FREEDOM TO COMMUNICATE

Whenever

Wherever

However

2011 ANNUAL REPORT

At Cable Bahamas,
our goal is to provide our customers
the freedom to communicate
whenever, wherever, and however
they wish, with the latest in
communication technology.

2011 HIGHLIGHTS

$99.8 million
Total revenue increased by 12% in 2011

$8 million
Voice revenue in 2011

$50.5 million
Telecom revenue exceeds video for the first time

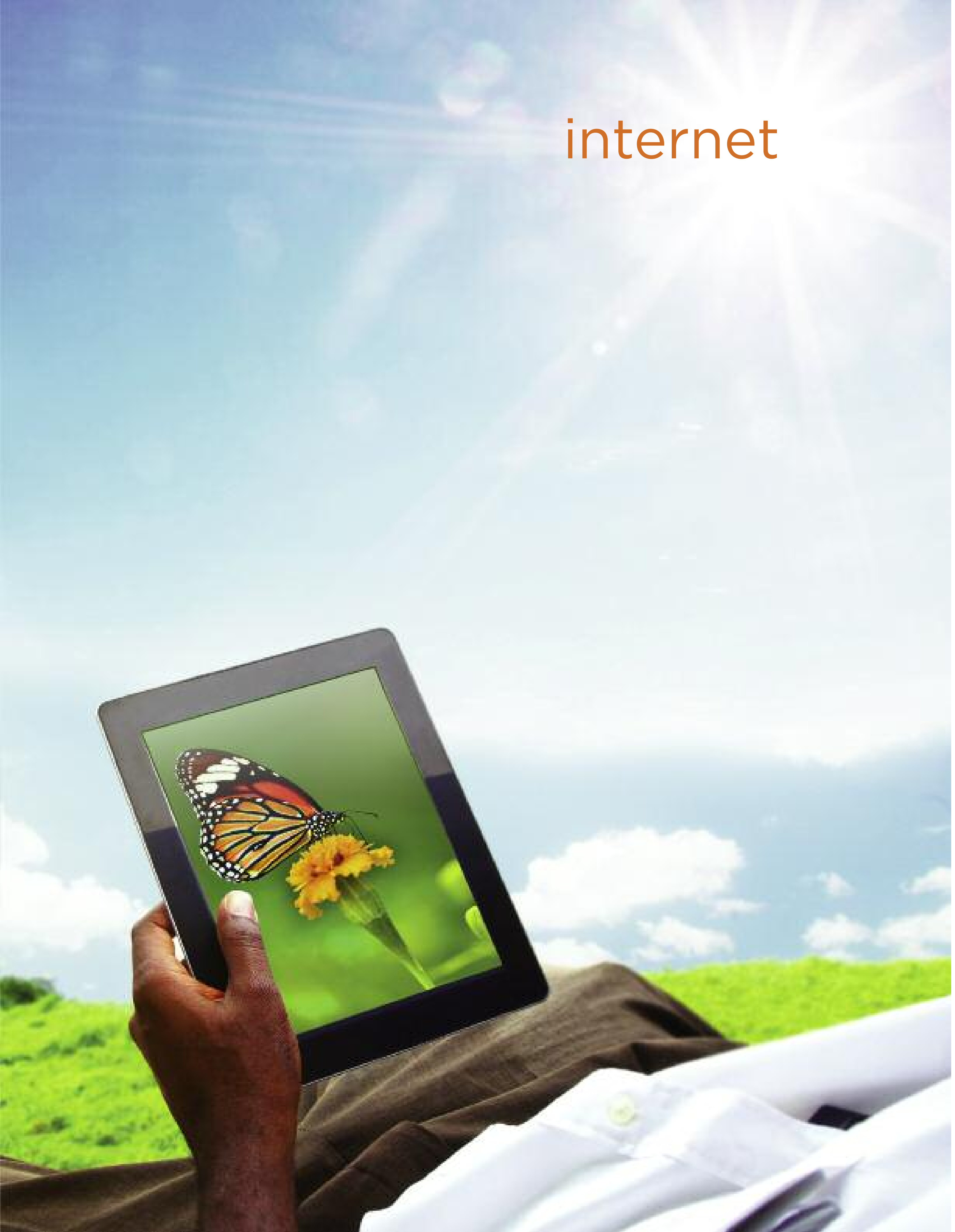
48,068
REVON broadband Internet subscribers

78,939
Equivalised subscribers

20,200
Additional product subscriptions in 2011

34,348
Digital homes

$23.7 million
Cumulative ordinary dividends paid since 2007

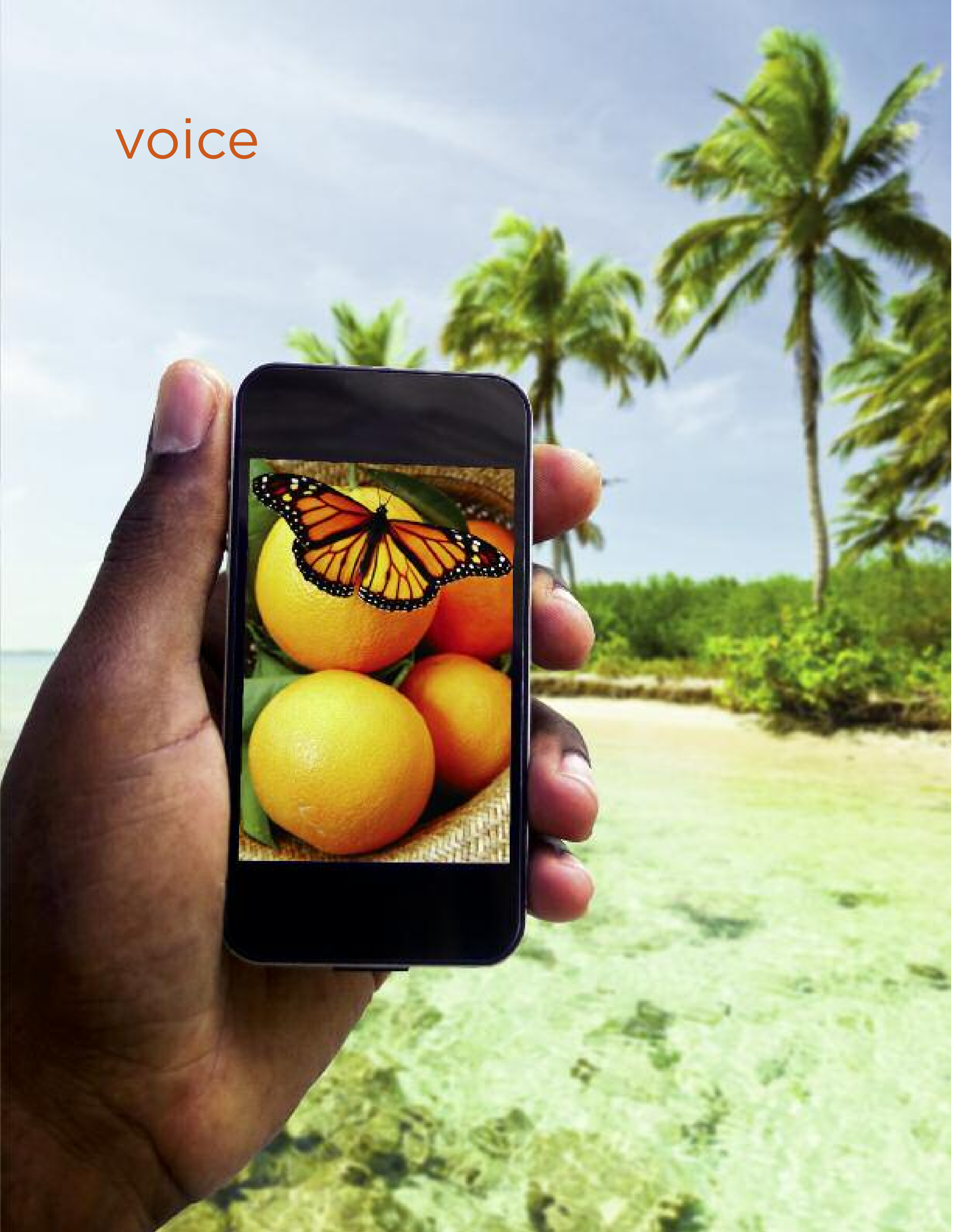


SELECTED FINANCIAL RESULTS

2007 TO 2011

[THOUSANDS EXCEPT PER SHARE NUMBERS]

