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Statement by the Zimbabwe Stock Exchange Limited on modified audit opinions for the 2018 financial year

The Zimbabwe Stock Exchange Limited ("ZSE") makes reference to the public notice issued on 20 March 2019 regarding a blanket extension to 30 April 2019 for publication of 31 December 2018 financial results by listed companies.

Following the expiry of the extension and publication of audited financial statements by Issuers, the ZSE observed that most, if not all, of the published results carried adverse opinions on the basis of non-compliance with the requirements of International Accounting Standard ("IAS") 21 - "The Effects of Changes in Foreign Exchange Rates".

Stakeholders are advised that, in terms of clause 3.26 in Section 3 in the ZSE's Listings Requirements, such opinions mandate the Listings Committee to convene a special meeting to consider the effects of such opinions and the continued listing of the affected issuer. It is also the obligation of the ZSE to notify the Securities and Exchange Commission of Zimbabwe ("SECZ") of this development in terms of Rule 49 (2) of Statutory Instrument 100 of 2010.

Having observed the pervasiveness of the challenge across all reporting entities, the ZSE made a decision to waive the requirement for the special Listings Committee meeting(s) regarding the audit opinions issued on basis of non-compliance with IAS 21. However, the ZSE will still proceed to notify the SECZ and provide it with the requisite supporting documentation with regards to all modified opinions.

The ZSE's resolution was informed by the understanding that it was not the Listed Companies' volition not to comply with the financial reporting standards but rather a matter of complying with the obtaining laws of the country as prescribed by Statutory Instrument 33 of 2019.

Going forward, issuers are expected to fully comply with International Accounting Standards as guided by the listing requirements unless the country's statutes direct otherwise. The ZSE will continue to engage the Public Accountants and Auditors Board on any new developments regarding financial reporting by issuers and appreciates the guidance and support provided in this regard.

J. Bgoni
Chief Executive Officer
9 May 2019