CHAIRMAN'S LETTER TO SHAREOWNERS

2011 SECOND QUARTER

Dear Shareholders:

Cable Bahamas continued the strategy of very careful and effective cost management during the second quarter of 2011. In addition we've rebranded the Company, relaunched our product offerings and acquired another telecoms company to strengthen our position in the local market place all amidst a very challenging regulatory, economic and competitive environment. We, therefore, are confident that we are on a revolutionary path as we take on whatever the next six months of 2011 brings.

Year-To-Date revenues reached $47.2 million, an increase of $2.9 million or 6.5% over the June 30th 2010 results. The encouraging year-to-date revenue growth was realized from many areas of our REVTV product offerings, including our premium, pay-per-view and cable media lines which increased by 12%, 32% and 107% respectively as compared to the same period of 2010. Revenue for the quarter also showed an impressive 10.8% positive growth when compared to the same 3 month period of 2010, increasing to $24.6 million. In addition, our REVON Internet year-to-date revenue increased by 3.5% to $14.4 million over the same period of 2010, while data revenue grew by 2.3% to $7.0 million. During the second quarter, we also successfully completed the purchase of Systems Resource Group (SRG) and reported voice revenue for the first time.

For the three months ended June 30, 2011, operating expenses increased by 21.4% compared to the same period in 2010, and by 13.2% year-to-date. As we continue to prepare internally to fully enter new markets and take on impending competition, planned increased costs across all business areas including Engineering, Customer Care, Network Services and Marketing were higher by 19.5%, 13.9%, 15.3% and 64.9% respectively compared to 2010. As a result, our earnings before interest, taxes and depreciation and amortization (EBITDA) decreased as expected by a modest 1.5% for the quarter and 1.2% year-to-date compared to the same period in 2010. Year-to-date net income also decreased by 5.6% to $8.9 million, while for the quarter moved to $4.3 million, a 9.8% decrease when compared to June 30th 2010 results. Our dividend distribution policy to shareholders nevertheless remained consistent and 24% of net income was paid to common shareholders during the quarter.

Near the end of the second quarter we successfully relaunched our REVTV products consisting of 400 channels, including 60 HD channels to our eager viewers. The REVTV results to the end of the second quarter were very positive when compared to the same 6 month period of 2010. Total REVTV revenue increased by 1.9% to $24.0 million. Strong performers were our ***"Prime Select", "Plus"*** and ***"Extra"*** product offerings that increased by 11%, 10% and 13% respectively. Our pay-per-view products again showed great results with an increase of 32% while digital box rental revenues increased by an amazing 68%. By quarter's end, there were over 38,000 boxes in the rental programme, a phenomenal increase of 305% over June 2010 results.

Cable Media which encompass advertising on cable 12, cross-channel advertising sales and cable 12 paid programming continued to be a revenue generator during the quarter. Total cable media revenue increased by 107% compared to the same 6 month period in 2010. As at the end of the quarter, almost 80% of the cable media sales team's annual contract sales target was met, a clear indication that this product has great potential for the future.

Broadband Internet continued to grow, albeit at a slower pace during the second 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 2.0%. Broadband revenue increased by 3.5% moving from $13.9 million to $14.4 million when compared with the same period in 2010. Continuing our commitment of maintaining and ensuring stability and robustness, now more and more demanded by our Broadband customers, our Company has initiated a programme to even further upgrade our Broadband infrastructure. Phase I is scheduled for completion in 2011 on New Providence with Phase II by early 2012 on Grand Bahama, Abaco and Eleuthera.

Data revenue increased by 2.3% year-over-year, up from $6.9 million in 2010 to $7.0 million. Data revenue now accounts for 14.8% of total revenue.

Cable 12 continues to provide a medium for local Bahamian producers to have a place on which to showcase their work and is a catalyst for growth in that sector. Local documentaries and features, including Student Films by undergraduates from The College of The Bahamas, have been aired on Cable 12 – The Community Channel. This summer, the Cable 12 production team has also placed specific emphasis on showcasing the wider cultural community of The Bahamas, travelling throughout the Family Islands and documenting local festivals.

Cable Bahamas Cares Foundation continued to support worthy community programmes. During the summer, the Foundation significantly supports various initiatives that positively impact the youth of our nation. Included in the grant recipients were eleven (11) Police Summer Camps which received over $35,000 for varied programmes which featured Bahamian history & culture; physical education and field trips to fun and historic sites on New Providence and Paradise Island. A thirty minute documentary is being produced about this year's police summer camps to showcase all their activities and will be aired in mid-August. The Commissioner of Police acknowledged that without the support of the Cable Cares Foundation, this year's camps may not have been possible.

Despite these turbulent economic times, we look forward to the remainder of this year and beyond with positive anticipation. Our strategy is to continue to develop innovative products and services for our customers and focus on providing world class service. We have a clear plan to further enhance our Triple Play offering with the imminent launch of our fixed line voice service, REVOICE, and improvements to our flagship video products, REVTV. As such, we intend to continue to take advantage of every opportunity available to us in an effort to maximize growth while increasing shareholder value.

