

CHAIRMAN'S LETTER TO SHAREOWNERS 2010 THIRD QUARTER

“This demanding year continues to test our company but we are demonstrating, once again, the drive and focus on achieving our goals.”

— ANTHONY BUTLER, PRESIDENT & CHIEF EXECUTIVE OFFICER

Dear Shareholders:

In striving to become the proven partner of choice for communications throughout The Bahamas, your Company continues to improve its infrastructure, streamline all expenditures and explore new and exciting ways to grow revenue. We are optimistic that by year-end we will be successful in concluding an arduous regulatory task of preparing the company to become a fully integrated telecommunications provider. Thus far it has been a challenge, however we remain focused on achieving our goals for 2010.

For the nine month period ended September 30th 2010, revenue reached \$66.6 million, exceeding the 2009 results by \$3.3 million which represents an increase of 5.1%. Year-to-date earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by \$3.5 million or 10.2% from \$34.4 million in 2009 to \$30.8 million. This decrease is directly related to increased regulatory fees and expenditures related to new regulatory requirements, increased electricity rates and increased staff costs associated with health and National Insurance contributions. These increases contributed to the year over year decrease in net income by \$8.7 million or 38.1% to \$14.2 million. Total dividend paid on ordinary shares during the nine month period ended September 30, 2010 amounted to \$3.3 million representing 23.1% of net income.

During the third quarter of 2010, your Company's total revenues reached \$22.3 million which is 5% ahead of the same period of 2009. Although operating expenses during the same period increased to \$11.9 million in 2010 up from \$9.6 million in 2009, the Company was not able to hold off a decrease in net income as it settled at \$4.7 million in 2010 as compared to \$8.1 million achieved in the third quarter of 2009, a decrease of 42%. With the strength of the two previous quarter end results the Company is still on its way to coming within planned expectations for the fiscal year.

Your Company's core business – cable television, once again performed well as year over year revenue increased by 5% at the end of the third quarter, up from \$33.7 million to \$35.4 million. This increase in cable tv revenue is due mainly to increases in basic, digital and PPV revenue of 2%, 7% and 2% respectively over the same period in 2009. Late in the third quarter the “Bahamas Real Estate Channel” – Cable Channel 50 which is on the basic channel lineup was launched exploring a new business segment and revenue stream for the company. This new channel will focus on the Bahamian real estate market providing sellers, buyers, brokers, agents, firms and industry partner's unprecedented spotlight on the realty world of The Bahamas.

Consistent subscriber growth remained the theme with regards to the company's broadband Internet subscribers for the period ended September 30th 2010. Year over year subscriber numbers compared to the same period last year grew by almost 2,100 or by 4.8%. Broadband revenue increased by 5.8% from \$20.8 million, up from \$19.7 million over the same period in 2009.

Your company's data revenue also remained consistent showing an increase of 4.1% year over year from \$10.0 million for the same period in 2009 to \$10.4 million to the end of the third quarter of 2010. Strength in this business segment is evident despite the stressed economic environment.

For the nine months ended September 30th 2010 Cable Bahamas Ltd invested over \$11.2 million in capital expenditures. The network digitalization project required to decouple the broadband and analogue TV offerings continued during this period. This network digitalization represents a major operation for CBL, which will impact its complete customer base on the islands (i.e. New Providence, Grand Bahama, Abaco and Eleuthera) where it offers broadband services. Once completed, the digitalization program would enhance the quality and reliability of our network and enable the provision of superior video, broadband and voice services directly to customers. The benefits to customers would include not only the improvement of picture and sound quality but also the provision of increased channels, enhanced features, more advanced services such as High Definition TV (HDTV) and other future services like Video on Demand (VOD). Additionally, work commenced on the launching of a SVOD (Subscription Video-On-Demand) product as part of the newly contracted HBO LA service. This will enable customers to enjoy the HBO product using a new video on demand platform. This introduction of VOD marks a first for The Bahamas market and demonstrates the innovation of the company.

Our Cable 12 Community Channel continued its quest to provide quality programming to the Bahamian community by extending its lineup with the introduction of “Student of Substance” – a thirty minute television profile. This programme is designed to feature young Bahamian students who are excelling academically while simultaneously making a contribution to the local community. Our NB12 news programme continues to be energetic and a cutting edge newscast with growing viewership averaging 35,000 nightly.

