MONTHLY UPDATE FEBRUARY 2010

AFRICAN LIONS FUND

OVERVIEW

FUND OBJECTIVES Invests in listed equities across the entire African continent. The successful African markets, as in Asia, are leading the industrialization of the region. At Silk Invest we believe that this new generation of nations will become the future lions. Our focus in these dominant markets is to invest in the stocks which will both outperform their local peers and become true leaders in their field.

TOP 10 SHARES

Company	Weight
Telecom Egypt Company	2.47%
Discovery Holdings Ltd.	2.33%
Elswedy Cables Holding Co.	2.27%
Guaranty Trust Bank PLC.	2.20%
Nestle Foods Nigeria	2.19%
Orascom Construction Industries	2.04%
Douja Promotion Groupe Addoha S.A.	1.93%
Old Mutual Plc.	1.87%
Investec Ltd.	1.70%
Maridive & Oil Service	1.69%

FUND DETAILS

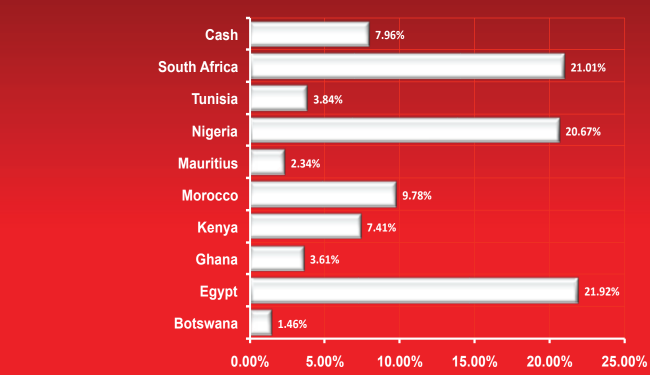
Fund Name	Silk African Lions Fund
Custodian	DZ Bank International
ISIN Code	R Class: LU0389403337 I Class: LU0389403410
WKN Code	R Class: A0RAC3 I Class: A0RAC4
Bloomberg Codes	R Class: SILKALR LX I Class: SILKALI LX
Fund Management fees	R Class: Up to 2.00% p.a. I Class: Up to 1.50% p.a.
Performance Fees	20% above hurdle rate of 8%
Fund currency	EUR

FUND PERFORMANCE

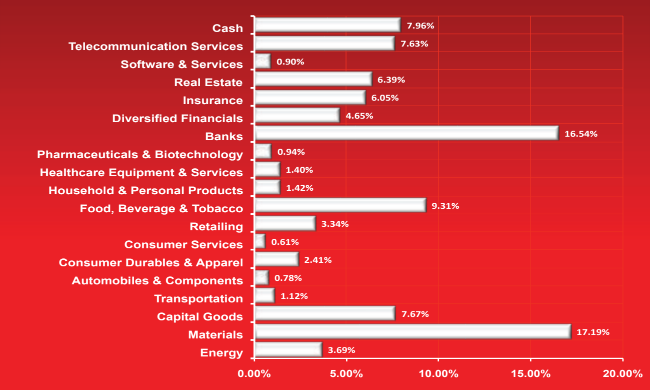
CCY	CURRENT NAV	MoM	YTD
EUR	128.67	+2.29%	+8.62%

NAV PERFORMANCE

COUNTRY BREAKDOWN (%)



SECTOR BREAKDOWN (%)



MONTHLY COMMENTARY

BOTSWANA LEADS AFRICA HIGHER Botswana in a twist of fate became the best performing market in the Sub Sahara Africa region in the month of February. The appreciation was as a result of increased trading and upward movement of a few names on the Domestic Index. Nigeria and Kenya appreciated by only 1.73% and 1.80% respectively compared to last month's performance which were 8.49% and 9.78% respectively. Mauritius on the other hand was the worst performing market as the fall in tourism and poor earning of the companies continue to discourage investors. South Africa managed only a 0.33% progression.

The Maghreb markets covered in our fund posted mixed performances in February, as Morocco continued its upward trend boosted by higher than expected corporate earnings and decent dividend distribution announcements, while Tunisia was flat while most investors are still on the sidelines waiting for the release of the FY09 corporate earnings.

