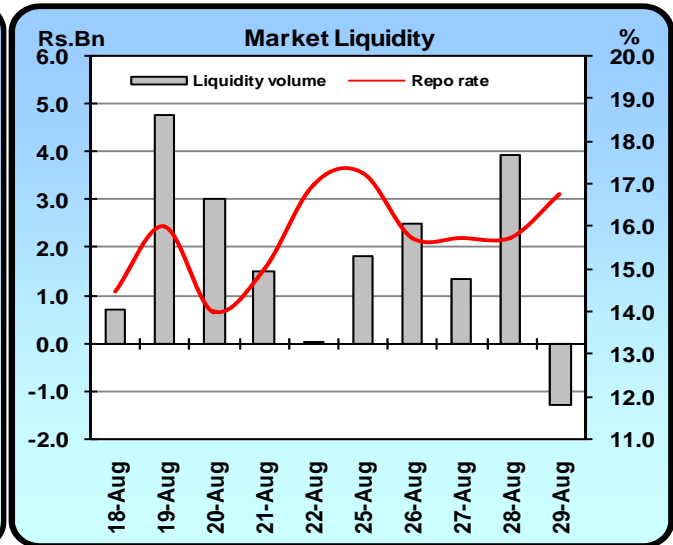
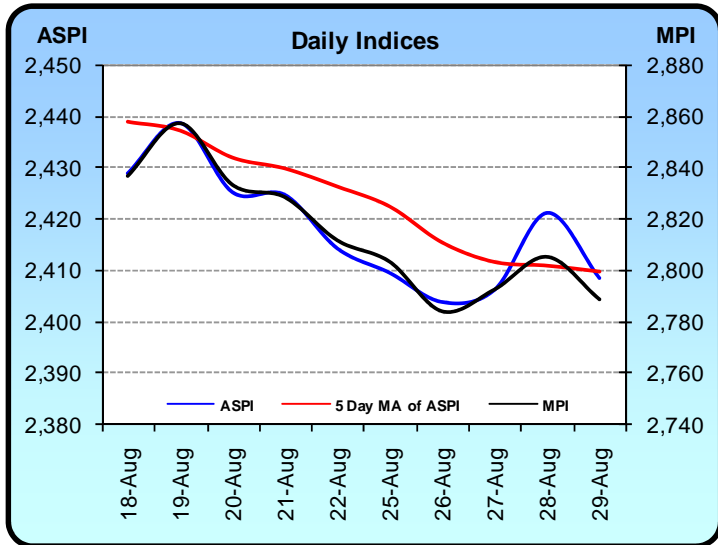


