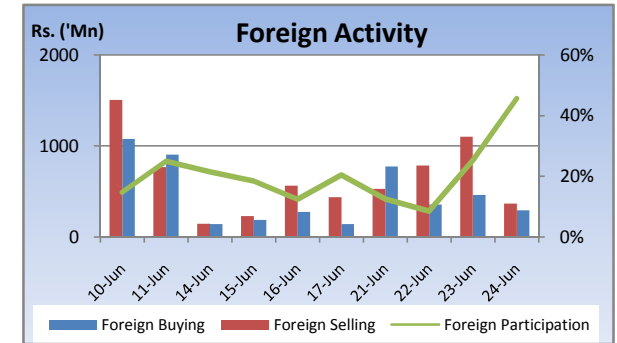
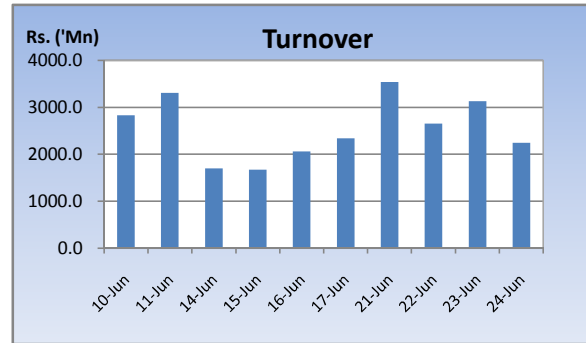
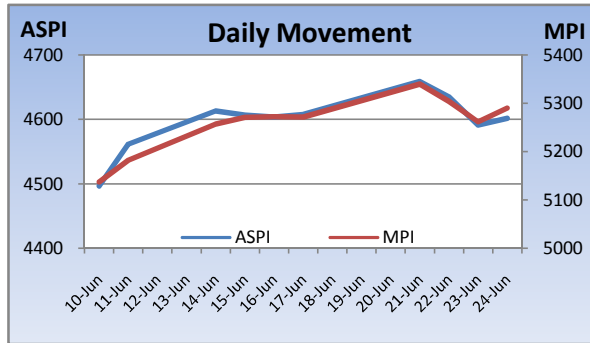


