
BIMAN BANGLADESH AIRLINES LIMITED

Independent auditors' report along with audited
consolidated and separate financial statements for the
year ended 30 June 2020

ম্যাবস এন্ড জে পার্টনার্স
MABS & J Partners
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Independent Auditor's Report
To the Shareholders of Biman Bangladesh Airlines Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Qualified Opinion

We have audited the financial statements of Biman Bangladesh Airlines Limited and its subsidiaries (the "Group"), as well as the separate financial statements of Biman Bangladesh Airlines Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at June 30, 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes (1 to 37) to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at June 30, 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in **note # 2**.

Basis for Qualified Opinion

1. As disclosed in **note # 18.2** to the financial statements, the Company has maintained provision against Pension amounting to Tk. 4,488,345,599 for its 1,876 employees under this scheme. According to IAS 19 'Employee Benefits', actuarial valuation is required for the defined beneficiary scheme. An actuarial valuation was conducted by M/S Z. Halim Associates up to 30 June 2017 where the actuary firm recommended to conduct valuation on an annual basis for the next three years from 30 June 2017. But no actuarial valuation has been conducted after 30 June 2017. The Company also did not maintain required provision suggested in the actuarial valuation report. However, the Company has maintained provision amounting to Tk. 4,488,345,599 in its financial statements and an additional provision amounting to Tk. 2,153,255,812 in the Employees' Pension Fund Trust's accounts. But as per the Company's Administrative order no 22/2018, dated 29 November 2018, the year-end provision should have been Tk. 16,637,938,220, a non-compliance of which resulted in a shortfall of provision amounting to Tk. 9,996,336,809.
2. As disclosed in **note # 19** to the financial statements, the Company has shown deferred tax assets amounting to Tk. 1,376,032,729 which has remained unchanged since 30 June 2017. As on 30 June 2020, the Company did not reassess and recognize any more deferred tax assets. It is a non-compliance of IAS-12. Had IAS-12 been followed, deferred tax assets would have amounted to Tk. 6,581,148,688. Since the deferred tax assets were not reassessed at the current year-end,



the net profit after tax for the year has been understated by Tk. 5,205,115,959 with a consequential reduction of equity to the same extent.

3. As per **IFRS 16, Para 3**, an entity shall apply this Standard to all leases, including leases of right-of-use assets in a sublease, except for some particular cases. As per **Appendix C, Para C1 of IFRS 16**, an entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. The Company has many lease agreements for aircraft and office rent (foreign and local offices/stations), but the Company has not recognized any right-of-use assets and lease liability as per IFRS 16. Instead the Company has still been following IAS 17 and the previous years' policy for recognizing its leased assets & liabilities and office rent.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

Without further qualifying our opinion, we draw attention to the following matters:

1. As disclosed in **note # 3** and **Annexure-H** to the financial statements, the Company has shown Property, Plant & Equipment of Tk. 131,425,083,388 as written down value including Engine Sent to External Parties for overhauling, the written down value of which as on 30 June 2020 amounted to Tk. 2,852,200,936 after charging amortization of Tk. 824,415,686. But the amortization amount should have been increased by Tk. 442,900,780 as one of the Engines (ESN 907022) has been sent for overhauling (non-scheduled shop visit) in December 2019 and the closing written down value of the Engine (ESN 907022) amounting to Tk. 442,900,780 has not been charged as an expense.
2. In **note # 7** to the financial statements, the Company has disclosed the current status of non-current asset held for sale.
3. As disclosed in **note # 8.1** to the financial statements, the year-end balance of stores and spares of the Company amounts to Tk. 6,996,859,931 against which there is a provision for store obsolescence of Tk. 2,928,704,698, resulting in a net amount of Tk. 4,068,155,233 (Tk. 6,996,859,931-Tk. 2,928,704,698) as the carrying value of stores and spares. Stores and spares include inter alia BER (Beyond Economic Repair) products amounting to Tk. 277,836,777 which has not been charged to expense, nor any provision has been made for the above-mentioned amount.
4. As disclosed in **note # 9.2** of the financial statements, the Company has receivables from different parties amounting to Tk. 1,364,056,577. As per IAS 21, Para 23 (a), "At the end of each reporting period foreign currency monetary items shall be translated using the closing rate". But

the Company does not do such translation, and thus does not recognize such foreign Currency Translation Gain/Loss as per IAS 21, Para 23 (a). As a result, Foreign Exchange Gain was understated by Tk. 225,949,572 and Foreign Exchange Loss was understated by Tk. 30,652,398.

