

## CHAIRMAN'S LETTER TO SHAREOWNERS 2011 FIRST QUARTER

### Dear Shareholders:

Our Company has maintained its strong position amidst major challenges. Now poised to take on new industry opportunities, with a fresh look and feel and with a renewed energy in our products and services, our company has carved out a path leading to success with its **RevTV**, **ReVoice**, and **RevOn** product lines.

In the first quarter, our Company has achieved the status of becoming the first “**Triple-Play**” provider in the country after completing required regulatory obligations. We have our goals in sight and we are committed to achieving them. This is an exciting year for Cable Bahamas, its customers and the country at large as the landscape of the communications industry continues to evolve.

During the first quarter, revenues reached \$22.6 million which represents an increase of 2.2% over the same period of 2010. This was due directly to increases in Cable TV, Internet, and Data revenue results which were all higher than 2010 by 1.0%, 3.7% and 3.7% respectively. Year-to-date earnings before interest, taxes, depreciation and amortization (EBITDA) decreased slightly from 2010 results by 1.0% to \$10.0 million this quarter. The modest decrease in EBITDA was due primarily to increases in programming fees and marketing expenses. This is a direct result of the company's preparation for its new video and voice service offerings to the Bahamian market at large. Net income also decreased from 2010 results by 1.3% to \$4.6 million. Total dividends paid on ordinary shares during the quarter amounted to \$1.1 million which represents 23.5% of net income.

Our Company's first quarter results for the cable television revenue division increased slightly by 1.0% year over year to \$11.9 million. The strong performers for Cable TV for the first quarter included our popular RevTV premium and pay-per-view services that both saw increased revenue of 9.5%, and 32.0% respectively. Another solid performer was revenues from the set-top rentals programme which increased by over 60.4% during this first quarter compared to 2010 results.

The Cable Media department continues to further develop our media products. The Ad Insertion segment which was developed to allow advertisers to insert their local TV ads on over 20 cable channels including ads on channel 5, the Preview Channel and the most popular spots during **Newsbreak** on Cable 12, continues to show very promising results for the company.

Our Company's Broadband Internet subscribers experienced an increase of 852 subscribers during the first quarter of 2011 when compared to the same period in 2010. The results at the end of the quarter reveal that subscriber growth increased by

1.9%. Broadband revenue increased by 3.7% moving from \$6.9 million to \$7.2 when compared with the same period in 2010. As a result of upgrades completed at the beginning of 2011, our Commercial Broadband Internet customers experienced increased broadband services as their download bandwidth speeds were doubled. This allows these premium customers to take full advantage of our cutting edge technology enabling broadband applications while proving quick transaction speeds – even at moments of high internet traffic.

Data revenue played its part in contributing to our Company's results by showing an increase of 3.7% year over year, up from \$3.4 million in the first quarter in 2010 to \$3.5 million for the first quarter of 2011. Data revenue for the first quarter of 2011 accounts for 15.5% of total revenue up from 15.3% for the same period of 2010.

Within the first three months of 2011, our company has invested some \$5.2 million in capital expenditures. We continued our commitment of maintaining and extending our network in order to ensure the stability and robustness required to enhance and support both existing and new products and service offerings to our subscribers. During the first quarter, tremendous steps were made with preparatory work to enable the provision of over 60 HD (High Definition) channels and a VOD (Video-On-Demand) platform to our subscribers by the third quarter of 2011. The network digitalization project required to decouple the broadband and analogue TV offerings also continued during this period. Consumers on the four major Islands – New Providence, Grand Bahama, Abaco and Eleuthera, will all have the ability to immediately order the full suite of premium digital services, inclusive of VOD (Video-On-Demand) offerings. Cable Bahamas will continue to invest to solidify and grow our market share within the industry.

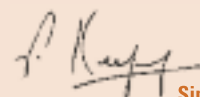
Our Cable 12 Community Channel has continued to target new and invigorating opportunities to bring interesting and meaningful video programming to the wider community. One such programme during the first quarter was a **Weekly Heart Feature** during the month of February – “Heart Month” – in The Bahamas. The team also aired and carried live the Government High Schools' Basketball Tournament. Cable 12 is also reviewing the possibility of extending the NB12 news cast in the near future by adding two new sections – sports and weather. NB12 continues to be aggressive at establishing itself in the cable news media market.

The Cable Bahamas Cares Foundation (CBCF) continued to review applications to award deserving charitable grants catering to Bahamian youth and community activities. In the first quarter, CBCF awarded over \$85,000 in grants. Although a

broad spectrum of endeavors were awarded, some of the most notable awards include: the **Adolescent Diabetes Research Project** which is in conjunction with the University of the West Indies (UWI) School of Medicine with a focus on the growing problems affecting Bahamian kids; **Team ABC** which is a group of functional amputees who participated in this year's “Ride for Hope”; Erika Robinson's proposed documentary on a sports icon who is also her father – Thomas A. Robinson; and the **Children's Emergency Hostel**. CBCF will continue to seek out those most deserving and charitable activities in an effort to provide financial assistance.

