

**CHAIRMAN'S LETTER TO SHAREOWNERS
2010 FIRST QUARTER**

Dear Shareholders:

2010 continues to be an exciting and challenging year for our company and our first quarter report and results reflect this. As the country's economic outlook continues to struggle out of recession, we remain steadfast to our strategic and financial plans. This includes stabilizing our existing business and preparing for growth in new and fulfilling markets. We are able to post very encouraging revenue results that augur well for the remainder of the year. There are many challenges and opportunities ahead and we can use the first quarter as a successful springboard for success.

For the first quarter of 2010, revenue reached \$22.1 million, exceeding the 2009 results for the same period by 4.7%, an increase of \$1.0 million. However, some additional anticipated expenditure as a result of the new regulatory requirements and fee structure have resulted in year-to-date earnings before interest, taxes, depreciation and amortization (EBITDA) decreasing from \$11.2 million to \$10.1 million a decrease of \$1.1 million or 9.8%. Net income decreased by \$2.8 million to \$4.7 million, a 37.3% decline. Earnings per share for the first three months of 2010 also decreased to \$0.34 compared to \$0.38 over the same period in 2009, a decrease of 10.5%. Our dividends paid to date amounted to \$1.1 million for the period representing 23.4% of net income which is consistent with our current dividend payout policy.

Year over year revenue for the company's cable television segment remained strong with an increase of 4.9% in this first quarter, up from \$11.2 million during the first quarter in 2009 to \$11.8 million. The digital set-top box rental program contributed impressively to the positive growth experienced in total revenue for the quarter as compared to the 2009 first quarter results.

Broadband Internet subscriber growth held steadfast as it continued to track ahead of expectations by almost 6.6% to the end of the first quarter, with year over year subscriber numbers increasing by 6.1%. For the three months ended March 31st, 2010 Internet revenue reached \$6.9 million, up from \$6.5 million over the same period in 2009, an increase of 5.5%.

Data revenue continued to be encouraging showing growth for the first quarter of 2010. The increase of 2.2%, up from \$3.3 million for the same period in 2009 shows signs of strength in our products and services despite the competitive environment.


Your company is currently pursuing major upgrades in addition to maintaining our network

infrastructure, to prepare and align the network infrastructure for future opportunities. As at the end of the quarter, Cable Bahamas had invested some \$3.4 million in capital expenditures. Major focus was placed on upgrading the HFC and broadband network infrastructure and on the continued deployment of aurora optical node exchanges. Considerable efforts were made towards deploying fiber-to-the-home (FTTH) offerings which delivers services optically to the consumers' home or place of business. All of these initiatives would ensure the delivery of both existing and future products and services, the realization of additional bandwidth capacity on the network, and also provides for the full digital transport on the return paths. This translates to providing the best possible broadband connection along with very high quality video and Internet speeds to our customers.

In the first quarter of 2010 our Community Channel - Cable 12, again fulfilled its promise by focusing on producing original local programming and providing reliable, up-to-the-minute news through NewsBreak. Indeed we launched a brand new look for NewsBreak, NB12, which is now provided in conjunction with our partners at The Guardian Media Group.

Finally, it should be noted that we continued our charitable efforts through the Cable Bahamas Cares Foundation (CBCF). In promoting the CBCF through cross-channel TV advertising, we increased the total grant request list to over 130 applicants. The first quarter saw CBCF award 29 deserving grants totaling approximating \$100,000, of which a significant proportion were Family Island programs. Through the CBCF we continue to show our commitment in assisting deserving youth oriented programs within our Bahamian Community.

Moving forward, we remain optimistic that your company will embrace new opportunities available to it. With a Communications License newly granted in October 2009 by the Utilities Regulation and Competition Authority (URCA), we intend to embark upon the converged service offerings of video, data and voice. Your company will continue to remain focused on the path ahead and employ all resources available to explore these opportunities in order to maximize growth in this expanding technological industry while creating increased shareholder wealth.


