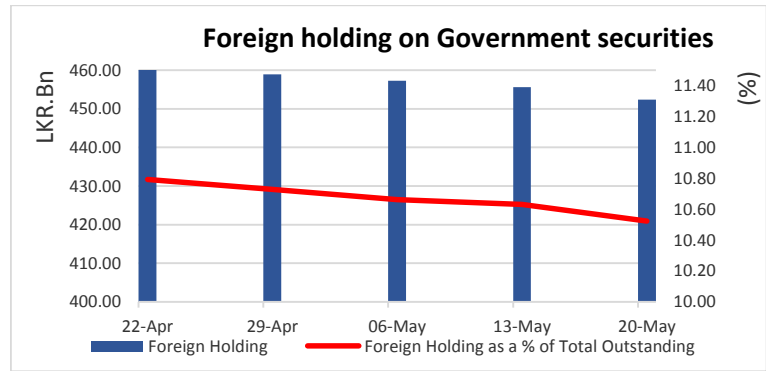
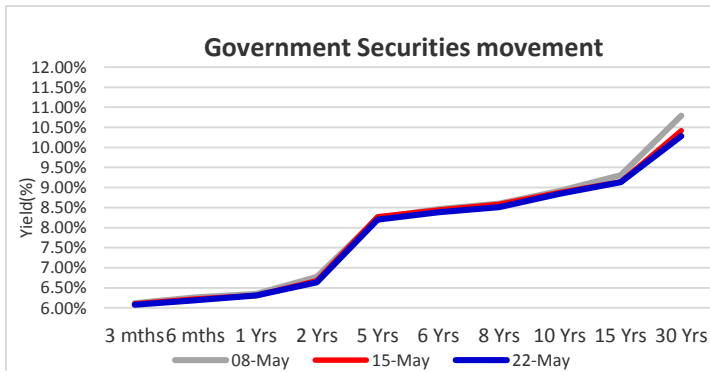
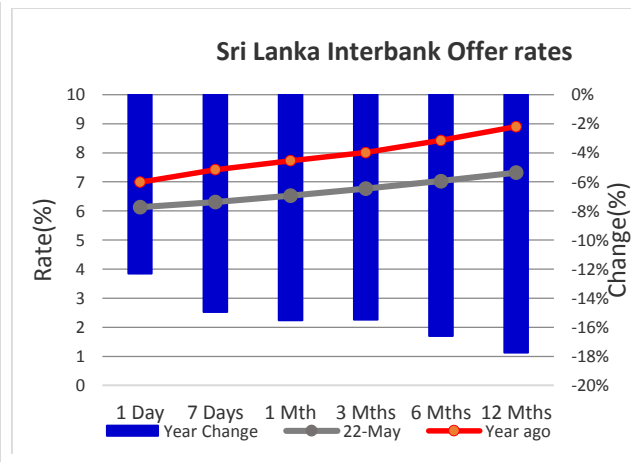
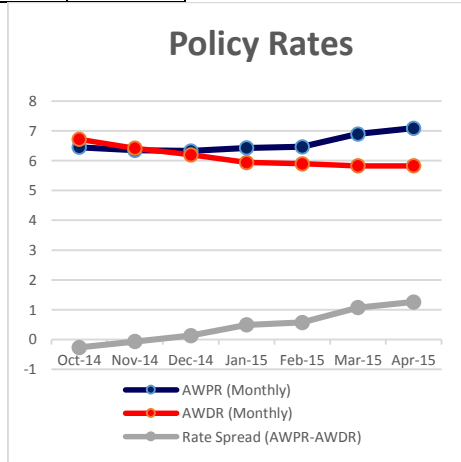
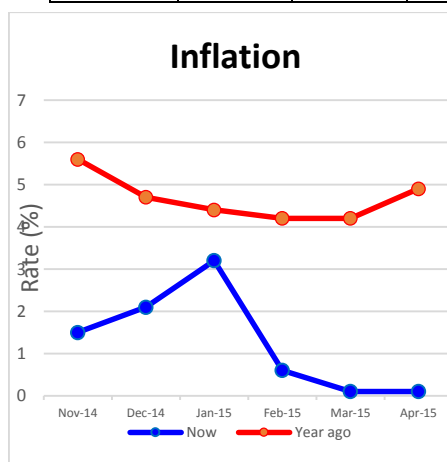


