

CHAIRMAN'S LETTER TO SHAREOWNERS
2013 Second Quarter

Dear Shareholders,
Securing the Base

In an ever-expanding competitive market, retaining our subscriber base is as critical to your Company's success as growing the subscriber numbers. Ongoing attention to our customer focus initiative is a continuing main effort of our management and staff. The major business initiative in the second quarter was completing the network upgrade of our REVON broadband product. This upgrade saw the introduction of broadband speed increases on par with North American operators and once again placed The Bahamas as the leading broadband country in the Caribbean and Latin America regions.

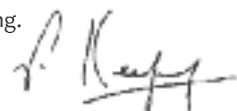
Revenue results for the second quarter of 2013 continue to confirm the success of the digital transition, which concluded at the end of 2012. We have seen continued growth in our premium REVTV product, posting an 11.3% increase year-over-year at the end of the second quarter. Emphasis on this product set has become increasingly important, as the basic TV product remains flat due to a mature market and the refusal of the Regulator to approve the rate increase application. Our overall REVTV revenues increased to \$27.1 M to the end of the quarter, a moderate increase of 0.77% year over year. Our REVON broadband product continued to show increases in the face of growing competition with a year-over-year growth of 3.6% and revenues of \$15.7M to the end of the period.

We are very pleased to say that our inroads into the voice market has been significant, acquiring 15% of the landline market, with a more than 7% year-over-year expansion. Our voice subscriber base grew by 8,000 in the twelve month period to the end of June 2013.

During the first half of the year, Cable 12 continued to provide outstanding local programming to the Bahamian viewership, including the documentary *The Independence Story* which was created in commemoration of our nations' 40th anniversary of Independence. Additionally, our cross channel advertising platform continues to grow and NB12 advertising continues to thrive, realizing revenues of \$500K for the first half of the year. In May, we introduced *REV Pulse 5*, our fully inclusive electronic notice board. This innovative channel, which has caught the attention of the market, is a new revenue-generating platform for ad placement that can be viewed on cable channel 5.

Our commitment to community continued with the Cable Bahamas Cares Foundation offering over 20 community grants totaling \$130,000 including \$33,000 for the Royal Bahamas Police Force summer programme focused on Youth Training in the Community. Thousands of young people benefited from these programmes.

We are excited about the remainder of the year and what it will bring to our Company as we finalise agreements to expand to new horizons and to even larger markets in Florida. We look forward to the impact on the country with our revolutionary broadband expansions, our innovations in the television market and our continued success in capturing larger portions of the voice market. I am happy to say that the state of our Company is strong.



Philip Keeping, Chairman
June 6, 2013

"...the state of our Company is strong."

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30, 2013 with comparatives for June 30, 2012 / (Expressed in B\$000, unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30 2013	JUNE 30 2012	JUNE 30 2013	JUNE 30 2012
REVENUE	\$27,825	\$28,482	\$56,159	\$56,346
OPERATING EXPENSES	(17,444)	(16,183)	(34,144)	(31,824)
	10,381	12,299	22,015	24,522
Depreciation and amortization	(5,045)	(4,478)	(10,117)	(8,847)
OPERATING INCOME	5,336	7,821	11,898	15,675
Interest expense	(315)	(444)	(642)	(809)
Dividends on preferred shares	(1,150)	(1,150)	(2,300)	(2,300)
NET INCOME AND COMPREHENSIVE INCOME	\$3,871	\$6,227	\$8,956	\$12,566
BASIC AND DILUTED EARNINGS PER SHARE	\$0.28	\$0.46	\$0.66	\$0.92

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2013
(Expressed in B\$000, unaudited)

	ORDINARY SHARE CAPITAL	RETAINED EARNINGS	TOTAL
Balance at December 31, 2012	13,593	80,573	\$94,166
Net income	-	8,956	8,956
Dividends paid on ordinary shares	-	(2,719)	(2,719)
Balance at June 30, 2013	\$13,593	\$86,810	\$100,403



CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30, 2013 with comparatives for June 30, 2012 / (Expressed in B\$000, unaudited)

	SIX MONTHS ENDED	
	JUNE 30 2013	JUNE 30 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 8,956	\$ 12,566
Adjustments for:		
Depreciation and amortization	10,117	8,847
Interest expense	642	809
Dividends on preferred shares	2,300	2,300
Operating cash flow before working capital changes	22,015	24,522
Increase in accounts receivable, net	(6,510)	(617)
Increase in prepaid expenses and deposits	(3,700)	(2,870)
(Increase) Decrease in inventory	(111)	1,545
Increase in accounts payable & accrued liabilities	9,311	721
Increase (Decrease) in deferred income	111	(65)
Increase in subscriber deposits	12	337
Net cash from operating activities	21,128	23,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(9,719)	(10,392)
Additions to deferred expenses	-	(1,060)
Additions to investments	(3,811)	-
Net cash used in investing activities	(13,530)	(11,452)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(3,063)	(2,754)
Interest paid on long-term debt	(642)	(809)
Dividends paid on preferred shares	(2,300)	(2,300)
Dividends paid on ordinary shares	(2,719)	(3,398)
Net cash (used in) from financing activities	(8,724)	(9,261)
NET INCREASE (DECREASE) IN CASH	(1,126)	2,860
CASH, BEGINNING OF PERIOD	8,676	6,844
CASH, END OF PERIOD	\$ 7,550	\$ 9,704

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2013 | (Expressed in B\$000, Unaudited)

	JUN 30, 2013	DEC 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash	\$ 7,550	\$ 8,676
Accounts receivable, net	10,517	9,291
Prepaid expenses and deposits	4,905	1,205
Inventory	3,880	3,769
Other receivables	7,793	2,509
Total current assets	34,645	25,450
NON-CURRENT ASSETS:		
Investment	6,137	2,326
Property, plant and equipment	172,984	172,416
Intangible assets	20,740	21,706
Total non-current assets	199,861	196,448
TOTAL	\$ 234,506	\$ 221,898
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 30,788	\$ 21,477
Deferred income	1,792	1,681
Current portion of long-term debt	8,664	7,000
Total current liabilities	41,244	30,158
NON-CURRENT LIABILITIES:		
Subscriber deposits	6,398	6,386
Long-term debt	26,461	31,188
Preferred shares	60,000	60,000
Total non-current liabilities	92,859	97,574
Total liabilities	134,103	127,732
EQUITY:		
Ordinary share capital	13,593	13,593
Retained earnings	86,810	80,573
Total equity	100,403	94,166
TOTAL	\$ 234,506	\$ 221,898

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
Mr. Troy D'Arville
Director
Mr. Franklyn Butler II
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

BAHAMAS CENTRAL SECURITIES DEPOSITORY
2nd Floor, Fort Nassau Centre
British Colonial Hilton, Suite 202
P. O. Box N 9307
Nassau, N. P., Bahamas
tel: (242) 322 5573/4 or 5
fax: (242) 356 3613

GET IN TOUCH WITH US

CABLE BAHAMAS LTD.
P. O. Box CB 13050
Nassau, N. P., The Bahamas
tel: (242) 601 6780
fax: (242) 601 8985
eml: investors@cablebahamas.com
web: www.cablebahamas.com

CREDITS

GRAPHIC DESIGN
Smith & Benjamin Art & Design
www.smith-benjamin.com

PRINTING
Nassau Printing Company
Nassau, N. P., The Bahamas

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, 2012. These statements should be read along with the audited financial statements.




cablebahamas
2013 SECOND QUARTER REPORT

