

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

"I am proud of the way our company is pulling together, remaining positive and focusing on our strengths as we navigate through a challenging year."

— ANTHONY BUTLER, PRESIDENT & CHIEF EXECUTIVE OFFICER

Dear Shareholders:

As I report our company's second quarter results, I am pleased to say that we delivered both stability and progress. The trend of the results from the first three months of the year continues to be positive and consistent. Your company continues to show signs of strength and progress despite much uncertainty in the local and global economies. Based on these results, we anticipate that as the local economy begins its upturn the Company will again reap great benefits from its continued commitment to investing in the most current technology as well as in the delivery of superior service and products. Our focus, as ever, will be on customer service, network reliability and product innovation as we continue to strive to provide world class communications to the Bahamian people.

As at the end of the second quarter of 2010, revenue reached \$44.3 million, exceeding the 2009 results for the same period by 5.2%, an increase of \$2.2 million. Although earnings have been impacted by additional expenditures directly related to the new regulatory fee structure and related professional fees, the Company is still able to report year-to-date earnings before interest, taxes, depreciation and amortization (EBITDA) of \$20.5 million and a net income of \$9.5 million. Earnings per share at the end of the second quarter were \$0.51 and dividends paid during the quarter totaled \$1.1 million representing 11.5% of net income which is consistent with our current dividend payout policy.

Your Company's cable television segment year over year revenue remained sturdy and was up from \$22.4 million at the end of the second quarter in 2009 and reached \$23.6 million an increase of 5.3%. The digital set-top box rental programme continues to contribute to the positive growth experienced in total revenue for the quarter as compared to the 2009 second quarter results. Compared to 2009, the 2010 year to date rental revenues increased by 75% to reach \$0.5 million.

New customer experience enhancements were added this quarter allowing customers to access their bill details from a set top box within the premises on channel 810 and also through dialing into our Interactive Voice Recording (IVR) telephone system. We are committed to improving our customer service experience and hope to introduce new features in the near future.

The Company's broadband Internet subscriber growth tracked slightly ahead of expectations for the second quarter of 2010. Meanwhile, year over year subscriber numbers compared to the same period last year indicates a 5.1% increase. For the six months ended

June 30th, 2010 Internet revenue reached \$13.9 million, up from \$13.1 million over the same period in 2009, an increase of 6.0%.

Data revenue continued to be encouraging showing growth at the end of the second quarter of 2010, increasing by 3.6%, from \$6.6 million for the same period in 2009 to \$6.8 million to the end of this quarter. This increase is a clear indication that the brand of our commercial product offering remains strong in the local business market.

Your Company continues to upgrade the HFC and broadband network infrastructure. For the six months ended June 30th 2010, Cable Bahamas Ltd. has invested some \$7.0 million in capital expenditures. The commencement of the network digitalization project represents a major undertaking for the Company, converting our customers' homes to an all-digital-platform. We are well on the way to complying with the new regulatory requirements to unbundle the broadband and analogue TV product to all subscribers and potential customers. This project also preserves the integrity and revenue security of the Company's network and businesses. Considerable efforts continued in this quarter in preparing our business to compete in the telecommunications market. Works on core infrastructural components are well advanced to enable your company to offer a wide range of new converged communication services. In selected areas of the network we began the deployment of the fiber-to-the-home (FTTH) service offering which delivers the complete suite services optically directly to the consumers' home or place of business. These projects enable the realization of additional broadband capacity required for the delivery of both existing and future products and services.

Our Community Channel – Cable 12 continued to produce its innovative programming during the second quarter of 2010. The rebranded newscast saw the official launch of NB12 with a new look and a Bahamian musical score. Our talented Cable 12 team continued to meet the mark with original local programming inclusive of live national sporting events through its presentations of The Bahamas National Baseball Championships held in Grand Bahama, and The National Swimming Championships held in New Providence. Through the diverse programme offering, your Community Channel continues to provide programmes that showcase the Bahamian Community and its vibrant culture.

During the second quarter, the Cable Bahamas Cares Foundation (CBCF) continued its community charitable efforts by awarding grants approaching \$100,000.

Family Island programmes remained a significant group to receive several of the awards. The CBCF is always committed to assisting deserving youth oriented programs in our Bahamian Community.

The first six months of 2010 have been very challenging but encouraging, and I am confident your Company will continue to achieve its expectations. Our focus has remained steadfast on developing a strategic path towards offering fully converged services in The Bahamas and we are

confident of achieving this goal. We will continue to explore all available opportunities in an effort to maximize growth while simultaneously increasing wealth for shareholders.



