

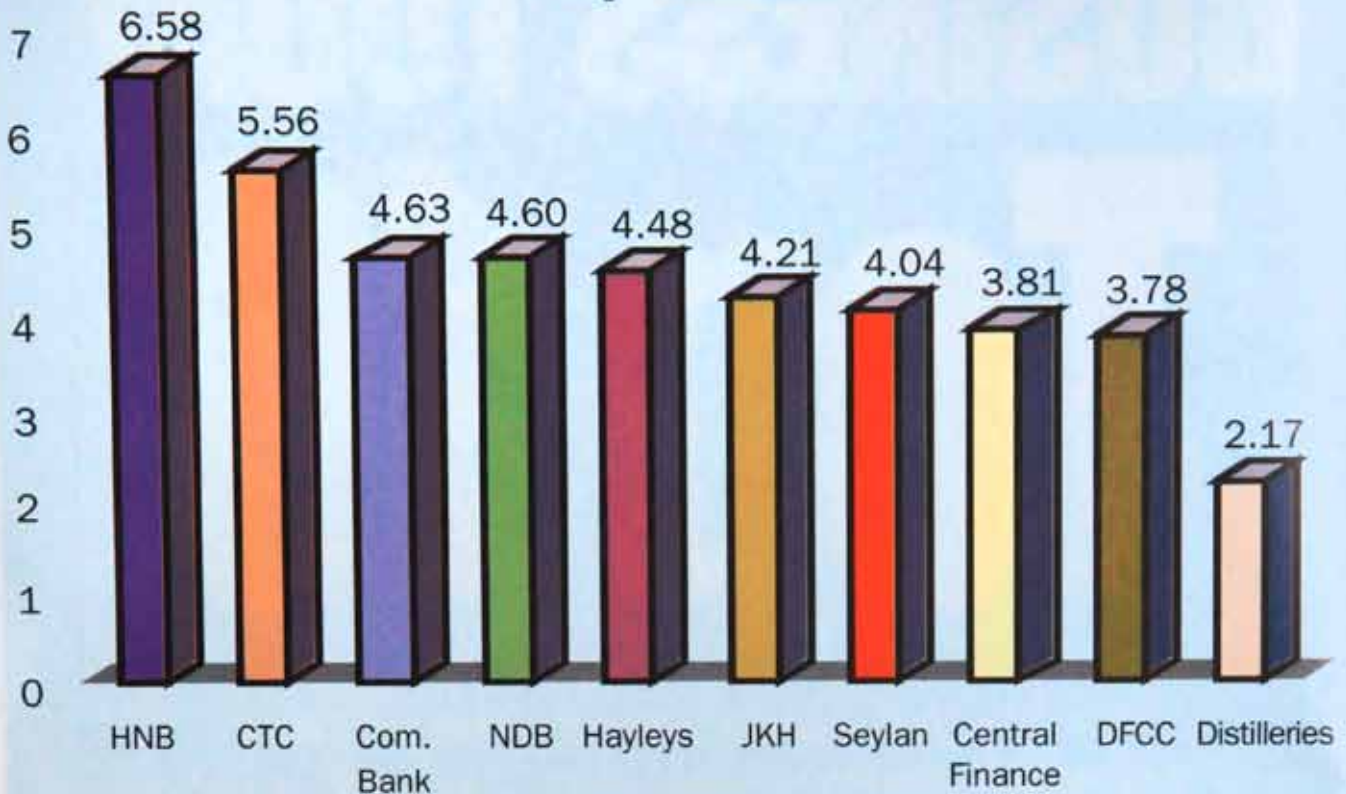
BUSINESS TODAY

Top 10

The Top Ten companies based on their financial performance over the past year

	Points
1. Hatton National Bank	6.58
2. Ceylon Tobacco	5.56
3. Commercial Bank	4.63
4. National Development Bank	4.60
5. Hayleys	4.48
6. John Keells Holdings	4.21
7. Seylan Bank	4.04
8. Central Finance	3.81
9. Development Finance Corporation	3.78
10. Distilleries Company	2.17

Top Scores



From a maximum score of 10 points

The companies have been selected on the basis of their turnover and profitability as per an analysis made by Corporate Strategies.

