

CHAIRMAN'S LETTER TO SHAREOWNERS
2011 THIRD QUARTER

Dear Shareholders:

Cable Bahamas continued its strong growth in the third quarter of 2011 as focus turned to integrating our new telecoms acquisition, while continuing with its regulatory digitalization obligation despite environmental challenges from Hurricane Irene. With the acquisition of **Systems Resource Group Limited (SRG)**, the goal of becoming the first Bahamian "Triple-Play" provider in the country was realized. As a formidable voice provider, it is without question an exciting time for Cable Bahamas and its customers as history continues to be made as we revolutionize the industry and country with our suite of products: **RevTV, RevOn** and **ReVoice**.

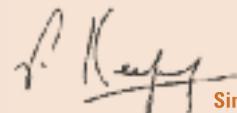
In the third quarter, revenue rose 16.4% to \$25.9 million compared to the same 3 month period in 2010 and year-to-date revenues of \$73.2 million represented a 9.9% rise over 2010. Our revenue growth continues to be realized in our **RevTV** product offerings; including our premium and pay-per-view services. **RevOn** Internet revenues for the nine months to September 30th also rose 3.3% to \$21.5 million over the same period in 2010, while data top line grew 2.1% to \$10.6 million. The achievement of these increases is attributable to the fact that we are constantly reviewing our offerings as we continue our commitment of maintaining and ensuring the stability and robustness of our services.

Total operating expenses for the three months ended September 30, 2011 increased by 14.9% to \$13.7 million compared to the same period in 2010. Year-to-date total operating expenses were up 13.8% to \$40.7 million. We have experienced increases in cost in all areas of the business compared to 2010. Although, our operating expenses did increase compared to 2010, our earnings before interest, depreciation, taxation and amortization (EBITDA) rose 5.3% to \$32.5 million. Compared to the 3 month period ended September 30, 2010, EBITDA rose 18.2% to \$12.3 million. Year-to-date net income also increased over the 2010 results by 7.57% to reach \$15.3 million.

Cable 12 continues to be the fastest growing local television station in The Bahamas. Our continued commitment toward the development and production of quality original programming continues to set us apart within the Bahamian Community and our viewers are taking note. During the third quarter, **Cable 12** began discussions to expand our flagship product **NB12**. The brand new product will usher in a fresh and exciting format, designed to draw viewers into the lighter side of the news and, of course, open up more opportunities for advertisers and sponsors.

The Cable Bahamas Cares Foundation (CBCF) continued its charge in awarding funding to deserving Bahamian youth and community activities. In the third quarter, CBCF presented 13 grants totaling \$12,750. Four of these were awards to **College of The Bahamas (COB) Film Students** for prize winning films from the College's 2011 film festival. Their individual films were also featured on Cable 12 and will continue to run through to the end of 2011.

Throughout this downward economic spiral, Cable Bahamas has pushed through gallantly striving to provide the best possible quality service and experience for our customers while maximizing our shareholders value through innovative and cutting edge ideas and products. The strong results displayed in the third quarter are due to our repositioning, via rebranding the company as a quality converged communications provider. Also, a focus on **RevTV** rebirth and the integration of SRG/IndiGO voice business contributed significantly to the company's growth this period. The rebirth of **RevTV**, with the addition of over 40 HD channels, and the imminent launch of **ReVoice**, our fixed line voice offering is just the start of what's to come as we move to the next level of product offering while continuing to provide consistent and exemplar quality service.



Sincerely,
Philip Keeping, Chairman
September 30, 2011

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2011 WITH COMPARATIVES
FOR SEPTEMBER 30, 2010 / (EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPT 30 2011	SEPT 30 2010	SEPT 30 2011	SEPT 30 2010
REVENUE	\$25,978	\$22,310	\$73,153	\$66,593
OPERATING EXPENSES	(13,718)	(11,940)	(40,674)	(35,758)
	12,260	10,370	32,479	30,835
Depreciation and amortization	(4,298)	(3,824)	(12,287)	(11,279)
OPERATING INCOME	7,962	6,546	20,192	19,556
Interest expense	(472)	(576)	(1,285)	(1,787)
Dividends on preferred shares	(1,150)	(1,238)	(3,625)	(3,563)
NET INCOME AND COMPREHENSIVE INCOME	\$6,340	\$4,732	\$15,282	\$14,206
BASIC AND DILUTED EARNINGS PER SHARE	\$0.47	\$0.25	\$1.12	\$0.76