**Sincerely,
Philip Keeping, Chairman
June 1, 2010**

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED MARCH 31, 2010 WITH COMPARATIVES FOR MARCH 31, 2009
(EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED	
	MAR 31 2010	MAR 31 2009
REVENUE	\$ 22,075	\$ 21,088
OPERATING EXPENSES	(11,952)	(9,863)
	10,123	11,225
Depreciation and amortization	(3,681)	(3,193)
OPERATING INCOME	6,442	8,032
Interest expense	(604)	(117)
Dividends on preferred shares	(1,163)	(463)
NET INCOME AND COMPREHENSIVE INCOME	\$ 4,675	\$ 7,452
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.34	\$ 0.38

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2010 / (EXPRESSED IN B\$000, UNAUDITED)

	ORDINARY SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
Balance at December 31, 2009	\$19,632	\$(85,018)	\$111,804	\$46,418
Net income	-	-	4,675	4,675
Dividends paid on ordinary shares	-	-	(1,093)	(1,093)
Shares purchased and cancelled	(9)	-	(103)	(112)
Balance at March 31, 2010	\$19,623	\$(85,018)	\$115,283	\$49,888

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED MARCH 31, 2010 WITH COMPARATIVES FOR MARCH 31, 2009
(EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED	
	MAR 31 2010	MAR 31 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,675	\$ 7,452
Adjustments for:		
Depreciation and amortization	3,681	3,193
Interest expense	604	117
Dividends on preferred shares	1,163	463
Operating cash flow before working capital changes	10,123	11,225
Decrease in accounts receivable, net	1,592	439
Increase in prepaid expenses and deposits	(234)	(283)
Decrease (increase) in inventory	153	(175)
Decrease in accounts payable & accrued liabilities	(1,465)	(1,996)
Increase in dividends payables	896	-
Increase in deferred income	156	104
Increase (decrease) in subscriber deposits	60	(36)
Net cash from operating activities	11,281	9,278
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,415)	(4,505)
Repayment of long-term receivables	120	247
Issuance of long-term receivables	(79)	(87)
Net cash used in investing activities	(3,374)	(4,345)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(1,137)	(2,190)
Decrease in funds held in escrow	83,800	-
Decrease in escrow funds payable	(80,000)	-
Interest paid on long term debt	(604)	(117)
Purchase of shares	(112)	-
Dividends paid on ordinary shares	(1,093)	(1,376)
Dividends paid on preferred shares	(1,163)	-
Net cash used in financing activities	(309)	(3,683)
NET INCREASE IN CASH	7,598	1,250
CASH, BEGINNING OF PERIOD	13,075	6,255
CASH, END OF PERIOD	\$ 20,673	\$ 7,505

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2010 WITH COMPARATIVES FOR DECEMBER 31, 2009

(EXPRESSED IN B\$000, UNAUDITED)

	MAR 31 2010	DEC 31 2009
ASSETS		
CURRENT ASSETS:		
Cash	\$ 20,673	\$ 13,075
Funds held in escrow	-	83,800
Accounts receivable, net	6,303	7,894
Prepaid expenses and deposits	1,134	900
Inventory	2,368	2,521
Current portion of long-term receivables	583	580
Total current assets	31,061	108,770
NON-CURRENT ASSETS:		
Investment	4,244	4,244
Long-term receivables	2,684	2,728
Property, plant and equipment	160,811	161,016
Intangible assets	3,843	3,905
Total non-current assets	171,582	171,893
TOTAL	\$ 202,643	\$ 280,663
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 13,171	\$ 14,636
Escrow funds payable	-	80,000
Deferred income	1,361	1,205
Dividends payable	896	-
Current portion of long-term debt	4,374	4,374
Current portion of preferred shares	15,000	15,000
Total current liabilities	34,802	115,215
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,719	5,659
Long-term debt	67,234	68,371
Preferred shares	45,000	45,000
Total non-current liabilities	117,953	119,030
Total liabilities	152,755	234,245
EQUITY:		
Ordinary share capital	19,623	19,632
Treasury shares	(85,018)	(85,018)
Retained earnings	115,283	111,804
Total equity	49,888	46,418
TOTAL	\$ 202,643	\$ 280,663

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Brendan Paddick
Director

Mr. John Risley
Director

OFFICERS

Mr. Anthony Butler
President and CEO

Mr. Barry Williams
Senior Vice President of Finance

Mr. John Gomez
Vice President of Engineering

Mr. Blaine Schafer
Vice President of ITS Operations

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These consolidated interim condensed financial statements are prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2009.



CABLE BAHAMAS LTD.

2010 FIRST QUARTER REPORT

