



THE NAIROBI SECURITIES EXCHANGE LIMITED

(A public limited liability company incorporated in Kenya under No. CPU/2014/144920)

**The Capital Markets Act
Chapter 485A of the Laws of Kenya**

PROFIT WARNING ANNOUNCEMENT

Nairobi Securities Exchange Limited (“the Company”), makes this announcement pursuant to the provisions of the Fifth Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

Over the course of 2016, the Kenyan economy and particularly the Capital Markets sector has remained resilient despite a challenging operating environment both locally and internationally. The market has recorded increased volume of traded units for the period ended 30 September 2016 as compared to the same period last year. There continues to be significant interest from foreigners in the market, with increased trading activity particularly from large institutional investors. Though equities turnover decreased as at end of October 2016, compared to the same period in 2015, the Bond turnover increased significantly and this segment continues to register good performance.

This year has seen some new listings to boost the market, in the Alternative Investment Market Segment and the Growth Enterprise Market Segment. The Company continues to aggressively pursue new listing opportunities and the efforts should bear fruit in 2017.

Going forward, whilst continuing to encourage trade in equities and fixed income instruments, the Company has its sights set on diversification of revenue through new product offerings such as Exchange Traded Funds, Derivatives Contracts and Global Depositary Receipts. The Company will also be leveraging on the enhanced legislative environment geared towards increasing liquidity, such as the Market Making framework, which is now in place as well as Securities Lending and Borrowing, for which regulations should be in place in due course.

Taking the foregoing into account, the Board of Directors of the Company hereby informs its shareholders and the general public that based on the projections for the remainder of the year, the Company is expected to record a decline of more than 25% in the net profit attributable to the shareholders of the Company for the financial year ended 31 December 2016, as compared to that for the same period ending 31 December 2015. This has taken cognizance of the decline in equity market prices, with trading revenues accounting for 53% of the Company's revenues stream.

The information contained in this announcement is based on the information currently available to the Board. Details of the Company's financial position will be disclosed in the financial results announcement for the year ending 31 December 2016, expected to be published by the end of March 2017.

The Board and Management of the Company remain committed to ensuring shareholder value is delivered, through continuous product innovation and technology enhancements while aggressively seeking new listings in its existing product lines, in line with the Company's 2015 - 2019 Strategic Plan.

BY ORDER OF THE BOARD

**GEORGE O. ODUNDO
CHIEF EXECUTIVE**

Date: 23 November 2016