



Dear Shareholders

The directors of your Company are presenting un-audited financial statements for the quarter and half year ending December 31, 2006.

Operating Results

During the half year ending December 31, 2006 your Company registered a Sale of Rs. 11.378 million, with a Gross Loss of Rs. 19.148 million and Rs. 44.105 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 massive reduction in sales. As far as WAPDA Tariff and HFO rates are concerned, there is a little reduction in HFO rates but it still on much higher side, while there is no favorable increase in WAPDA Tariff. In addition to that, as we mentioned in our previous reports, negotiations with WAPDA are still in process and it is hoped that it may bring a favorable conclusion. Any favorable 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. (2.23) as compared to Rs. (3.49) of the corresponding period last year.

Acknowledgment

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 27, 2007.

	NOTE	December 2006 RUPEES	June 2006 RUPEES
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 20,000,000(2006 :20,000,000) Ordinary shares of Rupees 10/- each		200,000,000	200,000,000
Issued, subscribed and paid up capital	4	198,000,000	198,000,000
Reserves	5	(207,711,394)	(163,606,672)
		(9,711,394)	34,393,328
NON CURRENT LIABILITIES			
LONG TERM FINANCING		84,949,738	104,191,406
LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE		37,806	7,534,166
CURRENT LIABILITIES			
Trade and other payables		41,528,934	41,684,867
Mark-up accrued on loans		127,764,873	105,365,548
Short term bank borrowings		154,429,081	154,429,081
Current portion of long term liabilities		275,690,831	249,402,416
		599,413,719	550,881,912
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		674,689,869	697,000,812
PROPERTY & ASSETS			
FIXED ASSETS			
Property Plant & Equipment		450,973,404	486,419,830
LONG TERM DEPOSITS		239,794	239,794
CURRENT ASSETS			
Stores, spares and loose tools		18,221,463	18,202,048
Stock in trade		8,983,759	9,083,424
Trade debts		149,661,183	149,859,655
Advances, prepayments and other receivables		31,134,688	30,758,766
Cash and bank balances		15,475,578	2,437,295
		223,476,671	210,341,188
		674,689,869	697,000,812

The annexed notes form an integral part of these financial statements.

Profit and Loss Account (Un-Audited) for the Half Year / Quarter ended December 31, 2006

	July-Dec 2006 RUPEES	July-Dec 2005 RUPEES	Oct-Dec 2006 RUPEES	Oct-Dec 2005 RUPEES
Sales - Net	11,377,577	83,066,590	5,337,521	18,276,425
Cost of sales	30,525,802	125,076,161	16,301,423	44,141,329
Gross (loss)	(19,148,225)	(42,009,571)	(10,963,902)	(25,864,904)
Administrative expenses	2,583,919	4,248,593	1,514,314	1,754,490
Operating (loss)	(21,732,144)	(46,258,164)	(12,478,216)	(27,619,394)
Other income	67,820	1,014,300	67,820	626,342
	(21,664,324)	(45,243,864)	(12,410,396)	(26,993,052)
Other charges				
Financial charges	22,440,398	23,801,905	11,143,189	11,824,547
Net (loss) for the period	(44,104,722)	(69,045,769)	(23,553,585)	(38,817,599)
Accumulated (loss) brought forward	(443,552,422)	(294,494,169)	(443,552,422)	(226,185,658)
Accumulated (loss) carried forward	(487,657,144)	(363,539,938)	(467,106,007)	(265,003,257)
Earnings per share	(2.23)	(3.49)	(1.19)	(1.96)

The annexed notes form an integral part of these financial statements.

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director

	December 2006 RUPEES	December 2005 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the period	(44,104,722)	(69,045,769)
Adjustments for non cash charges and other items		
Depreciation	20,481,894	24,005,441
Financial charges	22,440,397	23,801,905
Profit on sale of fixed assets	-	(67,028)
	<u>42,922,291</u>	<u>47,740,318</u>
Cash flows from operating activities before working capital changes	(1,182,431)	(21,305,451)
(Increase) / decrease in current assets		
Stocks, Stores, Spares and Loose tools	80,250	8,878,779
Trade debts	198,472	4,047,493
Advances, prepayments and other receivables	(329,655)	3,362,141
Increase/(decrease) in current liabilities	(50,933)	16,288,413
Trade and other payables	(155,933)	8,912,256
Cash generated / (used in) from operating activities	(1,389,297)	3,895,218
Income tax paid	(46,267)	(7,326)
Financial charges paid	(41,072)	(143,131)
Net cash generated (used in) from operating activities	(1,476,636)	3,744,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets acquired	-	(903,665)
Sale proceeds of fixed assets	14,964,532	311,674
Net cash generated / (used in) investing activities	14,964,532	(591,991)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash (used in) financing activities - Lease rentals paid	(449,613)	(385,806)
Net increase in cash and cash equivalents	13,038,283	2,766,964
Cash and cash equivalents at the beginning of the period	2,437,295	761,806
Cash and cash equivalents at the end of the period	<u>15,475,578</u>	<u>3,528,770</u>

The annexed notes form an integral part of these financial statements.

