

BUSINESS TODAY **TOP 10**

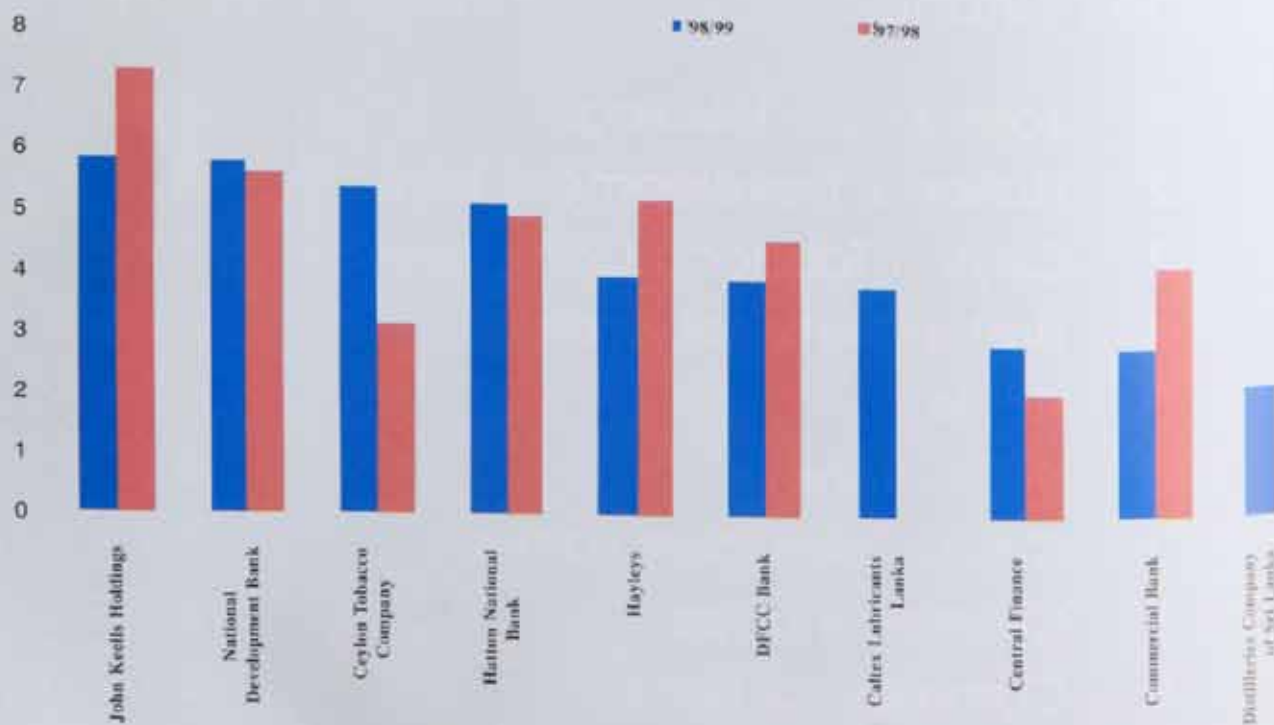
The Top 10 companies based on
their Financial Performance for 1998/99.

1	John Keells Holdings	5.80
2	National Development Bank	5.76
3	Ceylon Tobacco Company	5.32
4	Hatton National Bank	5.04
5	Hayleys	3.88
6	DFCC Bank	3.82
7	Caltex Lubricants Lanka	3.75
8	Central Finance	2.79
9	Commercial Bank	2.76
10	Distilleries Company of Sri Lanka	2.08

Business Today Top 10

Rank and Points Comparison

98/99	97/98		98/99	97/98
1	1	John Keells Holdings	5.80	7.22
2	2	National Development Bank	5.76	5.53
3	7	Ceylon Tobacco Company	5.32	3.08
4	4	Hatton National Bank	5.04	4.87
5	3	Hayleys	3.88	5.13
6	5	DFCC Bank	3.82	4.45
7	-	Caltex Lubricants Lanka	3.75	-
8	9	Central Finance	2.79	1.98
9	6	Commercial Bank	2.76	4.05
10	-	Distilleries Company of Sri Lanka	2.08	-



Business Today, once again takes pleasure in presenting the outstanding 10 performers of Corporate Sri Lanka. This latest score card is primarily based on the financial performance of Sri Lanka's private sector for the year 1998/99. The ranking is a reflection of the qualities and attributes come to be accepted by people advocating good management practices in today's business world. *Business Today* feels privileged to foster a process of recognizing these sound management practices and to an extent influencing good corporate governance in Sri Lanka's corporate sector.