Sincerely,
Philip Keeping, Chairman
August 31, 2011

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2011 WITH COMPARATIVES
FOR JUNE 30, 2010 / (EXPRESSED IN B$000, UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30 2011	JUNE 30 2010	JUNE 30 2011	JUNE 30 2010
REVENUE	$24,605	$22,208	$47,175	$44,283
OPERATING EXPENSES	(14,417)	(11,866)	(26,956)	(23,818)
	10,188	10,342	20,219	20,465
Depreciation and amortization	(4,137)	(3,774)	(7,989)	(7,455)
OPERATING INCOME	6,051	6,568	12,230	13,010
Interest expense	(486)	(607)	(813)	(1,211)
Dividends on preferred shares	(1,238)	(1,162)	(2,475)	(2,325)
NET INCOME AND COMPREHENSIVE INCOME	$4,327	$4,799	$8,942	$9,474
BASIC AND DILUTED EARNINGS PER SHARE	$0.23	$0.26	$0.48	$0.51

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 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	-	-	8,942	8,942
Dividends paid on ordinary shares	-	-	(2,175)	(2,175)
Balance at June 30, 2011	$19,632	$(85,919)	$134,196	$67,909

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2011 WITH COMPARATIVES
FOR JUNE 30, 2010 / (EXPRESSED IN B$000, UNAUDITED)

	SIX MONTHS ENDED	
	JUN 30 2011	JUN 30 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 8,942	$ 9,474
Adjustments for:		
Depreciation and amortization	7,989	7,455
Interest expense	813	1,211
Dividends on preferred shares	2,475	2,325
Operating cash flow before working capital changes	20,219	20,465
(Increase) decrease in accounts receivable, net	(3,744)	1,410
Increase in prepaid expenses and deposits	(7,093)	(7,122)
Increase in inventory	(1,415)	(358)
Increase (decrease) in accounts payable and accrued liabilities	6,435	(430)
Increase in deferred income	35	132
Increase in dividends payables	533	533
(Decrease) increase in subscriber deposits	(51)	4
Net cash from operating activities	14,919	14,634
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(14,074)	(6,999)
Additions to investment in SRG	(8,681)	-
Repayment of long-term receivables	110	186
Amortisation of long-term receivables	3,191	(161)
Net cash used in investing activities	(19,454)	(6,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance (repayment) of long-term debt	5,741	(2,277)
Decrease in funds held in escrow	-	83,800
Decrease in escrow funds payable	-	(80,000)
Interest paid on long term debt	(813)	(1,211)
Shares purchased and cancelled	-	(112)
Dividends paid on preferred shares	(2,475)	(2,325)
Dividends paid on ordinary shares	(2,175)	(2,186)
Net cash from (used) in financing activities	278	(4,311)
NET (DECREASE) INCREASE IN CASH	(4,257)	3,349
CASH, BEGINNING OF PERIOD	11,607	13,075
CASH, END OF PERIOD	$ 7,350	$ 16,424

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2011

(EXPRESSED IN B$000, UNAUDITED)

	JUN 30 2011	DEC 31 2010
ASSETS		
CURRENT ASSETS:		
Cash	$ 7,350	$ 11,607
Accounts receivable, net	10,495	6,751
Prepaid expenses and deposits	8,724	1,631
Inventory	4,345	2,930
Other receivables	-	3,322
Total current assets	30,914	26,241
NON-CURRENT ASSETS:		
Investment	13,292	4,567
Property, plant and equipment	168,780	162,569
Intangible assets	4,781	4,874
Total non-current assets	186,853	172,010
TOTAL	$ 217,767	$ 198,251
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	$ 22,455	$ 15,964
Deferred income	1,325	1,290
Dividends payable	533	-
Current portion of long-term debt	4,618	4,585
Current portion of preferred shares	5,000	5,000
Total current liabilities	33,931	26,839
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,703	5,754
Long-term debt	50,224	44,516
Preferred shares	60,000	60,000
Total non-current liabilities	115,927	110,270
Total liabilities	149,858	137,109
EQUITY:		
Ordinary share capital	19,632	19,632
Treasury shares	(85,919)	(85,919)
Retained earnings	134,196	127,429
Total equity	67,909	61,142
TOTAL	$ 217,767	$ 198,251

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

SHARE REGISTRAR AND TRANSFER AGENT

BAHAMAS CENTRAL SECURITIES DEPOSITORY
50 Exchange Place
Bay Street
P. O. Box EE-15672
Nassau, N.P., Bahamas
tel: (242) 322 5573/5
fax: (242) 356 3613

GET IN TOUCH WITH US

CABLE BAHAMAS LTD.
P. O. Box CB 13050
Nassau, N. P., The Bahamas
tel: (242) 356 6780
fax: (242) 356 8985
eml: investors@cablebahamas.com
web: www.cablebahamas.com

CREDITS

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

PRINTING
Nassau Printing Company (NAPCO)
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, 2010.

cablebahamas