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(EXPRESSED IN B\$000, UNAUDITED)

	ORDINARY SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
Balance at December 31, 2010	\$ 19,632	(85,919)	\$ 127,429	\$ 61,142
Net income	-	-	15,282	15,282
Dividends paid on ordinary shares	-	-	(3,263)	(3,263)
Shares purchased and cancelled	(6,039)	85,919	(79,880)	-
Balance at September 30, 2011	\$ 13,593	\$ -	\$ 59,568	\$ 73,161

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011 WITH COMPARATIVES
FOR SEPTEMBER 30, 2010 / (EXPRESSED IN B\$000, UNAUDITED)

	NINE MONTHS ENDED	
	SEPT 30 2011	SEPT 30 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 15,282	\$ 14,206
Adjustments for:		
Depreciation and amortization	12,287	11,279
Interest expense	1,285	1,787
Dividends on preferred shares	3,625	3,563
Operating cash flow before working capital changes	32,479	30,835
(Increase) decrease in accounts receivable, net	(2,064)	910
Increase in prepaid expenses and deposits	(875)	(1,600)
Increase in inventory	(1,212)	(131)
Increase in accounts payable and accrued liabilities	525	2,531
Increase in deferred income	270	28
Decrease in subscriber deposits	(66)	(52)
Net cash from operating activities	29,057	32,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(17,712)	(11,195)
Acquisition of property, plant and equipment	(2,930)	-
Investment in SRG	4,567	-
Additions to deferred expenses	(14,654)	-
Repayment of long-term receivables	3,212	251
Amortisation of long-term receivables	110	(833)
Net cash used in investing activities	(27,407)	(11,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance (repayment) of long-term debt	4,591	(12,510)
Decrease in funds held in escrow	-	83,800
Decrease in escrow funds payable	-	(80,000)
Issuance (redemption) of preferred shares	(5,000)	5,000
Interest paid on long term debt	(1,285)	(1,787)
Shares purchased and cancelled	-	(230)
Dividends paid on preferred shares	(2,475)	(3,093)
Dividends paid on ordinary shares	(3,263)	(3,280)
Net cash used in financing activities	(7,432)	(12,100)
NET (DECREASE) INCREASE IN CASH	(5,782)	8,644
CASH, BEGINNING OF PERIOD	11,607	13,075
CASH, END OF PERIOD	\$ 5,825	\$ 21,719

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2011

(EXPRESSED IN B\$000, UNAUDITED)

	SEPT 30 2011	DEC 31 2010
ASSETS		
CURRENT ASSETS:		
Cash	\$ 5,825	\$ 11,607
Accounts receivable, net	8,815	6,751
Prepaid expenses and deposits	2,506	1,631
Inventory	4,142	2,930
Other receivables	-	3,322
Total current assets	21,288	26,241
NON-CURRENT ASSETS:		
Investment	-	4,567
Property, plant and equipment	171,319	162,569
Intangible assets	19,133	4,874
Total non-current assets	190,452	172,010
TOTAL	\$ 211,740	\$ 198,251
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 17,639	\$ 15,964
Deferred income	1,560	1,290
Current portion of long-term debt	4,442	4,585
Current portion of preferred shares	-	5,000
Total current liabilities	23,641	26,839
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,688	5,754
Long-term debt	49,250	44,516
Preferred shares	60,000	60,000
Total non-current liabilities	114,938	110,270
Total liabilities	138,579	137,109
EQUITY:		
Ordinary share capital	13,593	19,632
Treasury shares	-	(85,919)
Retained earnings	59,568	127,429
Total equity	73,161	61,142
TOTAL	\$ 211,740	\$ 198,251

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Gary Kain
Director

Mr. Anthony Butler
Director

Mr. Algernon Cargill
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

**SHARE REGISTRAR
AND TRANSFER AGENT**

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PRINTING
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Nassau, N. P., The Bahamas

REVOICE

Introducing **ReVoice** – (think rejoice!) – The OnePhone fixed telephone service to residential and business customers. A real phone alternative in The Bahamas offering a variety of packages to both residential and business customers. This will provide Bahamians with real choice for the first time as CBL will provide phone service that is clear, reliable and affordable. **ReVoice**, packaged with **RevTV** and **RevOn**, will make up multiple bundle options to suit customers' needs and ultimately provide a full triple suite of services.

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, 2010.



cablebahamas

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