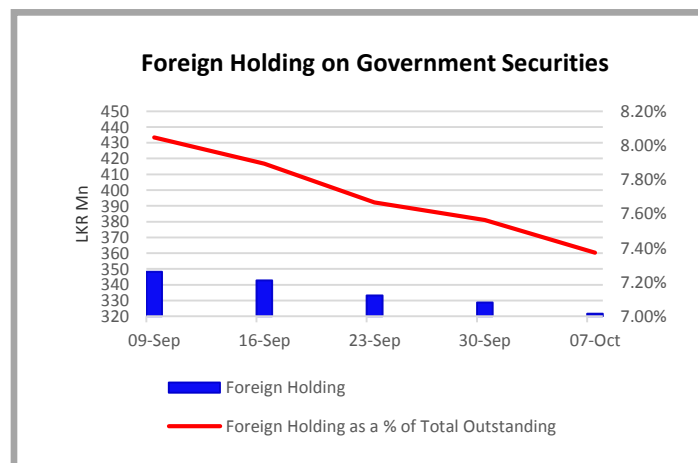
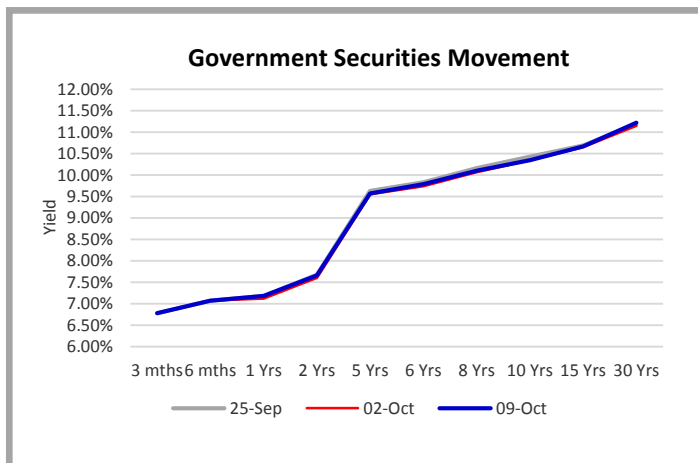
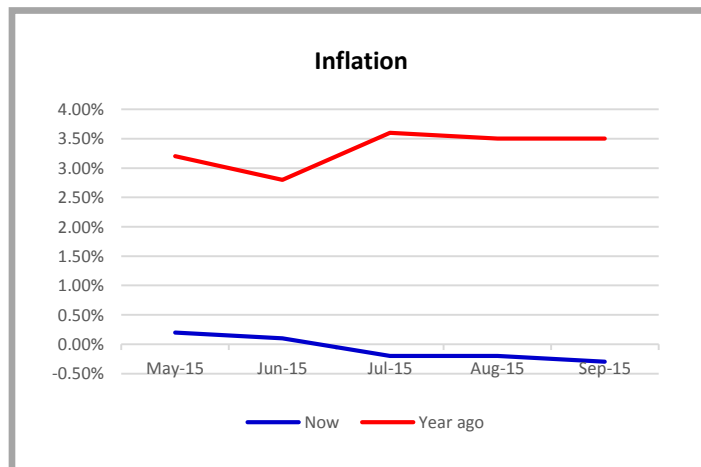
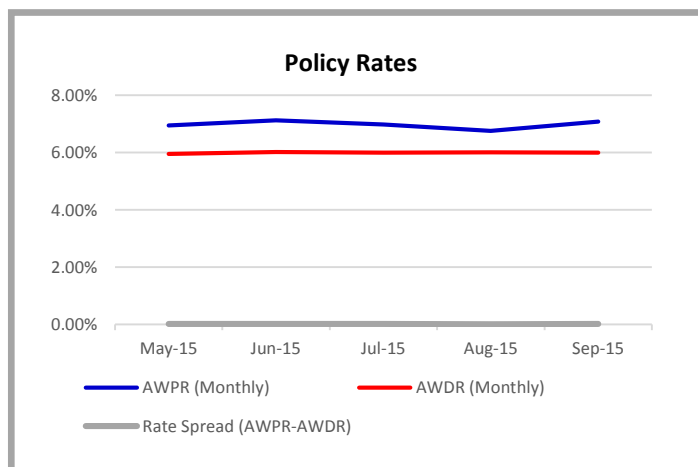