	2011	2010	2009	2008	2007
REVENUE	**$ 99,851**	**$ 88,862**	**$ 84,696**	**$ 81,461**	**$ 75,963**
OPERATING EXPENSES	(55,651)	(46,936)	(39,058)	(38,676)	(37,829)
EBITDA	44,200	41,926	45,638	42,785	38,134
Depreciation and amortisation	(16,826)	(14,724)	(13,552)	(12,500)	(11,370)
Operating income	27,374	27,202	32,086	30,285	26,764
Interest expense	(1,756)	(2,410)	(1,910)	(2,349)	(2,696)
Dividend paid on preferred shares	(4,775)	(4,800)	(1,650)	(2,050)	(2,450)
Net income and comprehensive income	**$ 20,843**	**$ 19,992**	**$ 28,526**	**$ 25,886**	**$ 21,618**
Purchase of treasury shares	–	–	(245)	(715)	(662)
Cancellation of Shares	(79,881)	–	–	–	–
Dividends paid on ordinary shares	(4,350)	(4,366)	(5,503)	(4,727)	(4,743)
Retained earnings, beginning of year	127,430	111,804	89,026	68,582	52,369
Retained earnings, end of year	**$ 64,042**	**$ 127,430**	**$ 111,804**	**$ 89,026**	**$ 68,582**
Operating income per ordinary share	$1.65	$1.39	$1.63	$1.54	$1.36
Net income per ordinary share	$1.25	$1.02	$1.46	$1.32	$1.10
Shares outstanding	13,593	19,632	19,632	19,659	19,713



A MESSAGE FROM THE CHAIRMAN

"Our business strategy is on the right track."

PHILIP KEEPING, CHAIRMAN

This has been one of the most active years for the Company in our seventeen year history. It has seen many dynamic, ground-breaking achievements that demonstrate the positive progress we are making in our business strategy.

With liberalisation three years ago, we put in place a strategy to become The Bahamas' communications provider of choice; this approach was designed to deliver the right balance between growth and returns. That strategy is now starting to bear fruit. Since embarking on this strategy, we have accomplished much as we continue to lead the market in video and broadband. Amid this success, we re-branded, commenced a major digital upgrade, acquired a voice provider and entered fully into the fixed-line voice market. In the last 12 months, we have repositioned our place in the market and are proud to say that Cable Bahamas is the only "Triple Play" provider in The Bahamas.

FINANCIAL PROGRESS

Our progress is obvious from our fiscal results. We have grown $18 million in annual revenues over a three-year period, increased our premium video revenues by 27%; and generated $31 million in free cash flow, which has enabled us to raise our dividend and buy back more than 30% of our stock.

Looking back at our performance during 2011, it is clear that combining our great offerings, excellent service reliability and the launch of new services has been a driving force behind our growth: helping to build loyalty among existing customers, attracting new customers, and driving uptake of products. All of our efforts were fundamental to us nearing the milestone of 80,000 cable TV subscribers, 48,000 broadband subscribers as well as the addition of 3,000 voice customers. This performance was achieved against the backdrop of a challenging economic environment. During 2011 we increased revenues by 12%, operating income by 1%, and EPS by 23%. EBITDA performance remained steady at a 5% growth, despite our cost of goods rising by 23%, while our regulated basic television rate remained stagnant for seventeen years.

INTRODUCING REVOICE

Cable Bahamas is delivering on its promise to provide customers with a reliable, affordable and innovative voice services that redefines how consumers will use communications to enrich their lives. REVOICE telephone service is delivered over the Company's privately managed advanced broadband network using IP technology, not the public Internet. This distinguishes REVOICE from VoIP providers and enables Cable Bahamas to deliver the quality and reliability customers expect from a primary phone service provider.

Our fiscal approach is designed to deliver the right balance between growth and shareholder returns. As such, Cable Bahamas continues to perform well on all fronts, with strong demand across the board, good progress on our priorities and excellent financial results. The REVTV product was launched in 2011 with the addition of over 60 high definition (HD) channels and introducing Video On Demand (VOD), all while the digitising of the network progressed on New Providence, Grand Bahama, Abaco and Eleuthera. Thereafter, an additional 8,000 subscribers subscribed to the new services. HD penetration increased 35% and revenues from digital services increased by 17%. The first phase of the VOD platform was launched with the introduction of HBO-on-Demand delivering the ability of our customers to choose what they want, when they want. Broadband also continues to grow and we have further strengthened our market position as the leading Internet service provider in The Bahamas. We continue to invest in our network infrastructure to deliver the fastest and most reliable broadband service.

CableMedia continues to show its promise rising to become the most valued means of advertising in the country. Revenues have increased by 42% and our advertisers are fully embracing the opportunities made available through more targeted exposure via cross-channel, Newsbreak (NB12) and Cable 12. Our news programme was extended, by popular request, to become a seven-day broadcast, thereby increasing viewership by 20%.

The approach we have taken in developing REVOICE and strengthening REVON and REVTV reaffirms that at Cable Bahamas, we invest wisely where we see attractive opportunities.

CUSTOMER SERVICE IS A LYNCH PIN

Underpinning all we do is a focus on world-class customer service; this is one of the primary benchmarks where we measure our progress and a key differentiator in the marketplace. In a recent independent survey, Cable Bahamas was rated very good to excellent in overall performance. 80% of all those polled expressed satisfaction with their services with REVON scoring the highest with a 90% satisfaction rate. These achievements are the outcome of a clear, consistent plan and excellent execution over several years by a focused management team. We intend to build on these results by focusing on servicing customers in a timely and engaging manner and ensuring we resolve and mitigate issues by doing it right the first time.

CABLE CARES

We recognise the importance of making a positive contribution to the community in which we operate. Over the last year, through our foundation Cable Cares, we have continued to develop our work in the two key areas of focus: helping to improve lives through supporting youth and educational programmes. Much deserving grants were awarded to numerous civic organisations including the Children's Emergency Hostel on New Providence and the University of the West Indies (UWI) School of Medicine.

ONWARDS AND UPWARDS

The acquisition of Systems Resource Group (SRG) complemented and strengthened the Company's position in the communications sector and is expected to make significant contributions to our future growth strategy. However, we are not complacent and will continue to invest for the future. Over

the past seventeen years, the Company has achieved substantial growth through a well-defined strategy and development of new products. Our focus concentrated on fulfilling our plan by utilising our advanced fibre-optic network and undertaking strategic acquisitions.