Economic Indicators: LKR/USD 134.77 (-0.15% WOW) | AWPR: 7.05% (0.57% WOW) | AWDR: 5.83% (0.00% MPM) | ASPI: 7,289 (0.41% WOW) | S&P SL20: 4,067 (0.39% WOW)



Market	Period	22-May	15-May	Change %
Primary Market	3 mths	6.08%	6.10%	-0.33%
	6 mths	6.19%	6.22%	-0.48%
	1 Yrs	6.31%	6.31%	0.00%
Secondary Market	2 Yrs	6.64%	6.68%	-0.60%
	5 Yrs	8.20%	8.27%	-0.85%
	6 Yrs	8.38%	8.44%	-0.71%
	8 Yrs	8.51%	8.58%	-0.82%
	10 Yrs	8.85%	8.88%	-0.34%
	15 Yrs	9.13%	9.14%	-0.11%
30 Yrs	10.28%	10.42%	-1.34%	

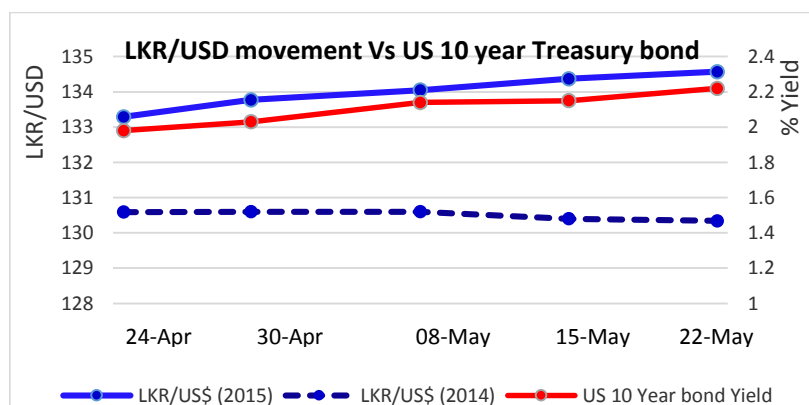
- Average Weighted Prime Lending Rate (AWPR): 7.05%. It has reduced by 0.57% compared to last week.
- Average Weighted Deposit Rate (AWDR): 5.83% (Apr), 5.83% (Mar).
- Average Weighted Fixed Deposit Rate (AWFDR): 6.87% (Apr) and 6.87% (Mar).
- SLIBOR Rates : 6.13% (1Day), 6.31%(7Days), 6.53%(1Month), 6.77%(3Months), 7.03%(6Months), 7.32%(1Yr)
- Inflation (YOY change): 0.1% (Apr) and 0.1% (Mar).



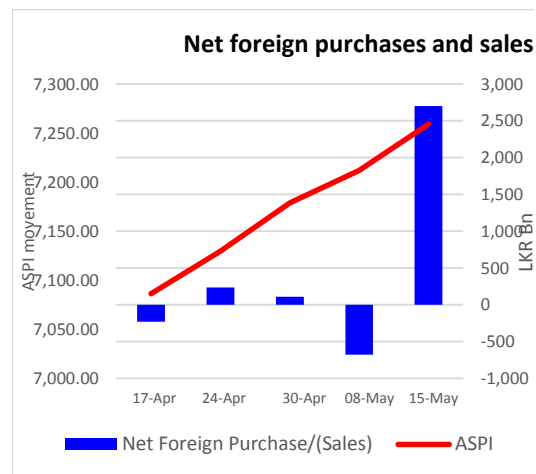
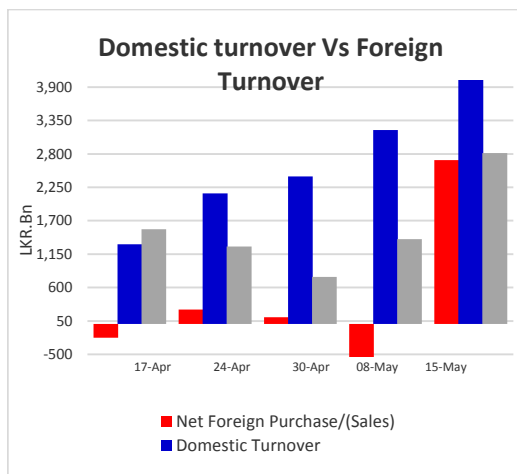
LKR EXCHANGE RATE MOVEMENT

- LKR depreciated over the week by 0.15% against USD from LKR/USD 134.57 to 134.77.
- One month forward rate of LKR/USD is 134.16 (Last week 134.11), three month forward rate is 135.92 (Last week 135.50)

