

CHAIRMAN'S LETTER TO SHAREOWNERS

2013 First Quarter

Dear Shareholders:

Our Company remains relentless in our pursuit to deliver top quality service and communication products to The Bahamas. We are uncompromising in our commitment to our shareholders in the goals and targets we set; all of which we are well on the way to realizing. Our objective of being the provider of choice in The Bahamas' communications market remains resolute.

We are fiercely competing in three sectors of the market—landline telephony, broadband Internet and Cable TV—and our results in all three continue to be strong. In the telephony market, we are pleased with the in-roads we are making. By the end of the first quarter, we estimated that we had secured over 15% market share of the landline business. In our broadband Internet division, everyday use is growing exponentially, so our focus has been in keeping pace with our customer's demands. Our new REVON packages offering increased rates of Internet speed have been well received by our customers and have resulted in our Internet subscriber numbers reaching all-time highs. Our Cable TV consumers continue to be delighted in our video packaging as evidenced by the healthy 14% increase in our premium products.

As the new landline provider in the market, we thought it vital to switch our own telephone numbers to our REVOICE service. Persons wishing to make telephone contact with us will first dial our 601 and 602 "exchange" prefixes, for Nassau and Grand Bahama respectively. Later in the year, we are very much looking forward to the introduction of number portability, where a business or household can retain their existing telephone number and switch services to Cable Bahamas.

Our Company has always been the market leader in broadband Internet service in The Bahamas and that is where we intend to stay. Our network has continued to improve and remains on the cutting edge. Over the past few months, on completion of our DOCSIS3 upgrade, we are offering revolutionary bandwidth speeds up to an EXTREME 70Mb/s for residential customers and 500Mb/s for commercial customers.

With the digitisation of the network now fully complete, we are experiencing significant growth in the Cable TV segment. We have also been forging marketing collaboration with our programming partners. During the quarter, we partnered with HBO to regionally promote their flagship series, "Game of Thrones". This successful partnership resulted in a 6% increase in HBO revenue compared to the same period of the previous year.

The New Year brought unfortunate news on the regulatory front. In January, URCA rejected our application for an increase to our regulated basic television service. We remain very concerned and disappointed that our basic rate charge, regulated by the Government in October 1994, has remained unchanged for an unprecedented 18 years. Our company has preserved its rights and is exploring all options available regarding the ruling.

During the first quarter, our Company made a conscientious decision to intensify its presence in the marketplace and concentrate its focus on customers through various retention programmes.

Our Company has never sat still awaiting opportunities to expand and grow shareholder value. We eagerly anticipate the imminent announcement of the acquisition of our current target companies and the expansion of our network beyond the eastern coastline of Florida. We remain fully committed and continue to pursue this groundbreaking project that is in the final regulatory approval phase.

For the first quarter, the Board of Directors maintained the \$0.10 per share dividend payout, which totaled \$1.4 million.

We look forward to a very positive and productive year as we embrace opportunities, meet challenges head-on and build our brand to compete in this ever-evolving industry.



Philip Keeping, Chairman
June 6, 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended March 31, 2013 with comparatives for March 31, 2012 / (Expressed in B\$000, unaudited)

	THREE MONTHS ENDED	
	MAR 31, 2013	MAR 31, 2012
REVENUE	\$ 28,334	\$ 27,864
OPERATING EXPENSES	(16,700)	(15,641)
	11,634	12,223
Depreciation and amortization	(5,072)	(4,369)
OPERATING INCOME	6,562	7,854
Interest expense	(327)	(365)
Dividends on preferred shares	(1,150)	(1,150)
NET INCOME AND COMPREHENSIVE INCOME	\$ 5,085	\$ 6,339
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.37	\$ 0.47