5. As disclosed in the **note # 10.1** to the financial statements, the year-end balance of advances, deposits and prepayments of the Company amounts to Tk. 7,512,843,405 against which there is a provision against advance for inventory and provision as doubtful totaling Tk. 134,326,034, resulting in a net amount of Tk. 7,378,517,371 as carrying value of advances, deposits and prepayments. But the Company could not provide us with the party and year wise details of the above-mentioned amount.
6. As disclosed in **note # 17 {Annexure-P (i)}** to the financial statements, the Company has shown a Loan from Govt. of Bangladesh for Voluntary Retirement Scheme (VRS) amounting to Tk. 2,901,000,000. At the time of conversion of Bangladesh Biman Corporation into a public limited company in 2007, and taking over of the assets and liabilities of the Corporation, Government had provided Tk. 2,901,000,000 for settlement of the above employees' retirement benefits in the year 2007. As per GoB letter AMA/BE/BA-1/09277311(4)/2007/1001 dated 15 November 2007, the loan must be repaid within five (05) years with 5% interest on half-yearly basis. However, the Company has neither paid any instalment of the principal loan amount nor the interest amount, though it has created a liability for Interest payable on loan for VRS amounting to Tk. 1,865,360,444, as disclosed in the **note # 20.1 (Annexure-Q)** to the financial statements.
7. As disclosed in **note # 20.1 (Annexure-Q)** to the financial statements, the Company has shown 'Accounts Payable and Accruals' which includes;
 - i. A liability to Padma Oil Company Limited amounting to Tk. 14,797,587,729 {(Outstanding of Tk. 14,484,514,233 plus (Advances Tk. 313,073,496)}, although as per the reconciliation with POCL as on 30 June 2020 the advance amount is Tk. 313,522,571}. However, as per agreement between Padma Oil Company Limited (POCL) and Biman Bangladesh Airlines Limited dated 01 November 2019, agreed actual liability with POCL is Tk. 21,081,997,274 for the period from February 2011 to October 2019 which includes a principal amount of Tk. 14,495,252,989 and interest for delayed payment is Tk. 6,586,744,285. Out of this total agreed liability with POCL, the company has disclosed interest amount for delayed payment of Tk. 6,586,744,285 as contingent liability in **note # 34** to the financial statements and the balance amount recognized as liability. Moreover, as per the condition of the agreement, for non-payment of agreed arrear amount, interest will be automatically accrued @ 8% per annum. Hence, interest payable for non-payment of arrear is Tk. 773,080,159 for the period from Nov 2019 to June 2020, but such interest on arrear has neither been recognized as liability nor has it been disclosed as contingent liability in the financial statements as on 30 June 2020.
 - ii. A liability with the Government of People's Republic of Bangladesh related to the purchase of three DC- 10-30 aircrafts in the year 1984, amounted to Tk. 2,216,430,564 as on 30 June 2020, (Loan Payable to Govt. of Bangladesh for DC-10-30 amounting to Tk. 1,912,543,075 as principal and interest payable thereon is Tk. 303,887,489), the status of which is yet to be finalized with the Government by a formal agreement.

- iii. A liability to Civil Aviation Authority, Bangladesh (CAAB) amounting to Tk. 8,625,366,073, which is in excess of Tk. 68,054,073 compared to the CAAB's claim amount of Tk. 8,557,312,000. In addition, CAAB claims an additional amount of Tk. 2,588,362,000 and Tk. 20,512,059,000 as VAT & TAX and Surcharge receivable from Biman Bangladesh Airlines Limited respectively. However, the Company has disclosed these amounts as Contingent Liability in the financial statements.
8. The Company has disclosed in **note # 24** to the financial statements regarding the status of income tax appeals & assessments of the Company and also about the non-deduction of tax on overseas payments to non-residents.
9. As per **IAS 7, Para 21**, an entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities, except to some extent described in paragraphs 22 and 24. But the Company has reported cash flows on a net basis for investing and financing activities.

Other Matters

1. The total Debt/Equity ratio of the Company stands at 14.59:1 (94% : 6%) as on 30 June 2020 compared to 10.13:1 (91% : 9%) as on 30 June 2019 and 10.70:1 (91% : 9%) as on 30 June 2018. However, the long-term Debt/Equity ratio of Biman stands at 9.09:1 (90% : 10%) as on 30 June 2020 compared to 4.45:1 (82% : 18%) as on 30 June 2019 and 3.98:1 (80% : 20%) as on 30 June 2018. As disclosed in note # 20.1 to the financial statements, the Company has Payables & Trade Creditors (under Accounts Payable and Accruals) which includes inter alia Payable to Govt. of Bangladesh for DC-10-30 and its interest payable, amounting to Tk. 2,216,430,564 in total. This was reclassified from long term liability to short term liability as on 30 June 2018. But no amount has yet been repaid. If this amount is considered as long-term liability, the long-term Debt/Equity ratio for the year ended 30 June 2020 would be 9.31:1 (90% : 10%) instead of 9.09:1 (90% : 10%). High total and long-term Debt/Equity ratios indicate that there is a risk of going concern threat in the coming years.