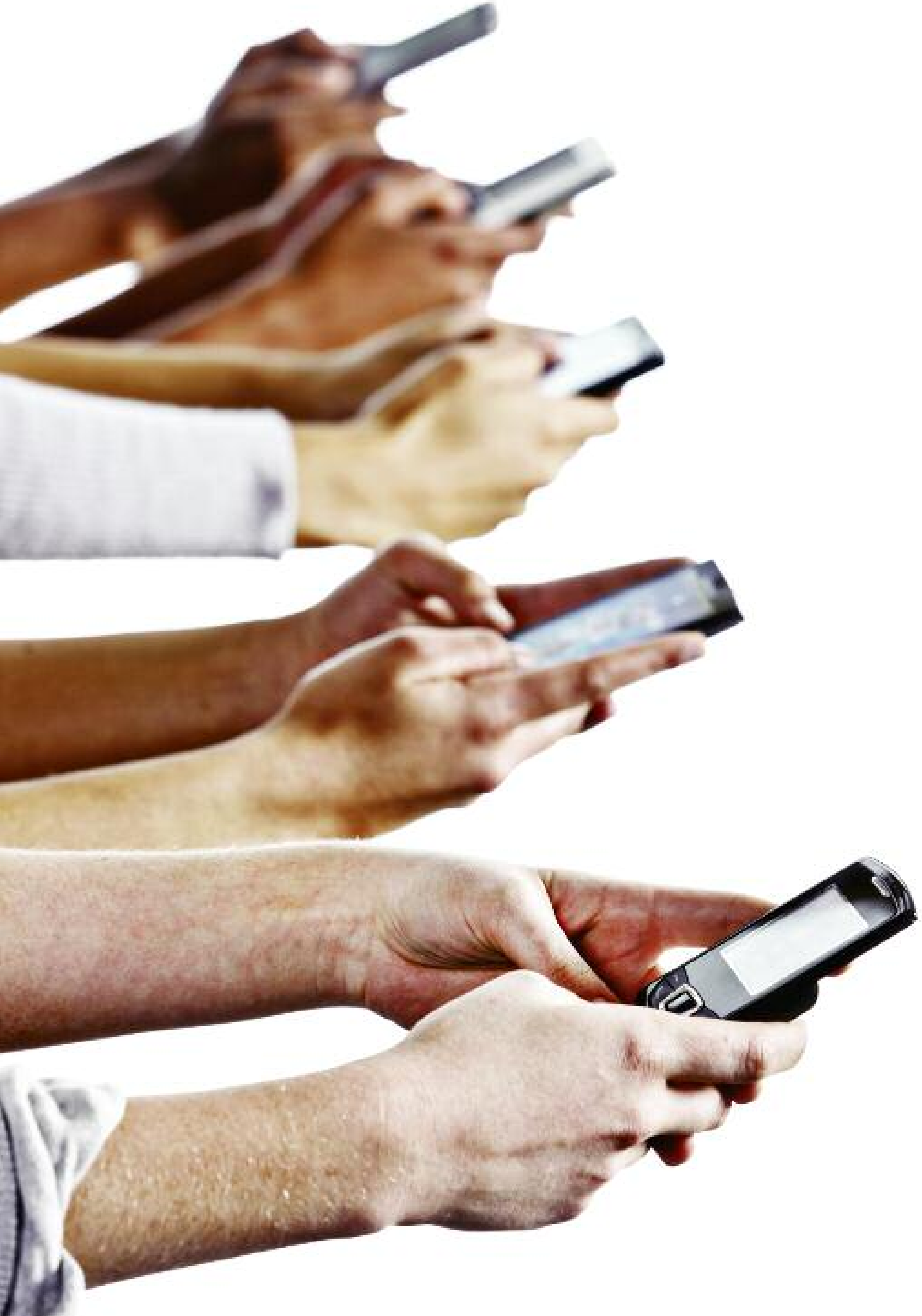
To support our future expansion, we undertook a review of the Company's business and strategy, facilitated by an independent third party and involving the board and executive team. This process reaffirmed our overall strategy: to extend our development through organic growth, strategic acquisitions and to pursue partnership opportunities that fuel our growth and provide superior returns to our shareholders.

We are proud of the progress and momentum made in 2011 and it is our intention to continue on this path. We intend to take full advantage of technology to deliver our services to our customers wherever, whenever, and however they want, in a way that improves value for both consumers and Cable Bahamas' shareholders.

Philip Keeping
Chairman
April 20, 2012

"Cable Bahamas continues to perform well on all fronts, with strong demand across the board, good progress on our priorities and excellent financial results."

PHILIP KEEPING, CHAIRMAN



"We believe that our customers are supreme."

During 2011, our Company continued making strides to revolutionise the industry by increasing our product offerings inclusive of enhanced HD video services. In addition, we continued network upgrades amid constant global and local economic challenges while satisfying regulatory obligations. We remained relentless with our goal to be a customer-focused entity bringing innovation to the marketplace and providing world-class service of which, our over 2000 Bahamian shareholders can be proud.

With a fresh look in 2011, our Company achieved the status of becoming the first "Triple-Play" provider in the country after completing required regulatory obligations. Our new suite of services: **REVON, REVTV** and **REVOICE** provide customers with a new experience and the cost savings ability to bundle any service, all simplified through one bill.

2011 ACCOMPLISHMENTS

Market Expansion

2011 witnessed many significant milestones for the Company, paramount being the successful acquisition of SRG. With this purchase, the Company became the first full-service communications provider in The Bahamas offering Triple Play services and hastening the Company's immediate entry into the fixed-line voice market; immediately adding over 3,000 voice subscribers and just under $1 million in monthly recurring revenue. The addition of SRG injected a wealth of telecommunications know-how and industry experience to the Cable Bahamas knowledge bank. As an experienced telecom player well established in the market combined with the benefits gained from existing licenses, the Company was poised to make great waves in the fixed-line voice business. The possibilities remain fervent since the acquisition and the establishment of the REVOICE commercial and residential services which support this affirmation. With this motivation, the Company will continue to explore ways to bring innovative converged voice services to the marketplace.

Enhanced Product Offerings

The company announced its rebranding initiative in May 2011, resulting in the rejuvenation of our product names, image, and focus – "A REVOLUTION IN COMMUNICATIONS." The Company focused on improving everything it does while offering world-class customer service. Customers asked for it and we have answered by delivering innovative and affordable high quality services.

We believe that our customers are "Number One" and the company is devoted to ensuring that they receive the best in quality service and will ensure the overall experience is supreme. One of the first enhancements to our products in 2011 started with commercial broadband Internet. Customers enjoying this service experienced an increase in their Internet download speeds. Next up were improvements to our public email platform, CoralWave Pronto, where we introduced new powerful software that provided an additional layer of anti-spam blocking for users. This served to ensure that the communications experience was not adversely affected by spamming or other intrusive attacks.

The video product was improved and expanded and boasts an improved channel line-up complemented by improved sound and pristine picture quality. Customers with "Standard Definition" (SD) services are experiencing an enhancement to their service that essentially is second-to-none by any standard. Besides improving the picture and sound quality for SD services, the Company tripled its HD content by offering a phenomenal 60 HD channels while concurrently reducing the cost to rent and purchase HD capable set-top boxes. Our public communications were prevalent throughout the year emphasising the ease with which customers could experience the best in television viewing. Additional video enhancements also included the launch of Subscriber Video on Demand (SVOD) to our HBO suite of programmes. Customers with the HBO services now have access to over 120 hours of original HBO programming and the most popular television series that can be viewed at any time. The SVOD product was just a jump-start into the rollout of our VOD product which is now available. VOD consists of thousands of hours of viewing that includes current and past blockbuster movies, events, shows, concerts, free content, and local programming such as Bahamian movies, documentaries and Cable 12 original programmes. This interactive TV technology will allow users to buy or order programming in real time with the ability to watch on demand – incredibly flexible. All VOD subscribers have the ability to pause, fast forward, rewind, and even preview any movie before making a purchase.