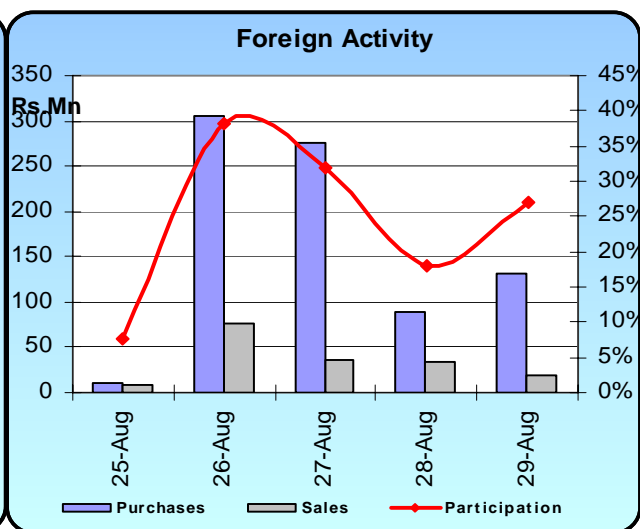
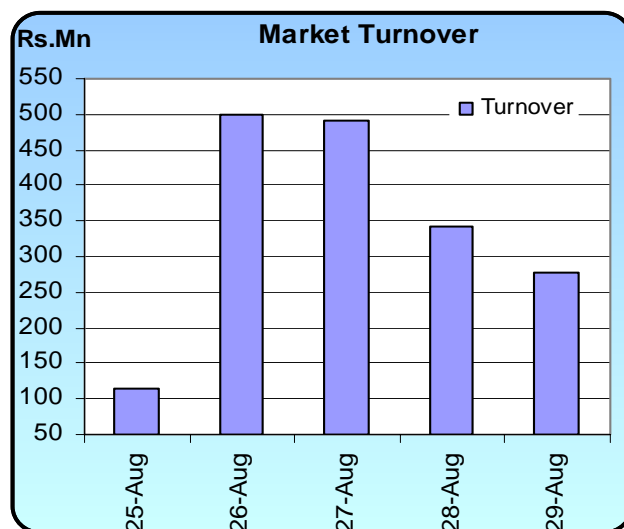
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Company	22-Aug [Rs]	29-Aug [Rs]	Change [%]	Highest [Rs]	Lowest [Rs]	Volume	Turnover [Rs.Mn]
Top Five Gainers							
Paragon Ceylon	143.00	213.50	49.3%	213.50	213.50	100	0.023
Colombo Fort Investments	23.25	33.75	45.2%	43.50	24.00	1,474,600	51.227
Ceylon & Foreign Trades	27.25	38.50	41.3%	45.00	28.00	2,343,100	93.015
Equity One	21.00	29.25	39.3%	35.75	21.00	2,036,200	61.205
Lanka Ashok Leyland	359.75	476.75	32.5%	490.00	380.00	3,600	1.540
Top Five Losers							
Eastern Merchant	240.00	161.00	-32.9%	201.00	121.00	200	0.032
Lanka Ventures	12.25	10.50	-14.3%	12.75	10.25	559,000	6.752
Sunshine Holdings	165.00	145.00	-12.1%	145.00	145.00	100	0.015
Hunas Falls Hotels	30.50	27.25	-10.7%	31.50	27.25	1,200	0.036
Miramar Beach Hotel	55.75	50.00	-10.3%	56.00	50.00	800	0.044
Top Five by Volume							
Vallibel Power Erathna	4.70	4.50	-4.3%	4.70	4.30	7,831,500	35.751
Chemical Industries (Colombo)	44.25	46.75	5.6%	47.50	43.00	3,281,300	152.155
Ceylon Glass Company	2.30	2.30	0.0%	2.40	2.20	2,697,800	6.108
Ceylon & Foreign Trades	27.25	38.50	41.3%	45.00	28.00	2,343,100	93.015
Associated Motorways	174.50	174.50	0.0%	174.50	174.50	2,325,622	405.992
Top Five by Turnover							
Associated Motorways	174.50	174.50	0.0%	174.50	174.50	2,325,622	405.992
John Keells Holdings	100.00	100.00	0.0%	102.00	99.00	1,762,400	176.248
Chemical Industries (Colombo)	44.25	46.75	5.6%	47.50	43.00	3,281,300	152.155
Ceylon & Foreign Trades	27.25	38.50	41.3%	45.00	28.00	2,343,100	93.015
Equity One	21.00	29.25	39.3%	35.75	21.00	2,036,200	61.205

Market Summary

	Week Ending		Change %
	22-Aug	28-Aug	
Average Daily			
Turnover [Rs.mn]	152.5	345.3	126.5%
Volume [mn]	6.3	10.8	71.6%
Foreign Purchases [Rs.mn]	39.6	162.1	309.2%
Foreign Sales [Rs.mn]	18.3	34.9	90.1%
Net Foreign Purchases [Rs.mn]	21.3	127.3	498.0%
Foreign Participation	19.0%	28.5%	50.1%
Closing			
ASPI	2,414.4	2,408.6	-0.24%
MPI	2,812.0	2,789.0	-0.82%
Market Capitalization [Rs.bn]	785.4	784.0	-0.18%
Market PER [x]	8.47	8.44	
Market PBV [x]	1.25	1.25	



Sector Indices	Week Ending		Change %
	22-Aug	29-Aug	
Chemicals and Pharmaceuticals	3,005.66	3,258.68	8.42%
Trading	2,525.35	2,682.99	6.24%
Services	6,815.53	7,109.91	4.32%
Construction and Engineering	925.63	960.47	3.76%
Motors	3,834.84	3,965.20	3.40%
Diversified holdings	670.27	661.15	-1.36%
Stores and Supplies	10,397.19	10,243.44	-1.48%
Plantations	802.50	790.52	-1.49%
Hotels and travels	1,405.83	1,375.84	-2.13%
Telecommunications	200.61	194.29	-3.15%

Market Summary

The market remained volatile during the week under review. The ASPI and the MPI moved in both directions reacting to market conditions. For the week as a whole the **ASPI** reported a net loss of 5.73 points or 0.24percent, and the **MPI** reported a net loss of 22.98 points or 0.82 percent to close at 2408.64 and 2788.98points respectively

Total market turnover for the week amounted to Rs.1, 726.4 million with an average daily turnover of Rs.345.3 million Turnover witnessed a 125.6percent increase compared to the last week's market turnover of Rs.152.5 million.

