



Grant Thornton

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BAS/C145/18/0906

September 06, 2018

The Board of Directors

Matco Foods Limited
L-24/1, Block – 21
F. B. Industrial Area
Karachi

Dear Gentlemen

GRANT THORNTON ANJUM RAHMAN

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AUDITORS' CERTIFICATE ON STATEMENT OF FREE RESERVES

We have been requested to provide you with a certificate on the "Free Reserves" in terms of meaning given to "free reserves" in the Companies (Issue of Capital) Rules, 1996 of **Matco Foods Limited** (the Company) as at June 30, 2018 as required under the Rule 6(iii) of Companies (Issue of Capital) Rules, 1996 (the Rules).

Scope of certificate

This certificate is issued in accordance with the requirement of Rule 6(iii) of the Companies (Issue of Capital) Rules, 1996.

Management responsibility

It is the management responsibility to ensure compliance with Rule 6 of the Companies (Issue of Capital) Rules, 1996. The management's responsibility also includes maintenance of accounting records and internal controls system, the selection and application of accounting policies safeguarding of the assets of the Company and prevention and detection of fraud and irregularities. This certificate does not relieve the management of its responsibilities.

Auditors' responsibility

Our responsibility is to certify that the free reserves retained after the proposed issue of bonus shares are more than 15 per cent of the enhanced paid-up capital, 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 trace the amounts reported in the statement of free reserves to the audited financial statement of the Company for the year ended

June 30, 2018 and checking whether free reserves are computed in accordance with the requirement of Rule 6 of Companies (Issue of Capital) Rules, 1996.

Certificate

Based upon the procedures mentioned above, we certify that Free Reserves in terms of meaning given to "free reserves" in the Companies (Issue of Capital) Rules, 1996 retained after the proposed issue of bonus shares as reported in the Statement of Free Reserves as at June 30, 2018 are more than 15 per cent of the enhanced paid-up capital (attached Annexure for working).

Restriction on use and distribution

This certificate is issued in accordance with the requirement of Rule 6(iii) of Companies (Issue of Capital) Rules, 1996 and on the specific request of the management for the purpose of issue of bonus shares to shareholders of the Company and is not to be used or distributed for any other purpose. This certificate may be submitted to Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange. This certificate is restricted to the fact stated herein.

Yours truly

Grant Thornton Arifun Kabir

Encl.: as above



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Matco Foods Limited
Statement of Free Reserves
As at June 30, 2018

Free Reserves for the purpose of issue of Bonus Shares of the value of Rs. 897,082,758 based on the audited financial statements for the year ended June 30, 2018 are as follows:

	Rupees
Unappropriated profit	1,676,797,324
Free reserves	<u>1,676,797,324</u>
Less:	
Contingent liabilities	27,490,045
Commitments	646,548,541
Dividend payable for the period ended December 31, 2017	761,095
Proposed Cash Dividend @ 4%	46,628,838
Proposed Bonus Issue @ 5%	58,286,047
	<u>(779,714,566)</u>
	<u><u>897,082,758</u></u>

The Free Reserves retained after the proposed issue of Bonus Shares are more than 15% of the enhanced paid-up capital of the Company of Rs. 1,224,006,987.

For the purpose of this letter, the term "Free Reserves" has been deemed to have the meaning given to it in the Rule 6 of the Companies (Issue of Capital) Rules, 1996.

CITRIL

Chief Executive Officer

Chief Financial Officer

Dated: September 6, 2018

FALAK

**MATCO FOODS LIMITED**

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Karachi-75950, Pakistan
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**EXTRACT OF THE RESOLUTIONS PASSED
BY THE BOARD OF DIRECTORS IN THEIR MEETING
HELD ON SEPTEMBER 06, 2018**

DIVIDEND

The Board of Directors has recommended final cash dividend @ Rs. 0.4 per share i.e. 4 % and Bonus Shares @ 5 % in the proportion of five ordinary shares of Rs. 10/- each for every 100 ordinary shares held by a shareholder and transfer of Rs. 139,886,514 (which includes interim dividend already paid) to the unappropriated profit out of the net profit for the year ended June 30, 2018 and passed the following resolutions:

RESOLVED

“That final cash dividend of Rs. 46,628,838 for the year ended June 30, 2018 at the rate of Rs. 0.4 per share @ 4 % be and is hereby recommended for payment to those shareholders of the Company, whose names shall appear in the register of members at the close of business on October 22, 2018. This is in addition to the interim cash dividend already of Rs. 34,971,629 i.e. Rs. 0.3 per share @ 3%. ”

FURTHER RESOLVED

“That a sum of Rs. 58,286,047 out of Company's net profit be capitalized for issuing 5,828,605 fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders of the Company, whose names shall appear in the register of members at the close of business on October 22, 2018 @ 5 % in the proportion of Five ordinary shares of Rs. 10/- each for every 100 ordinary shares of Rs. 10/- each held by the shareholder; that the said shares shall rank pari passu in all respects with the existing shares of the Company.”

FURTHER RESOLVED

“That an amount of Rs. 139,886,514 be transferred to the unappropriated profit out of the profit of the Company for the year ended June 30, 2018.

CERTIFIED TRUE COPY

Muhammed Latif Qureshi
Company Secretary