

ANNOUNCEMENT

July 19, 2017

The Managing Director
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi -74000.

Subject: Declaration of Ordinary Right Shares

Dear Sir,

This is to inform you that the Board of Directors of Macpac Films Limited (the "Company") in their meeting held on Wednesday, July 19, 2017 at 04:30 p.m., at Registered office, Plot. No. 21, Maqboolabad, Tipu Sultan Road, Karachi, have discussed and approved the issuance of 20,415,150 Ordinary shares of Rs. 10/- each to be offered as Right Shares at the subscription price of Rs. 15/- per share, i.e. at premium of Rs. 5/- per share. These Ordinary Right shares are to be offered to all the Company's existing ordinary shareholders whose names would appear on the member register before the book closures.

The date of book closure, to determine the entitlements to the right issue will be intimated to Pakistan Stock Exchange Limited in due course.

Extract of the resolution of Board of directors authorizing issuance of the aforementioned rights issue, financial plan and projection by the directors are enclosed as per Annexures

You may inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,
For Macpac Films Limited



M. Javid Ansari
Company Secretary



STATEMENT QUANTUM OF ISSUE, ISSUE PRICE, PURPOSE, BENEFITS, USE OF FUNDS, RISK FACTORS AND FINANCIAL PROJECTIONS UNDER RULE 5 OF THE COMPANIES (ISSUE OF CAPITAL) RULES, 1996

Quantum of the Issue	20,415,150 ordinary shares of Macpac Films Limited (the "Company") of PKR 10/- each, constituting 52.5%, i.e. approximately 52.5 shares for every 100 shares held by the shareholders of the Company (the "Right Issue").						
Issue Price Per Share	PKR15/- per share including a premium of PKR 5/- per share.						
Purpose of the Right Issue	The purpose of the Right Issue is to, <i>inter alia</i> , (a) carry out capital expenditure with respect to the Company's business; and/ or obtain funds for the purposes of the Company's working capital requirements and/ or repay of borrowings from financial institutions (b) retire loans availed from the Company's sponsors and Associate company.						
Use of Proceeds of the Right Issue	<p>The funds received from Right Issue will be used for:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>PKR</th> </tr> </thead> <tbody> <tr> <td>CAPEX and /or working capital and/ or repayment of borrowings from financial institutions</td> <td align="right">162,966,793/-</td> </tr> <tr> <td>Retirement of Sponsors & Associate Company's Loan</td> <td align="right">143,260,457/-</td> </tr> </tbody> </table> <p>(however, the above amounts are subject to change depending on the actual requirements of the business and operations of the Company).</p>	Description	PKR	CAPEX and /or working capital and/ or repayment of borrowings from financial institutions	162,966,793/-	Retirement of Sponsors & Associate Company's Loan	143,260,457/-
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Retirement of Sponsors & Associate Company's Loan	143,260,457/-						
Benefits to the Company	The rights issue will lead to stronger equity base thereby allowing the company to pursue growth opportunity. Furthermore, with the new capex, the company will be able to increase production capacity, improve plant efficiencies, expand product portfolio, increase customer base thereby leading to increased profitability margins.						
Risk Factors associated with the Right Issue	The sponsors of the Company will be subscribing to more than 65% of the Rights Issue. Moreover, the Right Issue will be underwritten in accordance with the applicable laws which will ensure financial close. Although no significant risk factors are anticipated, these						



factors will mitigate any potential risk to the success of the Right Issue.

Financial Plan and Financial Projections

Rs in Millions

Description	2018	2019	2020
Total Assets	952.25	868.31	792.53
Net Sales	1,871.88	2,908.41	3,291.52
Administrative and other expenses	111.22	145.76	171.56
Profit after Tax	122.06	206.07	253.13

Note: The information given above reflects bonafide current business perceptions of the Directors as to the future performance of the Company's business. Neither the Company nor the Directors accept any responsibility for conclusions drawn or investment decisions made by any person based on the above information.

CERTIFIED TRUE COPY

[Signature]
Company Secretary
MACPAC FILMS LTD.