A new era in the communications industry in The Bahamas has begun. Cable Bahamas has leaped forward in this contest with innovation to Cable TV,

Broadband, and Telecommunications services to aggressively meet and participate in these new challenges. Our company is the first “**Triple-Play**” provider in the country and, notwithstanding the many challenges encountered, is poised to maximise value to shareholders through the new opportunities available in the communications market.



Sincerely,  
Philip Keeping, Chairman  
June 20, 2011

### CABLE BAHAMAS LTD. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2011 WITH COMPARATIVES FOR MARCH 31, 2010 / (EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED	
	MAR 31 2011	MAR 31 2010
REVENUE	\$22,570	\$22,075
OPERATING EXPENSES	(12,539)	(11,952)
	10,031	10,123
Depreciation and amortization	(3,853)	(3,681)
OPERATING INCOME	6,178	6,442
Interest expense	(327)	(604)
Dividends on preferred shares	(1,237)	(1,163)
NET INCOME AND COMPREHENSIVE INCOME	\$4,614	\$4,675
BASIC AND DILUTED EARNINGS PER SHARE	\$0.25	\$0.34

### CABLE BAHAMAS LTD. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 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	-	-	4,614	4,614
Dividends paid on ordinary shares	-	-	(1,087)	(1,087)
Balance at March 31, 2011	\$19,632	\$(85,919)	\$130,956	\$64,669

### CABLE BAHAMAS LTD.

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2011 WITH COMPARATIVES FOR MARCH 31, 2010 / (EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED	
	MAR 31 2011	MAR 31 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,614	\$ 4,675
Adjustments for:		
Depreciation and amortization	3,853	3,681
Interest expense	327	604
Dividends on preferred shares	1,237	1,163
Operating cash flow before working capital changes	10,031	10,123
(Increase) decrease in accounts receivable, net	(145)	1,592
Increase in prepaid expenses and deposits	(1,864)	(234)
(Increase) decrease in inventory	(245)	153
Decrease in accounts payable & accrued liabilities	(494)	(1,465)
Increase in dividends payables	1,771	896
Increase in deferred income	79	156
Decrease (increase) in subscriber deposits	(58)	60
Net cash from operating activities	9,075	11,281
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(5,191)	(3,415)
Additions to deferred expenses	(32)	-
Additions to investment in SRG	(76)	-
Repayment of long-term receivables	66	120
Issuance of long-term receivables	(89)	(79)
Net cash used in investing activities	(5,322)	(3,374)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(1,115)	(1,137)
Interest paid on long term debt	(327)	(604)
Purchase of shares	-	(112)
Dividends paid on ordinary shares	(1,087)	(1,093)
Dividends paid on preferred shares	(1,237)	(1,163)
Net cash used in financing activities	(3,766)	(4,109)
NET (DECREASE) INCREASE IN CASH	(13)	7,598
CASH, BEGINNING OF PERIOD	11,607	13,075
CASH, END OF PERIOD	\$ 11,594	\$ 20,673

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2011

(EXPRESSED IN B\$000, UNAUDITED)

	MAR 31 2011	DEC 31 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 11,594	\$ 11,607
Accounts receivable, net	6,896	6,751
Prepaid expenses and deposits	3,496	1,631
Inventory	3,175	2,930
Other receivables	3,346	3,322
Total current assets	28,507	26,241
<b>NON-CURRENT ASSETS:</b>		
Investment	4,643	4,567
Property, plant and equipment	163,967	162,569
Intangible assets	4,843	4,874
Total non-current assets	173,453	172,010
<b>TOTAL</b>	<b>\$ 201,960</b>	<b>\$ 198,251</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable & accrued liabilities	\$ 15,470	\$ 15,964
Deferred income	1,369	1,290
Dividends payable	1,771	-
Current portion of long-term debt	4,537	4,585
Current portion of preferred shares	5,000	5,000
Total current liabilities	28,147	26,839
<b>NON-CURRENT LIABILITIES:</b>		
Subscriber deposits	5,696	5,754
Long-term debt	43,448	44,516
Preferred shares	60,000	60,000
Total non-current liabilities	109,144	110,270
Total liabilities	137,291	137,109
<b>EQUITY:</b>		
Ordinary share capital	19,632	19,632
Treasury shares	(85,919)	(85,919)
Retained earnings	130,956	127,429
Total equity	64,669	61,142
<b>TOTAL</b>	<b>\$ 201,960</b>	<b>\$ 198,251</b>

## DIRECTORS

**Mr. Philip Keeping**  
Chairman

**Ms. Sandra Knowles**  
Director

**Mr. Frank Watson**  
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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AND TRANSFER AGENT

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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, 2010.



cablebahamas

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Introducing REVTV, an explosion of new cable technology and incredible content. Never before has your remote given you so much control. With REVTV you get the freedom to choose from over 400 of the hottest channels, more high definition programming, quicker searching, better Video-on-Demand options, and all of your favorite movie, sports, music, and radio channels. It's part of the new powerful REV triple play of REVTV, REVON and REVOICE. And it's only from Cable Bahamas.