



Dear Shareholders

The directors of your Company are presenting un-audited financial statements for the quarter ending March 31, 2007.

Operating Results

During the quarter ending March 31, 2007 your Company registered a Sale of Rs. 3.506 million, with a Gross Loss of Rs. 8.957 million and Rs. 20.885 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 HFO rates are concerned, these are still on much higher levels. These higher rates do not provide any possibility to bring our plant fully operational.

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. At present we are waiting for positive reponse from WAPDA. Any favorable conclusion, with government support, will definately 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. (1.05) as compared to Rs. (1.37) 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: April 30, 2007.

	NOTE	March 2007 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	(228,596,858)	(163,606,672)
		(30,596,858)	34,393,328
NON CURRENT LIABILITIES			
LONG TERM FINANCING		75,328,904	104,191,406
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		9,724	7,534,166
CURRENT LIABILITIES			
Trade and other payables		43,079,279	41,684,867
Mark-up accrued on loans		138,500,625	105,365,548
Short term bank borrowings		154,429,081	154,429,081
Current portion of long term liabilities		285,120,932	249,402,416
		621,129,917	550,881,912
CONTINGENCIES AND COMMITMENTS	7	-	-
		665,871,687	697,000,812
PROPERTY & ASSETS			
FIXED ASSETS			
Property Plant & Equipment		440,732,457	486,419,830
LONG TERM DEPOSITS		239,794	239,794
CURRENT ASSETS			
Stores, spares and loose tools		18,214,729	18,202,048
Stock in trade		8,715,791	9,083,424
Trade debts		150,470,785	149,859,655
Advances, prepayments and other receivables		31,270,390	30,758,766
Cash and bank balances		16,227,741	2,437,295
		224,899,436	210,341,188
		665,871,687	697,000,812

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

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director

Profit and Loss Account (Un-Audited) for the Quarter ended March 31, 2007

	Jan-Mar 2007 RUPEES	Jan-Mar 2006 RUPEES	July-Mar 2007 RUPEES	July-Mar 2006 RUPEES
Sales - Net	3,505,949	9,944,859	14,883,526	93,011,449
Cost of sales	12,463,098	24,543,831	42,988,900	149,619,991
Gross (loss)	(8,957,149)	(14,598,972)	(28,105,374)	(56,608,543)
Administrative expenses	1,187,479	1,523,042	3,771,398	5,771,635
Operating (loss)	(10,144,628)	(16,122,014)	(31,876,772)	(62,380,178)
Other income	71	449,825	67,891	1,464,125
Other charges	(10,144,557)	(15,672,189)	(31,808,881)	(60,916,053)
Financial charges	10,740,907	11,377,720	33,181,305	35,179,625
Net (loss) for the period	(20,885,464)	(27,049,909)	(64,990,186)	(96,095,678)
Accumulated (loss) brought forward	(443,552,422)	(363,539,938)	(443,552,422)	(294,494,169)
Accumulated (loss) carried forward	(464,437,886)	(390,589,847)	(508,542,608)	(390,589,847)
Earnings per share	(1.05)	(1.37)	(3.28)	(4.85)

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

JAHANGIR ELAHI
Chief Executive

TANVIR ELAHI
Director



	March 2007 RUPEES	March 2006 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) for the period	(64,990,186)	(96,095,678)
Adjustments for non cash charges and other items		
Depreciation	30,722,841	36,006,677
Financial charges	33,181,305	35,179,625
Profit on sale of fixed assets	-	(67,028)
	<u>63,904,146</u>	<u>71,119,274</u>
Cash flows from operating activities before working capital changes	(1,086,040)	(24,976,404)
(Increase) / decrease in current assets		
Stocks, Stores, Spares and Loose tools	354,952	9,814,332
Trade debts	(611,130)	7,340,458
Advances, prepayments and other receivables	(462,922)	2,458,993
Increase/(decrease) in current liabilities	(719,100)	19,613,783
Trade and other payables	1,394,412	8,853,189
Cash generated from operating activities	(410,728)	(3,490,568)
Income tax paid	(48,702)	-
Financial charges paid	(46,228)	(174,446)
Net cash generated from operating activities	(505,658)	3,316,122
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets acquired	-	(883,854)
Sale proceeds of fixed assets	14,964,532	311,674
Net cash used in investing activities	14,964,532	(572,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flows from financing activities - Lease rentals paid	(668,428)	(586,335)
Net increase in cash and cash equivalents	13,790,446	2,157,607
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	16,227,741	2,919,413

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

Statement of Changes in Equity (Un-Audited) for the Quarter ended March 31, 2007

	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	-	-	-	(96,095,678)	(96,095,678)
Balance as at March 31, 2006	198,000,000	114,945,750	165,000,000	(390,589,847)	87,355,903
Net (loss) for the period	-	-	-	(52,962,575)	(52,962,575)
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	-	-	-	(64,990,186)	(64,990,186)
Balance as at March 31, 2007	198,000,000	114,945,750	165,000,000	(508,542,608)	(30,596,858)

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.20,885 million during the period and has accumulated loss of Rs.508,543 million as at March 31, 2007. Its 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 its 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 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. The most promising is that WAPDA has recently approached the Company to provide electricity at the favourable rates 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 its 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 its 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 Quarterly Accounts are the same as applied, in the preparation of the preceeding annual published accounts of the Company.

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

1,800,000 (2006: 1,800,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares

	March 2007 RUPEES	June 2006 RUPEES
	180,000,000	180,000,000
	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
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Revenue Reserves

Revenue reserves

165,000,000	165,000,000
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Accumulated loss

(508,542,608)	(443,552,422)
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<u>(343,542,608)</u>	<u>(278,552,422)</u>
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<u>(228,596,858)</u>	<u>(163,606,672)</u>
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6 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

During the period, the Company sold electricity to associated undertaking, in the aggregate sum of Rs. 1.990 million (2006: Rs. 58.801) million.



7 CONTINGENCIES AND COMMITMENTS

Contingencies

The recovery suit filed by Union Bank Limited, Faysal Bank Limited, MCB Bank Limited, The Bank of Punjab and United Bank Ltd. of Rs. 14.224 million, Rs. 66.263 million, Rs. 65.959 million, Rs. 96.298 million and Rs. 194.473 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.

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 April 30, 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

If undelivered please return to:

GENERTECH PAKISTAN LIMITED
31/C-1, Ghalib Road, Gulberg-III, Lahore.-54660
Tel: (042) 5710216-20