

**ALTERN ENERGY LIMITED****Descon Headquarters:**

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Mr. Muhammad Ghufan
Deputy General Manager – Company Affairs
Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Ref No: AEL/KSE/210611

Date: June 21, 2011

Subject: **Placement Of Company On Non-Compliant Segment Of The
Exchange On Account Of Default Of The Listing Regulations**

Dear Sir,

Please refer to your letter No. KSE/Gen – 3584 dated June 07, 2011 regarding the subject-cited above. In this regard, we would like to emphasize that:

Altern Energy Limited (AEL) was a dead IPP, which was taken over by Descon Group in 2006. After taking over AEL, Descon group undertook a comprehensive rehabilitation process during period of two years from 2006 to 2008. Old plant & machinery were set aside and brand new & state of the art equipments have been installed. As a result, the Company was declared 'commissioned' by WAPDA on September 20, 2008. Since its commissioning, AEL has been dispatching energy to the national grid, contributing its share to minimize the effects of nation-wide energy crisis.

During the first year after its commissioning in 2008, AEL suffered losses Rs. 239.9 million. During the financial year ended June 30, 2010, the Company incurred a net profit after tax of Rs. 7.04 millions (A copy of the published financial statements is being enclosed herewith for your reference). Accumulated losses at the beginning of the financial year 2009-10 showed a balance of Rs. 626.7 million. The profits during the year reduced these accumulated losses to Rs. 619.7 million at the close of financial year 2009-10.

Considering these accumulated losses, the Board of Directors of the Company did not declare dividends during the year 2009-10. Moreover, the covenants of the agreement between the Company and its lenders do not allow the Company to declare dividends until the profit reserves are not sufficient.



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