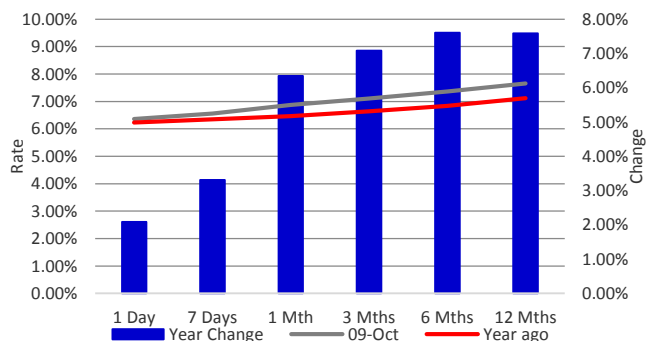
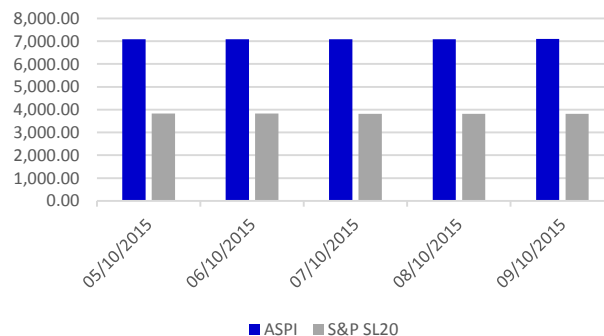
Economic Indicators: LKR/USD 140.54 (0.46% WoW) AWPR: 7.15% (1.56% WoW) AWDR: 6.00% (0.17% MoM) ASPI: 7,096 (0.14% WoW) S&P SL20: 3,820 (0.55% WoW)



Market	Period	09-Oct	02-Oct	Change %
Primary Market	3 months	6.78%	6.78%	-
	6 months	7.07%	7.07%	-
	1 Year	7.18%	7.12%	0.84%
Secondary Market	2 Years	7.66%	7.60%	0.79%
	5 Years	9.57%	9.55%	0.21%
	6 Years	9.79%	9.74%	0.51%
	8 Years	10.10%	10.07%	0.30%
	10 Years	10.35%	10.34%	0.10%
	15 Years	10.67%	10.65%	0.19%
	30 Years	11.22%	11.15%	0.63%

- Average Weighted Prime Lending Rate (AWPR): 7.15%. It has increased by 1.56% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.00% (Sep), 6.01% (Aug).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.22% (Sep) and 7.23% (Aug).
- SLIBOR Rates : 6.36% (1Day), 6.56%(7Days), 6.87%(1Month), 7.11%(3Months), 7.36%(6Months), 7.66%(1Yr).
- Inflation (Annual average change): 0.7% (Sep) and 1.0% (Aug).

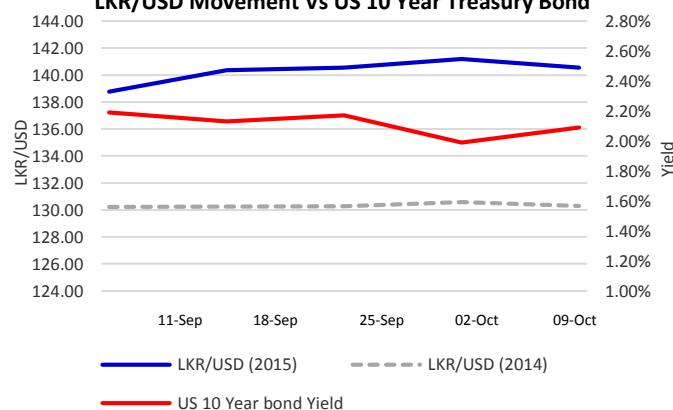


Sri Lanka Interbank Offer Rates

Daily Index Movement


LKR Exchange Rate Movement

- LKR appreciated over the week by 0.46% against USD from LKR/USD 141.19 to 140.54.
- One month forward rate of LKR/USD is 141.70 (Last week 141.82), three month forward rate is 142.72 (Last week 143.08)