FII purchases for the week stood at Rs.810.5million (up by 498 percent Week on Week) while FII sales amounted to Rs.34.9 million (up by 90 percent Week on Week). This resulted in a net foreign inflow of Rs.636 million, a 498 percent increase compared to last week's net inflow of Rs.106 million. FII participation out of total turnover increased to 28 percent this week compared to 14 percent reported last week. This was mainly because of the heavy institutional buying carried out by All-Futtaim Engineering from AMW.

The bourse opened the week on a negative note with both indices recording losses on Monday. The All Share Price Index lost 4.74 points to close at 2,409.63.while the Milanka Price Index lost 8.35 points to close at 2,803.60. Thin volumes and modest turnover was witnessed on the back of very little institutional interest and Stocks on the Colombo bourse continued to edge downwards until Wednesday. On Thursday the Bourse moved back into positive ground with both benchmark indices recording gains, mainly on the back of price appreciation in highly capped-John Keells Holdings and SLT and continued the same trend until close of the week. There was an active retail participation in the shares of **Equity One, Equity Two, Colombo Fort Investments and Ceylon & Foreign Trades** during the week due to market speculation.

Vallibel Power Erathna(VPEL) actively traded during the week generating Rs.35.7million of the market turnover ranking first in terms of volume. During the week the share was traded within the price band of Rs.4.70and Rs.4.30 per share before closing at Rs.4.50 on Friday, down by 4.3 percent Week on Week.

Associated Motorways (AMW) generated Rs.405 million of turnover on the back of several crossings during the week and ranked the first in terms of Turnover. This was due to continuous buying of AMW shares by All-Futtaim Engineering.

Chemical Industries (Colombo)(CIC) ranked the second in terms of Volume and third in terms of Turnover for the week . During the week the share was traded within the price band of Rs.47.50and Rs.43.00 per share before closing at Rs.46.75 on Friday, up by 5.6 percent Week on Week.

Paragon Ceylon led the gainers (PARA) (49.3%) and **Eastern Merchant (EMER) (-32.9)** led the losers for the week. **Colombo Fort Investments (CFI) (45.2%), Ceylon & Foreign Trades (CFT) (41.3)** and **Equity One (EQIT) (39.3)**.

Market Announcements

Dividend Announcements

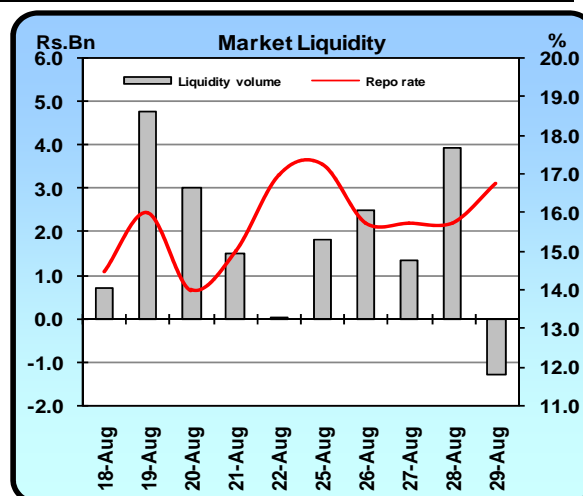
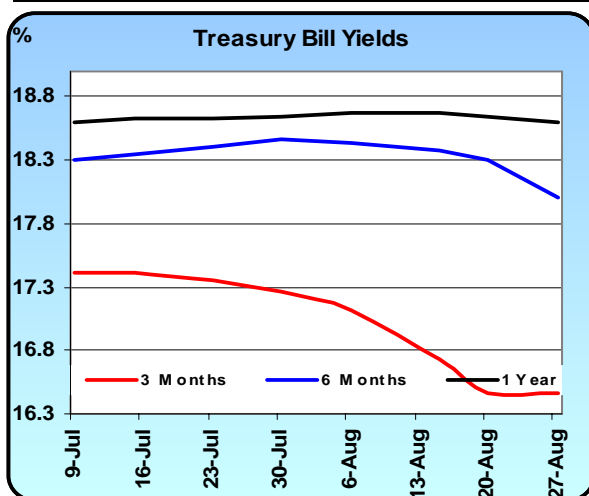
<i>Company</i>	<i>DPS [Rs]</i>	<i>XD</i>	<i>Payment</i>
Central Industries	4.50	29-Sep-08	30-Sep-08
Lanka Milk Foods	1.20	13-Oct-08	17-Oct-08
Ceylinco Housing & Real Estate	0.50	29-Sep-08	30-Sep-08
Renuka City Hotels	5.00	30-Sep-08	07-Oct-08
Cargo Boat Development	1.00	30-Sep-08	07-Oct-08
The Colombo Pharmacy	3.75	02-Oct-08	08-Oct-08
ACL Plastics	0.75	15-Sep-08	30-Sep-08
Lanka Aluminum Industries	1.25	25-Sep-08	26-Sep-08
Alliance Finance	4.00	25-Sep-08	29-Sep-08
Kelani Cables	2.25	15-Sep-08	25-Sep-08
Finlay Colombo	0.50	17-Sep-08	29-Sep-08
ACL Cables	1.00	03-Sep-08	15-Sep-08