This year too, many fought closely, but unfortunately only the TOP 10 are reported. The vigor of the private sector was clearly demonstrated in the exercise and this forces out the message that there are many players in the private sector who have the capability to potentially clinch a position on the list. The entrance of companies to the TOP 10 list over the last three years validates this possibility. The TOP 10 performers this year would certainly be proud of their performance while those aspiring to make it to the list should be inspired and encouraged by the new names that have entered the list during the last three years. Companies that lost their positions on the TOP 10 already know what it takes to excel and would certainly be determined to find their place on the list in the future.

The criteria established during the last three years in consultation with experts were used to measure the performance of the private sector. The only new qualitative measure introduced in the latest survey is 'Quality of Products or Services'. The introduction of this factor was motivated by the need to influence the private sector to expand their scope to embrace quality as a way to future sustainable growth. The weights assigned to the two qualitative factors in the list of criteria are marginal, so that the credibility of the ranking, primarily based on published information is protected.

The criteria used for the ranking are; Sales Turnover, Growth in Sales Turnover, Profitability, Growth in Profitability, Return on Equity, Earnings per Share, Profit per Employee, Market Capitalization, Value of Shares Transacted, Value Addition, Social Responsibility and Quality of Products or Services. Social Responsibility and Quality of Products or Services were surveyed through focus groups representing a cross section of interest groups. As in the past, weights used are not disclosed for proprietary reasons. *Business Today* however wishes to inform that weights were assigned to the criteria mentioned above after due consideration to significance of the criteria and ensuring all business sectors are fairly represented. Weights were applied uniformly with no prejudice.

On a point scale of one to ten used for the evaluation, John Keells Holdings (JKH) emerged on top of the list, standing tall for the second year in a row. The main reason for JKH's success could be attributed to its relative size and profitability. This in turn has been made possible largely due to JKH's ability to maintain, if not grow market share in the Group's existing business sectors, coupled with its known wisdom in identifying opportunities and the agility in moving into potential growth sectors of the country.

National Development Bank (NDB) achieved second position for a second consecutive year, marginally trailing John Keells Holdings. NDB's ability to maintain a razor sharp focus in its selected business sectors together with its strength to hold and grow market position in a dynamic environment has been the key to its success. A striking observation from the result of the company is its prudent approach to overall performance.

Ceylon Tobacco Company (CTC) came in third place, gaining substantial flight from a seventh position last year. This, CTC achieved by demonstrating its capacity for resilience, commitment to excellence and dedication to performance. CTC is the only manufacturing company that has consistently found a place on *Business Today's* TOP 10 list over the last four years.

Hatton National Bank (HNB) once again ensured its presence among the top performers in the country. In terms of market position in the banking sector, HNB remains a dominant player among the private financial institutions. An outstanding achievement that warrants commendation is the respect HNB maintains for its commitment to uplift the rural sector.

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Hayleys, a key player in Sri Lanka's corporate community, much respected for its stature, stability and contribution to the development of the private sector of the country, secured its continued presence among the top performers.

DFCC Bank, the blue chip that has over the years played a pivotal role in developing the financial sector beyond the traditional banking services in Sri Lanka, once again ensured a slot among the TOP 10. As part of its continued growth seeking process, the company last year concluded an objective assessment of itself viewed from the outside. Strategic changes being implemented as part of the recommendations of the study serves as proof of DFCC's commitment to remain a visible and dynamic entity in the country in the future as well.