"The Company is focused on improving everything it does while offering world-class customer service."

CUSTOMER FOCUS

Throughout 2011, our Customer Care department took on the challenge to raise customer service throughout our Call Centre, Payment Centres and Sales areas. It is our conviction that providing exceptional customer service is one of the keys to continuously improving the customer's experience. As a direct result, our customer service department underwent a deliberate exercise to discover how we can improve staff performance to enhance customers' experiences. Some of the initiatives adopted included adding monitoring and troubleshooting software tools, more training programmes and

improvements to direct impacting customer facing procedures.

To improve on call answer performance, shifts were introduced to target peak hours of our call volume. We now have more agents placed during these peak times when our incoming calls are high and a reduced level during the times when calls, on average, are low. This has significantly increased the percentage of answered calls. We can surely boast that we are now better serving our customers and fully utilising our staff.

We have also set up a myriad of options for customers to pay their bills and obtain certain information. These options include various payment accommodations whether through commercial banks over the counter or through bank online services, or other payment facilities available by phone, with a credit card, online via Cable Bahamas' website, with a cheque through the mail or through the drop box at Cable Bahamas' main office. After receiving many requests in 2011 from our customers, we developed additional ways to deliver bills to customers. Account balances can now be accessed through the Integrated Voice Response (IVR) system accessible when customers call the Customer Care information lines. No longer do customers have to wait for a call to be answered. The IVR utilises one of the menu options on the existing Automated Attendant service to handle the customers' selections. Customers also now have the ability to view their account on channel 810. This service is only accessible with a secured password that the account holder sets and allows viewing of account balances at any time. In addition, email bill reminders are also sent out to all customers that are 30, 45, and 60 days overdue. This courtesy reminder is sent to prompt customers that their bill is due and they can utilise any of the noted payment options.

In support of our customer focus programme, our customer advocate team were tasked to support the launch of our REVOICE service. New customers were contacted shortly after their install to enquire about their view of the entire experience. This was essential for the Company to get a clear sense of the complete process from sales, installation and service performance. Subsequently, the advocate team championed service changes including enhanced feature instruction and fuller voice service support coverage seven days a week.

dedication, and innovations of the management and staff. Without these efforts, the growth levels achieved would not have reached the highest levels in the history of the Company.

Despite the growth in revenues, rising costs continue to challenge the operation results and for 2011, total operating expenditures increased by over 18% year-over-year to $55.6 million. The major increases were in television programming, electricity, fuel and staff-related expenses such as national and health insurance costs. Programming costs saw

Our revenues continued to grow and reached $99.8 million for 2011.

FINANCIAL RESULTS

During 2011, our revenues continued to grow and reached $99.8 million for the year. This represented an increase of over 12% from the previous year.

The 2011 results include eight months of revenues from SRG for the year representing the post-acquisition period of 2011, and accounted for about 8% of the Company's total revenues. Revenue growth occurred in all other areas of the business with the largest growth coming from Cable TV which increased by $1.9 million or 4% year-over-year. This increase was realised mainly through our premium, pay-per-view and CableMedia services which grew 17%, 12%, and 42% respectively. Internet and data services saw modest growth from the previous year of 3% or $0.9 million and 1.8% or $0.25 million respectively. Although challenged with a sluggish economy, our total revenues continue to grow which is a testament of the hard work,

an increase of 23% over 2010. Also contributing to the increase in operating expenditures was our rebranding initiative and REVTV rebirth inclusive of providing more channels and more HD content for our viewers; coupled with the ever increasing costs from content suppliers globally. Other factors adding to expenses include the fuel surcharge component of electricity costs which was up 60% over the previous year directly driving up total electricity costs which rose more than 21% over 2010.

With regard to staff benefits, 2011 was the first full year of the increased national insurance rates which directly impacted the increase in staff costs. In addition, our group health insurance costs also increased by more than 20%. Despite efforts by management to control cost, the state of the world economy and the global increases in fuel prices, commodities and services worldwide has significantly contributed to increased expenses. To further manage spending, an aggressive cost efficiency ini-

tiative was started in 2012 with specific targets for cost reductions from vendors, strategic partners, local and internally driven costs across the entire Company. It is expected that this extra effort will positively impact operational results by mitigating the cost increases in 2012.

Operating costs for the year were inclusive of planned one-time expenses such as the rebranding initiative and new video and voice services launches that had an impact on the increased expenses. These items, however, are one-time outlays that will not have any effect on results in the near term.

In preparation to enter new markets while at the same time seeking to improve our products and services, the Company also continued to invest in its human capital, network and technology. These initiatives also contributed to increased costs as 2011 reflected an additional number of staff in the marketing and sales departments. This group, in particular, was mandated to equip themselves to vigorously promote the "Triple Play" offering the Company has created. This offering has enabled an array of opportunities and choices for the entire populace to be a part of our family and experience our superior services. The associated costs was a worthy investment especially considering the positive results and success achieved while only on the cusp of gaining a major market share.

Despite the increase in expenses over the previous year, our net income is favourable and increased year-over-year by 4.3% or $0.9 million to $20.8 million. This was largely due to the $11 million increase in revenues noted previously. One of the significant impacts on net income is directly correlated to the Company carrying out its regulatory obligations. Specifically, the Company increased its capital cost in the purchase of set-top boxes and other equipment as well as increased the associated labour costs in order to become compliant with the URCA mandated network digitisation obligations. This increase in capital cost and the depreciation thereon contributed to the $1.6 million or 11% increase in depreciation expense over the previous year. In addition, the amortisation of the intangible assets recognised as a direct result of the cost to enter the voice market, along with the acquisition of SRG, also impacted net income as these costs were not part of the depreciation and amortisation in the previous year.

PRODUCT ANALYSIS

REVTV

One of REVTV's major accomplishments in 2011 was the launch of over 60 HD channels. As a result, HD revenues increased each month to the point that monthly revenue doubled by year-end. The HD launch was part of the Company's initiative to reposition television viewing as a premium entertainment experience for all Bahamians and, currently, our almost 80,000 subscribers all have the opportunity to view television at its best; second-to-none anywhere in the world. Premium television services rose 17.4% or by $2.2 million. Included in the premium services is set-top box rental revenue which accounted for $1.1 million and our premium channels and movies packages which accounts for close to $0.8 million. Premium subscriber numbers went from 28,000 in 2010 to over 34,000 in 2011 as Basic Subscribers converted to the digital platform. Digitisation affords the customer the opportunity to have at least one set-top box in their household. Favourably, the average set-top box in each household rose 33% during this period. As a result, subscribers through their digital set-top channel guide, now have visibility to the full range of the REVTV products. Customers that only had basic services are now opting to upgrade, order pay-per-view and VOD.

REVON

Our REVON revenues continued to grow in 2011 and reached $28.8 million. Our subscriber base has also seen an increase of almost 5% from the previous year, pushing our subscriber count beyond the 48,000 mark. As noted for REVTV, the REVON results are also the highest number of subscribers achieved in our history. The Company, ever so grateful to our loyal customers, preserved its focus of offering reliable service and at the same time doubling download bandwidth speeds for our Commercial Broadband customers. As a direct result, we have witnessed a significant growth in commercial customers during the year.