	11-Sep	18-Sep	25-Sep	02-Oct	09-Oct
INR 2015	2.09	2.13	2.13	2.15	2.17
INR 2014	2.14	2.14	2.14	2.12	2.12
RM 2015	32.19	33.25	32.14	31.77	34.03
RM 2014	40.69	40.26	40.14	40.06	40.22

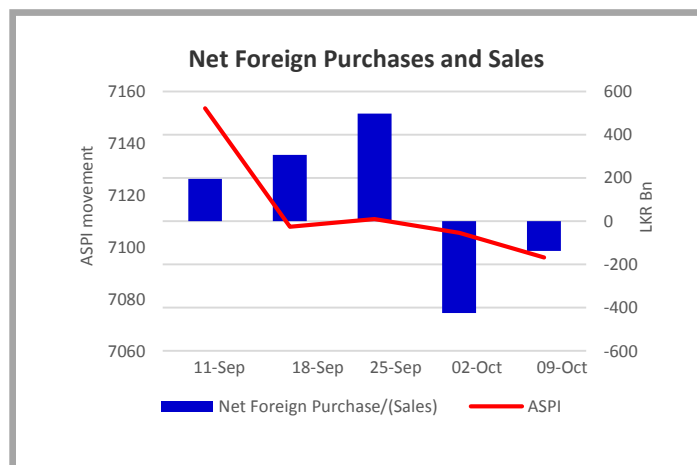
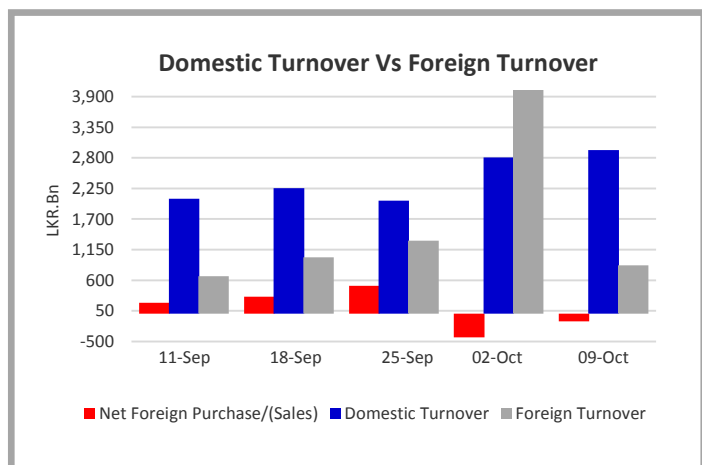
LKR/USD Movement Vs US 10 Year Treasury Bond


Colombo Stock Exchange

- All Share Price Index: 7,096 points as at 09th Oct 2015.
- S&P 20: 3,820 points as at 09th Oct 2015.
- ASPI decreased by 10 points WoW which is 0.14%.
- S&P 20 decreased WoW by 21 points, reflecting a 0.55% negative variation.
- Net Foreign outflow: LKR. 138Mn.
- Last week recorded a Net foreign outflow: LKR. 425Mn.
- Market capitalization: LKR.3,010Bn which is 0.13% decrease compared to last week.
- Market PE: PE recorded as 18.38 in this week and it has decreased by 0.11% from the last week.

Price Index by Sector

Top Gainers	This week	Pre. week	Change %
Chemicals And Pharmaceuticals	8,132.14	7,725.68	5.26%
Stores And Supplies	27,084.02	25,809.27	4.94%
Footwear And Textiles	1,027.99	1,011.14	1.67%
Power And Energy	183.80	180.83	1.64%
Manufacturing	4,577.10	4,503.92	1.62%
Top Losers			
Information Technology	69.42	71.10	-2.36%
Telecommunications	196.15	200.39	-2.12%
Plantations	771.01	781.11	-1.29%
Construction And Engineering	3,137.62	3,177.02	-1.24%
Banks Finance And Insurance	18,085.49	18,182.19	-0.53%