The new player in the TOP 10 list this year is Caltex Lubricants Lanka in seventh position. A strong market position, a strong corporate image, world class products coupled with prudent management resulting in healthy profits, which could be identified as the key factor that propelled the company into the list of the elite group of 10.

Central Finance, no stranger to the TOP 10 list moved up one position to number 8. Strong market positions maintained by the company through innovative financial products and services in several of its selected business sectors is a reflection of the company's stability and growth potential that are key prerequisites to succeed in its chosen businesses. This invariably has been translated into commendable performance that has earned Central Finance a position on Business Today's TOP 10 list.

Commercial Bank, a top performer in Sri Lanka over the years ensured a spot among the TOP 10 although falling in the rank. In an extremely competitive market, where over 20 banks are competing for a share of the pie, Commercial Bank has done well to capture a major share of a growing segment of the market through expansion, innovation and cutting edge technology.

Distilleries, the company with the spirit reentered the TOP 10 list this year demonstrating its vigor and will to prevail. Distilleries' prominent position in the market is not one bestowed upon it, but a position earned through continued improvement in quality benchmarked against world standards. This has made Distilleries the brand by choice for most of its products in the market. The company's commitment to quality undoubtedly places it alongside world producers of alcoholic beverages. Although Distilleries staggered in performance in relation to other top performers last year, this year the company returned to its staying power on the TOP 10 list of Business Today.

The pattern of half of the TOP 10 performers representing the financial sector repeated itself this year as well, manifesting the attractiveness of this sector in the country. Manufacturing companies among the TOP 10 performers primarily met demand for established products in existing markets. Business conglomerates representing a minority faction of the group of 10 ensured their places within the upper half of the list assisted by size, profitability gained through strategic diversification and due to their ability to adjust their businesses to meet the demands of local markets.

In conclusion, selecting 10 winners out of a larger population of a dynamic and competitive private sector is no easy task. Many competed intensively, and with the slightest shift in focus the result could be enlightening. The single-minded purpose of the dynamic evaluation process adopted by Business Today is to select their own outstanding TOP 10 performers based on overall performance. In meeting this cause, Business Today takes pleasure in shining the light on Sri Lankan companies on voyage to place Sri Lanka on the world business map.

The Business Today Top 10 companies have been selected on the basis of their Financial Performance by Dinesh Weerakkody MBA (UK), ACMA, MABE (UK), MSIRM, MSIPS and Keith Bernard MBA (UK), MA-Economics (Colombo), FCMA, DipM, MCIM, as per analysis made by Econsult.

Business Today thanks Dinesh Weerakkody Keith Bernard, Sharmila Fonseka ACMA and Shioran Gooneratne ACA, for their voluntary contribution to make 'Business Today Top 10' a reality.

Business Today for the fourth time analyzed the companies listed on the Colombo Stock Exchange to determine the Top 10 companies for the financial year end December 31, 1998 and March 31, 1999.

Business Today believes that the Top 10 Company Award should reflect the popularity of the companies in terms of investment opportunity and hence these companies have been selected from the 100 most traded shares in terms of value.

Overall Market Statistics

	1998/99	1997/98	YoY%
Annual Turnover (Rs. Mn)	18,200	18,315	(0.63)
Average Daily Turnover (Rs. Mn)	75.9	6	-
Companies Listed	240	239	0.42
Market Capitalization (Rs. Mn)	116.6	129.40	(9.89)
Market P/E Ratio (Times)	9.0	12.50	28
All Share Price Index	597.3	702.20	(15)
Sensitive Price Index	-	1068.00	-