Turnover, growth in turnover, profitability, growth in profitability, return on equity, earnings per share, profit per employee, market capitalization, value of shares transacted, dividend per share and volume of shares, were the criteria on which the companies were awarded points.

*Compiled by Dinesh Weerakkody - MBA(UK), ACMA, MABE, MSIHRM, MSIPS and
Keith D. Bernard - MBA(UK), MA. ECON, FCMA MICM*

'Business Today' analyzed the Blue Chips listed on the Colombo Stock Exchange, to determine the Bluest among them. These ratings are based on the financial performance of the companies over the past year. From January 1 to December 31, 1995 or April 1, 1995 to March 31, 1996 as the case may be.

The companies analyzed have been selected from the 100 most traded shares in terms of value.

HOW THE OVERALL MARKET PERFORMED

The period saw the share market decline drastically both in terms of volume and prices. Market Turnover in 1995 reduced by 68% from Rs. 34.5Bn in 1994 to Rs 11.2Bn, with average daily turnover dropping from Rs 146.0Mn to Rs 47.0Mn, a reduction of 68%.

Market Capitalization declined from Rs 143.7Bn to Rs 106.9Bn: a drop of 26%.

The All Share Price Index reduced 32.7% while the Sensitive Price Index reduced by 31.2%.

The number of companies listed increased from 215 to 226 and the market Price Earnings Ratio reduced from 16.3x to 11.2x.

Overall profits declined as a result of interest rates rising to unprecedented levels.

Overall Market Statistics

	1995	1994	YoY % Changes
Annual Turnover (Rs Mn)	11,249	35,505	(68.32)
Average Daily Turnover (Rs)	47	146	(67.81)
Companies Listed	226	215	5.12
Market Capitalization(Rs)	106.90	143.70	(25.61)
Market P/E Ratio (Times)	11.20	16.30	(31.29)
All Share Price Index	663.70	986.70	(32.70)
Sensitive Price Index	990.50	1438.80	(31.20)

THE HIGHEST REVENUE EARNERS

Top Ten Revenue Earners for the period

Rank	Company	Turnover	
		95/96 Rs.Mn	%change
1	Hayleys	5,394	25.51
2	John Keells Holdings	5,317	15.67
3	Central Finance	4,393	16.62
4	HNB	3,567	27.94
5	Seylan Bank	3,478	39.71
6	Ceylon Tobacco	3,408	11.73
7	C.W Mackie	2,736	(26.61)
8	Aitken Spence	2,641	(0.64)
9	Commercial Bank	2,585	12.66
10	National Development Bank	2,510	11.32

COMPANIES THAT MADE THE HIGHEST PROFIT

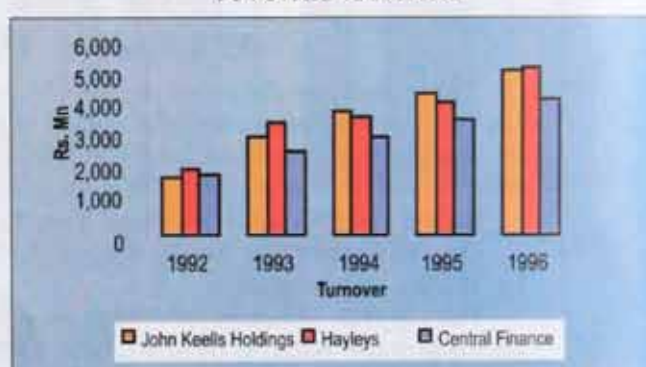
Rank	Company	Profit 95/96	
		Rs.Mn	%change
1	National Development Bank	652	(7.43)
2	DFCC	590	(14.60)
3	HNB	483	8.96
4	Ceylon Tobacco	473	62.78
5	John Keells Holdings	436	(6.64)
6	Commercial Bank	329	132.23
7	Hayleys	321	4.95
8	Seylan Bank	291	45.34
9	Distilleries Company	254	5.12
10	Sampath bank	241	40.68

Top Ten Profit Earners for the period

The three companies that made the highest profit after tax were from the banking sector, with six banks falling within the top ten companies. NDB took first place with DFCC coming second and HNB following third. However, even after coming first, NDB's profits fell from Rs. 683Mn in 1994 to Rs 636Mn in 1995. The decline in profits was due to the bank being affected by the non-availability of several foreign credit lines, tight liquidity in the money market and high interest rates. DFCC's profits however grew together with that of HNB.