MARKET INDEX OVERVIEW

MARKET	INDEX	MTD	YTD
Nigeria	NSE All Share	+1.73%	+10.36%
Kenya	NSE 20 Share	+1.80%	+11.75%
Ghana	GSE All Share	+0.52%	+1.48%
Botswana	Botswana Share	+4.78%	+6.08%
Mauritius	Mauritius Index	-5.45%	-0.89%
South Africa	Jalsh Index	0+.33%	-3.26%
Egypt	EGX30	-1.83%	+6.83%
Morocco	MASI Index	+1.54%	+6.25%
Tunisia	TUNIDEX	-0.09%	+8.74%

FOREIGN EXCHANGE RATE OVERVIEW

CURRENCY LC TO €1	CROSS RATE	MTD	YTD
Ghanaian Cedi	0.5126	+1.71%	+5.13%
Nigerian Naira	0.0049	+1.82%	+4.15%
Kenyan Shillings	0.0095	-0.11%	-3.12%
Mauritius Rupees	0.0238	+1.54%	-3.44%
Botswana Pula	0.1053	+0.60%	-0.46%
South Africa Rand	0.0956	+1.06%	+1.27%
Moroccan Dirham	0.0902	+0.36%	+1.22%
Tunisian Dinar	0.5353	-0.65%	+0.54%
Egyptian Pound	0.1357	+1.72%	+6.02%

MARKET MOVEMENTS

KENYA The Nairobi 20 index was the shining star of the sub Saharan markets with a year to date return of 11.75%. Most of the performance was achieved in the first month of 2010 but February contributed 1.8% to consolidate the Bull Run. The index also showed some resilience as at some point, the market had dipped by 2.21%. This could however be attributed to the political unrest brought about by the opposing factions in the coalition government. The situation has since calmed down and investors are keen to get things rolling again. A total of 20 stocks added to their share price led by Kakuzi (+38.97%) RV Plantation (+21.60%) and Sameer (+13.91%) while 3 stocks remained static and 14 stocks dropped their share price. The most actively traded counter was Safaricom (+2.86%).

The shilling euro exchange rate seemed to have settled in its current position since the start of the year with minor movement since. The Euro had dropped 3% against the shilling as at the end of January, from Ksh108/euro to about Ksh105/euro. The position was less volatile by the end of February as the month on month change was only -0.3%, bringing the shilling's year to date gain on the euro to 3.3%. Asides from the trouble with the euro currency, the shilling gained as much as 1.4 percent versus the dollar and traded 0.7 percent stronger at 76.85 as of the last day of trading in the month.

The political upheaval in Kenya stems from the Prime Minister's (Raila Odinga) action to suspend two ministers following their implication in possible corrupt dealings. The action was subsequently overturned by the President Mwai Kibaki (who represents the opposition party in the fragile coalition government). The prime minister formally declared a dispute between the coalition partners and seeks the immediate intervention of the African Union led by Dr. Kofi Annan. The two parties are said to be meeting to resolve the current political situation, the Kenyan lawmakers are currently looking to rewrite the constitution in order to avoid repeat of the 2008 post election violence.

Kenya has seen an appreciation in its agricultural stock as this is currently at its 15 month high on the back of increased rainfall and a depreciation of the shilling has made export (Tea and Coffee) cheaper.

The recently released data for 2009 show that Kenya earnings from tourism appreciated by 18.60% to 62.5 billion Ksh (Eur 0.59bn). The number of arrivals jumped by 31% in 2009, as the country saw increased interest come from Japan, Russia and Eastern Europe. The UK and US accounted for over 28% of the total number of visitors to the country.

MAURITIUS The Mauritius SEMDEX index did not have an impressive month. it was in fact the worst performing market in sub-Saharan Africa. The index lost 5.45% during the month, wiping off its year to date performance and moving into the red (ytd -0.89%). Of the 38 counters in the index, only 11 appreciated while 24 stocks dropped points and 3 remained unchanged. Plastic Industries, Savanna Sugar, and Mauritius Union Assurance were the best performers during the month (gaining 13.64%, 13.1% and 9.57% respectively). Naiade Resorts Limited lost the most (-16.58%) followed by Gamma Civic Limited (-14.57%) and Mauritius Chemical & fertilizers (-12.76%). The highly capitalised banking stocks may have also contributed some drag to the index as Mauritius Commercial Bank dropped 4.32% while State Bank of Mauritius lost 5.59%.