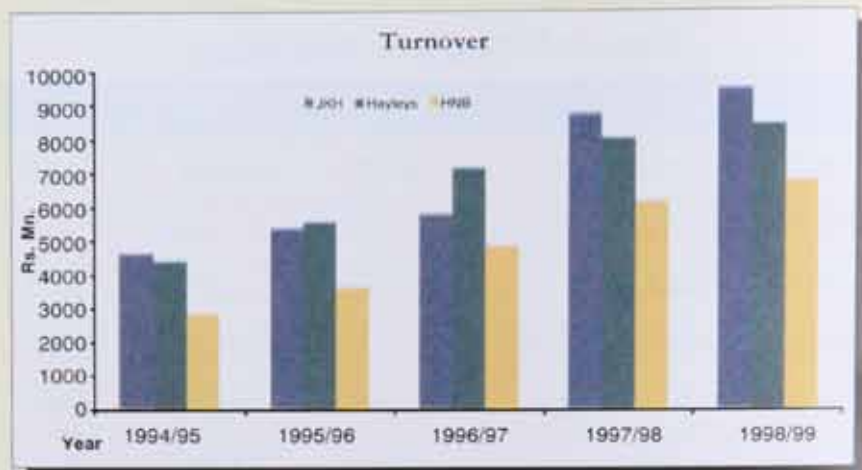
The market continued to decline in 1998 with the CSE All Share Index reaching an all time low in September 1998. The decline was attributed mainly to the lack of investor interest in the South East Asian Bourses following the aftermath of the currency crisis in 1997. Sri Lanka, in particular was further affected by the economic implications of nuclear testing by both India and Pakistan, and the Russian financial crisis which severely affected the tea prices, heavily dependent on CIS buyers. If the plantations were the high flyers in 1997, the reverse was true in 1998. The once attractive plantation shares took a beating as the estates struggled to manage with the dwindling cash inflows. The blue chips remained the most attractive shares in an otherwise dull market climate.



The Highest Revenue Earners

John Keells continued to head this table for the second consecutive year with a slight YoY increase of 8%. The JKH sectoral portfolio which showed a heavy reliance on the plantation sector in 1997, maintained its lead, despite the setback in tea prices due to its diverse portfolio. Improvements were notable from the transportation, leisure, food & beverage and the software exports division.

Hayleys and the Hatton National Bank continued to hold 2nd and 3rd places respectively with the coir and inland marketing segments of Hayleys contributing to its 8% growth over the previous year. The first five places remain unchanged from the previous year while Aitken Spence comes into the top 10 revenue earners at eighth place.

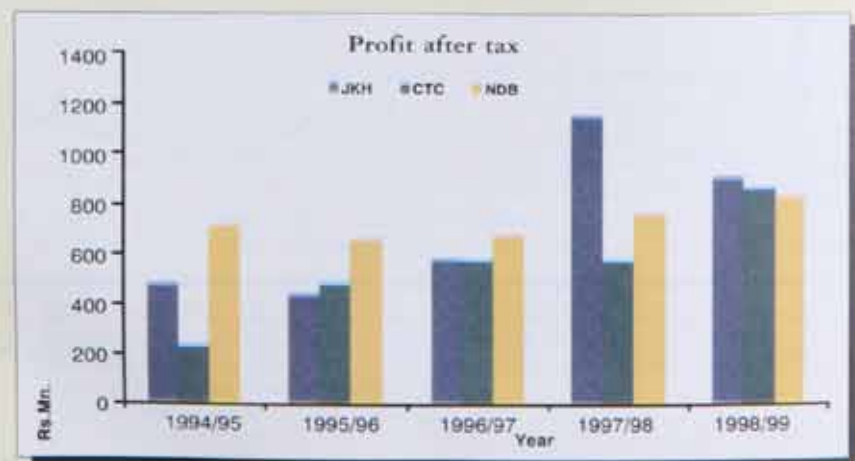


Companies That Recorded The Highest Profits After Tax

John Keells continued to head the Top 10 in this indicator as well although it suffered a 21.4% decrease in YoY % change. The group attributes the significant loss of management fee income from the plantation sector for this decrease.

Ceylon Tobacco rebounded from its poor performance in the previous year reaching the 2nd place up three places from the previous year. The company attributes the implementation of several strategic initiatives which helped them reach world class standards in many areas for this turnaround. The YoY increase was an impressive 50% which gives ample testimony to this claim.

The National Development Bank maintains its position at No. 3 while Hayleys moved down three places to No. 5. Caltex Lubricants Lanka with an impressive 105% YoY increase and Sampath Bank come in as new entrants in place of Maskeliya Plantations and Dipped Products.