The Company is fully aware of the demands of our customers for new applications at faster speeds. Resultantly, we are continuously improving our Hybrid Fibre-Coaxial network to ensure that we maintain a network capable of delivering all the innovative solutions our customers will demand. We have upgraded our peering capacity to nine Gigabytes with the introduction of an additional three into the United States with our partners. In the last few years since upgrading to our new platform, the stability and robustness of the network has never been better. We will continue to monitor and take measures to ensure that our peering traffic performance is always optimal.

Another major initiative started in 2011 to upgrade our Broadband infrastructure is the DOC-

SIS3.0 upgrade. The upgrade is planned to be completed in phases, with the first phase being to increase the downstream capacity. This phase is expected to be completed in mid-2012. The second phase will include a review of the network with respect to offering even higher speeds and reliability to our customers. Our commitment to our customers is to be on the cutting edge and exceed their expectations.

Data services revenues which are inclusive of our international connectivity services and data centre offerings also continued to contribute to the increased revenue in 2011 and reached $14.1 million. Inclusive in this revenue is $0.8 million earned from our world-class data centre providing web hosting, managed services, disaster recovery, and equipment co-location space for our customers. Revenues in this segment were up 12% from the previous year.

In this ever changing environment, the Company is looking to expand its data services solutions by offering a Multiprotocol Label Switching (MPLS) solution soon. This solution will improve the efficiency of data transfer and provide a level of flexibility that is not available in legacy technology. This initiative is expected to be a source of new opportunities for the Company while at the same time meeting the growing needs of commercial data customers.

REVOICE

Acquiring SRG marked the introduction of the Company's entry into the voice market. Although the exercise to acquire the telecom company commenced in 2010 and expectations were to have the transaction completed by the start of 2011, it was not finalised until early May after all regulatory approvals were obtained. SRG, as a separate legal entity already having agreements with BTC, would continue its OnePhone service offering to residential and business customers as a wholly owned subsidiary of Cable Bahamas. Revenues obtained from that point forward were included in the operations of Cable Bahamas. Later in the year, the Company launched REVOICE services a fully functional fixed-line telephony service. It runs over the Company's reliable network platform which boasts a reliability factor of 99.94%. In late 2011, REVOICE was launched on New Providence to be followed in early 2012 on Grand Bahama with the expectation to be available on Abaco and Eleuthera thereafter. By the end of 2011, the total number of voice subscribers doubled as customers welcomed the change from their previous telephone company. The subscriber base is encouraging as we continue to develop the product throughout 2012 with the expectation of the introduction of more innovative features. Customers have access to a variety of calling features inclusive of voice mail which is not normally available with other operators' services. In addition, the international calling rates are competitive – the most competitive they've ever been in the history of The Bahamas.

HD revenues increased each month to the point that monthly revenue doubled by year-end.

Media Services

Our CableMedia services continued to flourish in 2011. Revenue was up 42% year-over-year and ended the year just under $0.9 million. The potential is obvious as media services continue to perform well. Advertisers have the ability to display their local ads over 25 cable channels including channel 5, Cable 12 and during *Newsbreak (NB12)* in front of over 65,000 viewers nightly. The expansion of *NB12* to weekends and holidays provided additional advertising spots during the news broadcast. Along with advertising, media services also include the production and airing of locally produced programming. Cable 12 gives local artists and producers an outlet to display their creative work through the airing of locally produced religious and non-religious programmes.

In 2011, we integrated the operational functions of all media sectors within the Company under one umbrella. The objective of this move was to cross utilise resources both operationally and technically, building efficiency and developing media revenue opportunities.

CABLE 12 – THE COMMUNITY CHANNEL

Cable 12 continues to be the fastest growing local television station in The Bahamas. Its continued commitment to the production of quality original programming continues to set it apart. Partnerships with local civic organisations such as the Bahamas Heart Foundation, Sister Sister Breast Cancer Organisation, Parkinson's Foundation and youth programmes such as Pace and the Police Cadets have enabled the production of shows such as the *Weekly Heart Feature* that played during February bringing awareness to young children living with heart ailments. Local documentaries and features, including Student Films by undergraduates from The College of The Bahamas aired on Cable 12. Specific emphasis on showcasing the wide cultural community of The Bahamas was also achieved as the production teams travelled throughout the Family Islands documenting local festivals.

During the year, we expanded our flagship media broadcast *Newsbreak* to a seven-day broadcast. The introduction of the *NB12* weekend feature has helped to position our newscast as the true alternative in our market. This product boasts a fresh and exciting format designed to draw viewers into the lighter side of the news and current affairs. Through our partnership with The Guardian, Star 106.5 and Guardian Radio, we have become the most comprehensive news programme in the nation and the best is still yet to come.

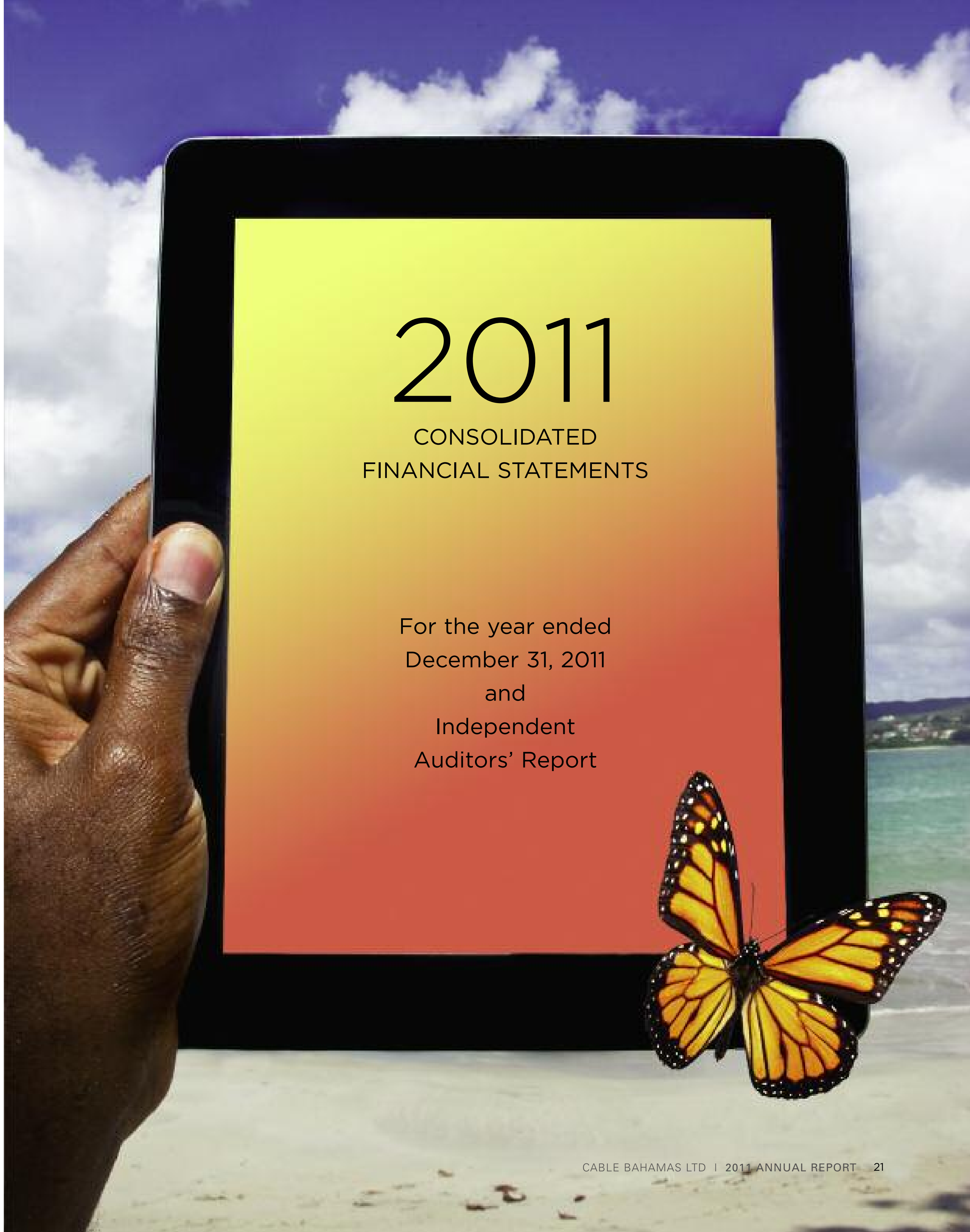
COMMUNITY INVOLVEMENT

Cable Cares Foundation (CBCF)

