

Form : 111573329

7-A/K, Main Boulevard,
Gulberg II, Lahore - Pakistan
Tel: 92-42-111-000-100
Fax: 92-42-5758783-5713753

149-Cotton Exchange Building,
I.I. Chundrigar Road, Karachi - 74000 Pakistan
Tel: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-mail: karachi.office@sapphire.com.pk



Sapphire Fibres Limited

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TQ/2010

March 15, 2010

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

Re. MATERIAL INFORMATION

Dear Sir,

In accordance with Clause (xxiii) of the Listing Regulation No.35 under Code of Corporate Governance, we are pleased to convey the following information:

1. The Board of Directors of Sapphire Fibres Ltd in its Board Meeting held today at 2:40 p.m. decided that it would be in the best interests of the Company if all the Company's shareholdings in some of the Sapphire Group Companies, namely Sapphire Finishing Mills Ltd, Diamond Fabrics Ltd Amer Cotton Mills (Pvt) Ltd and Sapphire Dairies (Pvt) Limited are de-merged/transferred into a separate company called Sapphire Fibres Holding Ltd.
2. For this purpose it is planned to incorporate a new company called SFL Holding Ltd which will initially be a 100% owned subsidiary of Sapphire Fibres Ltd and which will have an initial paid-up capital of Rs 70.
3. The Board also decided that the most appropriate methodology for the split/de-merger would be on the basis of a 1:1 swap ratio, i.e. that each existing shareholder in Sapphire Fibres Ltd should get exactly as many shares in Sapphire Fibres Holding Ltd as it currently has in the Company.