Judged by Revenues, the period's top spot went to Hayleys, having achieved Rs 5,393Mn in turnover excluding turnover based taxes. Closely followed was JKH with Rs.5,317Mn. Revenue from plantations were the key contributors to both companies as all three plantation crops recorded increases in 1995 in comparison to the previous year. DPL Plantations a subsidiary of Hayleys acquired 51% control of Kelani Valley Plantations in December 1995.

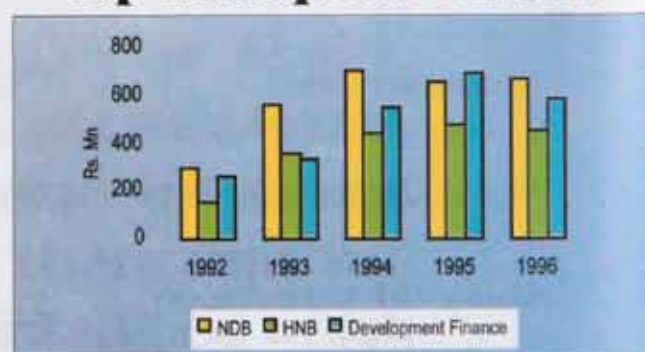
Comparison of Revenue of the top three revenue earners



58% of Hayleys Turnover came from the Manufacturing of coir & rubber products, with Trading and Assembly of electronics and engineering equipment contributing a further 15%.

43% of John Keells Holdings' Turnover came from the Food & Beverage sector, with Leisure accounting for 15% and the Plantations sector accounting for 12%.

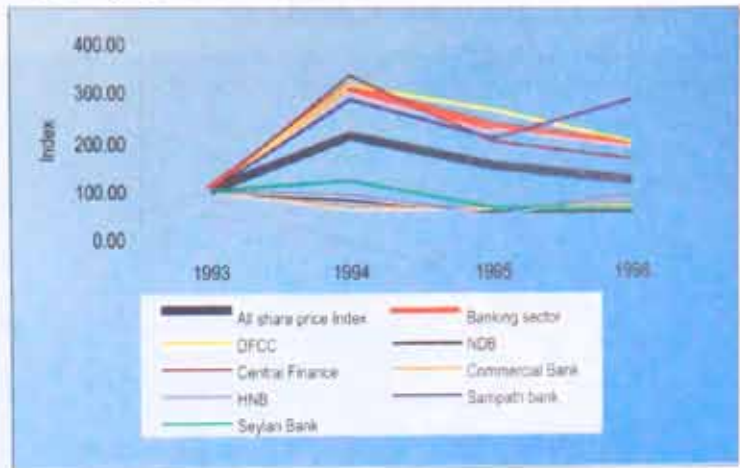
Comparison of Profits of the top three profit earners



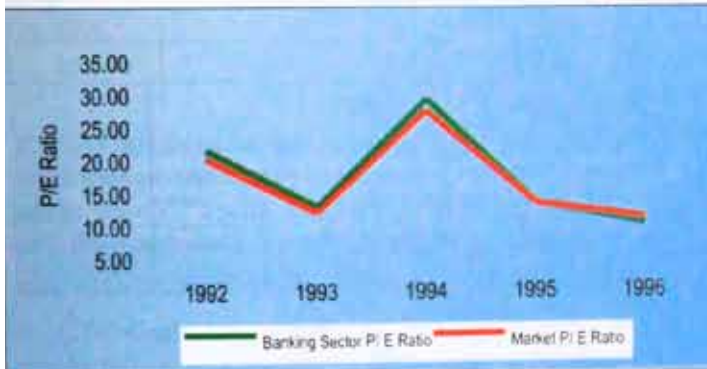
Clearly, the financial sector companies led all others, even though the sector price index fell 16.71%. In comparison the market price index fell 18.9%. Market capitalization of the Banks, Finance & Insurance sector stood at 33.34% of total market capitalization.