In 2011, Cable Bahamas Cares Foundation (CBCF) continued to review applications to award deserving charitable grants catering to Bahamian youth and community activities. Throughout the year, over $0.2 million in grants were awarded to a broad spectrum of endeavours centred on youth organisations and educational programmes, including educational research and publications. Forty-nine grants were awarded to organisations such as the Children's Emergency Hostel, and the Adolescent Diabetes Research Project which is an affiliation project with the University of the West Indies (UWI) School of Medicine that is focused on the growing problems affecting Bahamian children. Other initiatives such as the Police Summer Camps, youth pregnancy prevention programmes, the marine mammal research programme in Abaco and the College of The Bahamas (COB) Film Students are just a few of the other direct beneficiaries.

Since inception, the CBCF has continued our vision to be an important vehicle through which education, social and cultural development of the people of The Bahamas is encouraged and supported. Over $2 million in grants have been awarded and the CBCF will continue to seek out those most deserving and charitable activities in an effort to provide financial relief for the betterment of The Bahamas.

One of the powerful mediums used to showcase the work of the foundation is the *Cable Cares* show. It is a 30-minute programme featuring individuals and organisations representing the most recent grant winners. The awardees programmes and projects give our viewers a direct look into some of the identified "great needs" of the general Bahamian community and how a concerned citizen can help.



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cable Bahamas Ltd.:

We have audited the consolidated financial statements of Cable Bahamas Ltd. (the "Company") which comprise the consolidated statement of financial position as of December 31, 2011 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cable Bahamas Ltd. as of December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

April 4, 2012

A member firm of
Deloitte Touche Tohmatsu

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

ASSETS	2011	2010
CURRENT ASSETS:		
Cash	$ 6,844,224	$ 11,607,018
Accounts receivable, net (Notes 4 and 16)	9,041,013	6,751,391
Prepaid expenses and deposits	886,384	1,631,192
Inventory	5,197,252	2,929,591
Current portion of long-term receivables (Notes 5 and 6)	–	3,322,347
Total current assets	21,968,873	26,241,539
NON-CURRENT ASSETS:		
Investment in SRG (Note 5)	–	4,566,732
Property, plant and equipment (Notes 7, 15 and 16)	171,689,326	162,568,919
Intangible assets (Notes 8 and 15)	19,954,433	4,873,829
Total non-current assets	191,643,759	172,009,480
TOTAL	$ 213,612,632	$ 198,251,019
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Note 16)	$ 16,587,313	$ 15,964,169
Deferred income	1,755,455	1,290,488
Current portion of long-term debt (Note 9)	5,914,991	4,584,597
Current portion of preferred shares (Note 10)	–	5,000,000
Total current liabilities	24,257,759	26,839,254
NON-CURRENT LIABILITIES:		
Subscriber deposits	5,969,828	5,754,294
Long-term debt (Note 9)	45,750,000	44,515,922
Preferred shares (Note 10)	60,000,000	60,000,000
Total non-current liabilities	111,719,828	110,270,216
Total liabilities	135,977,587	137,109,470
EQUITY:		
Ordinary share capital (Note 11)	13,593,419	19,631,824
Treasury shares (Note 11)	–	(85,919,645)
Retained earnings	64,041,626	127,429,370
Total equity	77,635,045	61,141,549
TOTAL	$ 213,612,632	$ 198,251,019

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on March 28, 2012, and are signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

	2011	2010
REVENUE (Note 16)	$ 99,850,666	$ 88,862,436
OPERATING EXPENSES (Notes 14, 15 and 16)	(55,651,011)	(46,935,995)
	44,199,655	41,926,441
Depreciation and amortisation (Notes 7 and 8)	(16,825,903)	(14,724,412)
OPERATING INCOME	27,373,752	27,202,029
Interest expense (Note 9)	(1,755,612)	(2,410,369)
Dividends paid on preferred shares (Note 10)	(4,775,000)	(4,800,000)
NET INCOME AND COMPREHENSIVE INCOME	$ 20,843,140	$ 19,991,660
BASIC AND DILUTED EARNINGS PER SHARE	$1.25	$1.02

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

	ORDINARY SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
Balance at December 31, 2009	$ 19,631,824	$(85,017,607)	$ 111,803,956	$ 46,418,173
Net income and comprehensive income	-	-	19,991,660	19,991,660
Dividends paid on ordinary shares	-	-	(4,366,246)	(4,366,246)
Shares repurchased	-	(902,038)	-	(902,038)
Balance at December 31, 2010	19,631,824	(85,919,645)	127,429,370	61,141,549
Net income and comprehensive income	-	-	20,843,140	20,843,140
Dividends paid on ordinary shares	-	-	(4,349,644)	(4,349,644)
Shares cancelled	(6,038,405)	85,919,645	(79,881,240)	-
Balance at December 31, 2011	$ 13,593,419	$ -	$ 64,041,626	$ 77,635,045

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 20,843,140	$ 19,991,660
Adjustments for:		
Depreciation and amortisation (Notes 7 and 8)	16,825,903	14,724,412
Interest expense (Note 9)	1,755,612	2,410,369
Dividends on preferred shares (Note 10)	4,775,000	4,800,000
Operating cash flows before working capital changes	44,199,655	41,926,441
(Increase) decrease in accounts receivable, net	(737,197)	1,142,747
Decrease (increase) in prepaid expenses and deposits	744,808	(731,668)
Increase in inventory	(2,235,286)	(408,174)
(Decrease) increase in accounts payable and accrued liabilities	(3,394,410)	2,095,283
Increase in deferred income	339,121	85,366
Increase in subscriber deposits	215,534	95,366
Net cash from operating activities	39,132,225	44,205,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment (Notes 7, 15 and 16)	(22,252,476)	(16,027,026)
Additions to deferred expenses (Note 8)	(2,896,825)	(1,218,953)
Additions to investment (Note 5)	-	(322,818)
Payment for acquisition of subsidiary (net of cash acquired) (Note 5)	(7,050,490)	-
Repayment of long-term receivables (Note 6)	-	317,064
Amortisation of long-term receivables (Note 6)	-	(331,461)
Net cash used in investing activities	(32,199,791)	(17,583,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt (Note 9)	$ 8,000,000	$ -
Repayment of long-term debt (Note 9)	(5,435,528)	(23,644,619)
Decrease in funds held in escrow (Note 11)	-	83,800,00
Decrease in escrow funds payable	-	(80,000,000)
Shares repurchased (Note 11)	-	(902,038)
Redemption of preferred shares (Note 10)	(5,000,000)	(15,000,000)
Issuance of preferred shares (Note 10)	-	20,000,000
Interest on long-term debt (Note 9)	(1,755,612)	(2,410,369)
Dividends paid on preferred shares (Note 10)	(4,241,667)	(5,566,667)
Dividends paid on ordinary shares	(3,262,421)	(4,366,246)
Net cash used in financing activities	(11,695,228)	(28,089,939)
NET DECREASE IN CASH	(4,762,794)	(1,467,772)
CASH, BEGINNING OF YEAR	11,607,018	13,074,790
CASH, END OF YEAR	$ 6,844,224	$ 11,607,018

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

1. GENERAL

Cable Bahamas Ltd. (the "Company"), a public company, was incorporated on September 19, 1994, under the laws of The Commonwealth of The Bahamas.