Again as more fully described in note # 2.18 to the financial statements, the Company has been negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. This may again increase the risk of going concern threat in the coming years.

2. The financial statements of the Company for the year ended 30 June 2019 were audited jointly by ACNABIN, Chartered Accountants and Syful Shamsul Alam & Co., Chartered Accountants who expressed a qualified opinion on 12 December 2019.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The draft Annual Report is expected to be made available to us after the date of this auditor's report but before the finalization of Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report before finalisation, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company so that the matter is duly addressed in the annual report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Description of key audit matters	Our response to key audit matters
1. Revenue Recognition	
<p>Passenger revenue is not recorded immediately on sale of flight tickets, but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the statement of financial position as unearned transportation revenue and is measured based on the sales price to the customer, net of ticket breakage (tickets sold but not utilized at flight date), discounts and rebates.</p> <p>Passenger revenue is complex due to the various fare rules that may apply to a transaction, and as tickets are typically sold prior to the day of the flight. Complex IT systems and processes are required to correctly record these sales as transportation sales in advance and then as revenue when flights occur.</p> <p>We have included revenue recognition as a key audit matter due to the significance of revenue to the consolidated and separate financial statements and the substantial dependence on complex IT systems.</p>	<p>Our audit procedures to assess revenue recognition included the following:</p> <ul style="list-style-type: none"> evaluated the systems, processes and controls in place over passenger revenue in advance and key account reconciliation processes; tested the IT environment in which passenger sales occur and interfaces with other relevant systems; assessed the quality of information produced by these systems and tested the accuracy and completeness of reports generated by these systems and used to recognize or defer passenger revenue; and performed an analysis of passenger revenue and unearned passenger revenue and created expectations of revenue based on our knowledge of the Company, the industry and key performance measures, including airline capacity and revenue per available seat kilometer. We have compared this to the Group's revenue and obtained appropriate explanations for significant differences.
Please see note # 26.1 for the details.	

2. Assessing the carrying value of aircrafts and related equipment

The carrying value of the Company's aircrafts and related equipment as at 30th June 2020 was BDT 119,306,111,336 and the related depreciation charge for the year ended 30th June 2020 was BDT 5,725,644,276.

Estimated useful lives, residual values, and the carrying value of aircrafts and related equipment are reviewed annually, taking into consideration factors such as changes in fleet composition, current and forecast market values and technical factors which may affect the useful life expectancy of the assets and, therefore, could have a material impact on any impairment charges or the depreciation charge for the year.

We identified the assessment of the carrying value of aircrafts and related equipment as a key audit matter because of its significance to the consolidated and separate financial statements and because applying the Group's accounting policies in this area involves a significant degree of judgement by management in considering the nature, timing and likelihood of changes to the factors noted above, which may affect the carrying value of the Group's aircrafts and related equipment, the depreciation charge and any impairment charges for the current and future years.

Our audit procedures to assess the carrying value of aircrafts and related equipment included the following:

- assessed the estimated useful lives and residual values of aircrafts and related equipment with reference to the Company's historical experience and future operating plans, including future acquisitions and retirement of aircrafts, policies adopted by other comparable airlines and our knowledge of the airline industry;
- checked any changes to the estimated useful lives and residual values of aircrafts by considering external information such as third party quotations, recent sales data for similar aircrafts or actual sales agreements the Group entered into which might lead to an adjustment to the remaining useful lives or residual values;
- discussed indicators of possible impairment of aircrafts and related equipment with the management of the Company and, where such indicators were identified, assessing whether management had performed impairment testing in accordance with the requirements of the prevailing accounting standards;
- checked the assumptions and critical judgments used by management in their impairment assessments by comparing management's past estimates and plans to the current year's estimates and plans taking into account recent developments in the airline industry and market conditions.

Please see note # 3 and Annexure-H for the details.

3. IT systems and controls

Our audit procedures have a focus on information technology systems and controls due to the pervasive nature and complexity of the IT environment, the volume of transactions processed in numerous locations daily and the reliance on automated and IT department manual controls.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT

Our audit procedures to assess IT systems and controls included the following:

- tested the design implementation, and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting;
- tested IT general controls (logical access, changes management and aspects of IT operational controls). These included testing that requests for access to systems were appropriately reviewed and authorized;