Weekly Market Update

Week Ending: June 24th, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	4601.55	4607.34	-0.13%	EQUITY	32.00	39.00	21.88%	43.00	31.75	296,000	11,627,975
MPI	5290.17	5271.47	0.35%	LANKA ASHOK	1,400.00	1,700.00	21.43%	1,700.00	1,500.00	1,700	3,013,000
MARKET CAP. (Rs. 'Bn)	1499.93	1501.40	-0.10%	CIT	98.75	119.75	21.27%	120.00	95.00	8,200	864,138
MARKET PER(x)	23.93	22.45	6.59%	OVERSEAS REALTY	17.00	20.50	20.59%	20.75	17.00	33,670,100	634,338,671
MARKET PBV(x)	2.23	2.27	-1.76%	HDFC	258.25	310.00	20.04%	315.00	252.00	602,100	169,410,420
Average Daily				Top 5 Losers							
TURNOVER	2894.98	1942.50	49.0%	KAHAWATTE	39.75	32.00	-19.50%	34.50	30.00	528,300	17,454,339
VOLUME	94.48	77.18	22.4%	PRINTCARE PLC	87.00	73.00	-16.09%	85.00	73.00	5,016,000	368,485,100
FOREIGN PURCHASES	472.90	188.69	150.6%	MAHAWELI REACH	36.75	33.25	-9.52%	37.75	31.00	382,000	13,447,450
FOREIGN SALES	697.18	345.99	101.5%	ENVI. RESOURCES	77.00	70.00	-9.09%	78.00	69.50	548,900	40,052,806
NET FOREIGN	-224.29	-157.31	-43%	YORK ARCADE	22.75	21.00	-7.69%	24.00	20.75	496,100	11,152,100
FOREIGN PARTICIPATION	20.2%	13.8%	46.8%	Top 5 by Turnover							
Sector Summary				SEYLAN BANK[NON VOTING]	44.25	45.50	2.82%	49.50	43.25	31,323,200	1,434,985,700
LAND AND PROPERTY	467.91	433.01	8.06%	SAMPATH	336.00	358.25	6.62%	360.00	324.00	3,421,000	1,108,388,175
STORES AND SUPPLIES	26,571.78	25,011.45	6.24%	JKH	205.00	204.50	-0.24%	207.00	202.00	5,309,232	1,091,931,090
MOTORS	12,879.66	12,245.61	5.18%	HOTELS CORP.	34.00	34.75	2.21%	36.75	33.75	21,126,000	739,853,875
PLANTATIONS	907.26	880.84	3.00%	OVERSEAS REALTY	17.00	20.50	20.59%	20.75	17.00	33,670,100	634,338,671
HEALTH CARE	465.27	456.27	1.97%	Top 5 by Volume							
HOTELS AND TRAVELS	4,001.54	4,109.47	-2.63%	SEYLAN MERCHANT	1.40	1.40	0.00%	1.60	1.40	53,118,000	78,708,440
CONSTRUCTION AND ENGI	3,761.13	3,884.43	-3.17%	DIALOG	9.25	9.75	5.41%	10.25	9.50	42,796,500	422,410,053
FOOTWEAR AND TEXTILES	1,138.19	1,176.39	-3.25%	OVERSEAS REALTY	17.00	20.50	20.59%	20.75	17.00	33,670,100	634,338,671
SERVICES	17,740.11	18,437.15	-3.78%	SEYLAN BANK[NON VOTING]	44.25	45.50	2.82%	49.50	43.25	31,323,200	1,434,985,700
INVESTMENT TRUSTS	23,688.33	25,154.00	-5.83%	HOTELS CORP.	34.00	34.75	2.21%	36.75	33.75	21,126,000	739,853,875

Market Review

Market picked up on Thursday after the mid week declines on profit taking. Heavy turnover on Seylan (NV) with a major investor selling out of its non voting stake and crossing in Sampath boosted turnover for the week. Government institution buying into Hotel Corporation was another highlight for the week. The benchmark ASPI declined 5.79 points or 0.13% week on week while the more sensitive MPI reported a week on week gained of 18.70 points or 0.35%.

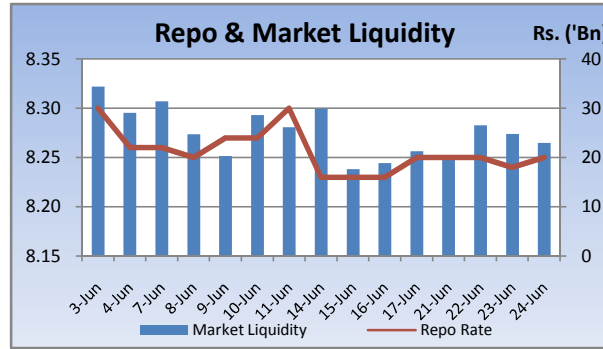
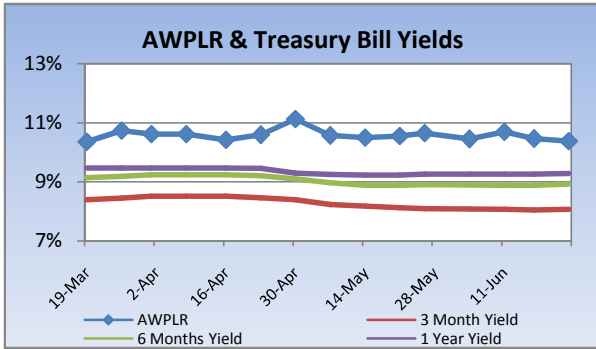
Compared to previous week's closing levels the market declined Rs.1.4 billion approximately or 0.10% in value this week to close at Rs.1499.93 Bn on Thursday.