Local News

The tea sales average for the month of September has declined by 16.23% from Rs. 439.51 recorded in 2014 to Rs. 368.18. According to Ceylon Tea Brokers PLC the cumulative figure for the first nine months (Jan-Sept) dropped by 14.24% to Rs.401.08 vis-à-vis Rs.467.68 in 2014. High grows for the month declined by Rs. 19.62 to Rs.379.81 compared to the sales average amount in 2014. The Medium Grows recorded Rs.334.37 vis-à-vis Rs.381.19 in 2014. According to the report, highest decline was recorded from the Low Grows to Rs.372.01 by Rs.88.57 compared to 2014 September. According to the Central Bank tea exports, which were severely affected by lower demand from Russia and the Middle East, declined in July 2015 for the 12th consecutive month.

(Source: Daily FT- 08.10.2015)

Janashakthi Insurance Plc is buying global giant AIA's Sri Lanka's general business, in a multi-billion rupee deal. A disclosure to the Colombo Stock Exchange from both parties was made on 09th October 2015. AIA's general business assets amounted to Rs. 6 billion as at 30 June 2015 whilst in the life business it was Rs. 44.2 billion. In the first half AIA's general business had Gross Written Premium worth Rs. 1.97 billion up from Rs. 1.43 billion a year earlier. Net earned premium was Rs. 1.19 billion, up from Rs. 1.07 billion and total revenue was Rs. 1.35 billion, up from Rs. 1.16 billion. AIA general insurance business finished the first half with a net loss of Rs. 22.15 million, as against a profit of Rs. 59.3 million a year earlier.

(Source: Daily FT- 09.10.2015)

Sri Lanka's foreign reserves rose only 331 million US dollars in September 2015 to 6,797.7 million US dollars despite a 1.1 billion US dollars borrowed from India, indicating continued reserve losses after a failed attempt to float the currency. In September Central Bank has sold 523 million US dollars to the interbank market, the highest since the current balance of payments crisis began. The interventions do not include repayments to the International Monetary Fund or government foreign loans settlements. The previous high of 491 million US dollars was hit in June. But in June there were large foreign borrowings by the state some of which were converted to rupees, requiring the currency to be defended even in the absence of money printing.

(Source: Economy Next- 10.10.2015)

Foreign News

General Electric Co (GE.N) is in advanced talks to sell a specialty finance portfolio, worth more than \$30 billion, to Wells Fargo & Co (WFC.N), according to a person familiar with the matter, as the industrial conglomerate returns to its roots. Wells Fargo has so far outbid other parties for General Electric's vendor financing, commercial distribution finance and direct lending assets, the person with direct knowledge of the situation said on 09th October 2015. The sale of the loans would leapfrog GE well past its target of shedding about \$100 billion worth of finance assets by the end of this year. The company unveiled its latest divestment agreement on Monday (05th October) for its North American corporate aircraft financing portfolio.

(Source: Reuters- 09.10.2015)

Crude oil futures rose in early Asian trade on thin volumes after an influential forecaster predicted that a market rally was not far off and U.S. Federal Reserve minutes suggested there was no hurry to raise rates. The gains added to a surge in prices on 08th October, with Brent crude, the global benchmark, on track for a near 11-percent gain this week, the biggest weekly rise since early 2009. The contract rose \$1.72 to close at \$53.05 a barrel on 08th October 2015. U.S. crude was 23 cents higher at \$49.66 a barrel, after climbing 3.4 percent to close at \$49.43 a barrel. OPEC is showing no sign of cutting output with lower prices and there is the prospect of additional Iranian supplies coming to the market following the July nuclear agreement with world powers.