Statement of Changes in Equity for the Half Year ended December 31, 2006 (Un-Audited)

	Share Capital	Reserves		Accumulated Loss	TOTAL
		Capital	Revenue		
RUPEES					
Balance as at June 30, 2005	198,000,000	114,945,750	165,000,000	(294,494,169)	183,451,581
Net (loss) for the period	-	-	-	(69,045,769)	(69,045,769)
Balance as at December 31, 2005	198,000,000	114,945,750	165,000,000	(363,539,938)	114,405,812
Net (loss) for the period	-	-	-	(80,012,484)	(80,012,484)
Balance as at June 30, 2006	198,000,000	114,945,750	165,000,000	(443,552,422)	34,393,328
Net (loss) for the period	-	-	-	(44,104,722)	(44,104,722)
Balance as at December 31, 2006	198,000,000	114,945,750	165,000,000	(487,657,144)	(9,711,394)

The annexed notes form an integral part of these financial statements.

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director

1 STATUS AND ACTIVITY

Genertech Pakistan Limited is a public limited company and its shares are quoted on all Stock Exchanges of Pakistan. The principal activity of the company is generation and distribution of electric power.

2 GOING CONCERN ASSUMPTION

The company has incurred a loss of Rs.44.105 million during the period and has accumulated loss of Rs.487.657 million as at December 31, 2006. It's sale has decreased as compared to last year due to the stoppage of major operational activities of the business. These factors in addition to the factor mentioned in Note 7 of the financial statements raise doubts about the company's ability to continue as going concern and therefore it may be unable to realize it's liabilities in the normal course of business.

However financial statements are prepared on going concern basis as the management is making efforts to reschedule/restructure it's long term loans and is hopeful that the company will be in a position to pay/settle it's financial liabilities. The management is working on various options to rehabilitate and revive the business and at the same time considering ways to reduce it's financial obligations. The most promising is that WAPDA has recently approached the company to provide electricity at the favourable rate and for this we have already given our consent on the tariff proposed by WAPDA to NEPRA. This issue has complete support of the Government and as a consequence a draft of the agreement is about to reach it's final stage. It is pertinent to mention that some other SPP's successfully made agreement with WAPDA and at present their excessive supplies are being used by WAPDA. Management is optimistic about this arrangement and hopefully in near future, GPL will be shifted from it's standby arrangements to regular supplies. This change seems very positive for the financial health of the company. Secondly the company is also considering on conversion to natural gas resulting to reduce the effects of rising oil prices on the company. We feel that these options are viable and doable under the current energy shortage scenario of the country.

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 the recoverability of recorded assets and settlement of liabilities.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of Half Yearly Accounts are the same as applied, in the preparation of the preceding annual published accounts of the company.

	December 2006 RUPEES	June 2006 RUPEES
4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
18,000,000 (2006: 18,000,000) Ordinary shares of Rs. 10/- each fully paid in cash	180,000,000	180,000,000
1,800,000 (2006: 1,800,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	18,000,000	18,000,000
	<u>198,000,000</u>	<u>198,000,000</u>
5 RESERVES		
Capital Reserve		
Premium on issue of shares	114,945,750	114,945,750
Revenue Reserves		
Revenue reserves	165,000,000	165,000,000
Accumulated (loss)	(487,657,144)	(443,552,422)
	<u>(322,657,144)</u>	<u>(278,552,422)</u>
	<u>(207,711,394)</u>	<u>(163,606,672)</u>
6 TRANSACTIONS WITH ASSOCIATED UNDERTAKING		

During the six months, the company sold electricity to associated undertaking, in the aggregate sum of Rs. 1.932 million (2006: Rs. 51.562) million.



7 CONTINGENCIES AND COMMITMENTS

Contingencies

The recovery suit filed by Union Bank Limited, Faysal Bank Limited, MCB Bank Limited and The Bank of Punjab of Rs. 14.224 Million, Rs. 66.263 Million, Rs. 65.959 Million and Rs. 96.298 Million respectively are currently pending adjudications in the Lahore High Court, Lahore.

The recovery suit filed by Escorts Investment Bank Limited of Rs. 19.560 Million is currently pending adjudication in the Banking Court, Lahore.

The recovery suit filed by BRR International Modaraba of Rs. 76.807 Million is currently pending adjudication in the Modaraba Tribunal.

A recovery suit is filed by United Bank Ltd of Rs. 194.473 million in Lahore High Court, Lahore, on February 2, 2007.

Commitments

Commitment for the purchase of asset is Rs. 100 Million (2006: 100 Million)

8 DATE OF AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on February 27, 2007 by the Board of Directors of the company.

9 FIGURES

Figures have been rounded off to the nearest rupee.

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed Balance Sheet of **GENERTECH PAKISTAN LIMITED** as at December 31, 2006 and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof for the half year then ended. These financial statements are the responsibility of Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. However, our review reveals that:

- (a) long term liabilities of First Fidelity Leasing Modaraba amounting to Rs. 19.118 million are not confirmed.
- (b) the effect of adjustment, if any and appropriateness of liabilities as mentioned in Note 7 could not be determined, due to the fact mentioned in the said note.

Based on our review, except for the matters referred in (a) and (b) above, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore:
Dated: February 27, 2007

Zahid Jamil & Co.
(Chartered Accountants)

If undelivered please return to:

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