Total market turnover for the week amounted to Rs.11.6 Bn with an average daily turnover of Rs.2.9 Bn. Turnover for the week witnessed 49% increase compared to the last week's market turnover of Rs.7.7 Bn.

Heavily traded shares of the week under review were Seylan Merchant and Dialog with the former being highest in terms of volume for the week, trading over 78m shares. The counter remained flat during the week in value on a Week on Week basis. Seylan Bank (NV) and Sampath contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.1.4Bn and gained 3% in value during the week.

FII participation gained to 20.2% of total turnover this week, from 13.8% reported last week. FII interest was negative during the week with a net outflow of Rs.897m, a 42% decrease compared to last week's net ourflow of Rs.629m.

Company	Price	P/BV	PER 11E	PER 12E
BANKING				
COMMERCIAL BANK	184.50	1.63	9.90	9.62
DFCC	260.50	1.73	13.11	12.33
HNB	292.25	2.77	14.59	12.92
NDB	248.00	1.48	10.68	9.11
NTB	52.75	2.01	11.11	9.28
SAMPATH BANK	358.25	2.05	14.87	13.15
BEVERAGE, FOOD & TOBACCO				
CTC	310.00	19.83	10.24	9.41
DISTILLERIES	127.00	1.60	11.44	9.97
CHEMICALS & PHARMACEUTICALS				
CIC	76.25	1.43	9.87	9.16
CONSTRUCTION & ENGINEERING				
DOCKYARD	262.50	3.04	10.31	9.50
DIVERSIFIED HOLDINGS				
AITKEN SPENCE	1,620.50	2.41	16.74	13.89
CARSONS	540.50	2.56	15.11	13.20
HAYLEYS	305.00	1.49	18.33	15.08
HEMAS HOLDINGS	177.00	2.35	15.56	12.01
JOHN KEELLS HOLDINGS	204.50	2.51	19.87	18.32
HOTELS & TRAVELS				
AITKEN SPENCE HOTEL HOLDINGS	420.00	3.11	19.85	15.33
ASIAN HOTELS AND PROPERTIES	155.00	2.82	19.31	14.53
KEELLS HOTELS	19.00	2.96	35.23	23.80
MANUFACTURING				
ACL CABLES	91.50	1.49	21.49	15.31
CHEVRON LUBRICANTS	163.00	8.81	14.80	17.43
LANKA TILES	103.00	2.28	10.21	9.07
ROYAL CERAMICS	159.00	2.27	8.33	7.72
TOKYO CEMENT	36.25	1.79	22.66	14.81
PLANTATIONS				
AGALAWATTE				
KEGALLE				
KELANI VALLEY				
POWER & ENERGY				
LANKA IOC	22.50	1.44	28.87	26.51
TELECOMMUNICATIONS				
DIALOG	9.75	2.76	21.02	16.26

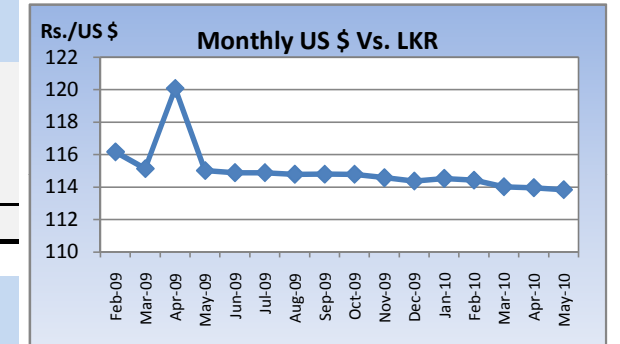


Currency Board

	Current	Previous	Change
USD EXCHANGE RATE			
- AVERAGE MIDDLE RATE	113.59	113.56	0.03%
- FORWARD 1 MONTH	114.07	114.04	0.03%
- FORWARD 3 MONTHS	115.06	114.76	0.26%
BRITISH POUND	170.35	166.81	2.13%
EURO	140.19	139.32	0.62%
JAPANESE YEN	1.26	1.24	1.67%
INDIAN RUPEE	2.48	2.46	0.94%
AUSTRALIAN DOLLAR	99.42	97.62	1.85%
SINGAPORE DOLLAR	81.89	81.22	0.82%

