

SECURITIES COMMISSION OF THE BAHAMAS

PUBLIC NOTICE

No. 11 of 2011 22 September 2011

**NOTICE RELATING TO THE REGULATORY STATUS OF BAHAMAS SUPERMARKETS
LIMITED PURSUANT TO THE SECURITIES INDUSTRY ACT, 1999**

This **NOTICE** is issued by the Securities Commission of The Bahamas (“the Commission”) pursuant to its authority under Section 4 (2) of the Securities Industry Act, 1999 (SIA), ‘**to do anything that is calculated to facilitate or is incidental to the proper discharge of its functions.**’ The Commission has responsibility for the licensing, regulation and supervision of the securities and investment fund industries of The Bahamas pursuant to the SIA, the Investment Funds Act, 2003 and the Financial and Corporate Service Providers Act, 2000. In addition, the Commission is specifically mandated pursuant to section 4(1) (b) and (c) of the SIA to maintain surveillance and to ensure the orderly growth and development of the capital markets.

In fulfillment of its mandate, the Commission issues this Notice to provide information to the investing public and holders of securities in connection with recent developments relating to Bahamas Supermarkets Limited (“BSL” or “the Company”).

The general public is **HEREBY ADVISED** that BSL is a Public Company, whose shares are traded over-the-counter and as such are not listed on The Bahamas International Securities Exchange (BISX). Under provisions of the SIA, BSL is required to provide annual audited financial statements to the Commission and to notify the Commission and the public of any material events affecting, or likely to affect, the Company.

Members of the public will be aware that for each of the three years ended 30 June 2010, the consolidated financial statements of BSL have consistently been provided late and have each included a disclaimer of opinion in its auditors’ report, issued by the independent public accountants (“auditors”) retained to conduct these audits. The inability of the auditors to express an opinion on these statements was a result of significant matters outlined in the auditors’ reports that caused limitations in the scope of the audits. In addition, the Commission notes that Section 65(1) of the Companies Act requires that a company shall hold an Annual General Meeting at least once every year. In this regard it is noted that BSL’s last annual

general meeting (AGM) was held on 9 December 2009 when the 2008 consolidated financial statements were tabled.

The fact that BSL has consistently, over the past three years, issued its consolidated financial statements late, coupled with its failure to hold an AGM since 2009 has caused the Commission concern. Both of these failings have resulted in information not being available to the public and investors, resulting in their not being properly informed and consequently affecting their ability to make sound investment decisions about their holdings or intended purchases in BSL securities.

The Commission notes that the failure to hold an AGM since 2009 is presently a key concern for the Commission as the Company has issued its audited financial statements, albeit not in a timely fashion and with a disclaimer of an audit opinion. In this regard, the Commission advises that it has on various occasions sought to require that the company hold its AGM; however, BSL has not acquiesced to the Commission's requests in this regard. There are also serious concerns relating to the status of the financial information presently issued by the company. In this regard the Commission notes the fact that the financial statements have been issued with a disclaimer of opinion brings into question the level of reliance that can be placed on the statements as presently issued. This means that the information presently in the public domain may not be sufficiently reliable to enable the investing public to make sound investment decisions.

The Commission notes that its authority to act in this regard is limited under the existing SIA and notes that the Commission has executed all legal options available to it. It is noted however, that the new regime introduced in the new Securities Industry Act (expected to come into force shortly) incorporates the continuous disclosure requirements, now required for companies whose securities are listed on BIX, and applies these requirements to all public companies. The fair treatment of shareholders and the fiduciary duties of officers and directors of public issuers are also mandated, in addition to detailed requirements on the disclosure of material changes, provision of annual and interim financial statements, annual reports and proxy solicitation. Recourse for failing to comply with these requirements is also expressly provided for in the new legislation.

The public and shareholders should be guided by the obligations of public companies to release financial information and disclose material developments in a timely manner in accordance with the spirit of the law and best practice in this area.

Any questions regarding this Notice should be directed to:

The Executive Director

Securities Commission of The Bahamas

3rd Floor, Charlotte House Shirley & Charlotte Streets

P.O. Box N-8347

Nassau, Bahamas

Tel: (242) 397-4100 Fax: (242) 356-7330

Email: info@scb.gov.bs

Website: www.scb.gov.bs