

DIRECTORS' REVIEW FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2008

The Board of Directors is pleased to present the unaudited condensed interim financial statements of the Company for the six months period ended March 31, 2008.

Rising inflation rate, reduction in foreign exchange reserves, increase in foreign debts and the unfavourable trade deficit balance are few of the challenges being faced by Pakistan. We hope that the government will expertly meet these challenges in the near future.

NEW ORDERS of over Rs 30.9 billion have been received during the six months of the current financial year. Major contributions include projects for building grid stations for various customers in Dubai and supply of power and distribution transformers to power generating companies.

SALES increased by only 7% as compared to the corresponding period predominantly due to discontinuation of business of COM segment. However, sales from the continuing operations have increased by 50% when compared to the corresponding period to just over Rs 11.8 billion mainly due to the projects being undertaken in the energy sector.

PROFIT BEFORE TAX decreased by 18% as compared to the corresponding six months period due to discontinuation of business of COM segment. Profit before tax from continuing operations have increased by 42% to just over Rs 1 billion. The major contributors are higher sales volume and other operating income.

PROFIT AFTER TAX increased by 6% as compared to the profit after tax for the corresponding period.

ORDERS IN HAND position is adequate as at the end of the second quarter.

INTERIM DIVIDEND @ 300% (Rs 30 per share) has been declared by the Board of Directors considering the performance of the first six months of the financial year.

We are confident to achieve our targets budgeted for the whole financial year but due to the uncertainties involved in different segments of our business it is difficult to predict about the results of the Company for the whole financial year.

The enclosed condensed interim financial statements are unaudited. The auditors have, however, carried out a 'limited review' as required under the listing regulations of the stock exchanges of Pakistan.

On behalf of the Board
Siemens (Pakistan) Engineering Company Limited

Syed Babar Ali
Chairman

Sohail Wajahat H. Siddiqui
Chief Executive Officer

Karachi, April 28, 2008