<p>environment. These are keys to ensuring IT department and application-based controls are operating effectively.</p>	<ul style="list-style-type: none"> • tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit; and • where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood, where relevant, what changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.
<p>4. Preparation of consolidated financial statements</p>	
<p>Biman Bangladesh Airlines Limited has significant investments in Sabre Travel Network (Bangladesh) Limited since 2003.</p> <p>Biman Bangladesh Airlines Limited has determined that it has acquired significant control over Sabre Travel Network (Bangladesh) Limited through the holding 51% of shares in Sabre Travel Network (Bangladesh) Limited, thereby having an unrestricted control. Determination of significant control requires careful assessment of different elements.</p> <p>Furthermore, introduction of a subsidiary requires significant amendments in preparing the financial statements including preparation of consolidated financial statements which requires range of adjustments and additional disclosure requirements.</p>	<p>Our audit procedures to assess preparation of consolidated financial statements included the following:</p> <ul style="list-style-type: none"> • obtained an understanding of the consolidation process, including transactions undertaken between these Companies. • carried out risk assessment pertaining to consolidation and the adjustments necessary to properly prepare the consolidated financial statements. • carried out an assessment of the inherent limitations to consolidation processes to address them. • reviewed the appropriateness and presentation of disclosures against relevant accounting standards and guidelines.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs, the Companies Act, 1994, and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books; and
- c) the consolidated and separate statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Mabs & J Partners.

MABS & J Partners, Chartered Accountants

Signed by: Md Shahadat Hossain, FCA
Senior Partner

DVC: 2012170672AS738498

ACNABIN

ACNABIN, Chartered Accountants

Signed by: ASM Nayeem, FCA
Partner

DVC: 2012150353AS183388

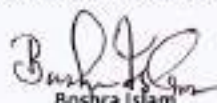
Dated, Dhaka
05 December 2020

Biman Bangladesh Airlines Limited
Consolidated Statement of Financial Position
As at 30 June 2020


Particulars	Notes	Amount in Taka		
		30 June 2020	30 June 2019 Restated	01 July 2018 Restated
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3(a)	132,910,776,584	85,841,291,597	65,782,042,762
Capital Work in Progress	4	30,586,189	917,718,644	1,079,825,835
Intangible Assets	6(a)	5,091,429,978	5,101,966,548	5,117,906,098
		138,032,792,751	91,860,976,790	71,979,774,695
Non-current assets held for sale and discontinued operations	7	25,050,000	25,050,000	25,050,000
Current Assets				
Stores and Spares	8	4,126,378,109	3,549,491,472	3,202,642,046
Sundry Debtors	9(a)	1,466,537,428	5,587,480,241	4,289,462,398
Advances, Deposits and Prepayments	10(a)	7,459,815,378	10,437,646,137	14,879,324,445
Advance Income Tax	11(a)	1,032,014,494	858,932,727	631,329,244
Accrued Interest on FDR	12(a)	49,309,226	42,209,933	34,070,429
Fixed Deposits	13(a)	1,376,717,376	1,362,397,644	1,072,409,215
Cash and Cash Equivalents	13(b)	2,096,431,694	6,818,402,451	6,001,438,770
		17,607,203,705	28,656,560,605	30,110,676,547
Total Assets		155,665,046,457	120,542,587,395	102,115,501,242
EQUITIES & LIABILITIES				
Equity				
Share Capital	14.2	20,824,096,400	20,824,096,400	20,824,096,400
Equity of Government	15	101	101	101
Retained Earnings	16	(10,795,782,439)	(9,939,725,843)	(12,032,988,180)
Attributable to Bimans' owner		10,028,314,062	10,884,370,658	8,791,108,321
Non Controlling Interests	25	90,654,875	129,720,807	128,687,754
		10,118,968,937	11,014,091,465	8,919,796,075
Non Current Liabilities				
Long Term Loans & Finance Leases	17	86,054,748,347	44,109,190,523	30,458,626,624
Deferred Liabilities	18(a)	5,700,121,259	5,168,363,988	5,407,096,540
Deferred Tax Liabilities/(Assets)	19(a)	(1,387,341,638)	(1,387,691,795)	(1,388,622,638)
		90,367,527,968	47,889,862,717	34,477,100,526
Current Liabilities and Provisions				
Accounts Payables & Accruals	20(a)	38,390,187,936	35,365,149,763	32,793,691,784
Unearned Transportation Revenue	21	2,569,393,357	10,608,249,402	7,233,456,977
Short Term & Current Portion of Long Term	22	11,977,501,846	13,718,112,000	17,051,207,527
Workers Profit Participation & Welfare Fund	23(a)	150,197,140	155,140,960	288,101,492
Provision for Taxation	24(a)	2,091,269,273	1,791,981,087	1,352,146,860
		55,178,549,552	61,638,633,212	58,718,604,641
Total Equities and Liabilities		155,665,046,457	120,542,587,395	102,115,501,242


The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by


Boshra Islam
Company Secretary

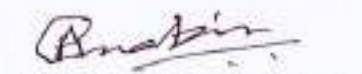

Air Commodore Md. Mahbub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Moshir Hossain
Managing Director & CEO


NKA Mabin, FCA, FCS
Director

Signed in terms of our separate report of even date.


