

**SENS ANNOUNCEMENT**  
(the “Announcement” or the “Notice”)

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**ISSUER**

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Madison Finance Company Limited

Incorporated in Zambia

Company Registration number: 120030054162

LuSE code: MFC MTNP

ISIN: ZM2000000280 | ZM2000000298 |  
ZM2000000306 |

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**BROKER**

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Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

Telephone Number: +260 211 220707 | Website: [www.pangaea.co.zm](http://www.pangaea.co.zm)

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**AUTHORISATION**

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Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- Madison Finance Company Limited

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**DISCLAIMER AND RISK WARNING**

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The announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUE DATE: 29 March 2019**



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Registration number: 120030054162

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("MFinance" or "the company")

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**SUMMARY OF AUDITED RESULTS AS AT 31 DECEMBER 2018**

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In line with the Listing Rules of the Lusaka Securities Exchange ("LuSE") and the Securities Act 2016, **Madison Finance Company Limited** announces audited results as at 31<sup>st</sup> December 2018.

<b>Statement of Profit or Loss and other Comprehensive Income</b>		
<b>K'000</b>		
	<b>2018</b>	<b>2017</b>
	<b>Dec</b>	<b>Dec</b>
Interest Income	<b>124,350</b>	103,683
Interest Expense	<b>(68,592)</b>	(66,550)
<b>Net Interest Income</b>	<b>55,758</b>	<b>37,133</b>
Other Operating Income	<b>48,268</b>	32,978
<b>Operating Profit</b>	<b>104,026</b>	<b>70,111</b>
Operating expenses	<b>(66,795)</b>	(61,621)
Impairment	<b>(10,784)</b>	(5,689)
<b>Profit/ (loss) before Tax</b>	<b>26,447</b>	<b>2,801</b>
Income Tax	<b>(4,910)</b>	(953)
<b>Loss/ (Loss) for the Year</b>	<b>21,537</b>	<b>1,848</b>
<b>Number of Shares during the year (000)</b>	<b>200,000</b>	<b>200,000</b>
<b>Earnings per share</b>	<b>0.108</b>	<b>0.009</b>

**Statement of Financial Position**  
**K'000**

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	<b>34,226</b>	26,161
Loans and advances to customers	<b>327,217</b>	251,604
Property Plant and equipment	<b>10,083</b>	10,332
Other Assets	<b>38,699</b>	51,983
<b>Total Assests</b>	<b><u>410,225</u></b>	<b><u>340,080</u></b>
<b>Liabililities</b>		
Customer Deposits	<b>222,352</b>	135,012
Borrowed Funds	<b>134,132</b>	161,742
Other liabilities	<b>13,103</b>	3,883
<b>Total Liabilities</b>	<b><u>369,587</u></b>	<b><u>300,637</u></b>
Shareholers Funds	<b>40,638</b>	39,443
<b>Total Liabilities and Equity</b>	<b><u>410,225</u></b>	<b><u>340,080</u></b>

**Statement of Cash flows**

K'000

**Cash flows from operating activities**

Profit for the year	21,537	1,848
Profit on disposal of equipment	(151)	64
Depreciation of equipment	2,911	3,416
Amortisation of intangible assets	853	775
Interest Expense	68,592	66,550
Income tax expense	4,910	953
	<u>98,652</u>	<u>73,606</u>

*Changes in:*

loans and advances to customers	(75,613)	(3,469)
IFRS 9 Adjustment	(13,419)	-
Other receivables	(19)	(70)
Inventory	19	(57)
Prepayments	3,631	2,508
Amounts due from related companies	7,416	(12,873)
Amounts due to related companies	92	(34,002)
Deposits from customers	87,340	65,445
Other payables	2,473	(3,052)
	<u>110,572</u>	<u>88,036</u>

Interest paid	(43,740)	(49,027)
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Income tax paid	(1,092)	(1,365)
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<b>Net cash flow generated by/(used in)operating activities</b>	<u>65,740</u>	<u>37,644</u>
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**Cash flow from investing activities**

Acquisition of property and equipment	(3,397)	(1,958)
Acquisition of intangible assets	(118)	(711)
Proceeds from sale of equipment	151	786
Purchase of short term investments	5,475	(15,364)

<b>Net cash used in investing activities</b>	<u>2,111</u>	<u>(17,247)</u>
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**Cash flow from financing activities**

Proceeds from issue of interest bearing borrowings	4,972	52,627
Finance Lease Obligations	-	(3,065)
Repayment of interest bearing borrowings	(57,432)	(64,563)
Dividend paid	(7,325)	(1,318)

<b>Net cash(used in)/genereted from financing activities</b>	<u>(59,785)</u>	<u>(16,319)</u>
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**Effects of exchange rate fluctuations on cash and cash equivalents held**

	(34)	(434)
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<b>Net Increase in cash and cash equivalents</b>	<u>8,100</u>	<u>4,511</u>
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<b>Cash and equivalents at 1 January</b>	<u>26,161</u>	<u>22,084</u>
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<b>Cash and equivalents at 31 December</b>	<u>34,226</u>	<u>26,161</u>
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**Statement of Changes in Equity**

K'000

	2018	2017
Balance at the beginning of the year	39,443	38,913
<b>Day 1 IFRS 9 Adjustment</b>	<b>(13,017)</b>	-
Profit / (Loss) for the year	(3,397)	1,848
Dividends	(7,325)	(5,871)
Other changes	-	4,553
<b>Balance at the end of the year</b>	<u><b>15,704</b></u>	<u><b>39,443</b></u>

## REVIEW OF FINANCIAL RESULTS

The Company recorded a profit after tax of K21.537million for the period ending 31<sup>st</sup> December 2018 compared to a profit of K1.848 million recorded as at 31<sup>th</sup> December 2017. The Company's increased profit after tax was mainly attributable to an increase in disbursements in the period coupled with the direct cost containment.

## FINANCIAL HIGHLIGHTS

The key highlights of the financial performance for the period under review were;

1. Interest income YTD of 124.3million is above budget by 18% while the Interest expense YTD of 68.5 million is below budget by 7.0%.
2. The loans and advances to customers grew by 22% and was the major asset growth driver.
3. Customers' deposits grew by 65% with an improvement in the portfolio mix between corporate and personal deposits.
4. The total assets and liabilities grew by 20% during the year under review and the loan book was the main driver while the liabilities' growth was mainly driven by the deposits from customers.

## OUTLOOK

The company performance in 2019 is expected to remain strong. This will be on the back of:

- Expected continued strong disbursement performance
- Operational costs containment
- Competitive pricing of liabilities to maintain the direct costs within budget levels



Sponsoring Broker

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*First Issued: 20<sup>th</sup> March 2018*