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BAS/C145/2019/0115

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January 15, 2019

The Board of Directors
Matco Foods Limited
L-24/1, Block-21
Federal 'B' Industrial Area
Karachi

Gentlemen

AUDITORS' CERTIFICATE IN RESPECT OF QUARTERLY PROGRESS REPORT

We have been requested to provide you with the certificate on annexed quarterly progress report for the quarter ended December 31, 2018 as per the requirement of clause 2.3.13 of the prospectus issued at the time of Initial Public Offer (IPO).

Scope of certificate

Our engagement was undertaken on the request of the Company to provide a certificate for onward submission as per the requirement of clause 2.3.13 of the prospectus.

Management responsibility

It is the responsibility of the Company's management to ensure compliance with all the requirements of the clause 2.3.13 of the prospectus. The primary responsibility for providing us the information and its adequate disclosure is that of the Company's management. The responsibilities of the Company's management include causing the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. This certificate does not relieve the Company's management of its responsibilities.

Auditors' responsibility

Our responsibility is to provide certificate on quarterly progress report made by management as required by clause 2.3.13 of the prospectus. Our report is being issued in accordance with the 'Guidelines for issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- Obtained the progress report from the management;

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- Obtained the details of Memorandum of Understanding (MOU) with M/s. Reon Engineering Limited for installation of 412.92 KW on-grid solar system, details of contract with M/s. Advance Engineering Associates for designing of electrical system of Plant;

- Obtained copy of approval of S.S.G.C for transfer of existing gas quota to rice glucose site and K-Electric for load enhancement.

- Obtained letter of credit documents for purchase of screw air compressor with standard accessories for rice glucose plant;

- Obtained goods declaration of the items mentioned in annexed progress report;

- Obtained purchase documents of centrifugal pumps and for installation of six chemical tanks;

- Verified IPO related expenses and advances through invoices and traced them from bank statements; and

- Verified bank balance as at December 31, 2018 by obtaining bank certificate.

Certificate

Based on the procedures performed as mentioned in the above paragraphs, we confirmed that the progress report is stated truly and fairly in all material respects.

Restriction on use and distribution

This certificate is being issued on the specific request of the Company's management for further submission to Pakistan Stock Exchange (PSX) and Security Exchange Commission of Pakistan (SECP) and may not be used for any other purpose without our prior written consent.

Yours truly

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Encl: Progress Report

MATCO FOODS LIMITED
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MATCO FOODS LIMITED
Quarterly Progress Report
Expansion of Rice Glucose Project
As on December 31, 2018

This Progress Report is further to our submission of progress report for the quarter ended September 30, 2018 in pursuance of the requirement specified in the clause 2.3.13 of the prospectus of the Company. This quarterly progress report is prepared in connection with previous quarterly reports already delivered to Pakistan Stock Exchange (PSX) dated May 14, 2018, July 23, 2018, and October 18, 2018 and also placed at website of Pakistan Stock Exchange (PSX).

We would like to update the following progress has been achieved on the implementation of the expansion of the Rice Glucose Project during the October – December 2018 quarter:

1. Order for pre-cleaner and drum pre-cleaner has been arrived from M/s. Fowler Westrup in August 2018.

2. A Memorandum of Understanding (MOU) for installation of 412.92 KW on-grid solar system has been entered into with M/s. Reon Energy Limited (EPC) amounting to Rs. 37.52 million and on October 08, 2018, advance payment of Rs. 15 million has been made to them in this regard. The installation has been started and work is in progress.

3. The Company has received the complete Bucket Elevators from Famsun Storage Engineering Co. Ltd. on October 14, 2018.

4. On October 19, 2018, the second partial shipment of plant from Beijing Meckey Engineering Co. has arrived at site. Major structural work for the rice glucose plant building (civil work) has been completed whereas the installation of plant is in progress.

5. Commercial Bin E-Series has been received from Brock Grain Systems on October 23, 2018. The civil foundation work has been completed.

6. On November 8, 2018, Boiler from SKF Boilers and Driers (Private) Limited has arrived and installation is in progress.

7. On November 09, 2018 the shipment of Pre-Engineered Building (PEB) from M/s. Memaar Building Systems (MBS) has arrived which will be used for side walls and roof of Glucose Plant building.

8. Fabrication work on 43 stainless steel tanks out of 45 has been completed by M/s. Fatima Engineering Service.

9. The letter of credit for screw air compressor with standard accessories has been opened on December 04, 2018 for rice glucose plant from M/s. Garner Denver FZE amounting to EUR 31,000.

10. The consignment of chemicals from M/s. Sunresin New Materials Company has arrived on September 16, 2018.

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11. Complete Industrial Drying Oven from Shanghai Onetouch Business Service has been arrived on December 07, 2018 and installation is in progress.

12. M/s. Advance Engineering Associates has been appointed as electric consultant for designing of electrical system of plant.

13. The application to S.S.G.C. for transfer of our existing gas quota of 3240 MCF/month for captive power generation to our proposed rice glucose site has been approved and installation work has been started. The payment of Rs. 1.65 million has been made in this regard.

14. The Company has obtained approval of load enhancement for 1264 KW from K-Electric and charges has been paid of Rs. 6.87 million in this regard.

