

COLONY

Colony Mills Limited

Ref. #: CML-KSE/11/

May 06, 2011

The General Manager
Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building
Stock Exchange Road
Karachi


SUBJECT: SCHEME OF ARRANGEMENT

Dear Sir,

The Board of directors of the company in their adjourned meeting held today has approved the draft Scheme of Arrangement pertaining to the merger by way of amalgamation of Colony Mills Limited and Colony Industries (Private) Limited with and into the Colony Textile Mills Limited. The Scheme will be subject to such changes and modifications as may be advised by the legal counsel and consultants and as may be required by the shareholders, regulatory bodies and the honourable Lahore High Court, Lahore. The petition in terms of sections 284 to 288 of the Companies Ordinance 1984 will be filed with the honourable Lahore High Court Lahore in due course.

The Board of directors has also decided that the swap ratio for the merger will be based on the break-up values of the respective companies to be determined by the statutory auditors of the Colony Textile Mills Limited (the "acquirer") as at April 30, 2011 (the "effective date") after adjusting the carrying value of assets at fair values to be ascertained by the independent Valuer(s) as on that date.

Yours truly


Company Secretary

CC:

The Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue,
Islamabad