All share price index compared to banking sector & individual company price indices

In the above graph a base year of 1993 has been used to comparative values of each company in relation to the sector.



Market PE Ratio compared to banking sector PE Ratio



The market PE Ratio was 13.66x at the end of 1995 with the Banking sector PE reflecting 13.60x.

THE TEN HIGHEST MARKET CAPITALIZED COMPANIES

Rank		Mkt. Cap 95/96	% Change
1	DFCC	10,426,659,000	(0.00)
2	HNB	6,140,000,000	25.82
3	John Keells Holdings	5,285,000,000	10.62
4	Hayleys Ltd	4,270,000,000	10.34
5	National Development Bank	4,217,500,000	22.96
6	Commercial Bank	3,120,000,000	(22.00)
7	Aitken Spence and Co.	2,459,038,710	54.22
8	Sampath Bank	2,347,099,912	6.00
9	Ceylon Grain Elevators	2,220,000,000	105.56
10	Distilleries Company	1,950,000,000	(3.70)

The three highest market capitalized companies were the same companies that came within the first three last year. Market capitalization increased due to the increase in share capital, which was by way of bonus and rights, and not due to increases in share prices.

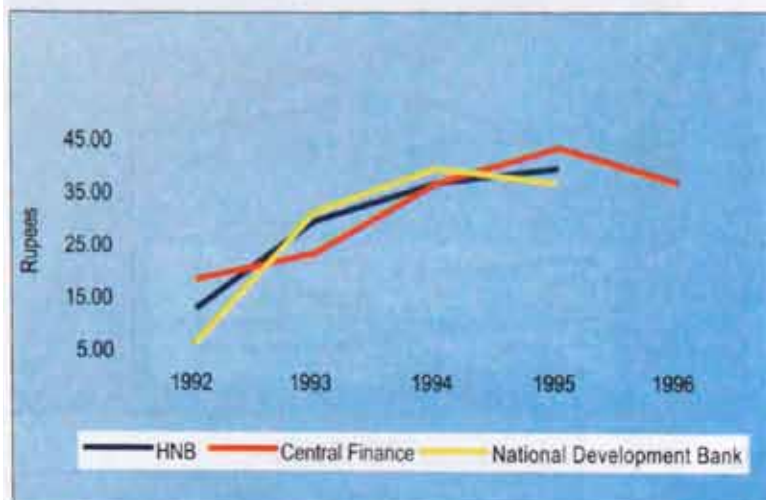
SHAREHOLDER RETURNS IN TERMS OF... EARNINGS PER SHARE

Companies that achieved highest Earnings per Share for the period

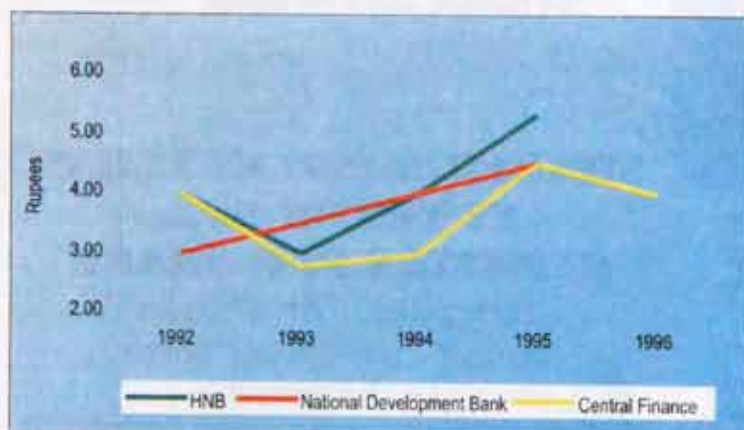
Rank		EPS 95/96 Rs.
1	HNB	40.27
2	Central Finance	37.40
3	National Development Bank	37.25
4	Commercial Bank	26.32
5	Development Finance	19.53
6	Ceylon Cold Stores	13.99
7	Reckitt And Colman	13.96
8	LOLC	13.44
9	Lanka Ashok Leyland	13.38
10	DIMO	12.81