Shareholder Returns

Earnings per Share

Carson Cumberbatch, one of the oldest business houses has entered the top ten earnings per share for the first time at the No. 1 slot displacing Central Finance. However, Central Finance together with National Development Bank, Hatton National Bank, and DFCC Bank continue to maintain their positions among the top 5, underlying the dominance of the financial & banking sector.

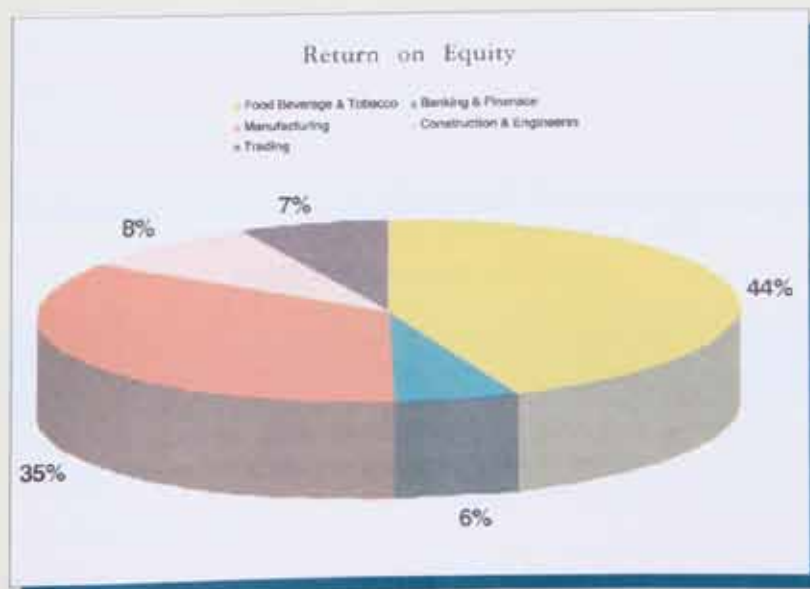
Caltex Lubricants Lanka and Tokyo Cement Company have come in at No 6 and 7 respectively replacing Ceylon Cold Stores and Hayleys from the rankings.

Dividends per Share

Carson Cumberbatch comes in again for the first time at the No.1 slot with a 75/- per share dividend payment on a Rs.10/- share. Caltex Lanka Lubricants continued with its good performance in 1998/99 by moving from its position at No. 4 to No. 2. The National Development Bank who was placed at the No. 1 slot last year has been moved down to No.4, while Dipped Products, John Keells Holdings and Richard Peiris have been replaced by the Ceylon Tobacco Company and Ceylon Cold Stores.

Return on Equity

Caltex Lubricants Lanka head the list, up from 4th place in the previous year with impressive return on equity of 77%. Nestle Lanka and Ceylon Tobacco Company ranked 2nd and 3rd respectively are the only other companies that were ranked in the top 10 last year. The plantation companies which occupied five of the ten places last year are notable absentees. All the companies from No.4 onwards are new entrants to the list. As the chart indicates, the food beverage, tobacco sector and the manufacturing sector dominate the rankings.



Employee Productivity

The DFCC Bank and National Development Bank continue to head the rankings for the 2nd consecutive year. While Tokyo Cement moved up 2 places to No.3, LOLC has moved down one place to No.5 being displaced by Caltex Lubricants Lanka who is a new entrant in the current year. The Distilleries Company of Sri Lanka, Carson Cumberbatch, and Central Finance are the other new entrants into this category.

Value Addition

The first 8 places remained unchanged as per last year's rankings with Ceylon Tobacco Company and Distilleries Company of Sri Lanka underlying their dominance in this category accounting for over 60% of the total value. DFCC Bank has surprisingly not made the rankings this year with the new entrants being Carson Cumberbatch and Aitken Spence.

Market Indicators

Value of Shares Traded

John Keells, National Development Bank, DFCC Bank and Sampath Bank continue to be the most popular share in terms of most traded by value. John Keells who replaces DFCC Bank at the No.1 position was also selected by the Fortune Magazine in its December 1998 issue among the ten top Asian stocks to buy. Caltex Lubricants Lanka has come in for the first time into this category at the No.5 slot.