MABS & J Partners, Chartered Accountants
Signed by: Md Shahadat Hossain, FCA
Partner


ACNABIN, Chartered Accountants
Signed by: ASM Nayeem, FCA
Partner

Place: Dhaka
Dated: 05 December 2020

Biman Bangladesh Airlines Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		2019-2020	2018-2019
Operating Revenue	26(a)	50,161,134,590	57,565,980,229
Operating Expenses	27(a)	(47,919,447,793)	(52,512,076,670)
Operating Profit/(Loss)		2,241,686,797	5,053,903,559
Non-operating Revenue	28(a)	283,385,303	383,211,333
Non-operating Expenses	29(a)	(607,916,524)	(890,964,766)
Non-operating Profit/ (Loss)		(324,531,221)	(507,753,434)
Profit/(Loss) before Interest & Tax		1,917,155,576	4,546,150,126
Finance Expense	30	(2,375,948,495)	(1,791,288,121)
Net Profit/(Loss) for the year before WPPF and Tax		(458,792,919)	2,754,862,005
Workers' Profit Participation & Welfare Fund	23.2	7,139,146	136,011,547
Net Profit/(Loss) for the year before Tax		(465,932,065)	2,618,850,458
Current Tax Income/(Expenses)	24.2	(345,050,307)	(439,834,225)
Deferred Tax Income/(Expenses)	19.2	(350,157)	(930,843)
Total Tax Income/(Expenses)		(345,400,464)	(440,765,068)
Net profit /(Loss) after Tax for the year		(811,332,529)	2,178,085,389
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the year		(811,332,529)	2,178,085,389
Profit for the year attributable to:			
Owners of the company		(856,056,596)	2,093,262,336
Non-controlling interest		44,724,068	84,823,053
		(811,332,529)	2,178,085,389
Total Comprehensive Income for the year attributable to:			
Owners of the company		(856,056,596)	2,093,262,336
Non-controlling interest		44,724,068	84,823,053
		(811,332,529)	2,178,085,389

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by

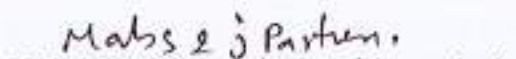

Boshra Islam
Company Secretary

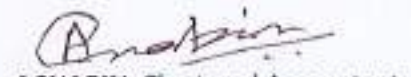

Air Commodore Md. Mahub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Mokebbir Hossain
Managing Director & CEO


NKA Mobin, FCA, FCS
Director

Signed in terms of our separate report of even date.


MABS & J Partners, Chartered Accountants
Signed by: Md Shahadat Hossain, FCA
Partner


ACNABIN, Chartered Accountants
Signed by: ASM Nayeem, FCA
Partner

Place: Dhaka

Dated: 05 December 2020

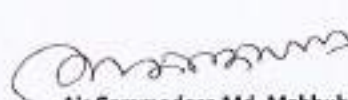
Biman Bangladesh Airlines Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2020

Particulars	Amount in Taka	
	2019-2020	2018-2019
A. Cash flows from operating activities		
Total comprehensive income/(loss) for the year (before tax)	(465,932,065)	2,618,850,458
Adjustment for non-cash items and consideration elsewhere		
Previous year adjustment	-	-
Finance expense	2,375,948,495	1,791,288,121
Interest income	(120,699,206)	(182,590,352)
Depreciation charged	5,410,778,878	3,826,003,578
Provision for deferred liabilities	1,339,174,752	663,220,135
Amortization for C Check, Engine Overhauling, Software	834,952,256	1,680,597,291
Loss due to non current assets held for sale	-	-
Loss on sale/disposal of fixed assets	14,025,986	2,160,616
	9,388,249,097	10,399,529,846
Changes in working capital		
Decrease/(Increase) in sundry debtors	4,120,942,813	(1,298,017,843)
Decrease/(Increase) in advances, deposits and prepayments	2,977,830,760	4,541,388,326
Decrease/(Increase) in stores and spares	(576,886,637)	(346,849,426)
Decrease/(Increase) in work in progress	887,132,455	162,107,191
Increase/(Decrease) in accounts payable and accruals	2,863,488,172	2,310,197,965
Increase/(Decrease) in un-earned transportation revenue	(8,038,856,045)	3,374,792,424
	2,233,651,518	8,743,618,638
Cash generated from operation	11,621,900,615	19,143,148,484
Advance income tax paid	(218,843,887)	(227,603,482)
Increase/(Decrease) in Provision for WPPF	(4,943,820)	(132,960,532)
Payment to the trustee board against deferred liabilities	(807,417,482)	(901,952,687)
Net cash flow from operating activities	10,590,695,426	17,880,631,782
B. Cash flows from investing activities		
Acquisition of fixed assets	(52,006,686,383)	(22,911,431,767)
Increased non current assets held for sale	(0)	-
Payment for C Check, Engine Overhauling, Software	(1,312,019,298)	(2,635,843,206)
Proceed from the disposal of fixed assets	144	155,526
Interest received	113,599,913	174,450,847
Acquisition of Intangible Assets	-	(4,951,325)
Net cash used in investing activities	(53,205,105,625)	(25,377,619,924)
C. Cash flows from financing activities		
Interest Paid	(2,214,398,495)	(1,530,289,551)
Decrease/(Increase) in Fixed Deposits	(14,319,731)	(289,988,429.61)
Increase/(Decrease) in long term loans and finance leases	41,945,557,823	13,650,563,899
Increase/(Decrease) in short term loan and current portion of long term loans and	(1,740,610,154)	(3,432,544,096)
Dividend paid for non Controlling Interest	(83,790,000)	(83,790,000)
Net cash flow in financing activities	37,892,439,443	8,313,951,823
Net Increase/(decrease) in cash and cash equivalent	(4,721,970,756)	816,963,681
Cash and cash equivalents at the beginning of the year	6,818,402,451	6,001,438,770
Cash and cash equivalent at the end of the year	2,096,431,694	6,818,402,451