As expected the companies that made the highest profits achieved the highest Earnings per Share values as well. HNB, Central Finance and NDB were these companies. However, as seen from the graph below, both NDB and Central Finance values dipped from the previous year.

Earnings per share movement of the companies that recorded the highest EPS

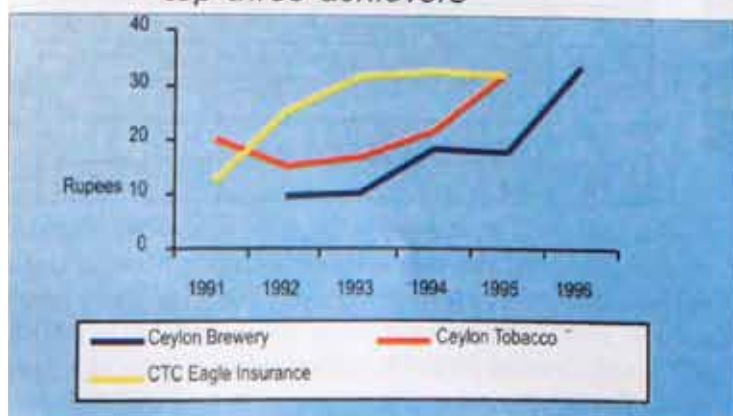


DPS movement compared of the three companies that declared the most



In terms of distributing the highest percentage of earnings to shareholders, DIMO, HNB and NDB took the first three places. DIMO distributed approximately 26% of its earnings for the said period, with HNB and NDB distributing approx. 13.25% and 12.0% respectively.

Comparison of ROQ movement of the top three achievers



DIVIDENDS PER SHARE

Companies that declared the highest Dividends per Share for the period

Rank	Company	DPS 95/96
		Rs.
1	HNB	5.33
2	Natinal Development Bank	4.50
3	Central Finance	4.00
4	Ceylon Tobacco Co.	3.99
5	Commercial Bank	3.63
6	Development Finance	3.50
7	Dipped Products	3.50
8	Haycarb	3.50
9	Singer (Sri Lanka)	3.50
10	United Motors	3.35

The companies that earned the highest in terms of earnings per share declared the highest dividend per share. Once again HNB, NDB and Central Finance took the first three places.

RETURN ON EQUITY

Companies that achieved the highest Return on Equity for the period

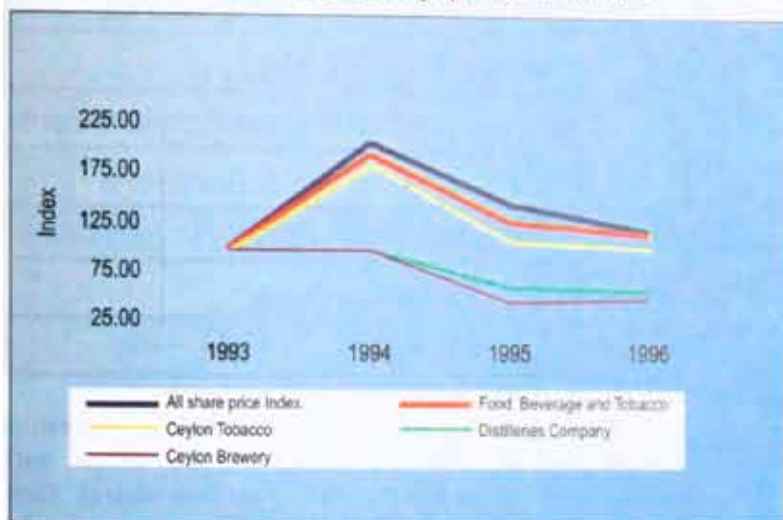
Rank		ROE 95/96
		%
1	Ceylon Brewery	33.60
2	Ceylon Tobacco Co.	32.20
3	CTC Eagle Insurance	31.70
4	Singer (Sri Lanka)	30.20
5	Distilleries Company	29.03
6	Reckitt And Colman	28.20
7	Dankotuwa Porcelain	27.90
8	Kandy Hotels Co.	27.87
9	United Motors	26.50
10	Lanka Ashok Leyland	26.10