The rupee continued its stable exchange rate with the euro in February, although it depreciated by 1.54%. Its year to date performance is however different (-3.44%) since it closed the month at MUR41.95/euro from MUR43.45/euro at the start of the year.

The Central Statistics office recently released showed that a fall in exports which has widened the trade deficit by 28 percent in December as exports dropped amid weaker global demand. The IMF has advised the government to continue fiscal consolidation, cut public debt and maintain its programme of economic reform.

NIGERIA The NSE all share index performance in February didn't quite match that of January but it was positive all the same. The market looked like it was past its dreadful performances in 2008 and 2009 as it returned 8.49% as at the end of January. This time, it was only able to muster 1.73%, taking its year to date performance to 10.36%. The first week showed promise with a 2.79% but the trend was reversed with profit taking activities. Overall, the small cap stocks led the monthly price log with companies like Ikeja Hotel gaining 55.56%, Capital Hotel (+38.89%) and Africa Petroleum (+30.38%). Banking stocks had mixed performances with Unity Bank up 15%, Diamond Bank (+11.31%) and Skye Bank (+8.39%) while Eco Bank lost 27.31%, Bank PHB down 13.96% as well as Intercontinental Bank (-13.04%). Average daily trading volume for the month was about 400 million shares valued at NGN2.77 billion (EUR13.56 million).

The euro continued its depreciation against the Naira in February losing 2.28% to close at NGN204.58/euro. This is similar to the performance of the currency as at the end of January whereby the euro also dropped 2.29%.

Following weeks of uncertainty on the political front in Nigeria, we saw Vice President Goodluck Jonathan resume office as Acting President after 78 days absence by the incumbent President Umaru Yar'adua. The latter has been away as a result of health issues. The recent arrival of the President is causing a stir in the political front , but the balance of support seem to lie with the Acting President who remains focused on continuing the reforms in the critical sectors: power, infrastructure, security, generation of employment and the Niger Delta situation and will be tackling corruption in the country.

The reform in the banking sector is expected to receive support from the new Acting President. Plans to set up the Asset management Company seem to still remain on track and are expected to be approved before the end of the 1st quarter of 2010. The AMC is going to be floated from grants from both the Federal Ministry of Finance and Central Bank of Nigeria. The Bill has gone through the second reading at the Upper chamber of the National Assembly. The AMC is expected to help increase liquidity in the sector as it will be taking position in the troubled assets for many of the banks and this is expected to help increase their capital and liquidity positions.

BOTSWANA The domestic companies' index of the Botswana stock market redeemed itself with an impressive 4.78% appreciation in February, taking its year to date performance up to 6.08%. The market seemed determined to shine right from the first day of trading in the month as it gained 1.18% on the day. The real thrust came in the second week of trading (when the DCI moved up 3.09%) which saw seven counters gain more than 1.00%, the biggest being Sefalana FNBB and Aviva. The performance was further bolstered by the fact that no stock dropped value during the month, while 15 gained and 4 remained unchanged.

Top gainers for February were Seflana (+19.40%), FSG limited (+14.29%), Turnstar (+7.64%) and FNBB (7.41%).

The pula remained very stable against the euro during the month as the euro moved up a mere 0.60% against the pula although the Botswana currency has appreciated 0.46% against the euro since the start of 2010.