Treasury Bill Auction

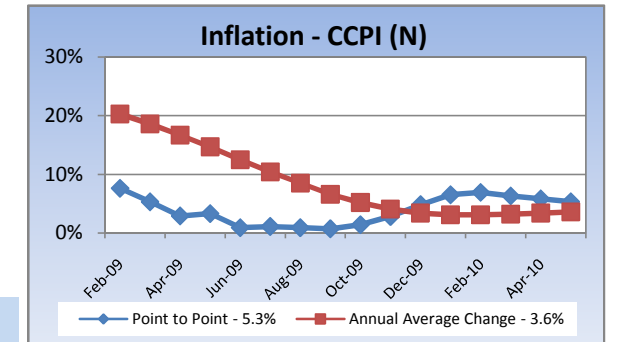
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.07%	8.05%	2.00	1,500	3,057	2,177
6 MONTHS	8.93%	8.89%	4.00	4,500	6,849	4,500
12 MONTHS	9.29%	9.26%	3.00	5,000	7,063	4,611
				11,000	16,969	11,288



Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.38	10.46	15.89
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	9.00
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.10	9.07	9.72
- 7 DAYS	9.25	9.24	10.56
- 1 MONTH	9.45	9.43	11.10
- 3 MONTHS	9.63	9.66	12.00
- 6 MONTHS	9.90	9.89	13.04
- 1 YEAR	10.18	10.18	13.98

Inflation



	May 2010	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.05	7.13	11.43
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	9.50	9.61	16.14

Point to Point - 5.3%
Annual Average Change - 3.6%

Tea Market

Colombo Tea Auction

SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 23-2010	Sale 22-2010		2010	2009	
HIGH GROWN	1,929,525	2,006,389	-3.83%	36,631,240	29,805,941	22.90%
MEDIUM GROWN	1,311,565	1,253,256	4.65%	24,742,818	20,896,808	18.40%
LOW GROWN	3,662,481	4,015,972	-8.80%	93,892,641	74,460,660	26.10%
TOTAL	6,903,571	7,275,617	-5.11%	155,266,699	125,163,409	24.05%

PRICES (Rs./kg)

	2009	Apr-10	May-10	Sale 23-2010	Sale 22-2010	Change
HIGH GROWN	321.28	351.94	328.08	297.62	307.65	-3.26%
MEDIUM GROWN	316.79	345.86	333.37	292.07	301.01	-2.97%
LOW GROWN	388.44	388.23	396.15	375.50	370.92	1.23%
TOTAL	362.70	372.31	367.25	337.88	341.43	-1.04%

PRODUCTION (kg) BY

ELEVATION	April			Year to date		
	2010	2009	Change	2010	2009	Change
HIGH GROWN	6,392,859	9,455,149	-32.39%	24,206,548	23,443,887	3.25%
MEDIUM GROWN	4,749,037	5,708,484	-16.81%	16,647,111	14,104,438	18.03%
LOW GROWN	17,273,434	15,555,184	11.05%	61,475,785	42,949,942	43.13%
TOTAL	28,415,330	30,718,817	-7.50%	102,329,444	80,498,267	27.12%

PRODUCTION (kg) BY

CATEGORY	April			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	26,731,932	28,307,887	-5.57%	95,801,212	74,391,462	28.78%
CTC	1,471,048	2,059,784	-28.58%	5,679,756	5,353,494	6.09%
TOTAL BLACK TEA	28,202,980	30,367,671	-7.13%	101,480,968	79,744,956	27.26%
GREEN TEA	212,350	351,146	-39.53%	848,476	753,311	12.63%
TOTAL	28,415,330	30,718,817	-7.50%	102,329,444	80,498,267	27.12%

ANALYSIS OF TOTAL

TEA PRODUCTION	April 2010	Year to date 2010
HIGH GROWN	22.50%	23.66%
MEDIUM GROWN	16.71%	16.27%
LOW GROWN	60.79%	60.08%
	100.00%	100.00%
CTC AS A % OF BLACK TEA PRODUCTION	5.22%	5.60%