Special Announcements

- **Associated Motorways** - No of Shares amounting to 42,998,174 purchased by All-Futtaim Engineering at Rs174.50 on 18th of August, 2008.
- **LB Finance** – Debenture issue 2008-
 URD “A”-21%p.a. interest paid monthly- No of applications received - Two –No of Debentures- 350- Total amount- Rs.350, 000.
 URD “B”-24%p.a. interest paid annually - No of applications received - Four –No of Debentures- 5,570- Total amount- Rs.5, 570,000.
 URD “C”- Variable quarterly. - No of applications received - Nil–No of Debentures- Nil - Total amount- Nil.
 URD “D”- Variable annually - No of applications received - One –No of Debentures- 450- Total amount- Rs.450, 000.
- **Singer (Sri Lanka)** - Debenture issue – Issue of Up to 6,000,000 Unsecured Redeemable Rated Debentures. Date of opening of the Subscription list – 5th September 2008. Date of issue of the Prospectus and Debenture application forms- 27th August 2008.
- **LB Finance** – Debenture issue 2008-
 URD “A”-21%p.a. interest paid monthly- No of applications received - 13 –No of Debentures- 9,830- Total amount- Rs.9,830,000.
 URD “B”-24%p.a. interest paid annually - No of applications received -23 –No of Debentures- 35,360- Total amount- Rs.35, 360,000.
 URD “C”- Variable quarterly. - No of applications received - Nil–No of Debentures- Nil - Total amount- Nil.
 URD “D”- Variable annually – One –No of Debentures-450- Total amount- Rs.450, 000.
 No of applications received -37–No of Debentures- 45,640 - Total amount- Rs.45, 640,000.

Interest Rates
Government Securities – Results of the Treasury Bill auction held on 27th August, 2008.

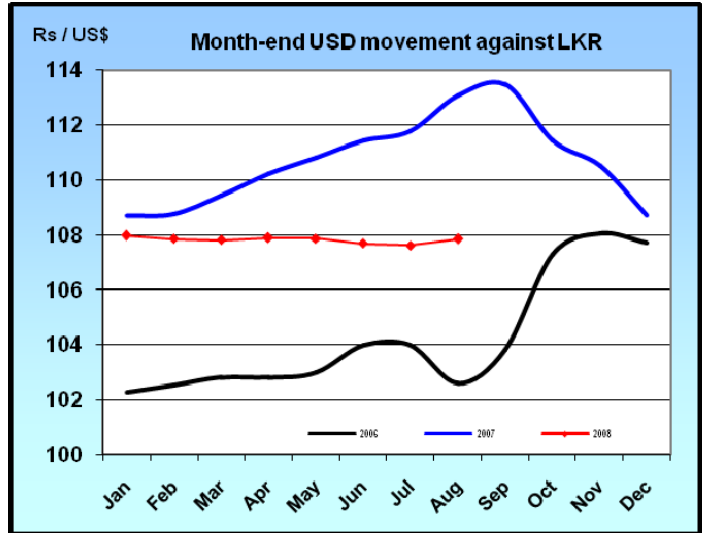
Maturity	Amount Offered	Bids Received	Amount Accepted	Weighted Average Yield		
	[Rs.Mn]	[Rs.Mn]	[Rs.Mn]	This Week	Last Auction	WoW Change
				[%]	[%]	[Basis Points]
3 Months	-	-	-	16.46	16.46	0
6 Months	3,000	8,068	3,486	18.01	18.30	29
1 Year	4,500	6,608	3,000	18.6	18.65	5
Total	7,500	14,676	6,486			