**Extract of the Resolutions passed by the Board of Directors of Macpac Films Limited (the "Company")
at their meeting held on July 19, 2017**

A meeting of the Board of Directors of the Company was held at 4:30 p.m. on July 19, 2017 at the Registered Office of the Company.

The following Directors attended the meeting:

1. Mr. Maqbool Elahi;
2. Mr. Mohammad Sadiq Khan;
3. Mr. Habib Elahi; and
4. Mr. Mansoor Younus

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company. For the purposes of the same, the management has received confirmation / undertaking from the sponsors of the Company to subscribe to more than 65% of the right issue.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from PKR 388,860,000/- to PKR 593,011,500/- by issue of further 20,415,150 ordinary shares of the Company of PKR 10/- each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017, at a price of PKR 15/- per share, inclusive of a PKR 5/- premium per share, in the ratio of approximately 52.5 right shares for every 100 existing ordinary share of PKR 10/- each (i.e. 52.5%), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company (the "**Right Issue**").

FURTHER RESOLVED THAT the following are the purpose of the Right Issue, use of the proceeds of the Right Issue, the benefits of the same to the Company and the risk factors associated with the Right Issue:

Purpose of the Right Issue

The purpose of the Right Issue is to, *inter alia*, (a) carry out capital expenditure with respect to the Company's business and / or obtain funds for the purposes of the Company's working capital requirements; and/or repay of borrowing from financial institutions (b) Retire loans availed from the Company's sponsors and Associate company.



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Use of funds

The funds received from Right Issue will be used for:

Description	PKR
CAPEX and/or working capital and/or Repayment of Borrowings from financial institutions	162,966,793/-
Retirement of Sponsors & Associate Company's Loan	143,260,457/-

(however, the above amounts are subject to change depending on the actual requirements of the business and operations of the Company).

Benefits to the Company

The rights issue will lead to stronger equity base thereby allowing the company to pursue growth opportunity. Furthermore, with the new capex, the Company will be able to increase production capacity, improve plant efficiencies, expand product portfolio, increase customer base thereby leading to increased profitability margins.

Risk Factors associated with the Right Issue

The sponsors of the Company will be subscribing more than 65% of the Rights Issue. Moreover, the Right Issue will be underwritten in accordance with the applicable laws which will ensure financial close. Although no significant risk factors are anticipated, these steps will mitigate any potential risk to the success of the Right issue.

FURTHER RESOLVED THAT the draft of the letter of offer, as prescribed under the Section 83 of the Companies Act, 2017, may be issued by any two directors of the Company in compliance with the applicable laws.

FUTHER RESOLVED THAT the financial plan 2018-2020, including the financial projections as presented to the Board of Directors be and is hereby approved and the Chief Executive officer and / or the Company Secretary be and are hereby severally authorized to submit the same to the relevant authorities.

FURTHER RESOLVED THAT all fractional shares will be consolidated in the name of the Company Secretary and sold on the Pakistan Stock Exchange Limited, the proceeds from which sale shall be distributed to the members in accordance with their entitlements.

FURTHER RESOLVED THAT the Chief Executive officer and / or the Company Secretary be and are hereby severally authorized to do the following on behalf of the Company:

- (i) appoint consultants / advisors to the Right Issue



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- (ii) to announce book closure dates or any change therein and to prepare the Schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, and to take all necessary actions, in this respect, required by Securities and Exchange Commission of Pakistan / Pakistan Stock Exchange Limited / Central Depository Company of Pakistan Limited or any other authority;
- (iii) to open, maintain and operate bank accounts for the purposes of amounts received from subscription of shares;
- (iv) to appoint / negotiate with underwriters for subscribing to any unsubscribed portion of the Right Issue in the manner prescribed under Companies (Issue of Capital Rules), 1996;
- (v) to take all other necessary steps, and do all other acts, deeds and things, including any ancillary or incidental actions to give effect to the above resolutions.

Certified that the abovementioned is a true and valid extract from the meeting of the Board of Directors of Macpac Films Limited held at the Registered Office of the Company on July 19, 2017.




Company Secretary

Dated: July 19, 2017