Rs./kg Tea Prices

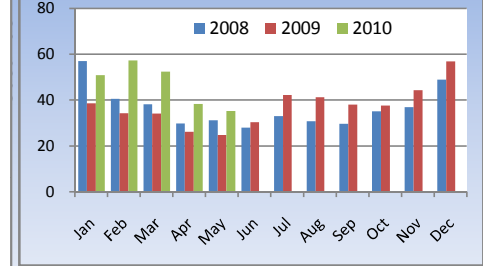


Tourism

SRI LANKA

ARRIVALS	2010	2009	Change
May	35,213	24,739	42.34%
Year to date	233,922	157,495	48.53%
Occupancy	Mar-10	Mar-09	Change
Foreign Guest Night	372,202	220,780	68.59%

Tourist Arrivals

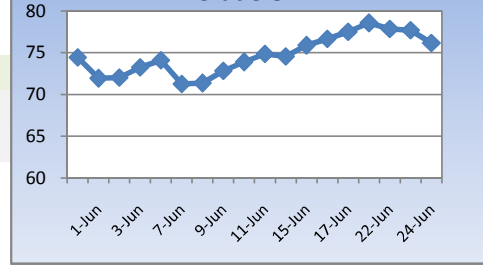


Crude Oil

NYMEX CRUDE OIL FUTURES

	24-Jun-10	17-Jun-10	Change
US\$/BBL	76.16	77.51	-1.74%

US\$/bbl Crude Oil



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Head Office

5th Floor, Millennium House,
 No.46/58, Nawam Mawatha,
 Colombo 2, Sri Lanka
 General: +94 11 2317777
 Fax: +94 11 2317788
 Email: info@capitalalliance.lk
 Website: www.capitalalliance.lk

Equity

CEO - Securities

Harinlal Aturupane: +94 11 231 7760

Colombo

Dilruk A. Fernando +94 777 721 483
 Janaka Palapathwala: +94 773 421 821
 Lakshan Algama Perera: +94 777 447 407
 Chanaka Sanoj: +94 773 850 227
 Milanka Induruwage: +94 777 261 893
 Buddhenia Narangoda: +94 11 2317 754
 Ifadh Marikar: +94 772 962 567
 Thanuja de Silva: +94 770 556 577

Matara

Inok Wijesuriya: +94 41 439 0610
 Mahi Liyanage: +94 772 962 557
 Viraj Nanawatte: +94 772 962 541
 Kithsiri Jayasinghe: +94 777 790 657

Government Securities

K. H. R. Thilakarathna: +94 11 231 7752
 W. A. Susantha: +94 11 231 7757
 Dumindu Silva: +94 11 231 7753

Research

Dimantha Mathew: +94 777 345 679

Branches

Matara

No.38, Station Road,
 Matara
 Tel: +94 41 4390610
 Fax: +94 41 4390611

Jaffna

Laxan Plaza,
 No.356B, Kasthuriar Road,
 Jaffna
 Tel: +94 21 4591111
 Fax: +94 21 4591111

Kurunegala

1st Floor, Union Assurance Building,
 No.6, Rajapihilla Road, Kurunegala
 Tel: +94 37 2222034
 Fax: +94 37 2222035

Negombo

Jude City Building,
 No.142, Greens Road, Negombo
 Tel: +94 31 2227843/4
 Fax: +94 31 2227843

Galle

No.30, Sri Devamitta Mawatha,
 Galle
 Tel: +94 91 2227631/2
 Fax: +94 91 2227632

Jaffna

B. Mugundan: +94 21 459 1111

Negombo

T. Dananjaya: +94 773 593 016
 Nihal Fernando: +94 773 286 895

Kurunegala

Indunil Pradeep: +94 773 741 552
 P. R. Chandrasena: +94 773 837 325

Galle

Isuru Jayawardena: +94 773 576092