	24-Apr	30-Apr	08-May	15-May	22-May
INR 2015	2.10	2.09	2.08	2.10	2.10
INR 2014	2.14	2.16	2.16	2.20	2.22
RM 2015	36.93	37.40	36.93	37.33	37.26
Rm 2014	40.02	40.00	40.19	40.35	40.65



- All Share Price Index: 7,289 points as at 22nd May 2015.
- S&P 20: 4,067 points as at 22nd May 2015.
- ASPI increased WOW by 46 points which is 0.41%.
- S&P 20 increased WOW by 16 points, reflecting a 0.39% positive variation.
- Net Foreign inflow: Rs. Mn. 97.
- Last week recorded a Net foreign inflow Rs. Mn. 2699.
- Market capitalization: Rs.Bn.3,096 which is 0.42% increase compared to last week.
- Market PE: PE recorded as 19.63 in this week and it has increased by 0.41% from the last week.



LOCAL NEWS

Pakistan and Sri Lanka have the potential to increase bilateral trade by over six times its current amount of \$ 380 million to \$ 2.7 billion by effectively utilising their Free Trade Agreement (FTA), a study has revealed. The Pakistan Business Council (PBC), a not-for-profit research-based business advocacy forum that represents Pakistan's 47 largest businesses, conducted the study titled 'An assessment of the Pakistan-Sri Lanka Free Trade Agreement'. According to the study, despite favourable terms in the FTA and healthy export markets, both countries have failed to improve bilateral trade. "Pakistan and Sri Lanka boast of strong political ties and this makes current low trade volumes more alarming." An inability to establish connections between business communities and policies of the two countries are the major problems hindering commerce.

(Source: Daily FT - 22.05.2015)

Sri Lankan multinational Haycarb PLC reported revenue of Rs. 11.9 billion, profit before tax of Rs. 1,070 million and profit after tax of Rs. 873 million for 2014/15. The earnings per share of equity holders of the company were Rs. 23.39 for the year. Haycarb is the pioneer manufacturer of coconut shell activated carbon in any coconut producing country with manufacturing facilities in Sri Lanka, Thailand and Indonesia supported by marketing offices in the USA, UK and Australia. The company contributes net foreign exchange revenues with its value adding processes whilst remaining a leading and technologically superior manufacturer in its chosen segment.

(Source: Daily FT - 19.05.2015)

DFCC Vardhana Bank PLC (DVB) recorded an impressive profit after tax of Rs.336.30 million for the first quarter of the financial year of 2015, a 506.46% increase over the same period of the previous year. The bank's net interest income was recorded at Rs. 977 million, a 38.27% growth over the first quarter of the previous year. The bank's total operating income was Rs. 1.38 billion, a 43.54% increase over the first quarter of 2014. These excellent performances are a result of the pro-activeness of DVB's pricing of its asset and liability products in keeping with market conditions.

(Source: Daily Mirror- 21.05.2015)

GLOBAL NEWS

Greek leaders expressed optimism a deal to unlock bailout funds is within reach, in the face of continuing warnings by some creditors that the country has yet to comply with the terms of its emergency loans. "We are very close" to an agreement, Finance Minister Yanis Varoufakis said in an interview late Monday with Greece's Star TV Channel. "I'd say it is a matter of one week." Earlier Monday, Prime Minister Alexis Tsipras told Greek industrialists that the discussions are in the "final stretch." The four-month standoff between Europe's most indebted state and its lenders has triggered an unprecedented liquidity squeeze which pulled the Mediterranean nation's economy into a double-dip recession.

(Source: Bloomberg - 19.05.2015)

Global equity markets rose on Thursday, with Wall Street's S&P 500 index closing at a record high as investors bet that U.S. interest rates won't rise soon, while oil jumped more than 2 percent on the view that a global glut may be starting to ease. Brent crude topped \$66 a barrel. The dollar slipped and U.S. Treasury yields declined. Trading was muted in many North American markets a day ahead of a speech by Federal Reserve Chair Janet Yellen, who investors watch for indications of how soon the Fed will raise U.S. interest rates from near zero. Fed officials believe it would be premature to start rate hikes next month, even though most feel the U.S. economy is rebounding from a dismal start to the year, according to minutes from their April policy meeting.

