

A.F. Ferguson & Co
Chartered Accountants
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February 28, 2008

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The Chief Executive
Berger Paints Pakistan Limited
D-31, South Avenue
S.I.T.E.
Karachi - 75700

Dear Sir

CERTIFICATE ON FREE RESERVES FOR THE ISSUE OF RIGHT SHARES

We thank you for your company's letter dated February 22, 2008 through which you had requested us to ascertain the free reserves of the company as at June 30, 2007. In this respect we state as follows:

- We have ascertained from the audited financial statements of the company for the year ended June 30, 2007 that the 'free reserves' as of June 30, 2007 in terms of the meaning given to 'free reserves' in the Companies (Issue of Capital) Rules, 1996, were Rs 315.657 million. The financial statements of the company for the year ended June 30, 2007 were audited by another firm of Chartered Accountants whose report dated August 31, 2007 expressed an unqualified opinion on those financial statements.
- Based on the disclosures made in the audited financial statements for the year ended June 30, 2007, it appears that the company's 'free reserves' as at June 30, 2007 do not include any reserves created as a result of revaluation of fixed assets or any intangible or fictitious assets such as preliminary expenses, goodwill, brokerage or commission.
- Subsequent to the year ended June 30, 2007 a fire broke out at the factory premises of the company situated in Karachi on January 23, 2008 and as a result significant damage was caused to the property, plant and equipment and stocks in trade of the company. We have been advised by the management of the company that insurance claims of an aggregate amount of Rs 818.607 million, in respect of some insurance policies, have been lodged with the insurance company and certain claims are yet to be filed. We have been advised by the management that an estimate of the expected loss, if any and its impact on the free reserves of the company as at February 28, 2008 cannot presently be quantified by the management of the company. However,

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