

**GENERTECH PAKISTAN LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE QUARTER/HALF YEAR ENDED DECEMBER 31, 2008**

Dear Shareholders

The directors of your Company are presenting un-audited financial statements for the quarter / half year ending December 31, 2008.

**Operating Results**

During the quarter ending December 31, 2008 your Company registered a Sale of Rs. Nil million, with a Gross Loss of Rs. 16.805 million and Rs. 39.980 million as Net Loss for the period.

During the whole period under review, production capacity was under utilized as the plant operated on standby arrangements. This fact resulted in reduction in sales. As far as negotiations with LESCO / PEPCO, for supply of electricity is concerned, these are still in process and it is hoped that it may bring a favourable conclusion. Any favourable conclusion, with government support, will definitely bring your Company 100% operational and this will result into a turnaround in financial position of the Company.

These operating results brought EPS to Rs. (2.02) as compared to Rs. (2.08) of the corresponding period last year.

**Acknowledgement**

Directors wish to place on record their appreciation for the dedicated work of staff and executives of the company, during the period under review.

For and on behalf of  
Board of Directors

Jahangir Elahi  
Chief Executive

Lahore: February 28, 2009.

**GENERTECH PAKISTAN LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (Un-audited)**  
**AS AT DECEMBER 31, 2008**

		Un-Audited December 31 2008 Rupees	Audited June 30 2008 Rupees			Un-Audited December 31 2008 Rupees	Audited June 30 2008 Rupees
	NOTE				NOTE		
<b>EQUITY &amp; LIABILITIES</b>							
<b>SHARE CAPITAL &amp; RESERVES</b>				<b>OPERATING FIXED ASSETS</b>			
Share capital				Property, plant & equipment			
Authorized				Tangible		371,995,381	387,503,120
of Rs 10/- each		<u>200,000,000</u>	<u>200,000,000</u>				
Issued, subscribed & paid up	3	198,000,000	198,000,000				
Reserves	4	<u>(389,531,654)</u>	<u>(349,552,065)</u>				
		(191,531,654)	(151,552,065)				
<b>NON CURRENT LIABILITIES</b>							
Long term financing		74,752,168	74,752,168	LONG TERM DEPOSITS		239,794	239,794
<b>CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Trade and other payables		49,487,306	50,570,707	Stores, spares and loose tools		14,505,999	14,491,650
Mark-up payable on secured loans		207,586,998	187,092,422	Trade debts-unsecured			
				Considered good		142,028,073	144,606,122
Short term borrowings		154,429,081	154,429,081	Advances, prepayments &			
Current portion of long term		-	-	Other receivables		21,085,577	23,456,539
term liabilities		<u>256,205,382</u>	<u>256,205,382</u>	Cash & bank balances		<u>1,074,457</u>	<u>1,200,470</u>
		667,708,767	648,297,592			178,694,106	183,754,781
<b>CONTINGENCIES AND COMMITMENT:</b>	5	-	-				
		<u>550,929,281</u>	<u>571,497,695</u>			<u>550,929,281</u>	<u>571,497,695</u>

The annexed notes from 1 to 8 form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT

**GENERTECH PAKISTAN LIMITED**  
**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-audited)**  
**FOR SIX MONTHS ENDED DECEMBER 31, 2008**

	Six Months Period Ended		Quarter Ended	
	31st December 2008	31st December 2007	31st December 2008	31st December 2007
Sales	-	7,839,937	-	6,111,073
Cost of sales	16,805,276	24,869,712	8,426,410	15,155,209
Gross loss	<u>(16,805,276)</u>	<u>(17,029,775)</u>	<u>(8,426,410)</u>	<u>(9,044,136)</u>
Administrative expenses	1,951,618	2,270,860	1,169,677	1,360,242
Operating loss	<u>(18,756,894)</u>	<u>(19,300,635)</u>	<u>(9,596,087)</u>	<u>(10,404,378)</u>
Other charges				
Financial	21,222,695	21,852,184	10,611,745	10,928,838
Loss for the period	<u><u>(39,979,589)</u></u>	<u><u>(41,152,819)</u></u>	<u><u>(20,207,832)</u></u>	<u><u>(21,333,216)</u></u>
Earning per share-				
basic & diluted	<u><u>(2.02)</u></u>	<u><u>(2.08)</u></u>	<u><u>(1.07)</u></u>	<u><u>(1.08)</u></u>

The annexed notes from 1 to 8 form an integral part of these accounts.

**CHIEF EXECUTIVE**

**DIRECTOR**

**CHIEF ACCOUNTANT**

**GENERTECH PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)**  
**FOR SIX MONTHS ENDED DECEMBER 31, 2008**

**1. The Company & its operations**

Genertech Pakistan limited is public limited company and its shares are quoted at all Stock Exchanges Pakistan. The principal activity of the company is generation and distribution of Electric power.