**Sincerely,
Philip Keeping, Chairman
September 6, 2010**

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2010 WITH COMPARATIVES FOR JUNE 30, 2009
(EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30 2010	JUNE 30 2009	JUNE 30 2010	JUNE 30 2009
REVENUE	\$22,208	\$20,993	\$44,283	\$42,081
OPERATING EXPENSES	(11,866)	(9,531)	(23,818)	(19,394)
	10,342	11,462	20,465	22,687
Depreciation and amortization	(3,774)	(3,211)	(7,455)	(6,404)
OPERATING INCOME	6,568	8,251	13,010	16,283
Interest expense	(607)	(351)	(1,211)	(468)
Dividends on preferred shares	(1,162)	(462)	(2,325)	(925)
NET INCOME AND COMPREHENSIVE INCOME	\$4,799	\$7,438	\$9,474	\$14,890
BASIC AND DILUTED EARNINGS PER SHARE	\$0.26	\$0.38	\$0.51	\$0.76

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 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	-	-	9,474	9,474
Dividends paid on ordinary shares	-	-	(2,186)	(2,186)
Shares purchased and cancelled	(9)	-	(103)	(112)
Balance at June 30, 2010	\$19,623	\$(85,018)	\$118,989	\$53,594

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2010 WITH COMPARATIVES FOR JUNE 30, 2009
(EXPRESSED IN B\$000, UNAUDITED)

	SIX MONTHS ENDED	
	JUN 30 2010	JUN 30 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 9,474	\$ 14,890
Adjustments for:		
Depreciation and amortization	7,455	6,404
Interest expense	1,211	468
Dividends paid on preferred shares	2,325	925
Operating cash flow before working capital changes	20,465	22,687
Decrease (increase) in accounts receivable, net	1,410	(267)
Increase in prepaid expenses and deposits	(7,122)	(129)
Increase in inventory	(358)	(398)
Decrease in accounts payable & accrued liabilities	(430)	(1,073)
Increase in deferred income	132	24
Increase in dividends payable	533	-
Increase in subscriber deposits	4	15
Net cash from operating activities	14,634	20,859
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(6,999)	(9,254)
Repayment of long-term receivables	186	489
Amortization of long-term receivables	(161)	(173)
Net cash used in investing activities	(6,974)	(8,938)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(2,277)	(3,858)
Decrease in funds held in escrow	83,800	-
Decrease in escrow funds payable	(80,000)	-
Interest paid on long term debt	(1,211)	(468)
Shares purchased and cancelled	(112)	-
Dividends paid on preferred shares	(2,325)	(925)
Dividends paid on ordinary shares	(2,186)	(2,752)
Net cash used in financing activities	(4,311)	(8,003)
NET INCREASE IN CASH	3,349	3,918
CASH, BEGINNING OF PERIOD	13,075	6,255
CASH, END OF PERIOD	\$ 16,424	\$ 10,173

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2010 WITH COMPARATIVES FOR DECEMBER 31, 2009

(EXPRESSED IN B\$000, UNAUDITED)

	JUN 30 2010	DEC 31 2009
ASSETS		
CURRENT ASSETS:		
Cash	\$ 16,424	\$ 13,075
Funds held in escrow	-	83,800
Accounts receivable, net	6,484	7,894
Prepaid expenses and deposits	8,022	900
Inventory	2,879	2,521
Current portion of long-term receivables	592	580
Total current assets	34,401	108,770
NON-CURRENT ASSETS:		
Investment	4,244	4,244
Long-term receivables	2,691	2,728
Property, plant and equipment	160,685	161,016
Intangible assets	3,780	3,905
Total non-current assets	171,400	171,893
TOTAL	\$ 205,801	\$ 280,663
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 14,207	\$ 14,636
Escrow funds payable	-	80,000
Deferred income	1,337	1,205
Dividends payable	533	-
Current portion of long-term debt	4,547	4,374
Current portion of preferred shares	5,000	15,000
Total current liabilities	25,624	115,215
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,663	5,659
Long-term debt	65,920	68,371
Preferred shares	55,000	45,000
Total non-current liabilities	126,583	119,030
Total liabilities	152,207	234,245
EQUITY:		
Ordinary share capital	19,623	19,632
Treasury shares	(85,018)	(85,018)
Retained earnings	118,989	111,804
Total equity	53,594	46,418
TOTAL	\$ 205,801	\$ 280,663

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Brendan Paddick
Director

Mr. Gary Kain
Director

Mr. Anthony Butler
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.



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