

Bangladesh Securities and Exchange Commission
Chief Accountant Division
Accounting & Auditing Policies Standards
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BSEC/CAD/AAP/23/2014/Part-IV/ AAP-08

Date: 23 April 2026

Order

Whereas as per section 2(cc) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) the "Commission" means Bangladesh Securities and Exchange Commission constituted under the Bangladesh Securities and Exchange Commission Act, 1993 (herein after referred to as the "Commission");

Whereas, Mahfel Huq & Co., Chartered Accountants (herein after referred to as the "firm") was appointed to conduct external audit of Fareast Islami Life Insurance Company Limited for the year ended on 31 December 2018 where Md. Abu Kaiser FCA was engagement partner in this behalf, who is enlisted in the panel of auditors of the Commission;

Whereas, on examination of the financial statements of Fareast Islami Life Insurance Company Limited for the year ended on 31 December 2018, as audited by the audit firm, the Commission observed certain issues and discrepancies requiring further scrutiny;

Whereas, in order to ascertain the true and fair view of the financial position and overall affairs of Fareast Islami Life Insurance Company Limited, the Commission, through a formal Order, appointed a Special Auditor to conduct a comprehensive review of the overall affairs of the Company for the financial year ended on 31 December 2018;

Whereas, the special auditor appointed by the Commission, upon conducting a comprehensive review of the books of accounts, records and supporting documents of Fareast Islami Life Insurance Company Limited for the financial year ended on 31 December 2018, identified material irregularities and anomalies in respect of significant financial statement items including Advances, deposits & prepayments, Land and Land Development, Fixed Deposit Receipts (FDRs) and Related Party Transactions;

Whereas, the Institute of Chartered Accountants of Bangladesh (ICAB) found that: (i) sufficient and appropriate audit documentation was not maintained in respect of audit of Fareast Islami Life Insurance Company Limited for the financial year ended on 31 December 2018 conducted by the firm- Mahfel Huq & Co., Chartered Accountants, particularly, in relation to significant financial statements items including Advances, Deposits & Prepayments, Land and Land Development, Fixed Deposit Receipts (FDRs) and Related Party Transactions; (ii) the audit report was issued



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without obtaining sufficient and appropriate audit evidence, in a contravention of ISA 230; and (iii) substantive audit procedure was not adequately followed during the audit process;

Whereas, upon review of the special audit report of the Fareast Islami Life Insurance Company Limited for the year ended on 31 December 2018, it is found that the audit firm issued an unmodified audit opinion without obtaining sufficient and appropriate audit evidence to support the assertions made in the financial statements, thereby failing to ensure that the financial statements present a true and fair view and correctly reliable in accordance with applicable International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS);

Whereas, upon review of the financial statements of Fareast Islami Life Insurance Company Limited for the year ended on 31 December 2018, together with the findings of the special auditor appointed by the Commission and the observations of the Institute of Chartered Accountants of Bangladesh (ICAB), it has been observed that the financial statements for the financial year ended on 31 December 2018 was not prepared, audit of the said financial statements was not conducted, and the audit report was not prepared, in accordance with the provisions of the Securities and Exchange Rules, 2020;

Whereas, it has been further observed that the audit procedures performed were inadequate and insufficient to obtain reasonable assurance regarding the reliability of the financial statements, and the audit report issued failed to ensure that the financial statements reflect the true and fair view of the financial position as well as financial performance of Fareast Islami Life Insurance Company Limited, as required under the applicable financial reporting and auditing framework;

Whereas, the financial statements of Fareast Islami Life Insurance Company Limited for the year ended on 31 December 2018 have been found to be deficient in form and contents, containing material irregularities and inadequate disclosures as identified in the special audit report and the findings of Institute of Chartered Accountants of Bangladesh (ICAB), thereby rendering the audit opinion unreliable and non-compliant with the applicable provisions of the Securities and Exchange Rules, 2020;

Whereas, in view of the aforesaid irregularities and anomalies, the firm along with its engagement partner responsible for the audit of Fareast Islami Life Insurance Company Limited for the year ended on 31 December 2018, are found to be jointly and severally liable for failure to conduct the audit in accordance with the applicable provisions of the Securities and Exchange Rules, 2020, and for issuing an audit report that failed to reflect the true and fair view of the financial position and financial performance of the Company;



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Now, therefore, in exercise of the powers conferred under Rule 14(5) of the Securities and Exchange Rules, 2020, Section 20 of the Securities and Exchange Ordinance, 1969 and other applicable provisions of the securities laws, the Commission, having considered the aforesaid irregularities and findings of the special auditor, the observations of the Institute of Chartered Accountants of Bangladesh (ICAB) and the materials on record, hereby the Commission in its 1004th meeting dated 25 March 2026 decided to impose the following prohibition to the audit firm and Md. Abu Kaiser FCA, former partner of the firm:

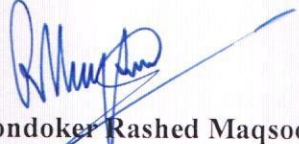
“(1) The firm is hereby prohibited from auditing any listed securities of any issuer company for a period of one (01) year from the issuance of this Order.”

(2) “Mr. Md. Abu Kaiser FCA, former partner of the firm is hereby prohibited from auditing any listed securities of any issuer company for a period of two (02) years from the issuance of this Order.”

Mentionable that the audit firm can only complete the ongoing audit works of listed securities that already engaged before issuance of this Order.

This order shall have immediate effect.

By order of the Bangladesh Securities and Exchange Commission,


Khondoker Rashed Maqsood
Chairman

Distribution To:

1. Managing Partner
Mahfel Huq & Co., Chartered Accountants
BGIC Tower (4th floor), 34, Topkhana Road
Dhaka-1000
E-mail: info@mahfelhuq.com
2. Md. Abu Kaiser FCA
Former Partner,
Mahfel Huq & Co., Chartered Accountants
House No: 29, Road No: 14,
Block-G, Niketon, Gulshan,
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E-mail: mdkaiser0626@gmail.com

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Copy for information:

1. Governor, Bangladesh Bank, Head Office, Motijheel, Dhaka-1000;
2. Office of the Chairman, BSEC;
3. Chairman, Insurance Development and Regulatory Authority;
4. Chairman, Financial Reporting Council, Parjatan Bhaban, Plot: E-5C/1 (8th Floor), West Agargaon, Sher-e-Bangla Nagar Administrative Area, Dhaka-1207;
5. Offices of all the Commissioners, BSEC;
6. President, The Institute of Chartered Accountants of Bangladesh (**ICAB**), 100 Kazi Nazrul Islam Avenue, Dhaka-1215;
7. Chief Executive Officer (CEO), The Institute of Chartered Accountants of Bangladesh (ICAB), 100 Kazi Nazrul Islam Avenue, Dhaka-1215, Bangladesh,
8. Office of the Chief Accountant, CAD, BSEC;
9. Director, MIS, BSEC (with request to remove Mahfel Huq & Co., Chartered Accountants from the Panel of Auditors in the website of the Commission);
10. Director, Corp. Rep. & AAP, BSEC;
11. Chief Regulatory Officer, Dhaka Stock Exchange PLC;
12. Chief Regulatory Officer, Chittagong Stock Exchange PLC;
13. Office Copy;
14. Master File.