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Sapphire Textile Mills Limited

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 Textile Mills Ltd in its Meeting held today at 2:30 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 Fibres Ltd, Diamond Fabrics Ltd and Sapphire Finishing Mills Ltd are de-merged/transferred into a separate company called Sapphire Textile Mills Holding Ltd.
2. For this purpose it is planned to incorporate a new company called Sapphire Textile Mills Holding Ltd which will initially be a 100% owned subsidiary of Sapphire Textile Mills 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 Textile Mills Ltd should get exactly as many shares in STM Holding Ltd as it currently has in the Company.