Ceylon Breweries, Ceylon Tobacco & CTC Eagle occupied the top slots for achieving the highest return on equity for their shareholders.

How the share prices of the first five companies fared against their respective sector price indices

Three companies namely, Ceylon Breweries, Ceylon Tobacco and Distilleries, which came within the first five belonged to the Food, Beverage & Tobacco Sector.

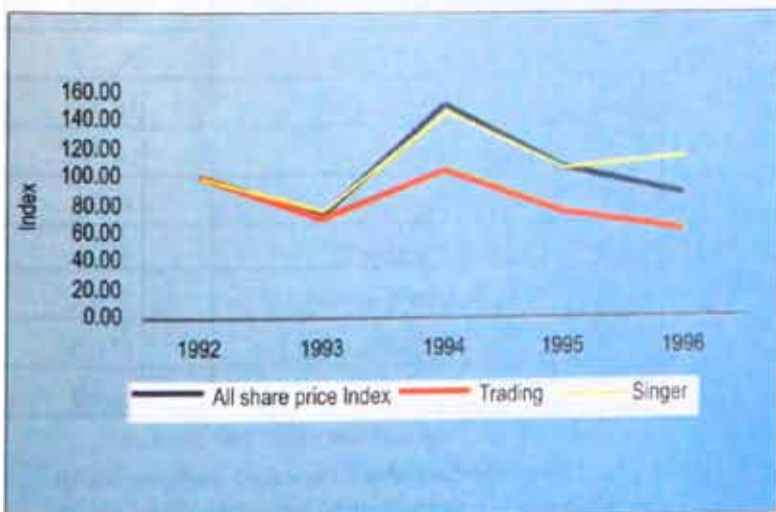
All share price index compared to Food, Beverage & Tobacco sector & individual company price indices



CTC Eagle Insurance is a company within the Banks, Finance & Insurance Sector. Please refer Fig6 Gr3 for the graph comparing this sector price index with the All Share Price Index.

The comparison of Singer (Sri Lanka), a trading company, with the Sector and All Share Price Index is shown below.

All share price index compared to Trading sector & Individual company price indices



To enable better comparison the prices of 1993 have been equated to 100, and taken as the base year. The prices of the following years have been adjusted accordingly.

PRODUCTIVITY & EMPLOYEE STATISTICS

Productivity was analyzed in terms of Profit Earned per Employee together with Employment Related costs incurred per employee. These statistics were compiled for the top ten organizations that achieved the highest revenue and earned the highest profits.

Profit Earned per Employee

Rank		Rs. '000
1	Development Finance	2,937
2	National Development Bank	2,923
3	Ceylon Tobacco Co.	417
4	Sampath Bank	268
5	Distilleries Company	192
6	HNB	180
7	Commercial Bank	178
8	Central Finance	143
9	Seylan Bank	120
10	John Keells Holdings	57
11	Hayleys Ltd	17
12	Aitken Spence and Co.	17
13	C.W Mackie	N/A

Employment Related Cost per Employee

Rank		Rs. '000
1	Development Finance	442.79
2	National Development Bank	365.35
3	Ceylon Tobacco Co.	339.15
4	Commercial Bank	212.99
5	HNB	200.22
6	Seylan Bank	158.67
7	Central Finance	130.21
8	Distilleries Company	127.72
9	John Keells Holdings	107.82
10	Aitken Spence	97.24
11	C.W Mackie	78.93
12	Hayleys	29.85
13	Sampath bank	N/A

The first three companies that earned the highest income per employee were the companies that gave back the most to its employees in terms of remuneration, welfare and training.