Cable Bahamas Cares Foundation (CBCF) continued its efforts in this third quarter in granting awards to worthy community focused charitable youth endeavors. CBCF awarded over \$66,000 in grants

during the third quarter alone. The projects this quarter covered all areas of our local community including academics, sports, music, theatre, the environment, and computer literacy. Two standout projects included a children's computer lab in the Market Street and Wulff Road area partnering with the Great Commission Ministries International; and a community computer lab for children and adults in the Meadow Street and Hospital Lane areas partnering with the Bain & Grants Town Advancement Association.

As we move towards the end of 2010, we remain very optimistic about your Company's future, despite the many challenges presented.



Sincerely,
Philip Keeping, Chairman
November 18, 2010

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEP 30 2010	SEP 30 2009	SEP 30 2010	SEP 30 2009
REVENUE	\$22,310	\$21,261	\$66,593	\$63,342
OPERATING EXPENSES	(11,940)	(9,595)	(35,758)	(28,989)
	10,370	11,666	30,835	34,353
Depreciation and amortization	(3,824)	(3,217)	(11,279)	(9,621)
OPERATING INCOME	6,546	8,449	19,556	24,732
Interest expense	(576)	(30)	(1,787)	(498)
Dividends on preferred shares	(1,238)	(363)	(3,563)	(1,288)
NET INCOME AND COMPREHENSIVE INCOME	\$4,732	\$8,056	\$14,206	\$22,946
BASIC AND DILUTED EARNINGS PER SHARE	\$0.25	\$0.41	\$0.76	\$1.17

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 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	-	-	14,206	14,206
Dividends paid on ordinary shares	-	-	(3,280)	(3,280)
Shares purchased and cancelled	-	(129)	(101)	(230)
Balance at September 30, 2010	\$19,632	\$(85,147)	\$122,629	\$57,114

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	NINE MONTHS ENDED	
	SEP 30 2010	SEP 30 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 14,206	\$ 22,946
Adjustments for:		
Depreciation and amortization	11,279	9,621
Interest expense	1,787	498
Dividends on preferred shares	3,563	1,288
Operating cash flow before working capital changes	30,385	34,353
Decrease in accounts receivable, net	910	335
(Increase) decrease in prepaid expenses and deposits	(1,600)	340
(Increase) decrease in inventory	(131)	1,075
Increase (decrease) in accounts payable & accrued liabilities	2,531	(2,247)
Increase in deferred income	28	115
(Decrease) increase in subscriber deposits	(52)	107
Net cash from operating activities	32,521	34,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(11,195)	(14,542)
Repayment of long-term receivables	251	725
Amortization of long-term receivables	(833)	(255)
Net cash used in investing activities	(11,777)	(14,072)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(12,510)	(6,101)
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	(1,787)	(498)
Shares purchased and cancelled	(230)	-
Dividends paid on preferred shares	(3,093)	(925)
Dividends paid on ordinary shares	(3,280)	(4,128)
Net cash used in financing activities	(12,100)	(16,652)
NET INCREASE IN CASH	8,644	3,354
CASH, BEGINNING OF PERIOD	13,075	6,255
CASH, END OF PERIOD	\$ 21,719	\$ 9,609

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

(EXPRESSED IN B\$000, UNAUDITED)

	SEP 30 2010	DEC 31 2009
ASSETS		
CURRENT ASSETS:		
Cash	\$ 21,719	\$ 13,075
Funds held in escrow	-	83,800
Accounts receivable, net	6,918	7,894
Prepaid expenses and deposits	2,496	900
Inventory	2,653	2,521
Current portion of long-term receivables	3,302	580
Total current assets	37,088	108,770
NON-CURRENT ASSETS:		
Investment	4,315	4,244
Long-term receivables	-	2,728
Property, plant and equipment	161,127	161,016
Intangible assets	4,226	3,905
Total non-current assets	169,668	171,893
TOTAL	\$ 206,756	\$ 280,663
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 15,797	\$ 14,636
Escrow funds payable	-	80,000
Deferred income	1,233	1,205
Dividends payable	1,771	-
Current portion of long-term debt	4,568	4,374
Current portion of preferred shares	-	15,000
Total current liabilities	23,369	115,215
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,607	5,659
Long-term debt	55,666	68,371
Preferred shares	65,000	45,000
Total non-current liabilities	126,273	119,030
Total liabilities	149,642	234,245
EQUITY:		
Ordinary share capital	19,632	19,632
Treasury shares	(85,147)	(85,018)
Retained earnings	122,629	111,804
Total equity	57,114	46,418
TOTAL	\$ 206,756	\$ 280,663

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Brendan Paddock
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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