GHANA The Ghanaian Stock Exchange performance was even lower than the previous week but this is not necessarily news. The index performance was relatively flat during the month, while a sharp drop in the second week meant that its steady appreciation that subtended thereafter could only take the index 29.46 points above its January closing value. Consequently, the index returned 0.52% in February, taking its year to date performance up to 1.48%. Although Ghana Commercial Bank's shares were the most consistent during the month, ETI accounted for the highest volume of shares traded from 3 block trades in the last week of February, both followed by SIC Insurance, Ghana Oil and UT Financial Services (the sum of which accounted for 88% of shares traded in the period). Fan Milk Limited was the best performing stock as it gained 12.21%, followed by Ghana Commercial Bank (+9.59%), Ecobank Ghana (+8.97%) and Ayrton Drug Manufacturers (+7.69%). A total of 22 stocks closed the month with their prices unchanged as only 8 stocks gained while 7 stocks lost value. Cal Bank dropped the most points (-15%), followed by Ecobank Transnational Incorporate (-13.33%) and Mechanic Lloyd company (-10%).

The exchange value of the Ghanaian Cedi dropped slightly to close the month 1.71% away from its previous month end value (GHC1.95/euro from its previous value of GHC1.98/euro). Year to date, the euro has slipped 5.13%. The Ghana's inflation rate fell for the seventh consecutive month in January; the Bank of Ghana is expected to cut interest rates for the second time in 3 years.

SOUTH AFRICA South Africa's JALSH rose by only 0.33% this month. The market has become increasingly volatile, reflecting largely interational sentiment on emerging markets. After peaking on Monday, the JSE Allshare, lost 1.1% in the week. Interestingly, Small & Midcaps ended the week up with industrial metals putting in an impressive 4.5% rise.

Imperial Holdings Ltd. the owner of South Africa's largest chain of auto dealerships said net income decreased to 1 billion rand for the six months ended Dec. 31 from 1.16 billion rand a year earlier.

Pretoria Portland Cement Co. Africa's largest producer of the building material said demand in southern Africa will decline this year with a recovery in regional orders expected in 2011.

Shoprite Holdings Ltd. Fell back after Citigroup Inc. lowered its recommendation on South Africa's biggest food retailer to "sell" from "hold," citing a "high share price level" and slower growth in its African operations.

Manufacturing in all likelihood remained the key sector driving the overall growth recovery in the first quarter. There was a sharp gain in new sales orders hopefully indicates that South African consumer spending is back into growth territory.

The economy expanded an annualized 3.2 percent in the fourth quarter as global export demand strengthened, boosting manufacturing output, which accounts for 15 percent of the economy.

The SAVI, the SA equivalent of the US VIX, rose by 1.3%age points to 25.1%. The South African Rand finishing the month flattish at R7.69/USD. R6.540bn has flowing into equities, year-to-date.

EGYPT Egypt's stock exchange benchmark EGX 30 index has been the worst performing market this month declining by 1.83%, but still the best performer of the year achieving an increase of 6.83% YTD.

Egypt has posted its first quarterly current account surplus in more than a year in 4Q2009 on a narrowing trade deficit and higher tourism receipts. Non-oil exports and tourism surprised positively, while non-oil imports declined. Remittances continued to lag the improvement in other key current account drivers. Positive portfolio inflows meant that the balance of payments remained in surplus for the second consecutive quarter, although FDI was disappointing.

Revenues from the Suez Canal and tourism improved, with revenues from the Canal declining by 8% annually to USD 1.2 billion (EUR 881 million), lower than the average decline of 24% registered in the preceding three quarters, while tourism registered positive annual growth for the first time since 1Q2008/2009, reaching USD 2.8 billion (EUR 2.06 billion) in 2Q2009/2010.

Net foreign direct investments flowing to Egypt declined to

USD 895 million (EUR 657 million) in 2Q2009/2010, from USD 2.4 billion (EUR 1.8 billion) in 2Q2008/2009 and USD1.7 billion (EUR 1.24 billion) in 1Q2009/2010.

Exports fell 15.3% to USD 11.5 billion (EUR 8.4 billion), while imports dropped 17% to USD 23.4 billion (EUR 17.2 billion). There were declines in all import categories except for consumer goods.

According to the Chairman of the government statistics agency CAPMAS The unemployment rate in Egypt rose to 9.40% in 4Q2009, from 9.36% in 3Q2009, with the labour force reaching 25.2 million.

The IMF has published its Mission Concluding Statement on Egypt. It indicated in the statement that Egypt's economy has been resilient to the crisis. Financial contagion was contained by limited direct exposure to structured products and low levels of financial integration with world financial markets. Sustained and wide-ranging reforms since 2004 had reduced fiscal, monetary, and external vulnerabilities, and improved the investment climate. These bolstered the economy's durability and provided breathing space for appropriate policy responses.