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 24th meeting held on 05 December 2020 by


Boshra Islam
Company Secretary


Air Commodore Md. Mahub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Mokabbir Hossain
Managing Director & CEO


NKA Mobin, FCA, FCS
Director

Place: Dhaka

Dated: 05 December 2020




Biman Bangladesh Airlines Limited
Consolidated Statement of Changes in Equity
for the year ended 30 June 2020

Particulars	Paid-up Capital		Retained Earnings	Total Equity to BBAL	Non - Controlling Interest	Total
	Share Capital	Government Equity				
For the year 2019-2020						
Balance as at 1 July 2019 (Restated)	20,824,096,400	101	(9,939,725,843)	10,884,370,658	129,720,807	11,014,091,466
Net profit for the year	-	-	(856,056,596)	(856,056,596)	44,724,068	(811,332,529)
Dividends (cash) for 2018-2019	-	-	-	-	(83,790,000)	(83,790,000)
Balance as at 30 June 2020	20,824,096,400	101	(10,795,782,439)	10,028,314,061	90,654,875	10,118,968,937
For the year 2018-2019						
Balance as at 1 July 2018 (Restated)	20,824,096,400	101	(12,032,988,180)	8,791,108,321	128,687,754	8,919,796,075
Net profit for the year	-	-	2,093,262,336	2,093,262,336	84,823,053	2,178,085,389
Dividends (cash) for 2017-2018	-	-	-	-	(83,790,000)	(83,790,000)
Balance as at 30 June 2019 (Restated)	20,824,096,400	101	(9,939,725,843)	10,884,370,658	129,720,807	11,014,091,465

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by


Boshra Islam
Company Secretary


Air Commodore Md. Mahbub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Mokabbir Hossain
Managing Director & CEO


NKA Mobin, FCA, FCS
Director

Place: Dhaka

Dated: 05 December 2020



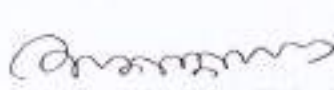
Biman Bangladesh Airlines Limited
Statement of Financial Position
As at 30 June 2020