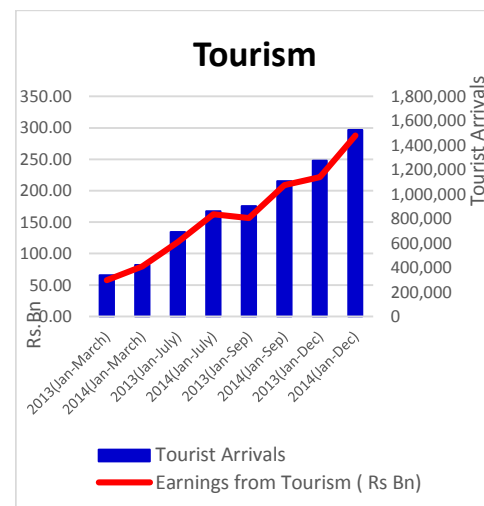
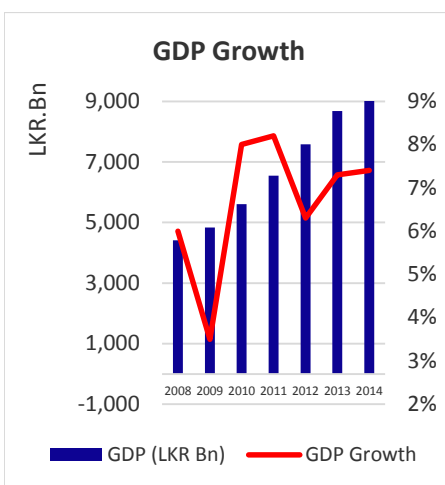
(Source: Reuters - 21.05.2015)

Gross domestic product grew by an annualized 2.4% in the three months ended March, Japan's Cabinet Office said Monday. The figures were better than what most experts were expecting, and stronger than last quarter's growth. Markets in Tokyo even climbed 0.9% Wednesday on the news. But the party won't last long: Economists are saying a strong first quarter likely points to a lackluster second quarter this year, and are forecasting a ho-hum year overall. "We therefore stick to our forecast that Japan's GDP growth will be close to zero this year." Japan was in recession until last quarter, precipitated by a sales tax hike that took a huge bite out of consumer spending. With the economy stuck in neutral, it's perhaps not enough to tame critics of "Abenomics," the economic plan championed by Prime Minister Shinzo Abe.

(Source: CNN- 20.05.2015)

GDP and Economy

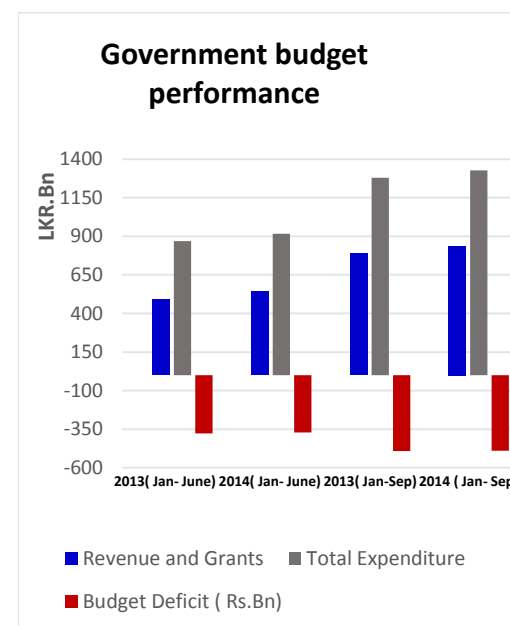
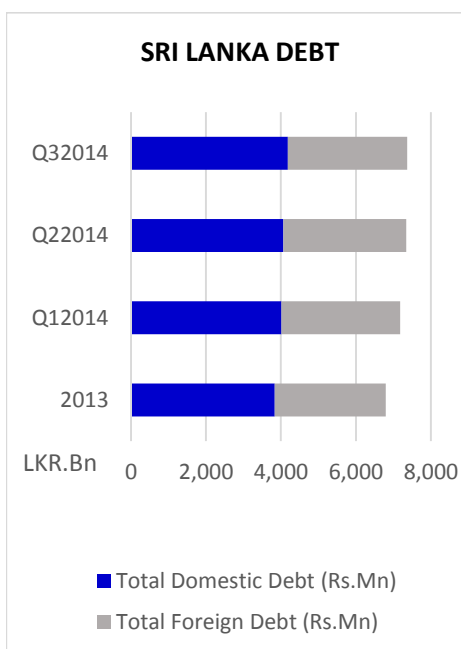
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the other two sectors which is 57.6%.
- The agriculture sector, industry sector and Service sector GDP recorded in 2014 were Rs. Mn 353,799, Rs. Mn 1,132,892 and Rs.Mn. 2,019,973 respectively.
- Unemployment rate is 4.3% in 2014 compared to 4.4% in the previous year.