It's worth mentioning that a Cairo court has given the Egyptian government legal clearance to allow natural gas exports to Israel, cancelling a lower court's verdict to stop exports.

MOROCCO We saw another strong month for the Casablanca Stock Exchange as investors positively reacted to higher than expected earnings releases from major listed companies (Maroc Telecom, Attijariwafa Bank, Lafarge, Matel). The Moroccan All Share index added 1.54% in February. We expect this upward trend to continue in March while most of the companies release their FY09 earnings.

As for trading activity, volume of shares traded on the exchange reached 10.4 million shares, while value traded was at 647 million Euros.

Morocco's High Planning Commission announced that Moroccan consumer prices eased 0.7% y-o-y in January as falling food prices more than offset increases in other areas. Food prices, which account for more than 40% of current inflation, declined 2.4% while non-food prices rose 0.8%. However, on a monthly basis, the inflation rate rose 0.2% in January from December due to a 0.2% growth in food prices. The government expects this year's inflation to remain at the same level of 1% recorded in the previous year vs. 3.9% in 2008, which was the highest level in 10 years mainly because of high food and oil prices.

Morocco unveiled a 152.5 million Euros fund to give more competitive edge to the kingdom's key-industrial sectors. The fund, set up within the framework of the "National Pact for Industrial Emergence (PNEI)". It will be supplied by the banks and the PNEI's partners. This state-guaranteed fund, tailored to foreign investors' expectations, will finance credits, banking services and real-estate costs. The creation of this fund on the basis of shared responsibilities between the public and private sectors is part of the national strategy for industrial development. Spanning over six years (2009-2015), the strategy seeks to promote training, human resources and investments. The strategy which targets the sectors of automobiles, technologies, aeronautics, services, telecommunications, aims mainly at creating up to 220,000 job opportunities and boosting development through raising the industrial sector's contribution to the GDP.

TUNISIA While Tunisia continues to be the best performing market in the MENA region (+8.74%), it hasn't done much in February (-0.09%). Main reason is that all listed companies have been late to report their 2009 earnings. We expect the market to rally once again once all companies release their earnings in March.

Volume of shares traded has reached 14.4 million shares, while the value traded aggregated 37.7 million Euros.

In the coming five years, Tunisia will endeavour to become a regional financial hub, namely through the development of its financial market and by creating a propitious business environment likely to attract FDI's. A bill was examined at a cabinet meeting to enable companies to integrate in initial public offerings (IPO) by enabling them to benefit from a lower corporate tax at a rate of 20% for a period of five years, provided that the operation takes place before December 31, 2014. Companies have to place their ordinary shares at the Tunis Stock Exchange by opening their capital to a minimum proportion of 30% in order to benefit from this 20% of tax reduction.

The International Organization of Securities Commissions (IOSCO) has agreed the country's membership of the Financial Market Council (CMF) following Tunisia's compliance with international standards of securities (stocks and shares).

Manufacturing output, Tunisia's most labour-intensive sector, fell by 6% in 2009 from a year earlier. This was due to slowing performance in the key textile and machinery sectors. Output of textile, leather and clothing, the country's main foreign currency earner, fell by 14.9% in 2009 due to slowing demands of Europe, Tunisia's main market, and fierce competition from low-cost Asian markets, according to the figures issued by the state-run Statistics Institute. The textile sector represents 36% of the total manufacturing exports with an average value of 3 billion Euros. Mechanical and electrical production fell by 8.7%, while food processing production fell 2.2% last year.

Tunisia expects manufacturing output to rise by 2.4% in 2010 betting on economic recovery in Europe. It urges local companies to speed reforms of their structures, increase production and upgrade their competitiveness to overcome the crisis challenges. Tunisia, whose industry accounts for 28% of the national wealth, launched an upgrading competitiveness program in 1996 to provide Tunisian firms with the financial and technical aid needed to improve productivity.