Market Capitalisation

John Keells continues to head this ranking for the 2nd consecutive year while Ceylon Tobacco Company has come in at the 2nd place up four places from the previous year. Hatton National Bank and Commercial Bank have replaced former leaders National Development Bank and DFCC Bank from their positions at No.2 and 3 respectively.

Price Earnings ratio

The Companies in this category were within their respective P/E ratios with Carson Cumberbatch being slightly overpriced in comparison to the P/E ratios of the other companies in the diversified sector. However, many of the companies in the ranking are underpriced in terms of their earnings which could be attributed directly to the dull market conditions.

Responsibility to the Community and Environment (Social Responsibility)

Once again the social responsibility category was based on data obtained from Annual Reports and subsequent cross referencing through a Survey to identify those companies that are responsive to the community and pay attention to environmental protection. Sampath Bank took over the top slot from Hatton National Bank who moved into the 2nd position. Notable new entrants into this category are DFCC Bank and Singer Sri Lanka.

Quality of Products or Services

This year we surveyed people to compile Business Today's list of Companies that are obsessed with quick product delivery, keenly focused on their customers and always looking to see what they can do to make customers lives easier or save them money. In our survey respondents also focused on companies that promote a culture that impels employees to deliver top notch service to customers and also companies that care passionately about what their customers think of their products and services and are willing to adapt to customer preferences.

Turnover and Percentage Change

Company	Turnover (Rs.Million)	% change	1998/99 (Turnover) Rank	1997/98 Rank
John Keells Holdings	9,387.67	8.1	1	1
Hayleys	8,406.06	7.73	2	2
Hatton National Bank	6,704.41	9.62	3	3
Central Finance	6,116.40	18.52	4	4
Seylan Bank	5,113.21	5.02	5	5
National Development Bank	4,052.96	13.67	6	8
Chemical Industries	3,789.52	3.09	7	7
Aitken Spence	3,788.51	13.9	8	-
Commercial Bank	3,780.39	5.52	9	6
Ceylon Tobacco Company	3,776.05	7.6	10	9

Net Profit after Tax and Percentage change

Company	NPAT (Rs.Million)	% change	1998/99 (Profit) Rank	1997/98 Rank
John Keells Holdings	900.58	-21.4	1	1
Ceylon Tobacco Company	862.96	50.75	2	5
National Development Bank	828.31	9.07	3	3
DFCC Bank	718.64	10.2	4	4
Hayleys	688.75	-14.35	5	2
Hatton National Bank	683.14	23.51	6	6
Commercial Bank	591.46	8.95	7	7
Caltex Lubricants Lanka	544.41	105.28	8	-
Distilleries Company of Sri Lanka	496.23	-15.34	9	10
Sampath Bank	406.58	26.4	10	-

Earnings per Share

	Rs.	1998/99 Rank	1997/98 Rank
Carson Cumberbatch	41.06	1	-
Central Finance	30.93	2	1
National Development Bank	22.8	3	2
Hatton National Bank	22.77	4	3
DFCC Bank	19.47	5	4
Tokyo Cement Lanka	18.94	6	-
Caltex Lubricants Lanka	18.15	7	-
John Keells Holdings	17.88	8	7
Commercial Bank	16.98	9	6
Dipped Products	13.72	10	8

Dividend per Share

	Rs.	1998/99 Rank	1997/98 Rank
Carson Cumberbatch	75.00	1	-
Caltex Lubricants Lanka	7.60	2	4
Nestle Lanka	7.50	3	2
National Development Bank	6.50	4	1
Singer Sri Lanka	6.26	5	9
Ceylon Tobacco Company	5.50	6	-
Ceylon Gold Stores	5.20	7	-
Hatton National Bank	4.50	8	3
DFCC Bank	4.00	9	10
Commercial Bank	4.00	9	5