15. The contract for installation of six chemical tanks has been awarded to M/s. Suria Engineering and the work is in progress.

16. On December 19, 2018, centrifugal pumps have been purchased from M/s. NKR Engineering for Rs. 1.62 million and installation is in progress.

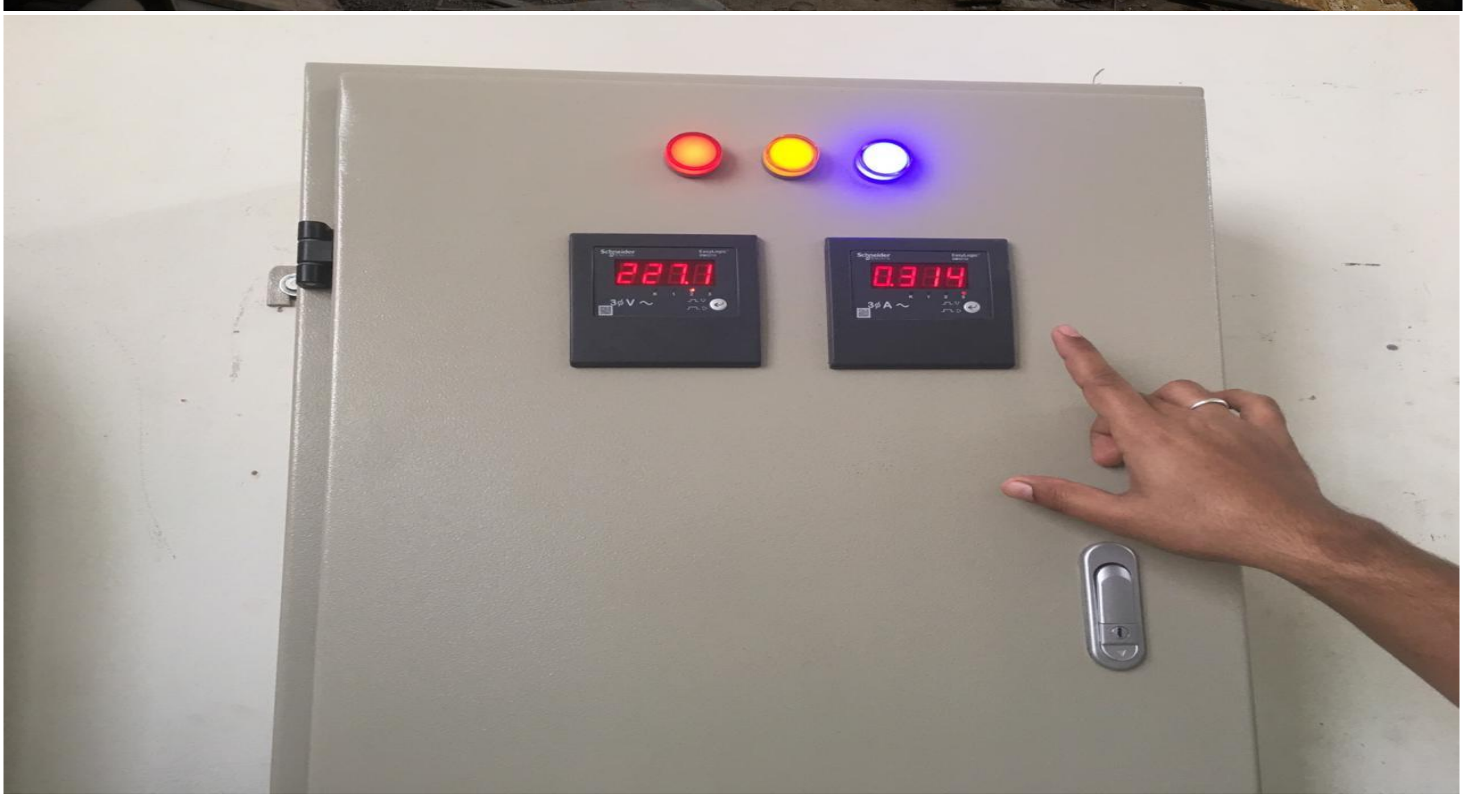
We would like to further update you that the initial project cost was estimated by taking US Dollar at the rate prevailing at that time. However, the devaluation of Pakistani Currency and other stringent economic measures will likely to increase the project cost by 15% to 20%. The management believes that the project will be completed by bridging the gap in the cost with company's own resources.

It is expected that the installation will be completed by June 2019.

The Summary of IPO proceeds and its quarterly utilization is as follows:

Description	First quarter end March, 2018	Second quarter end June, 2018	Third quarter end September, 2018	Fourth quarter end December, 2018	Total
	-----Rupees-----				
Opening Cash at Bank	-	**721,962,202**	**349,473,757**	**247,333,990**	
IPO Proceeds	757,718,000	-	-	-	757,718,000
Preliminary Expenses	(35,755,798)	(9,544,566)	(608,146)	-	(45,908,510)
Other Expenses / Advances	-	(65,943,879)	(47,758,064)	(126,464,548)	(240,166,491)
Paid on account of LC	-	(297,000,000)	(53,773,557)	-	(350,773,557)
Cash at bank	**721,962,202**	**349,473,757**	**247,333,990**	**120,869,442**	**120,869,442**

Director **Company Secretary**



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