

DIRECTORS' REVIEW FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2008

The Board of Directors is pleased to present the unaudited condensed interim financial statements of the Company for the nine months period ended June 30, 2008.

Increasing oil prices fuelling inflation continue to challenge a steady economic growth in the country. Alongwith other geo political factors these have played a pivotal role in the recent slump in the country's economic scenario. The targets set by the government for the fiscal year 2008-09 are commendable but resolute efforts will be required to ensure that targets are achieved.

During the nine months period ended June 30, 2008 the Company has acquired the Afghanistan branch of Siemens AG.

NEW ORDERS of over Rs 42.2 billion have been received during the nine months of the current financial year. Major contributions include projects for building 132/11 Kv Substations for various customers in Dubai, supply and installation of Distribution Enhancement Project in Kabul and supply of power and distribution transformers to power distribution companies in Pakistan.

SALES from continuing operations have increased by 45% when compared to the corresponding nine months period to just under Rs 18.9 billion mainly due to the projects being undertaken in the energy sector.

PROFIT BEFORE TAX increased by 20% in absolute terms and remains at the same level of 10% of sales as compared to the corresponding nine months period. The major contributors are higher sales volume and other operating income (which mainly includes exchange gain due to rising rates of Euro and other currencies).

PROFIT AFTER TAX has decreased by 50% as the profit for corresponding nine months period included after tax profit on sale of discontinued operations of Rs 1.7 billion. Profit after tax excluding profit on sale of discontinued operations have increased by 59% and increased from 5% of sales to 7% of sales as compared to the profit for the corresponding nine months period due to lower incidence of tax.

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

Considering the results of the Company at the end of the third quarter 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.

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

Sohail Wajahat H. Siddiqui
Chief Executive Officer

Gerhard Wilcke
Chief Financial Officer

Karachi, July 28, 2008