	1.10	1.00	-9.09%	1.20	1.00	1,795,300	1,927,330
FOREIGN PARTICIPATION	11.2%	16.2%	-30.7%	<b>Top 5 by Turnover</b>							
<b>Sector Summary</b>				AITKEN SPENCE	1299.75	1300.00	0.02%	1310.00	1270.00	238,500	310,232,983
STORES AND SUPPLIES	15,321.07	13,593.51	12.71%	HNB	179.75	178.00	-0.97%	179.50	175.00	1,302,500	231,831,050
MOTORS	9,011.29	8,341.69	8.03%	RICHARD PIERIS	63.25	65.50	3.56%	68.75	62.50	3,454,000	228,802,598
INVESTMENT TRUSTS	36,310.45	34,594.89	4.96%	HNB ASSURANCE	49.50	50.50	2.02%	52.00	49.50	4,229,300	211,979,550
HEALTH CARE	426.30	409.50	4.10%	NAT. DEV. BANK	218.00	222.75	2.18%	223.25	219.00	941,200	207,174,867
HOTELS AND TRAVELS	3,512.30	3,403.07	3.21%	<b>Top 5 by Volume</b>							
POWER AND ENERGY	86.90	87.98	-1.23%	NAWALOKA	3.30	3.80	15.15%	3.90	3.30	32,689,700	118,896,808
TRADING	8,533.54	8,640.56	-1.24%	REEFCOMBER	2.40	2.40	0.00%	2.60	2.30	7,447,100	18,371,296
TELECOMMUNICATIONS	143.47	146.76	-2.24%	JANASHAKTHI INS.	11.00	12.25	11.36%	13.00	11.00	6,653,800	81,177,925
SERVICES	12,586.69	12,942.87	-2.75%	SEYLAN BANK[NON VOTING]	20.50	21.00	2.44%	21.75	19.75	6,381,900	131,618,250
FOOTWEAR AND TEXTILES	719.97	747.75	-3.72%	HNB ASSURANCE	49.50	50.50	2.02%	52.00	49.50	4,229,300	211,979,550

## Market Review

Market ended on a positive note during the week while activity levels weakened compared to previous weeks. Interest in mid cap stocks dominated the week while buying interest in large cap counters improved towards the latter part of the week. Strong speculative buying in Motor sector counters remained throughout the week. The benchmark ASPI gained 39.05 points or 1.04% week on week while the more sensitive MPI reported a week on week gained of 11.69 points or 0.27%.

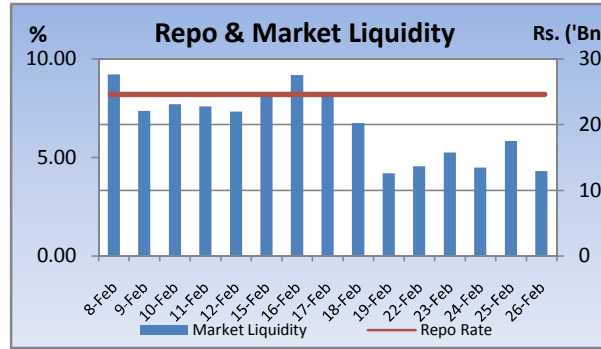
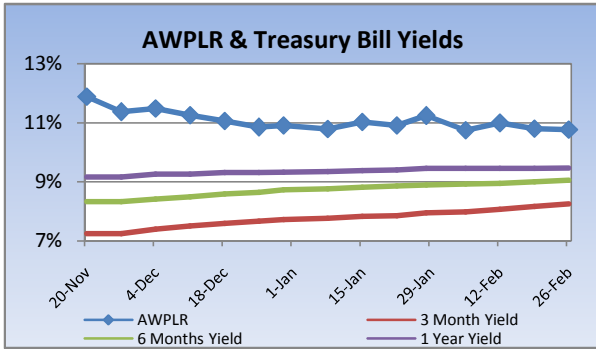
Compared to previous week's closing levels the market gained Rs.12 billion approximately or 1.04% in value this week to close at Rs.1226.97 Bn on Friday.

Total market turnover for the week amounted to Rs.4.7 Bn with an average daily turnover of Rs.950m. Turnover for the week witnessed 31% decrease compared to the last week's market turnover of Rs.6.9 Bn.

Heavily traded shares of the week under review were Nawaloka and Reefcomber with the former being highest in terms of volume for the week, trading over 32m shares. The counter gained 15% during the week in value on a Week on Week basis. Aitken Spence and HNB contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.310m gaining 0.02% during the week in value.

FII participation declined to 11.2% of total turnover this week, from 16.2% reported last week. FII interest was negative during the week with a net outflow of Rs.289m, a 35% increase compared to last week's net outflow of Rs.443m.

