



MATCO FOODS LIMITED

L-24/1, Block 21, Federal 'B' Industrial Area
Karachi-75950, Pakistan
Tel : +92 21 36315099, 36314945, 36320779
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October 17, 2018

Mr. Amir Muhammad Khan Afridi,
Director,
Licensing and Regulatory Approval Department
Securities Market Division
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue,
Islamabad

Subject: Submission of Progress Report for the Q.E September 30, 2018 and Auditors Certificate.

Dear Sir,

Please find the Progress Report for the Quarter Ended September 30, 2018 along with the Auditors Certificate.

Yours Sincerely


For Matco Foods

✓ Copy to: Pakistan Stock Exchange





Grant Thornton

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BAS/C145/2018/1016

October 16, 2018

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

Gentlemen

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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 September 30, 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;
- Obtained the detail of contract with M/s. G.R.S Construction for the civil work and M/s. Fatima Engineering Service for tank fabrication;
- Obtained letter of credit documents for purchase of pre-engineered building, chemicals and industrial equipment for rice glucose;
- Obtained shipment documents of the items mentioned in annexed progress report;
- Verified IPO related expenses and advances through invoices and traced them from bank statements; and
- Verified bank balance as at September 30, 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
Chartered Accountants
Karachi

Encl: Progress Report



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MATCO FOODS LIMITED Quarterly Progress Report Expansion of Rice Glucose Project As on September 30, 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) and also placed at website of Pakistan Stock Exchange (PSX).

In our previous reports, we had updated that:

First Quarter

1. Matco has entered into a contract with Beijing Meckey Engineering Company on March 3, 2018. The contract number of the said arrangement is MKCE17249.
2. Matco has made arrangement with Habib Bank Limited to open a Letter of Credit (LC) – at sight of an amount up to the equivalent of PKR 300 million. In this respect, Habib Bank Limited has offered the LC opening confirmation in their letter dated April 13, 2018.

Second Quarter

1. The Company has opened an irrevocable Letter of Credit at sight of USD 2,070,000 on April 30, 2018 which is equivalent to PKR 251,712,000 against the contract with Beijing Meckey Engineering Company for the purchase of Rice Glucose plant with other incidental equipment. In this connection, the Company has deposited PKR 270 million in the term deposit receipt with Habib Bank Limited.

Other equipment's purchased / ordered detail is as follows:

- Ordered for Pre-Cleaner and Drum Sieve has been placed
 - Ordered for 6 EH-15318 Commercial Bin E-Series hopper
 - The Company has ordered 04 sets of bucket elevators
 - Boiler has been purchased
2. The rice glucose production requires abundance supply of water, in the absence of which the projected benefits of the project may not be achieved. Considering the above fact, the management has decided to relocate the new project location to our existing Rice Glucose project situated at Plot No. G-205, S.I.T.E, Super Highway, Karachi. The relocated location



will also accrue benefits from synergies through shared infrastructure and common utilities resources. The Company has also applied 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.

3. Letter of credit amounting to US\$ 189,050 has been opened for import of necessary chemicals from Sunrisen New Materials Co. Ltd on July 04, 2018.

We would like to update the following progress has been achieved on the implementation of the expansion of the Rice Glucose Project during the July-September 2018 quarter:

1. On July 30, 2018, the contract for civil construction work was awarded to M/S G.R.S Construction. Estimated contract cost is Rs. 106.5 Million. As per contract Rs. 10.6 million mobilization advance has been given and contractor has mobilized equipment and work force at site and the construction of plant building is in full swing. Estimated time of completion of the civil work is end of February, 2019.
2. On September 04, 2018, first partial shipment of plant from Beijing Meckey Engineering Company has arrived at site, this shipment carried material for on-site tank making and equipment for installation of Spray Dryer. Two Chinese engineers from the equipment supplier arrived on site to supervise the on-site tanks making and installation of plant.
3. On September 07, 2018 contract for tank fabrication was awarded to M/S Fatima Engineering Service. Rs. 450,000 as 15 % advance of contract price has given to contractor. The contractor will performed his fabrication work under direct supervisor of Matco and Chinese Engineers.
4. Letter of credits amounting to US\$ 50,800 and US\$ 86,000 have been established for industrial equipment with standard accessories and essential parts from Shanghai Onetouch Business Service and Satake Asia Company Limited on September 11 and September 19, 2018 respectively.
5. On September 18, 2018 letter of credit amounting to US\$ 92,720 has been established for purchase of Pre-Engineered Building (PEB) structure from M/S Memaar Building Systems (MBS) which will be used for side walls and roof of Glucose Plant building. This shipment will arrive in two months' time period when foundations columns of structure has been raised to completion.
6. On September 23, 2018 consignment of Hopper Bins for rice storage from Brock USA has been shipped.
7. On September 26, 2018 letter of credit amounting to US\$ 14,250 has been established for 19 Metric Tons Organic Tapioca Starch which is essential chemical for rice glucose from Friends Group Company Limited.

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8. On September 27, 2018 consignment of bucket elevators from Famsun Storage Engineering Company Limited has been shipped.
9. The Summary of IPO proceeds and its quarterly utilization is as follows:

| Description | First quarter ended March 31, 2018 | Second quarter ended June 30, 2018 | Third quarter ended September 30, 2018 | Total |
|-------------------------|------------------------------------|------------------------------------|--|---------------|
| | Rupees | | | |
| Opening Cash at Bank | - | 721,962,203 | 349,473,757 | |
| IPO Proceeds | 757,718,000 | - | - | 757,718,000 |
| Preliminary Expenses | (35,755,797) | (9,544,567) | (608,146) | (45,908,510) |
| Other Expenses/Advances | - | (65,943,879) | (47,758,064) | (113,701,943) |
| Paid on account of LC | - | (297,000,000) | (53,773,557) | (350,773,557) |
| Cash at bank | 721,962,203 | 349,473,757 | 247,333,990 | 247,333,990 |

Director

Company Secretary