[% per annum]	Week Ending	
	22-Aug	29-Aug
Overnight Rate on Repurchase Agreements	10.50	10.5
Commercial Bank Average Weighted Prime Lending Rate [AWPLR]	17.81	18.75
Sri Lanka Inter Bank Offer Rate [SLIBOR]		
- Overnight	16.65	16.95
- 7 Days	17.17	17.29
- 1 Month	17.98	17.81
- 3 Months	18.75	18.66
- 6 Months	19.23	19.12
- 1 Year	19.46	19.35
	Month Ending	
	Jun-08	Aug-08
Commercial Bank Average Weighted Deposit Rate [AWDR]	10.92	10.91
Commercial Bank Average Weighted Fixed Deposit Rate [AWFDR]	16.14	16.3

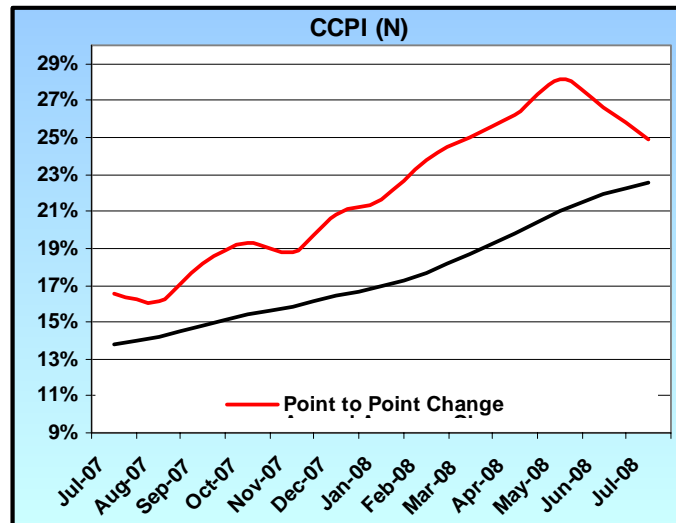
Currency Board

	Week Ending		
	22-Aug	29-Aug	Change
USD Exchange Rate (Rs/\$)	107.70	107.85	0.14%
- Average Middle Rate	108.59	108.40	-0.17%
- Forward 1 month	110.02	109.81	-0.19%
- Forward 3 months	201.93	197.49	-2.20%
British Pound	160.20	158.98	-0.76%
Euro	0.99	0.99	-0.38%
Japanese Yen	2.49	2.48	-0.68%
Indian Rupee	94.59	93.27	-1.40%
Australian Dollar	76.75	76.12	-0.81%
Singapore Dollar	107.70	107.85	0.14%



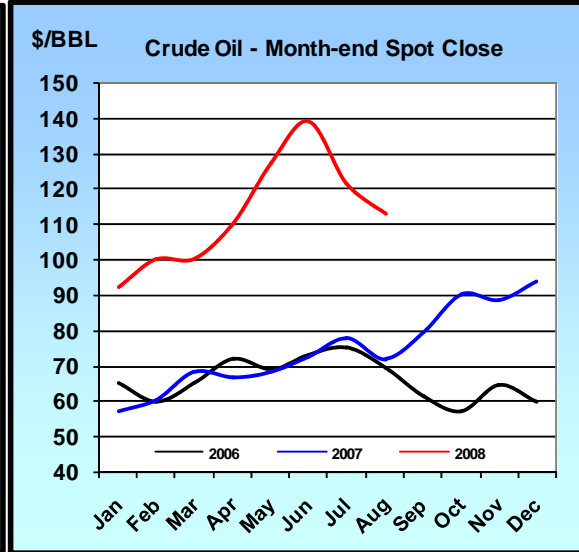
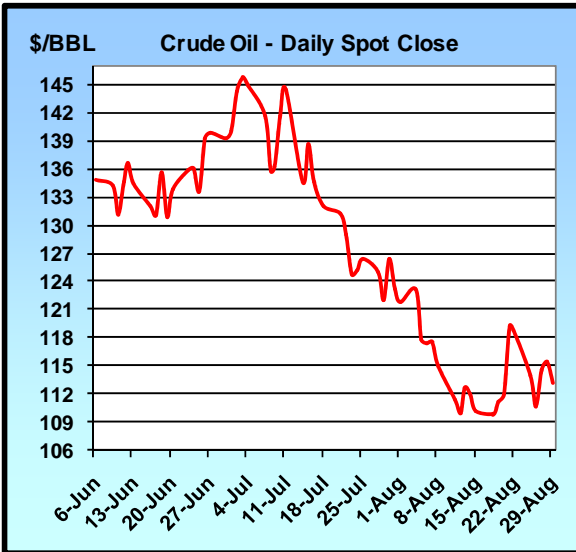
Inflation