Particulars	Notes	Amount in Taka		
		30 June 2020	30 June 2019	01 July 2018
ASSETS			Restated	Restated
Non-Current Assets				
Property, Plant and Equipment	3	132,886,482,955	85,817,520,853	65,762,212,082
Capital Work in Progress	4	30,586,189	917,718,644	1,079,825,835
Investment in Shares	5	9,180,000	9,180,000	9,180,000
Intangible Assets	6	5,091,429,972	5,101,965,447	5,117,867,726
		<u>138,017,679,116</u>	<u>91,846,384,944</u>	<u>71,969,085,643</u>
Non-current assets held for sale and discontinued operations	7	<u>25,050,000</u>	<u>25,050,000</u>	<u>25,050,000</u>
Current Assets				
Stores and Spares	8	4,126,378,109	3,549,491,472	3,202,642,046
Sundry Debtors	9	1,438,592,449	5,446,024,522	4,205,621,538
Advances, Deposits and Prepayments	10	7,409,194,556	10,424,721,391	14,870,633,111
Advance Income Tax	11	567,045,629	421,486,468	288,900,153
Accrued Interest on FDR	12	46,509,774	38,720,124	28,216,283
Fixed Deposits	13.i	1,260,087,376	1,173,632,990	1,059,526,225
Cash and Cash Equivalents	13.ii	2,088,715,256	6,802,973,794	5,771,175,866
		<u>16,936,523,149</u>	<u>27,857,050,761</u>	<u>29,426,715,222</u>
Total Assets		<u>154,979,252,266</u>	<u>119,728,485,705</u>	<u>101,420,850,865</u>
EQUITIES & LIABILITIES				
Equity				
Share Capital	14.2	20,824,096,400	20,824,096,400	20,824,096,400
Equity of Government	15	101	101	101
Retained Earnings	16.1	(10,880,957,515)	(10,065,561,378)	(12,157,748,496)
		<u>9,943,138,986</u>	<u>10,758,535,123</u>	<u>8,666,348,005</u>
Non Current Liabilities				
Long Term Loans and Finance Leases	17	86,054,748,347	44,109,190,523	30,458,626,624
Deferred Liabilities	18	5,680,218,449	5,150,160,912	5,387,836,578
Deferred Tax Liabilities/(Assets)	19	(1,376,032,729)	(1,376,032,729)	(1,376,032,729)
		<u>90,358,934,066</u>	<u>47,883,318,706</u>	<u>34,470,430,473</u>
Current Liabilities and Provisions:				
Accounts Payable and Accruals	20	38,360,972,933	35,291,243,119	32,739,319,704
Unearned Transportation Revenue	21	2,569,393,357	10,608,249,402	7,233,456,977
Short Term & Current Portion of Long Term Loans & Finance Leases	22	11,977,501,846	13,718,112,000	17,051,207,527
Workers Profit Participation & Welfare Fund	23	132,846,973	133,593,555	269,288,605
Provision for Taxation	24	1,636,464,106	1,335,433,799	990,799,573
		<u>54,677,179,214</u>	<u>61,086,631,875</u>	<u>58,284,072,387</u>
Total Equities and Liabilities		<u>154,979,252,266</u>	<u>119,728,485,705</u>	<u>101,420,850,865</u>

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by


Boshra Islam
Company Secretary



Air Commodore Md. Mahbub Jahan Khan
(Retd.) BPP, PSC


Md. Mokabbir Hossain
Managing Director & CEO


NKA Mobin, FCA, PCS
Director

Signed in terms of our separate report of even date.


MABS & J Partners, Chartered Accountants
Signed by: Md Shahadat Hossain, FCA
Partner


ACNABIN, Chartered Accountants
Signed by: ASM Nayeem, FCA
Partner

Place: Dhaka
Dated: 05 December 2020

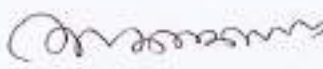
Biman Bangladesh Airlines Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

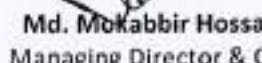
Particulars	Notes	Amount in Taka	
		2019-20	2018-19
Operating Revenue	26	49,818,757,187	56,988,008,985
Operating Expenses	27	(47,702,219,106)	(52,198,122,281)
Operating Profit/(Loss)		2,116,538,081	4,789,886,704
Non-operating Revenue	28	352,961,108	451,028,594
Non-operating Expenses	29	(607,916,524)	(890,964,766)
Non-operating Profit/ (Loss)		(254,955,416)	(439,936,173)
Profit/(Loss) before Interest & Tax		1,861,582,665	4,349,950,532
Finance Expense	30	(2,375,948,495)	(1,791,288,121)
Net Profit/(Loss) for the year before WPPF and Tax		(514,365,830)	2,558,662,411
Workers' Profit Participation & Welfare Fund	23.2	-	121,841,067
Net Profit/(Loss) for the year before Tax		(514,365,830)	2,436,821,344
Current Tax Income/(Expenses)	24	(301,030,307)	(344,634,225)
Deferred Tax Income/(Expenses)	19.2	-	-
Total Tax Income/(Expenses)		(301,030,307)	(344,634,225)
Net profit / (Loss) after Tax for the year		(815,396,137)	2,092,187,118
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss) for the year		(815,396,137)	2,092,187,118

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by

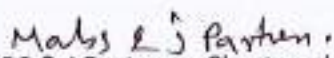

Boshra Islam
Company Secretary

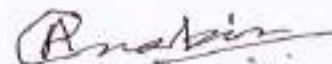

Air Commodore Md. Mahbub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Mokabbir Hossain
Managing Director & CEO


NKA Mobin, FCA, FCS
Director

Signed in terms of our separate report of even date.


