



BARKAT FRISIAN AGRO LIMITED

October 20, 2026

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir,

CLARIFICATION REGARDING DEFERRED TAX EXPENSE FOR THE YEAR ENDED JUNE 30, 2026

Barkat Frisian Agro Limited (the "Company") provides the following clarification regarding the deferred tax expense of Rs. 74.46 million recognized in its financial statements for the year ended June 30, 2026, to facilitate shareholders' and other stakeholders' understanding of this accounting charge.

Tax Exemption and Current Tax Position

The Company operates as a Special Economic Zone (SEZ) enterprise under the Special Economic Zones Act, 2012, and is entitled to a ten-year tax exemption from corporate income tax and minimum turnover tax. The stated exemption periods extend until April 2029 for the Karachi Plant and June 30, 2035 for the Faisalabad Plant. Accordingly, the Company's current income tax expense for FY2026 was nil, based on its applicable tax position.

Nature of Deferred Tax Expense

During FY2026, the Company recorded a deferred tax expense of Rs. 74.46 million, mainly due to differences relating to fixed assets, including additions at the Faisalabad Factory.

The Company enjoys a tax exemption for a specified period. Therefore, if a tax-related difference is expected to reverse during the tax-exempt period, deferred tax is calculated at 0%. However, if the difference is expected to reverse after the tax exemption expires, deferred tax is calculated at the applicable tax rate expected to apply at that time. The detailed calculation and reconciliation of deferred tax are provided in Notes 4.14 and 10.2 of the financial statements.

Impact on Cash Flow and Tax Payable

The deferred tax expense of Rs. 74.46 million is a non-cash accounting charge arising from the recognition of relevant temporary differences in accordance with applicable financial reporting standards.

It does not represent a current-period cash outflow or current income tax payable to the tax authorities. Furthermore, the recorded deferred tax liability is not expected to result in cash outflow during the Company's exemption period and even after its expiry. This expense affects the reported accounting profit but does not, in itself, create a corresponding cash tax payment obligation.

The Company is issuing this clarification to ensure that shareholders and other stakeholders have a clear understanding of the deferred tax expense recognized in its financial statements.

Sincerely,

Muhammad Adil Ali
Chief Executive Officer

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Faisalabad Plant : Plot No. 51, Phase II, M-3 Industrial City, Faisalabad.

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