	Month Ending		
	Jun-08	Jul-08	Aug-08
New Colombo Consumers' Price Index - CCPI(N) [2002=100]			
- Year on Year (Point to Point) Change/Inflation Rate	28.2%	26.6%	24.9%
- Annual Average Change/Inflation Rate	21.0%	21.9%	22.6%



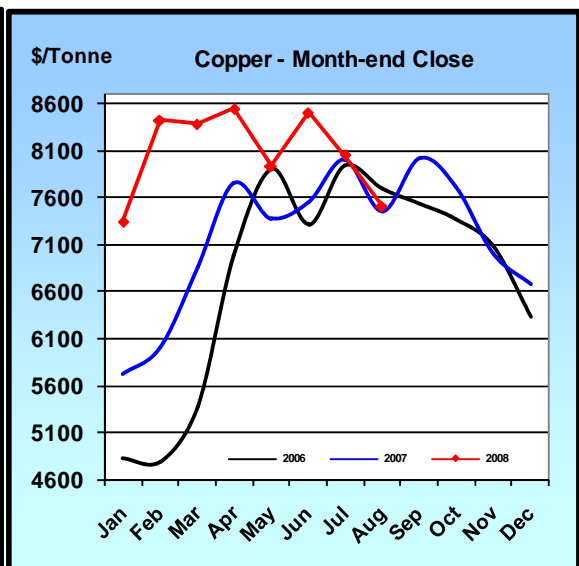
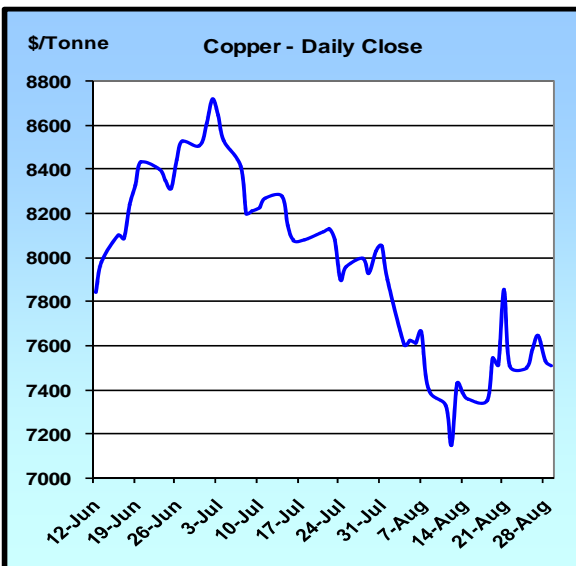
Crude Oil

[USD per Barrel]	Week ending	
	22-Aug	29-Aug
Dated Brent Spot Closing Price	118.75	113.14



Copper

[USD per Tonne]	Week ending	
	21-Aug	29-Aug
London Metals Exchange (LME) Copper Price	7,854	7,510



Tea Market Update
Colombo Tea Auction – Sales (kg) – Sale No: 34 – August 27, 2008

Elevation	This Week	This Week	Change	Cumulative		Change
	Sale 34-2008	Sale 33-2008		01-Jan to Date	Same Period	
	27-Aug-08	20-Aug-08		2008	2007	
High Grown	1,024,881	1,080,969	-5.2%	44,275,063	37,296,587	18.7%
Medium Grown	741,488	646,286	14.7%	30,270,419	26,845,366	12.8%
Low Grown	3,015,354	2,837,467	6.3%	113,320,794	101,327,705	11.8%
Total	4,781,723	4,564,722	4.8%	187,866,275	165,469,658	13.5%

Colombo Tea Auction – Sales Averages (Rs/kg)