The Company and its subsidiaries provide cable television and related services, national and international data services, Internet access services, telephony services, web hosting and business continuity services. The subsidiaries include Cable Freeport Ltd. ("Cable Freeport"), Caribbean Crossings Ltd. ("Caribbean"), Maxil Communications Ltd. ("Maxil"), Systems Resource Group Limited ("SRG") which are all incorporated under the laws of The Commonwealth of The Bahamas, and Cable Shares Trust (the "Trust"), which was created on November 30, 2009, under the laws of the Commonwealth of The Bahamas.

2. NEW AND REVISED INTERNATIONAL ACCOUNTING STANDARDS AND INTERPRETATIONS

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after January 1, 2011. The adoption of these Standards and Interpretations has not led to any changes in the Company's accounting policies.

a. Standards and Interpretations effective but not affecting the reported results or financial position

IFRS 3	(Amended) Business Combinations
IAS 1	(Amended) Presentation of Financial Statements
IAS 24	(Revised 2009) Related Party Disclosures
IAS 32	(Amended) Classification of Rights Issue
IAS 34	(Amended) Interim Financial Reporting
IFRIC 13	(Amended) Customer Loyalty Programmes
IFRIC 14	(Amended) Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above standards have not led to changes in the financial position of the Company during the current year.

b. Standards and Interpretations in issue but not yet effective

IFRS 7	(Amended) Financial Instruments: Disclosures - Transfers of Financial Assets
IFRS 9	(Amended) Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements
IAS 12	(Amended) Deferred Tax-Recovery of Underlying Assets
IAS 19	(Revised 2011) Employee Benefits
IAS 27	(Revised 2011) Consolidated and Separate Financial Statements
IAS 28	(Revised 2011) Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Management has not assessed whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance – These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, applied consistently for all periods presented.

The preparation of consolidated financial statements, in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation – These consolidated financial statements for the year ended December 31, 2011 include the accounts of the Company and its wholly-owned subsidiaries, Cable Freeport, Caribbean, Maxil, SRG for 8 months and the Trust. All inter-company balances and transactions have been eliminated on consolidation.

Basis of preparation – These consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below:

a. Cash

Cash comprises cash on hand, demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

b. Accounts receivable

Accounts receivable are carried net of allowance for doubtful accounts. All subscriber receivables outstanding for 90 days or more are fully provided for. In addition, the credit quality of all subscriber receivables is monitored on a regular basis to determine whether any exceptions should apply to the policy and if any changes warrant an increase or decrease in the allowance for doubtful accounts.

c. Inventory

Inventory items are recorded at lower of cost or net realisable value, with cost being determined using average cost. All inventory items are transferred to fixed assets or operating expenses accordingly, as they are placed into operation.

d. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and are depreciated on a straight-line basis over their estimated useful lives as follows:

Commercial buildings	40 years
Vehicles	3 years
Equipment	3-20 years
Cable systems	20 years
Fibre optic network	25 years
Web hosting systems	8 years

Improvements that extend asset lives, and costs associated with the construction of cable and data transmission and distribution facilities, including direct labour and materials, are capitalised. Other repairs and maintenance costs are expensed as incurred.

e. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and net of any adjustment for impairment, and consist of the following:

Acquired franchise license

Acquired franchise license is being amortised on a straight-line basis over a period of 40 years. A period of 40 years has been selected because the Company has acquired an exclusive cable operating license through to the year 2054.

Acquired Internet contracts

Acquired Internet contracts are amortised on a straight-line basis over a period of 10 years through to the year 2014.

Communications license

All of the cost associated with the new license are being amortised on a straight-line basis over the term of the license which expires in the year 2024.

Acquired licenses

Acquired communications and spectrum licenses are being amortised on a straight line basis over the term of the licenses which expire in the year 2024.

The estimated useful lives and amortisation methods are reviewed at each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

f. Long-term receivables

Long-term receivables were carried at amortised cost net of any adjustments for impairment and consisted of the following:

Finance lease receivable

Amounts due under finance leases were recorded as receivables equal to the Company's net investment in the lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the lease.

Promissory note receivable

Promissory note receivable was carried at amortised cost.

g. Impairment of assets

At each statement of financial position date, management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised as an expense immediately.

h. Deferred income

Payments received in advance from subscribers are treated as deferred income and are recognised as income when earned.

i. Subscriber deposits

In the normal course of its operations, the Company requires its customers to make deposits relating to services contracted. These deposits are repayable to the customer on termination of contracted services, net of any outstanding amounts due.

j. Foreign currency translation

Assets and liabilities in other currencies have been translated into Bahamian dollars at the appropriate rates of exchange prevailing as of year end. Income and expense items have been translated at the actual rates on the date of the transaction and translation changes are recorded in the consolidated statement of comprehensive income.

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as those assets are ready for their intended use. The costs are added proportionately to the qualifying assets over the period in which the assets are being acquired, constructed or produced.

l. Financial Instruments:

Financial assets

Financial assets are designated as either, a) financial assets at fair value through profit or loss, b) held-to-maturity, c) loans and receivables and or d) available for sale. All financial assets are carried at fair value or at cost if they have no quoted market price in an active market or the fair value cannot be reliably measured.

m. Basic and diluted earnings per share

Net comprehensive income per ordinary share is calculated by dividing net comprehensive income for the year by the weighted average number of ordinary shares outstanding during the year. There are no dilutive items and thus there is no difference between the basic and diluted earnings per share.

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

n. Retirement benefit costs

Employer's contributions made to the defined contribution retirement benefit plan are charged as an expense as they fall due.

o. Share-based payment

The Company had until December 31, 2011 a cash-settled share based incentive plan for key management and executive employees. Services acquired and the liability incurred in relation to the plan were measured at fair value over the term of the plan with changes in fair value recognised in profit or loss in the period incurred. The fair value of the liability was determined using the Black Scholes Option pricing model.

p. Related parties

Related parties include shareholders with shareholdings of 10% or greater of outstanding common shares, senior executive officers, directors, and companies that are controlled by these parties.

q. Revenue recognition

Revenue from the sale of services is recognised when the installation of the services is completed or when revenue is earned. Depending on the installation completion date, revenue is recognised on a pro rata basis in the period in which the installation occurs.

r. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

s. Operating leases

The Company rents poles and other support structures under operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net comprise of the following:

	2011	2010
Subscribers	$ 8,925,762	$ 6,900,509
Other	913,341	499,972
	9,839,103	7,400,481
Allowance for doubtful accounts	(798,090)	(649,090)
	$ 9,041,013	$ 6,751,391

Ageing of past due but not impaired:

	2011	2010
30 - 60 days	$ 4,062,581	$ 3,813,229
60 - 90 days	1,417,412	1,285,784
	$ 5,479,993	$ 5,099,013