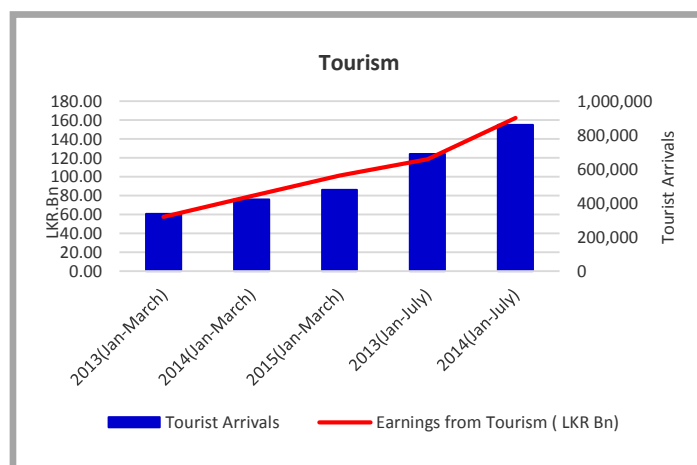
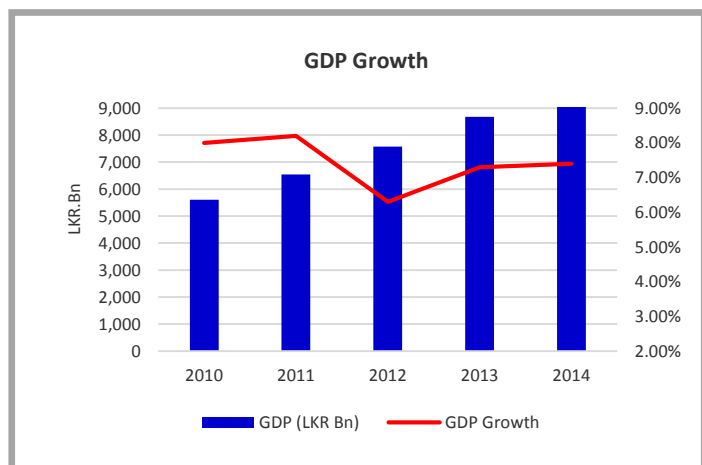
(Source: Reuters - 09.10.2015)

Brookfield Asset Management Inc., Canada's largest alternative asset manager, will create a new publicly traded subsidiary by spinning off a portion of its private-equity arm through a special \$500 million dividend. Brookfield Business Partners will be the fourth public company under the Brookfield umbrella, and is valued at roughly \$2 billion, the company said on Wednesday (07th October 2015) in a statement. The payment is worth about 50 cents a share, or about \$500 million, Toronto-based Brookfield said. The new subsidiary will own and operate almost all of the business services and industrial operations previously held by Brookfield Asset Management's private-equity portfolio.

(Source: Reuters - 02.10.2015)

GDP and Economy

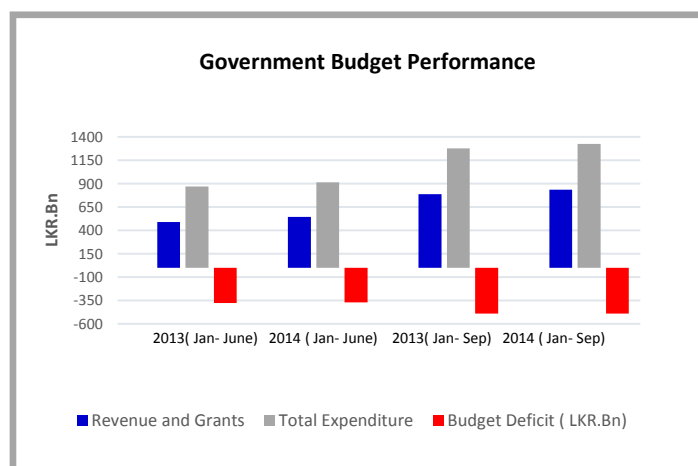
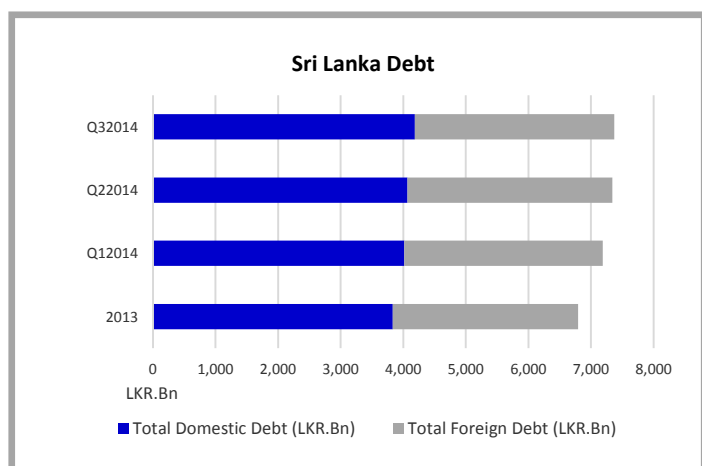
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 353,799Mn, LKR.1,132,892Mn and LKR. 2,019,973Mn respectively.
- Unemployment rate was 4.3% in 2014 compared to 4.4% in the previous year.

