

DIRECTORS' REVIEW FOR THE THREE MONTHS PERIOD ENDED DECEMBER 31, 2008

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

The current financial crisis has also affected our business particularly in the United Arab Emirates.

NEW ORDERS of over Rs 4.6 billion have been received during the three months of the current financial year. Major contributions include projects for building 220 KV Grid station, supply of hospital equipments and supply of power and distribution transformers to power distribution companies in Pakistan.

SALES have more than doubled when compared to the corresponding three months period last year to just under Rs 9 billion mainly due to the projects being undertaken in the energy sector.

The Company has suffered after tax loss of Rs 42 million mainly due to provisions made for delays in the completion on certain projects being executed in Dubai. On top the Company needs to address claims from the customers under defect liability period for which a provision has also been created. To the extent possible the Company hedges against currency exchange risks. The higher than anticipated depreciation of the PKR against the Euro and other currencies also contributed to this loss.

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

Considering the orders in hand position of the Company, we expect to come out of the loss situation in the second quarter and achieve our targets budgeted for the whole financial year but due to the uncertainties involved in different segments of our business and current financial crisis 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

Syed Babar Ali
Chairman

Sohail Wajahat H. Siddiqui
Chief Executive Officer

Karachi, January 29, 2009