BEST PERFORMERS IN THE STOCK EXCHANGE VALUE OF SHARES TRADED

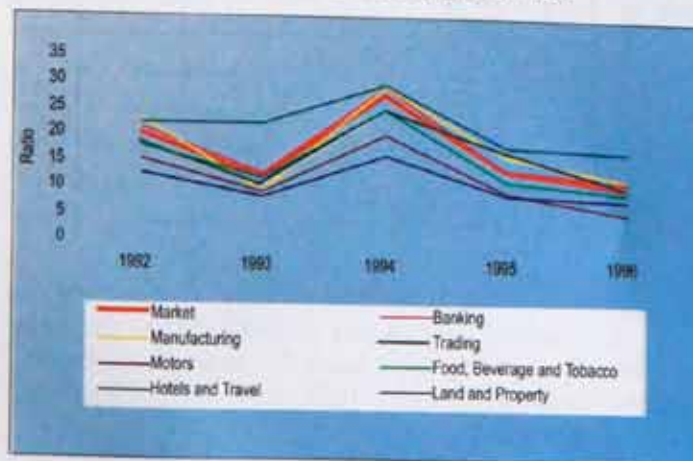
Ten Highest Value of Shares Traded
Companies

Rank		Rs. Mn	% of Total Mkt Turnover
1	DFCC	1,302.88	11.66
2	National Development Bank	1,028.84	9.20
3	John Keells Holdings	658.82	5.89
4	Aitken Spence and Co.	637.76	5.71
5	Hayleys Ltd	578.79	5.18
6	Vanik	420.27	3.76
7	Sampath Bank	412.20	3.69
8	Asia Capital	371.26	3.32
9	HNB	288.84	2.58
10	Distilleries	274.80	2.46
		5,974.45	53.45

The popularity of DFCC, NDB and JKH among investors was confirmed when once again the three companies came on top in respect of the value of shares traded on the Colombo Stock exchange for the period under review. The shares that have been most traded have been dominated by companies in the Banking sector, with six companies of the ten most traded, falling into this sector. Of the balance four companies within the first ten, three companies fall into the Diversified Holdings Sector. The diversified holdings sector was a new sector introduced in 1995.

It is interesting to note that the value of shares traded of the ten companies in the above table, account for 53% of the total Market Turnover for the year.

SHARE PRICE MOVEMENTS



VOLUME OF SHARES TRADED Ten Highest Volume of Shares Traded Companies

Rank	Company
1	Ceylon Tobacco Co.
2	Central Finance
3	John Keells Holdings
4	Aitken Spence and Co.
5	Hayleys Ltd
6	National Development Bank
7	Commercial Bank
8	C.W Mackie
9	Seylan Bank
10	HNB

The first ten volume of shares traded companies accounted for 9.8% of the total market volume, with CTC leading the table with 6.0 million shares. Central Finance came second with approximately 5.1 million while John Keells came third with approximately 2.0 million shares being traded.