Return on Equity

	(%)	1998/99 Rank	1997/98 Rank
Caltex Lubricants Lanka	77.00	1	4
Nestle Lanka	70.99	2	3
Ceylon Tobacco Company	47.55	3	9
Dockyard	30.56	4	-
Tokyo Cement Lanka	30.38	5	-
Singer Sri Lanka	26.07	6	-
Dipped Products	23.48	7	-
Distilleries Company of Sri Lanka	23.34	8	-
Sampath Bank	21.36	9	-
Ceylon Gold Stores	21.23	10	-

Profit per Employee

	Rs.	1998/99 Rank	1997/98 Rank
DFCC Bank	2651.81	1	1
National Development Bank	2359.86	2	2
Tokyo Cement Lanka	2237.01	3	5
Caltex Lubricants Lanka	1972.50	4	-
Lanka Orix Leasing	1056.52	5	4
Nestle Lanka	596.20	6	6
Distilleries Company of Sri Lanka	386.77	7	-
Carson Cumberbatch	383.88	8	-
Central Finance	349.00	9	-
Sampath Bank	326.31	10	10

Price Earnings Ratio

	Times	1998/99 Rank	1997/98 Rank
Carson Cumberbatch	31.66	1	-
Hayleys	10.17	2	3
John Keells Holdings	10.07	3	2
Aitken Spence	7.69	4	1
Hatton National Bank	7.64	5	7
Ceylon Grain Elevators	7.27	6	5
Commercial Bank	7.07	7	-
Ceylon Cold Stores	5.91	8	10
Sampath Bank	5.80	9	6
National Development Bank	5.61	10	-

Value Addition

	Rs.	1998/99 Rank	1997/98 Rank
Ceylon Tobacco Company	19,033,000	1	1
Distilleries Company of Sri Lanka	8,706,747	2	2
John Keells Holdings	3,637,782	3	3
Hayleys	3,134,675	4	4
Hatton National Bank	2,404,005	5	5
Commercial Bank	1,733,719	6	6
Seylan Bank	1,556,125	7	7
National Development Bank	1,360,738	8	8
Carson Cumberbatch	1,277,193	9	-
Aitken Spence	1,220,395	10	-

Market Capitalization

	Rs.	1998/99 Rank	1997/98 Rank
John Keells Holdings	7,243,110,000.00	1	1
Ceylon Tobacco Company	5,619,709,158.00	2	0
Hatton National Bank	3,915,000,000.00	3	5
Commercial Bank	3,900,000,000.00	4	7
DFCC Bank	3,772,738,466.00	5	3
National Development Bank	3,654,999,966.00	6	2
Hayleys	3,603,600,000.00	7	4
Nestle Lanka	3,142,939,585.50	8	-
Aitken Spence	2,378,754,900.00	9	8
Sampath Bank	1,948,535,776.00	10	9

Market Value of Shares Traded

	Rs.	1998/99 Rank	1997/98 Rank
John Keells Holdings	2,306,699,729	1	3
National Development Bank	947,250,986	2	2
DFCC Bank	764,014,840	3	1
Sampath Bank	525,117,253	4	4
Caltex Lubricants Lanka	489,344,690	5	-
Aitken Spence	477,431,351	6	9
Ceylon Grain Elevators	414,910,976	7	8
Hayleys	393,960,479	8	5
Dockyard	304,336,125	9	-
Ceylon Gold Stores	270,605,989	10	-

Responsibility to the Community and Environment

Name	1998/99 Rank	1997/98 Rank
Sampath Bank	1	2
Hatton National Bank	2	1
Singer Sri Lanka	3	-
John Keells Holdings	4	5
National Development Bank	5	3
Hayleys	6	8
DFCC Bank	7	-
Seylan Bank	8	7
Ceylon Tobacco Company	9	4
Caltex Lubricants Lanka	10	-

Quality of Products or Services

Name	1998/99 Rank
John Keells Holdings	1
Nestle	2
Hayleys	3
Singer Sri Lanka	4
Caltex Lubricants Lanka	5
National Development Bank	6
Sampath Bank	7
Seylan Bank	8
Ceylon Tobacco Company	9
Hatton National Bank	10