MABS & J Partners,
MABS & J Partners, Chartered Accountants
Signed by: Md Shahadat Hossain, FCA
Partner


ACNABIN, Chartered Accountants
Signed by: ASM Nayeem, FCA
Partner

Place: Dhaka
Dated: 05 December 2020

Biman Bangladesh Airlines Limited
Statement of Cash Flows
For the year ended 31 Dec 2020

Particulars	Amount in Taka	
	2019-20	2018-19
A. Cash flows from operating activities		
Total comprehensive income/(loss) for the year (before tax)	(514,365,830)	2,436,821,344
Adjustment for non-cash items and consideration elsewhere		
Previous year adjustment	-	-
Finance expense	2,375,948,495	1,791,288,121
Interest income	(121,389,563)	(184,954,689)
Depreciation charged	5,394,698,138	3,811,774,602
Provision for deferred liabilities	1,337,475,019	664,277,021
Amortization for C Check, Engine Overhauling, Software	834,951,161	1,680,560,020
Loss on sale of non current assets held for sale	-	-
Loss on sale/disposal of fixed assets	14,025,718	2,077,897
	9,321,343,138	10,201,844,316
Changes in working capital		
Decrease/(Increase) in sundry debtors	4,007,432,073	(1,240,402,984)
Decrease/(Increase) in advances, deposits and prepayments	3,015,526,835	4,545,621,738
Decrease/(Increase) in stores and spares	(576,886,637)	(346,849,426)
Decrease/(Increase) in work in progress	887,132,455	162,107,191
Increase/(Decrease) in accounts payable and accruals	2,908,179,813	2,290,663,398
Increase/(Decrease) in un-earned transportation revenue	(8,038,856,045)	3,374,792,424
	2,202,528,494	8,785,932,341
Cash generated from operation	11,523,871,631	18,987,776,657
Advance Income tax paid	(145,559,161)	(132,586,314)
Increase/(Decrease) in Provision for WPPF	(746,582)	(135,695,050)
Payment to the trustee board against deferred liabilities	(807,417,482)	(901,952,687)
Net cash flow from operating activities	10,570,148,405	17,817,542,606
B. Cash flows from investing activities		
Acquisition of fixed assets	(51,990,082,490)	(22,893,180,006)
Payment for C Check, Engine Overhauling	(1,312,019,298)	(2,635,843,206)
Proceed from the disposal of fixed assets	144	155,526
Interest received	113,599,913	174,450,847
Acquisition of Intangible Assets	-	(4,951,325)
Net cash used in investing activities	(53,188,501,732)	(25,359,368,164)
C. Cash flows from financing activities		
Interest Paid	(2,214,398,495)	(1,530,289,551)
Decrease/(Increase) in Fixed Deposits	(86,454,385)	(114,106,766)
Increase/(Decrease) in long term loans and finance leases	41,945,557,823	13,650,563,899
Increase/(Decrease) in short term loan and current portion of long term loans and finance leases	(1,740,610,154)	(3,432,544,096)
Net cash flow in financing activities	37,904,094,789	8,573,623,486
Net Increase/(decrease) in cash and cash equivalent	(4,714,258,538)	1,031,797,928
Equivalents during the year (A+B+C)	6,802,973,794	5,771,175,866
Cash and cash equivalents at the beginning of the year	6,802,973,794	5,771,175,866
Cash and cash equivalent at the end of the year	2,088,715,256	6,802,973,794

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by


Boshra Islam
Company Secretary


Air Commodore Md. Mahub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Mokobir Hossain
Managing Director & CEO


NKA Mobin FCA, FCS
Director

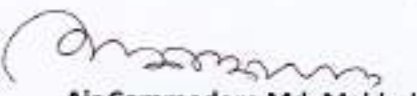
Biman Bangladesh Airlines Limited
Statement of Changes in Equity
For the year ended 30 June 2020

Particulars	Paid-up Capital		Retained Earnings	Total
	Share Capital	Government Equity		
Balance as at 01 July 2019 (Restated)	20,824,096,400	101	(10,065,561,378)	10,758,535,123
Net profit for the year	-	-	(815,396,137)	(815,396,137)
Balance as at 30 June 2020	20,824,096,400	101	(10,880,957,515)	9,943,138,986
Balance as at 01 July 2018 (Restated)	20,824,096,400	101	(12,157,748,498)	8,666,348,005
Net profit for the year	-	-	2,092,187,118	2,092,187,118
Balance as at 30 June 2019 (Restated)	20,824,096,400	101	(10,065,561,378)	10,758,535,123

The annexed notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors as per decision in its 247th meeting held on 05 December 2020 by


Boshra Islam
Company Secretary


Air Commodore Md. Mahub
Jahan Khan (Retd.) BPP, PSC
Chief Financial Officer


Md. Mokabir Hossain
Managing Director & CEO


NKA Mobin, FCA, FCS
Director

Place: Dhaka
Dated: 05 December 2020