Company	Price	P/BV	PER 10E	PER 11E
<b>BANKING</b>				
COMMERCIAL BANK	197.75	1.75	11.96	11.18
DFCC	178.00	1.19	9.94	10.19
HNB	178.00	1.69	13.48	11.97
NDB	222.75	1.33	8.75	9.92
NTB	36.75	1.34	8.78	6.97
SAMPATH BANK	236.50	1.37	8.88	7.89
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	240.00	14.25	10.93	9.30
DISTILLERIES	116.50	1.47	12.31	10.50
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	65.25	1.25	10.29	9.78
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	315.50	3.69	10.01	8.70
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	1,300.00	1.94	16.29	13.43
CARSONS	555.00	2.81	14.76	13.44
HAYLEYS	209.00	1.20	15.71	18.40
HEMAS HOLDINGS	123.50	1.69	15.51	14.68
JOHN KEELLS HOLDINGS	168.25	2.20	31.61	23.82
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	424.00	3.41	50.45	23.21
ASIAN HOTELS AND PROPERTIES	122.00	2.23	51.35	22.72
KEELLS HOTELS	30.00	4.68	(171.54)	55.63
<b>MANUFACTURING</b>				
ACL CABLES	77.25	1.24	51.99	18.14
CHEVRON LUBRICANTS	164.25	6.92	15.51	14.05
LANKA TILES	77.75	1.82	10.75	7.71
ROYAL CERAMICS	100.25	1.50	6.05	4.95
TOKYO CEMENT	30.00	0.16	10.00	1.88
<b>PLANTATIONS</b>				
AGALAWATTE	31.00	1.52	8.33	10.20
KEGALLE	50.00	0.85	5.53	4.84
KELANI VALLEY	56.75	1.24	(45.28)	6.13
<b>POWER &amp; ENERGY</b>				
LANKA IOC	18.00	1.24	(7.49)	23.10
<b>TELECOMMUNICATIONS</b>				
DIALOG	7.00	2.03	(4.67)	30.35

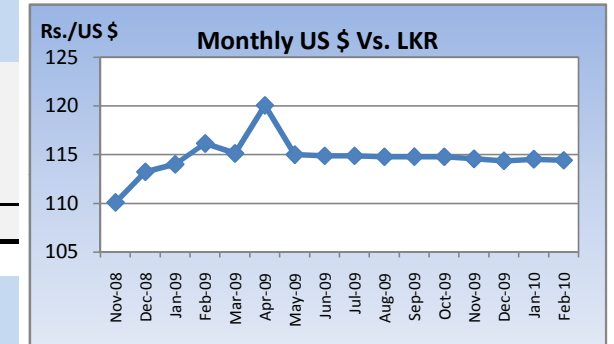


### Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	114.64	114.42	0.19%
- FORWARD 1 MONTH	114.90	114.94	-0.03%
- FORWARD 3 MONTHS	115.85	115.82	0.03%
<b>BRITISH POUND</b>	174.66	176.64	-1.12%
<b>EURO</b>	155.37	154.36	0.65%
<b>JAPANESE YEN</b>	1.28	1.25	2.74%
<b>INDIAN RUPEE</b>	2.48	2.49	-0.23%
<b>AUSTRALIAN DOLLAR</b>	101.81	102.02	-0.21%
<b>SINGAPORE DOLLAR</b>	81.25	80.90	0.43%

### Treasury Bill Auction

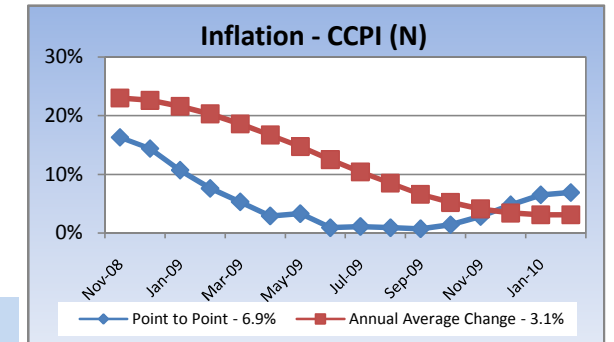
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.26%	8.17%	9.00	3,000	5,899	3,681
6 MONTHS	9.06%	9.00%	6.00	3,500	9,311	6,906
12 MONTHS	9.47%	9.46%	1.00	5,500	7,063	2,939
				<b>12,000</b>	<b>22,273</b>	<b>13,526</b>



### Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.77	10.80	19.39
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	10.25
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.01	9.01	14.43
- 7 DAYS	9.24	9.25	15.00
- 1 MONTH	9.45	9.45	15.94
- 3 MONTHS	9.73	9.61	16.40
- 6 MONTHS	9.95	9.86	17.27
- 1 YEAR	10.23	10.15	18.25
	<b>February 2010</b>	<b>Month Ago</b>	<b>Year Ago</b>
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.40	7.73	11.55
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	9.99	10.46	16.42