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

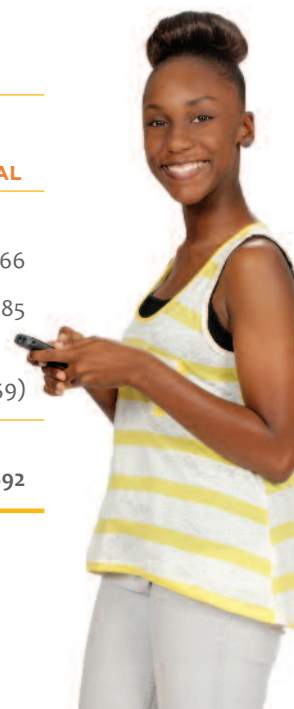
For the period ended March 31, 2013
(Expressed in B\$000, unaudited)

	ORDINARY SHARE CAPITAL	RETAINED EARNINGS	TOTAL
Balance at December 31, 2012	13,593	80,573	\$94,166
Net income	–	5,085	5,085
Dividends paid on ordinary shares	–	(1,359)	(1,359)
Balance at March 31, 2013	\$13,593	\$84,299	\$97,892

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended March 31, 2013 with comparatives for March 31, 2012 / (Expressed in B\$000, unaudited)

	THREE MONTHS ENDED	
	MAR 31, 2013	MAR 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,085	\$ 6,339
Adjustments for:		
Depreciation and amortization	5,072	4,369
Interest expense	327	365
Dividends on preferred shares	1,150	1,150
Operating cash flow before working capital changes	11,634	12,223
Increase in accounts receivable, net	(4,792)	(165)
Increase in prepaid expenses & deposits	(1,496)	(1,215)
Decrease in inventory	521	1,009
Increase in accounts payable & accrued liabilities	8,316	2,264
Decrease in deferred income	(2)	(27)
(Decrease) increase in subscriber deposits	(4)	256
Net cash from operating activities	14,177	14,345
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investments	(2,444)	–
Additions to property, plant and equipment	(5,208)	(5,856)
Additions to deferred expenses	–	(377)
Net cash used in investing activities	(7,652)	(6,233)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(1,313)	(1,156)
Interest paid on long term debt	(327)	(365)
Dividends paid on ordinary shares	(1,359)	(2,175)
Net cash used in financing activities	(2,999)	(3,696)
NET INCREASE IN CASH	3,526	4,416
CASH, BEGINNING OF PERIOD	8,676	6,844
CASH, END OF PERIOD	\$ 12,202	\$ 11,260



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of March 31, 2013 | (Expressed in B\$000, Unaudited)

	MAR 31 2013	DEC 31 2012
ASSETS		
CURRENT ASSETS:		
Cash	\$ 12,202	\$ 8,676
Accounts receivable, net	12,993	9,291
Prepaid expenses and deposits	2,701	1,205
Inventory	3,247	3,769
Other receivables	3,600	2,509
Total current assets	34,743	25,450
NON-CURRENT ASSETS:		
Investment	4,770	2,326
Property, plant and equipment	173,029	172,416
Intangible assets	21,229	21,706
Total non-current assets	199,028	196,448
TOTAL	\$ 233,771	\$ 221,898
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 29,259	\$ 20,944
Deferred income	1,679	1,681
Dividends payable	1,684	533
Current portion of long-term debt	7,351	7,000
Total current liabilities	39,973	30,158
NON-CURRENT LIABILITIES:		
Subscriber deposits	6,382	6,386
Long-term debt	29,524	31,188
Preferred shares	60,000	60,000
Total non-current liabilities	95,906	97,574
Total liabilities	135,879	127,732
EQUITY:		
Ordinary share capital	13,593	13,593
Retained earnings	84,299	80,573
Total equity	97,892	94,166
TOTAL	\$ 233,771	\$ 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.

CABLE BAHAMAS LTD.
© 2013 ALL RIGHTS RESERVED



cablebahamas

2013 FIRST QUARTER REPORT



REV: N
BROADBAND INTERNET

The fastest broadband internet network in the nation