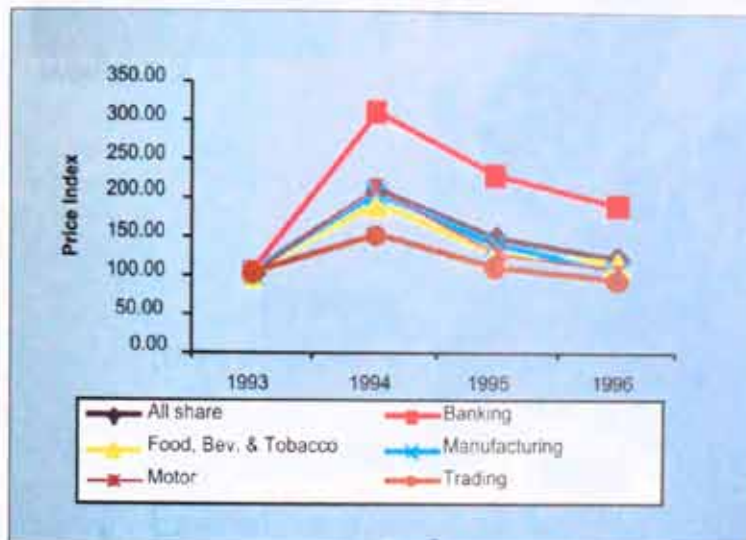
Ten Highest Gainers in Share Price

Rank	Company	Gain in Share Price %
1	Ceylon Cold Stores	70.41
2	Haycarb	52.00
3	Reckitt And Colman	30.60
4	Ceylon Glass Co.	18.42
5	United Motors	14.55
6	Ceylon Brewery	8.13
7	Dipped Products	8.05
8	Singer (Sri Lanka)	7.53
9	Aitken Spence and Co.	0.00
10	Dankotuwa Porcelain	0.00

In a bear market the first eight companies in the above table managed to increase their share prices. The gains achieved by Ceylon Cold Stores, Haycarb and Reckitt & Coleman were considerable.

SECTOR STATISTICS PRICE

SECTOR PRICES COMPARED TO TOTAL MARKET PRICE



The Banking Sector Price Index remained considerably higher than that of the All Share Price Index. However, all other major sectors performed below The All Share Price Index.

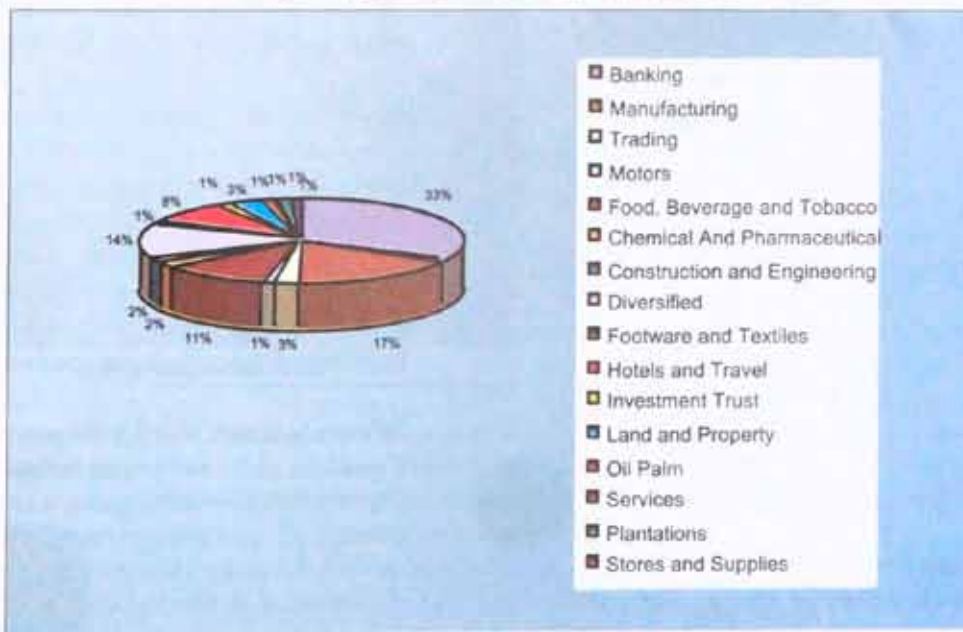
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PRICE EARNINGS RATIO

SECTOR P/E RATIOS COMPARED TO TOTAL MARKET P/E RATIO

MARKET CAPITALIZATION

Sector Market Capitalization Compared to Total Market Capitalization



The Banking sector and the Manufacturing sector, between them, accounted for 50% of Total Market Capitalisation. The individual percentage of Market Capitalization of these two sectors were 33% and 17% respectively. The Diversified Business Sector accounted for 14% while the Food Beverage & Tobacco sector accounted for 11%. The balance 12 sectors accounted for the remaining 25%.

Business Today thanks Corporate Strategies, Dinesh Weerakkody, Keith D Bernard and Lakshman Bandaranaike of LDB Lintas for assisting us in making Top 10 a reality.