### Inflation



Point to Point - 6.9%  
Annual Average Change - 3.1%

## Tea Market

### Colombo Tea Auction

SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 07-2010	Sale 06-2010		2010	2009	
HIGH GROWN	1,530,913	1,380,979	10.86%	10,912,509	9,471,518	15.21%
MEDIUM GROWN	970,346	895,260	8.39%	7,841,051	7,033,104	11.49%
LOW GROWN	4,258,260	4,132,040	3.05%	33,449,080	27,539,397	21.46%
<b>TOTAL</b>	<b>6,759,519</b>	<b>6,408,279</b>	<b>5.48%</b>	<b>52,202,640</b>	<b>44,044,019</b>	<b>18.52%</b>

### PRICES (Rs./kg)

	2009	Dec-09	Jan-10	Sale 07-2010	Sale 06-2010	Change
HIGH GROWN	321.28	373.51	378.77	339.76	364.08	-6.68%
MEDIUM GROWN	316.79	343.16	354.84	342.01	356.84	-4.16%
LOW GROWN	388.44	381.81	401.89	394.58	396.19	-0.41%
<b>TOTAL</b>	<b>362.70</b>	<b>373.50</b>	<b>389.77</b>	<b>374.62</b>	<b>383.77</b>	<b>-2.38%</b>

### PRODUCTION (kg) BY

ELEVATION	January			Year to date		
	2010	2009	Change	2010	2009	Change
HIGH GROWN	5,853,768	5,191,777	12.75%	5,853,768	5,191,777	12.75%
MEDIUM GROWN	3,629,387	2,922,979	24.17%	3,629,387	2,922,979	24.17%
LOW GROWN	17,415,100	9,769,854	78.25%	17,415,100	9,769,854	78.25%
<b>TOTAL</b>	<b>26,898,255</b>	<b>17,884,610</b>	<b>50.40%</b>	<b>26,898,255</b>	<b>17,884,610</b>	<b>50.40%</b>

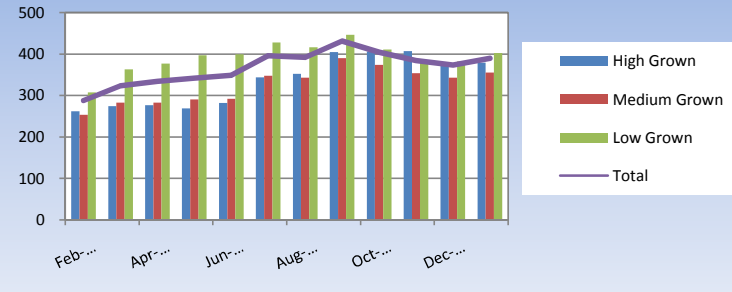
### PRODUCTION (kg) BY

CATEGORY	January			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	25,300,941	16,473,455	53.59%	25,300,941	16,473,455	53.59%
CTC	1,429,485	1,245,138	14.81%	1,429,485	1,245,138	14.81%
<b>TOTAL BLACK TEA</b>	<b>26,730,426</b>	<b>17,718,593</b>	<b>50.86%</b>	<b>26,730,426</b>	<b>17,718,593</b>	<b>50.86%</b>
GREEN TEA	167,829	166,017	1.09%	167,829	166,017	1.09%
<b>TOTAL</b>	<b>26,898,255</b>	<b>17,884,610</b>	<b>50.40%</b>	<b>26,898,255</b>	<b>17,884,610</b>	<b>50.40%</b>

### ANALYSIS OF TOTAL

TEA PRODUCTION	January 2010	Year to date 2010
HIGH GROWN	21.76%	21.76%
MEDIUM GROWN	13.49%	13.49%
LOW GROWN	64.74%	64.74%
<b>CTC AS A % OF BLACK TEA PRODUCTION</b>	<b>5.35%</b>	<b>5.35%</b>

### Rs./kg Tea Prices

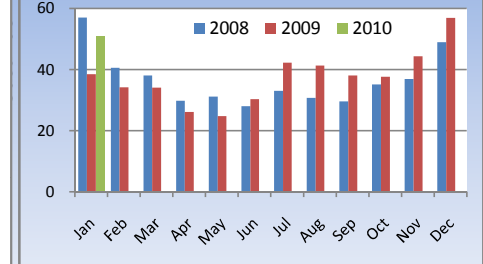


## Tourism

### SRI LANKA

ARRIVALS	2010	2009	Change
January	50,757	38,468	31.95%
Year to date	50,757	38,468	31.95%
Nov-09	Nov-08	Change	
Occupancy	57.4%	45.5%	26.15%
Foreign Guest Night	267,874	221,049	21.18%

### Tourist Arrivals ('000)

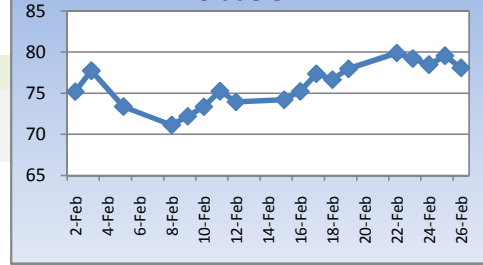


## Crude Oil

### NYMEX CRUDE OIL FUTURES

	26-Feb	19-Feb	Change
US\$/BBL	78.08	77.98	0.13%

### US\$/bbl Crude Oil



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