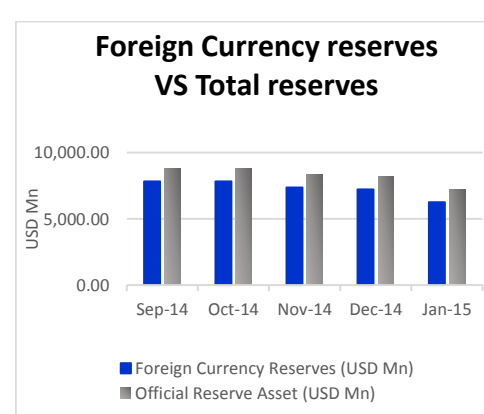
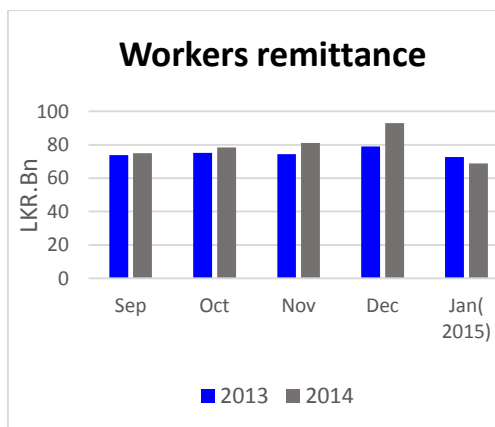
SRI LANKA FISCAL PERFORMANCE

According to the quarterly financial economic indicators, the Total Outstanding Government debt was increased by Rs. 575.7 Billion to Rs. 7368.9 Billion in 2014. The domestic debt was increased by Rs. 353.2 billion in 2014 whereby the majority of the domestic debts were comprised by Treasury bonds. The Foreign debts increased by Rs. 222.5 Billion mainly due to the issuance of International Sovereign Bond in US Dollars. The Government revenue increased by 5.6% in the first nine months of 2014, due to the tax revenue collected. The budget deficit was narrowed by Rs .Bn 2.1 in first nine months of 2014 compared to 2013.

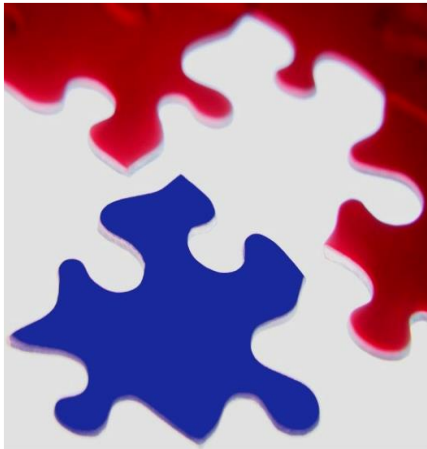
	2011	2012	2013
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2
FOREIGN DEBT % OF GDP	35.6	36.5	34.1



SRI LANKA EXTERNAL SECTOR



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2. PORTFOLIO MANAGEMENT
3. CORPORATE RESTRUCTURING

Kenanga Investment Corporation Ltd (KICL) was established in Sri Lanka in 2007 and specializes in capital markets activities with core strengths in investment banking and fund management. KICL is the overseas investment arm of Malaysian listed company K & N Kenanga Holdings Berhad (KNKH), a long established financial group in Malaysia with 40 years of collective experience in equity broking,



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- IPO – Equity and Debt
- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

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- Listed Equity
- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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A smart investment idea

**AN
INVESTMENT
RETIREMENT**
Plan that will give you
peace of mind during

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Why should a customer choose KRP over other retirement products in the market? What differentiates KRP from the rest is the flexibility of the plan to individual needs. With a structure that delivers maximum convenience to the investor, KRP allows customers to monitor their portfolios online to maintain the deliverance of a transparent service. As the money is invested in different entities under the personal name of client, financial market risks can be mitigated, where the security of the investments are enhanced.

The funds will be invested at the equity or corporate debt markets depending on the client's preference. This could be structured according to a period desired by the customer--be it five, ten or 15 years or a period specified by the investor.



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