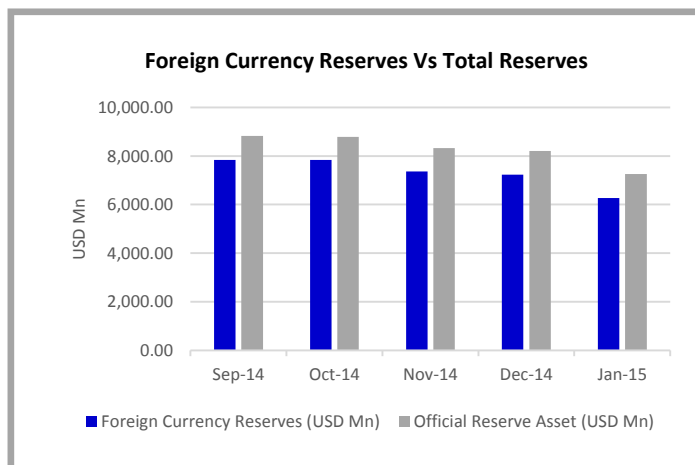
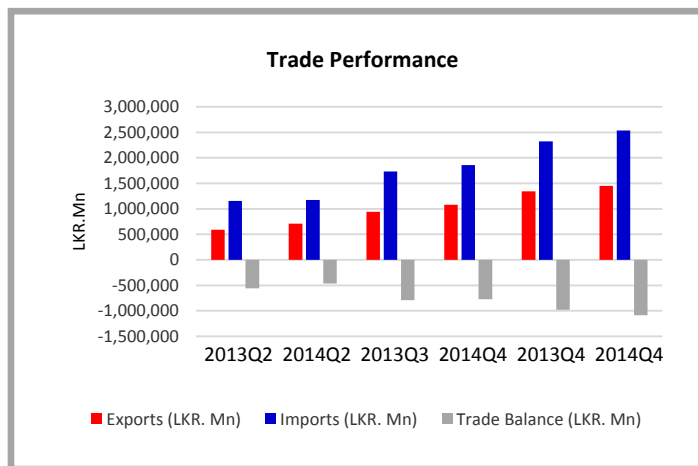
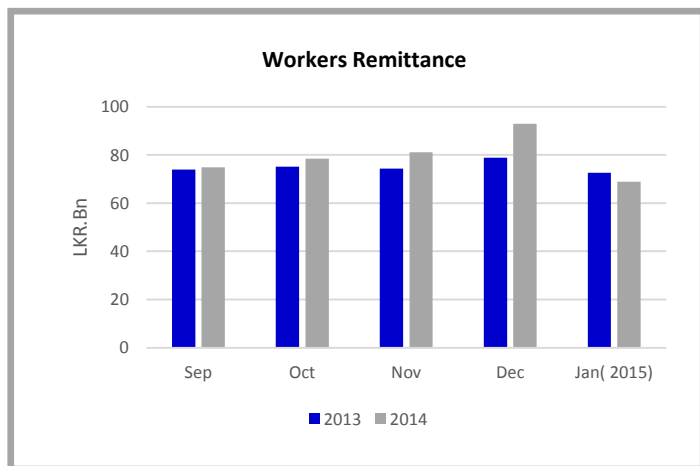


Sri Lanka Fiscal Performance

Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent in 2013, mainly due to the decline in domestic interest payments with lower interest rates in the market. Domestic interest payments to GDP declined to 3.4 per cent in 2014 from 4.1 per cent in 2013.

	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



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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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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

Kenanga Retirement Plan-retirement for any age

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