Elevation	2007	Jun-08	Jul-08	Aug-08	Sale 34-2008 27-Aug-08
High Grown	252.46	268.86	267.01	279.26	277.98
Medium Grown	242.35	288.12	280.93	273.40	259.67
Low Grown	298.66	382.20	289.26	355.36	345.41
Total	279.44	335.34	339.53	324.59	317.66

Tea Production according to Elevations (kg)

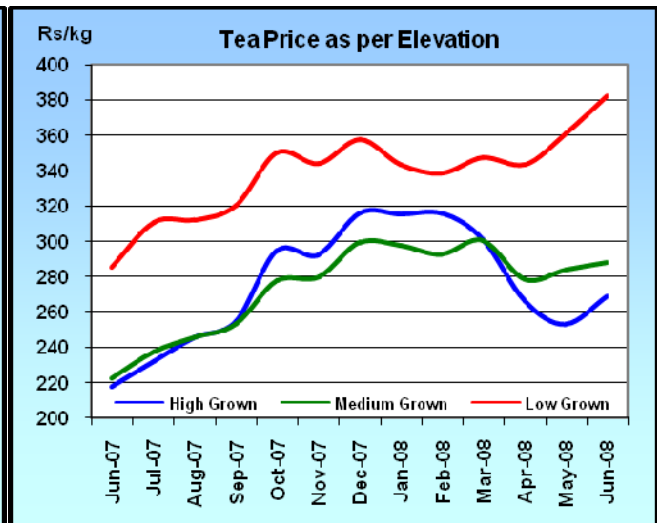
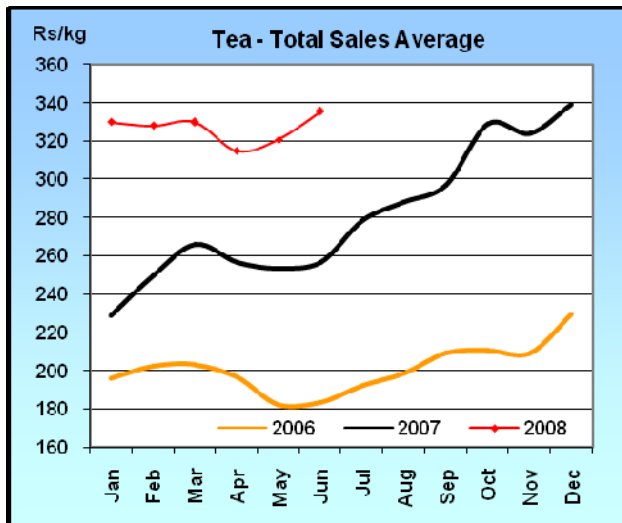
Elevation	July			January to July		
	2007	2008	Change	2007	2008	Change
High Grown	5,620,245	6,760,477	20.3%	42,470,335	49,244,981	16.0%
Medium Grown	4,771,093	4,428,719	-7.2%	30,689,828	34,728,618	13.2%
Low Grown	15,793,892	17,077,435	8.1%	96,659,599	115,623,521	19.6%
Total	26,185,230	28,266,631	7.9%	169,819,762	199,597,120	17.5%

Tea Production according to Categories (kg)

Production	July			January to July		
	2007	2008	Change	2007	2008	Change
Orthodox	24,636,762	27,305,472	10.8%	157,394,486	189,259,925	20.2%
CTC	1,200,991	648,573	-46.0%	10,420,252	8,482,122	-18.6%
Total Black Tea	25,837,753	27,954,045	8.2%	167,814,738	197,742,047	17.8%
Green Tea	347,477	312,586	-10.0%	2,005,024	1,855,073	-7.5%
Total	26,185,230	28,266,631	7.9%	169,819,762	199,597,120	17.5%

Analysis of Total Tea Production

Elevation - Breakdown	July-08	Jan-July 08
High Grown	23.9%	24.7%
Medium Grown	15.7%	17.4%
Low Grown	60.4%	57.9%
	100.0%	100.0%
CTC Production as a % of Black Tea Production	2.3%	4.3%



Weekly Report – Sources of Information:

- Colombo Stock Exchange – Equity Data
- Central Bank of Sri Lanka – Interest Rates, Exchange Rates & Inflation Statistics
- Capital Alliance Limited – Interest Rates
- Bloomberg – Commodity Prices
- The Colombo Brokers' Association – Tea Market Data
- Sri Lanka Tea Board – Tea Market Data
- Sri Lanka Tourist Board – Tourism Data

Weekly Report compiled by:
research@capitalalliance.lk

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