COMPANIES IN THE NEWS

ALLIANCE (MOROCCO; WEIGHT 0.78%) Real estate listed player Alliance (ADI) has been authorized by the CDVM (Morocco's market regulator) to issue a 90 million Euros corporate bond that will be open to both domestic and foreign institutional investors. This bond will be divided into 4 "tranches": Tranche A & C will offer a 5.40% nominal interest rate (listed and non-listed) and Tranche B & D will be a convertible bond offering a 4.90% nominal interest rate (listed and non-listed). This bond issue is expected to enable ADI to complete its ambitious investment program while optimizing the cost of its financial resources.

EQUITY BANK LIMITED (KENYA; WEIGHT 1.07%) Equity Bank announced 2009 results with an 8% y-o-y rise in profits. Total operating income rose 24% driven by growth in net interest income (up from KES 6.6bn to KES 9.2bn), Non interest income rose from KES 6bn to KES 6.5bn. Operating expenses rose 37% to KES 9.3 billion. The cost to income ratio rose significantly (776 bps to 60.1%) as the bank invested in branch and infrastructure expansion in the region. Equity bank is reported doing a restructuring exercise as it seeks to improve its profitability margins. Loan loss provisions remained fairly stable at KES 1 billion. The banks provision coverage ratio also rose to 36.7% in 4Q09 from 29.6% in 4Q08. However, this is still below the industry average. Equity Banks balance sheet exhibited strong growth driven by its branch expansion. Its income earning assets rose 18% y-o-y while deposits exhibited 39% growth in the same period.

EAST AFRICA BREWERIES LIMITED (KENYA; WEIGHT 0.8%) East African Breweries Limited (EABL) released its 1H10 results to 31 December 2009 with net revenue up 2.9% y/y and EPS down 8.9% y/y to KES 4.67. Performance for the period was adversely affected by a drop in volume sales, continued dependence on imported malt and barley and a rise in selling and distribution costs. The interim DPS remained unchanged at KES 2.50 and is payable to shareholders on the register as at 18 March 2010.

Group volume sales declined 10.4% to 3.6mhl. Geographically, volume sales (y/y) declined 13%, 2% and 6% in Kenya, Uganda and the Great Lakes Region (GLR), respectively. Product wise, volume sales for premium and mainstream bottled beer was up 3% and 8%, respectively. Spirits and keg beer volume sales slid further by 37% and 18% y/y, respectively. Notably, q/q volume sales improved significantly with 2Q10 sales down only 2% from -18% recorded in 1Q10. Kenya remains the key market accounting for 68% of total volume sales.

SABMiller Plc, the world's second-largest brewer, and Diageo-owned East African Breweries Ltd. agreed that Tanzania Breweries Ltd. will cease to brew and distribute EABL's brands in Tanzania.

BAMBURI CEMENT LTD (KENYA; WEIGHT 0.94%) Bamburi Cement Ltd. said it posted annual comprehensive income of 5.9 billion Kenyan shillings compared with 2.87 billion shillings the year earlier. A final dividend of 5.5 shillings will be paid.

GUARANTY TRUST BANK (NIGERIA; WEIGHT 2.2%) European Investment Bank (EIB) has granted a 240 million loan ($330 million) to three Nigerian banks for the development infrastructural facilities in the country. The three banks that benefitted from the facility are First Bank of Nigeria Plc, Guaranty Trust Bank (GTBank) Plc and Stanbic IBTC Bank Plc. The three banks were among the nation's banks that passed the special joint audit by the Central Bank of Nigeria (CBN) and Nigerian Deposit Insurance Corporation (NDIC), which led to the removal of the chief executive officers and management teams of nine banks, and the injection of N620 billion bailout funds into the troubled banks. The facility, with a 10-year tenor, is expected to significantly boost the Federal Government's efforts at enhancing the state of infrastructure and delivery of new facilities through the Public-Private Partnership (PPP) initiative. EIB, which is owned by European Union (EU) government, said the funding was its contribution to infrastructure development in Nigeria. EIB's Vice President, Plutarchos Sakellaris, said: "We look forward to working closely with three of the strongest banks in Nigeria to increase infrastructure finance in the country, following regulatory reforms and the transformation of the banking sector. The three banks should be commended for their leadership in governance, transparency and risk management. He said the deal will underline EIB's commitment to Africa as part of the EU's wider support to economic development on the continent.

