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ZIMBABWE STOCK EXCHANGE LIMITED

Practice Note 13

To the Securities and Exchange Rules, Statutory Instrument 134 of 2019
("ZSE Listing Rules")

Issued pursuant to section 3 (1) (h) of Statutory Instrument 134 of
2019 of the ZSE Listing Rules

PUBLICATION OF ABRIDGED HALF-YEAR AND FULL-YEAR FINANCIAL STATEMENTS IN NATIONAL NEWSPAPERS

1. Definitions

Terms used in this Practice Note which are defined or interpreted in the ZSE Listing Rules shall have the same meaning as in the ZSE Listing Rules.

2. Half-year and full-year financial statements

In line with sections 35 (1) and 39 (1) of ZSE Listing Rules, Issuers must publish their half-year and full-year financial reports not more than 3 (three) months after the end of the reporting period.

In terms of sections 53 and 54 of the ZSE Listing Rules, publication must be made in at least two national newspapers and on the ZSE Data Portal.

3. Representations by Issuers

As per ZSE engagement policy, the Exchange has received and considered a number of representations from issuers regarding the escalating costs of doing business and amongst them, the cost of compliance. The aforesaid, exacerbated by the negative financial effects to businesses of the COVID-19 pandemic and the need to respond to market concerns, the ZSE has resolved to relax financial reporting publication requirements as detailed below;

4. Additional cost-effective publication models

As a result of the above, global trends in reporting and technology evolution, the ZSE is now migrating towards complete electronic communications with traditional methods still available at the discretion of Issuers. In this respect, commencing 01 January 2021, the ZSE will consider electronic publication of financial statements sufficient for the purposes of complying with the ZSE Listing Rules.

Electronic publications are acceptable in cases where an Issuer has a functional website to publish the financial statements. The financial statements must first appear on the ZSE data portal ahead of the Issuers website. They should also be emailed to shareholders whose electronic mail addresses are available.

This mode of publication is subject to the below transitional period requirements.

5. Transitional Option (Short-Form Announcement)

In the interim, as the transition takes place, issuers now have an option to publish short-form announcements in the newspapers with a link to the full set of financial statements. The short-form announcement must be published in at least one national newspaper.

5.1 Short-form announcement:

5.1.1 Contents of short-form announcement include the following information:

- (a) In a prominent position at the top of the short-form announcement, all such headlines as may be appropriate as to the nature of the matter;
- (b) The short-form announcement is the responsibility of the directors;
- (c) Contain a warning statement that:
 - (i) The short-form announcement is only a summary of the information in the full announcement and does not contain full or complete details;
 - (ii) Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on the ZSE Data Portal and the Company's website as a whole; and
- (d) The short-form announcement must not be misleading or inaccurate.

(e) Contain a statement that:

- (i) The full announcement has been released on ZSE Data Portal and available for viewing on the Company's website; and
- (ii) The full announcement is available for inspection, at no charge, at the registered office or other designated offices of the Company and the offices of the sponsor. The hours and days on which such inspection is available to shareholders must be stated. Copies of the full announcement may be requested, and the announcement must include full details on how such request can be made.

5.1.2 A short-form announcement dealing with interim reports and provisional reports must in addition to the above include the following:

- (a) Increases/decreases in revenue/operating profit compared to the financial results for the previous corresponding period;
- (b) Increases/decreases in headline earnings per share compared to the financial results for the previous corresponding period;
- (c) Increases/decreases in earnings per share compared to the financial results for the previous corresponding period;
- d) Increases/decreases in the dividend/distribution compared to the financial results for the previous corresponding period; and
- (e) Increases/decreases in net asset value compared to the financial results for the previous corresponding period (only if more relevant because of the nature of the issuers business).

To the extent that any of the above indicators are not considered to be a true measure to reflect the performance of an issuer in the banking and property industries, the ZSE may grant dispensation from the requirement to publish such information or agree to a relevant alternative indicator/s.

- No audit or review opinion can be expressed on a short-form announcement.
- A short-form announcement dealing with annual financial statements must also include the following:
 - Specific disclosure of key audit matters;
 - A statement of the type of review conclusion/audit opinion that was reached on the underlying Condensed Financial Statements or AFS i.e. unqualified, qualified, disclaimer or adverse. The statement must also confirm if there was:
 - A material uncertainty relating to going concern;
 - An emphasis of matter;
 - A reportable irregularity; or
 - A material inconsistency in information included in a document that contains the audited or reviewed financial statements.
 - Except in the instance of an unqualified opinion, a statement must also be included that the details in the auditor’s report can be obtained via a web link to the website of the issuer.

6. Other Information:

Subject to any other regulatory requirements the issuers shall have the discretion to publish the abridged financial statements as per current practice.

7. Effective Date

This practice note is with effect from 01 June 2020.

Issued by

Zimbabwe Stock Exchange Limited

03 June 2020