**1.2 Going concern assumption**

a) The Company has incurred a loss of Rs.39.279 million during the period and has accumulated losses of Rs.669 million as at December 31, 2008. Its total liabilities exceed its total assets by Rs.116 million and its current liabilities exceed its current assets by Rs.489 million as at balance sheet date. Company has discontinued its operation since May 1st, 2008 due to no demand from customers but it has standby arrangement with Nishat (Chunian) Ltd. Moreover, company has not paid most of instalments of its long term financing which have become due for payment and company's management did not succeeded in negotiating with banks and financial institutions for restructuring / rescheduling of these loans. These factors in addition to the factors mentioned in note for Contingencies to the financial statements cast significant doubts about about the company's ability to continue as going concern in the foreseeable future and to realize it's assets and discharge its liabilities in the normal course of business.

b) However, financial statements are prepared on going concern basis as the management is making efforts to reschedule / restructure its long term loans and is hopeful that the company will be in a position to pay / settle its financial liabilities. The management is working on various options to rehabilitate and revive the business and at the same time considering ways to reduce its financial obligations. In addition to that, in continuity of previous possibilities, a power supply agreement with LESCO approved by WAPDA is now in process. This agreement has complete government support and it offers favourable rates. At present management is optimistic about this arrangement and hopefully, in near future, company will be shifted from its standby arrangement to regular supplies to LESCO. In addition to that, HFO prices are tilting downward and management anticipates massive reduction in prices, due to ongoing world financial crises. This downward tilting at earlier levels will be another positive step to start regular production of the company. This change seems very positive for the financial health and the future of the company. In addition to that, company is also considering conversion to natural gas resulting to reduce the effects of rising oil prices on the company.

Therefore, the management believes that the going concern assumption is valid and these accounts have been prepared on going concern basis without considering any adjustment relating to recoverability of recorded assets and settlement of liabilities.

**2. Accounting policies & compliance with International Accounting Standards**

2.1. These accounts are un-audited and are being submitted to shareholders, as required U/S 245 of the Companies Ordinance, 1984 and the international standard (IAS) 34 "Interim financial reporting"

2.2. The accounting policies adopted for the preparation of these half yearly accounts are the same as the preparation of preceding annual published accounts of the Company for the period from July 01, 2007 to June 30, 2008.

<b>Un-Audited</b>	<b>Audited</b>
<b>December 31</b>	<b>June 30</b>
<b>2008</b>	<b>2008</b>
<b>Rupees</b>	<b>Rupees</b>

**3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

18,000,000 Ordinary shares of Rs.10/-each fully paid in cash	180,000,000	180,000,000
1,800,000 ordinary shares of Rs.10/-each issued as fully paid bonus shares	18,000,000	18,000,000
Total Rupees	<u>198,000,000</u>	<u>198,000,000</u>

#### 4. RESERVES

Capital		
Premium on issue of shares	114,945,750	114,945,750
Revenue		
General	165,000,000	165,000,000
Accumulated loss	(669,477,404)	(629,497,815)
	(504,477,404)	(464,497,815)
Total Rupees	<u>(389,531,654)</u>	<u>(349,552,065)</u>

#### 5. CONTINGENCIES & COMMITMENTS

The status of contingencies & commitments as at December 31,2008 are the same as per audited financial statements for the year ended june 30, 2008

#### 6. TRANSACTION WITH ASSOCIATED UNDERTAKING

Transaction during the period Nil

#### 7. DATE OF AUTHORIZATION FOR ISSUE+B45

These statements are authorized for issue on february 28, 2009 by the board of director of the company.

#### 8. FIGURES

Figures have been rounded off to the neares rupee.

**CHIEF EXECUTIVE**

**DIRECTOR**

**CHIEF ACCOUNTANT**

**GENERTECH PAKISTAN LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)**  
**FOR SIX MONTHS ENDED DECEMBER 31, 2008**

	<b>December 31 2008 Rupees</b>	<b>December 31 2007 Rupees</b>
<b>A - CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	(39,979,589)	(41,152,819)
Adjustments for non cash / non operating items		
Depreciation	15,507,738	18,392,343
Financial charges	21,222,695	21,852,184
	36,730,433	40,244,527
<b>Operating profit before working capital changes</b>	(3,249,156)	(908,292)
(Increase) / decrease in current assets		
Store and spares	(14,349)	645,334
Trade debts	2,578,049	919,656
Advances, prepayments & other receivables	2,370,962	575,819
Increase / (decrease) in current liabilities		
Trade & other payable	(1,083,401)	(573,814)
	3,851,261	1,566,995
Cash used in / from operations	602,105	658,703
Financial charges paid	(728,118)	(12,412)
<b>Net cash used in operating activities</b>	(126,013)	646,291
<b>B - CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed operating assets	-	-
<b>Net cash used in investing activities</b>	-	-
<b>C - CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease	-	(82,622)
<b>Net cash from financing activities</b>	-	(82,622)
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	(126,013)	563,669
<b>Cash and cash equivalents at the beginning of the period</b>	1,200,470	1,442,804
<b>Cash and cash equivalents at the end of the period</b>	1,074,457	2,006,473

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT

**GENERECH PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR SIX MONTHS ENDED DECEMBER 31, 2008**

Particulars	Share Capital	Reserves		Unappropriated Profit/ loss	TOTAL
		Capital	Revenue		RUPEES
<b>Balance as on July 01, 2007</b>	198,000,000	114,945,750	165,000,000	(541,840,776)	(63,895,026)
Net loss for the period				(41,152,819)	(41,152,819)
<b>Balance as on December 31, 2007</b>	198,000,000	114,945,750	165,000,000	(582,993,595)	(105,047,845)
<b>Balance as on July 01, 2008</b>	198,000,000	114,945,750	165,000,000	(629,497,815)	(151,552,065)
Net loss for the period	-			(39,979,589)	(39,979,589)
<b>Balance as on December 31, 2008</b>	198,000,000		165,000,000	(669,477,404)	(191,531,654)

CHIEF EXECUTIVE

DIRECTOR

CHIEF ACCOUNTANT