PZ CUSSONS NIGERIA PLC (NIGERIA; WEIGHT 1.42%) PZ Cussons UK has increased its stake in Nigerian subsidiary, PZ Cussons Nigeria, from 64% to 65.3% leaving a free float of 34.7% (1.11bn shares out of a 3.17bn unit of shares). The consideration for these additional shares was GBP3.4million and goodwill arising from the acquisition was GBP1.6mn. The parent company held 61% of the total shares at year-end May 2008, and increased this to 64% at year-end May 2009. It acquired the additional 3% for a consideration of GBP5.2mn. This generated goodwill of £1.5mn. We expect continued parental support and dedication to the Nigerian subsidiary as it currently has a GBP39mn investment project associated with supply chain facilities in Nigeria, which is expected to be completed by 1Q11.

FIRST NATIONAL BANK OF BOTSWANA (BOTSWANA; WEIGHT 0.75%) First National Bank of Botswana (FNBB) released its 1H10 results (December 2009) reporting a 6.4% decline in EPS to BWP 0.08. Despite advances growing by 13.4% y/y (9.4% h/h) to BWP 5.1bn, net interest income grew by only 4%, reflecting the margin pressure emanating from the reduction in the bank rate by the Bank of Botswana. Impairments grew by 12% y/y to BWP 20.1m, but were, however, down 11.4% h/h. As a result, the ratio of impairments to average loans declined by a marginal 10bp to 0.4%, largely owing to the curtailment of lending as funds were diverted to Bank of Botswana Certificates (BoBC) (up 37.2% y/y at BWP 5.8bn vis-à-vis -2.3% h/h)

GUINNESS NIGERIA PLC (NIGERIA; WEIGHT 1.09%) Guinness released its 1H10 results (6 months to December 2009). Despite 24% y/y growth in revenue, profit after tax fell 11% compared to the same period last year. The company has been able to achieve strong revenue growth during the period; revenues grew 22% y/y in 1Q10 and then again by 25% y/y in 2Q10. This is impressive as the quarter to Dec08 (2Q09) was particularly strong (44% y/y). About half of net sales growth (+12%) was derived from volume increases of Harp, Malta Guinness and the new canned business, a third (+8%) due to price/mix improvement and the remaining growth (+4%) was driven by brand/mix improvement from the cans business. However, profitability continues to be weaker than expected. When 1Q10 PAT to Sep09 fell sharply by 38% y/y, management insisted that this was not reflective of the underlying trading conditions, which saw some slowdown but were nevertheless in line with management forecasts. 2Q10 has shown noticeable improvement as PAT grew 2% y/y. This caused the 2Q10 PAT margin to recover to 16.7%, up strongly from 7.9% recorded in 1Q10.

STATE BANK OF MAURITIUS (MAURITIUS; WEIGHT 0.93%) The bank's profit for 6 months to 31 December 2009 stood at MUR 1.04bn (2008: MUR 1.07bn), while the group registered a profit of MUR 1.11bn (2008: MUR 1.26bn). The year-on-year decrease in profit was primarily attributable to lower dividend income of MUR 134.0m received in the current period and higher tax expense of MUR 31.6m, which includes the increased special levy on banks. Net interest income registered a positive growth of 7.6%, as a result of active liability management and growth in foreign assets. Foreign exchange and fee-based income were, however, adversely impacted by uncertainty prevailing in the domestic and international markets.

MAURITIUS COMMERCIAL BANK (MAURITIUS; WEIGHT 0.8%) Mauritius Commercial Bank, the largest banking group in the nation, said profit for the fiscal second quarter through December declined 15 percent from a year earlier. Net income for the period was 895 million Mauritian rupees compared with 1.05 billion rupees a year earlier, it said. Net interest income rose to 1.28 billion rupees from 1.24 billion rupees.

DISCOVERY HOLDING LTD (SOUTH AFRICA; WEIGHT 2.33 %) Discovery Holdings Ltd. said net income in the six months through December jumped to 829 million rand from 490 million rand.

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