The movement of allowance for doubtful accounts is as follows:

	2011	2010
Balance at beginning of year	$ 649,090	$ 669,090
Amounts written off during the year	(342,211)	(404,378)
Amounts recovered during the year	37,724	29,419
Allowance recognised in the consolidated statement of comprehensive income	453,487	354,959
Balance at the end of the year	$ 798,090	$ 649,090

Ageing of impaired trade receivables is as follows:

	2011	2010
90 - 120 days	$ 357,976	$ 232,345
Greater than 120 days	495,409	410,548
	$ 853,385	$ 642,893

5. INVESTMENT IN SRG

The Company completed the acquisition of all the issued and outstanding shares in the capital of SRG, a licensed telecommunications operator. The total consideration for the acquisition was $15 million inclusive of the option and associated costs of $4.6 million. The total cash paid in 2011 was $10.4 million, which net of cash acquired at closing was $7.1 million. The Company received all the necessary Utilities Regulation and Competition Authority (URCA) and Federal Communications Commission (FCC) regulatory approvals prior to closing the transaction on May 2, 2011. The fair market value of the net assets at the time of purchase approximated $2.1 million and intangible assets were $12.9 million. All outstanding balances between both parties including the finance lease receivable and promissory note receivable were settled at closing.

6. LONG-TERM RECEIVABLES

Long-term receivables were due from SRG and comprised the following:

	2011	2010
Finance lease receivable	$ -	$ 3,125,136
Promissory note receivable	-	197,211
	-	3,322,347
Less: current portion	-	(3,322,347)
	$ -	$ -

Finance lease receivable

	2011	2010	2011	2010
	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
Amounts receivable under finance lease:				
Within one year	$ -	$ 3,293,661	$ -	$ 3,095,908
In the second year	-	-	-	-
	-	3,293,661	-	3,095,908
Less: unearned finance income	-	(168,525)	-	-
TOTAL	$ -	$ 3,125,136	$ -	$ 3,095,908

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

7. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment during the year is as follows:

	LAND	COMMERCIAL BUILDINGS	VEHICLES	EQUIPMENT	CABLE SYSTEMS	FIBRE OPTIC NETWORK	WEB HOSTING SYSTEMS	TOTAL
COST								
Balance at December 31, 2009	$ 1,928,748	$30,812,518	$1,614,590	$30,111,262	$145,897,615	$26,527,053	$591,921	$237,483,707
Additions	-	158,002	876,107	3,227,242	11,765,675	-	-	16,027,026
Transfer of assets	-	-	-	(86,542)	-	86,542	-	-
Disposals	-	-	(555,479)	(187,402)	-	-	-	(742,881)
Balance at December 31, 2010	1,928,748	30,970,520	1,935,218	33,064,560	157,663,290	26,613,595	591,921	252,767,852
Additions	-	238,533	1,497,750	8,631,004	11,885,189	-	-	22,252,476
Transfer of assets	-	86,799	13,895	8,203,692	-	-	-	8,304,386
Disposals	-	-	(632,393)	(1,346,625)	-	-	(21,266)	(2,000,284)
Balance at December 31, 2011	$ 1,928,748	$31,295,852	$2,814,470	$48,552,631	$169,548,479	$26,613,595	$570,655	$281,324,430
ACCUMULATED DEPRECIATION								
Balance at December 31, 2009	$ -	$3,391,404	$1,080,902	$7,143,580	$54,730,959	$9,572,751	$548,343	$76,467,939
Depreciation	-	760,455	573,137	4,706,171	7,361,001	1,064,563	8,548	14,473,875
Transfer of assets	-	-	-	26,489	-	(26,489)	-	-
Disposals	-	-	(555,479)	(187,402)	-	-	-	(742,881)
Balance at December 31, 2010	-	4,151,859	1,098,560	11,688,838	62,091,960	10,610,825	556,891	90,198,933
Depreciation	-	779,884	806,170	4,511,141	8,888,702	1,068,000	8,470	16,062,367
Transfer of assets	-	81,966	13,895	5,278,227	-	-	-	5,374,088
Disposals	-	-	(632,393)	(1,346,625)	-	-	(21,266)	(2,000,284)
Balance at December 31, 2011	$ -	$5,013,709	$1,286,232	$20,131,581	$70,980,662	$11,678,825	$544,095	$109,635,104
CARRYING VALUE								
As at December 31, 2011	$ 1,928,748	$26,282,143	$1,528,238	$28,421,050	$98,567,817	$14,934,770	$26,560	$171,689,326
As at December 31, 2010	$ 1,928,748	$26,818,661	$836,658	$21,375,722	$95,571,330	$16,002,770	$35,030	$162,568,919

As at December 31, 2011, management has analysed the Company's property, plant and equipment and concluded that there is no known impairment of these assets that exists. Among the factors considered in making this assessment are the nature of the asset and its use, the going concern assumption, and the absence of any obsolescence indications.

8. INTANGIBLE ASSETS

Intangible assets consist of the following:

	ACQUIRED FRANCHISE LICENSE	COMMUNICATIONS LICENSE	ACQUIRED INTERNET CONTRACTS	ACQUIRED LICENSES	TOTAL
COST					
Balance at December 31, 2010	$ 5,221,248	$ 1,218,953	$ 1,200,000	$ -	$ 7,640,201
Additions	-	2,896,825	-	12,947,315	15,844,140
Balance at December 31, 2011	$ 5,221,248	$ 4,115,778	$ 1,200,000	$ 12,947,315	$ 23,484,341
AMORTIZATION					
Balance at December 31, 2010	$ 2,046,372	$ -	$ 720,000	$ -	$ 2,766,372
Amortisation for the year	130,536	133,000	120,000	380,000	763,536
Balance at December 31, 2011	$ 2,176,908	$ 133,000	$ 840,000	$ 380,000	$ 3,529,908
CARRYING VALUE					
December 31, 2011	$ 3,044,340	$ 3,982,778	$ 360,000	$ 12,567,315	$ 19,954,433
December 31, 2010	$ 3,174,876	$ 1,218,953	$ 480,000	$ -	$ 4,873,829

In 2010, the Company began the recognition of costs required to fully utilise its Communications License and enter the voice market, as an intangible asset. These costs included all professional services, related regulatory and digitalisation costs incurred to meet URCA obligations.

The costs recognised during the year totaled $2,896,825 (2010: $1,218,953). Amortisation started February 2011 and will continue over the remaining life of the license, being 14 years on a straight line basis. This treatment follows the guidelines set forth in IAS 38.

Intangible assets acquired as a part of the acquisition of SRG included Spectrum and Communications Licenses, collectively the "Acquired Licenses". The Spectrum license was granted on November 23, 2009 for a period of 15 years and allows SRG to use the Assigned Radio Spectrum in The Commonwealth of The Bahamas. The Communication License was granted on November 23, 2009 for a period of 15 years and allows the licensee within, into, from and through The Bahamas a right to provide Carriage Services and to establish, maintain and operate one or more networks. The value of the spectrum was calculated to be $6.9 million and the communication license $6.0 million. Both licenses are being amortised over the remaining term of the licenses being 13.5 years on a straight line basis. As these licenses are of a similar nature, and have the same term, for reporting and disclosure purposes they will be classed together as Acquired Licenses. This treatment follows the guidelines of IAS 38.

The primary reason for the purchase of SRG was to increase the Company's presence and take advantage of opportunities in a fully liberalised communications market. The total value of the intangible assets acquired was $12.9 million.

Net tangible assets and liabilities acquired included:

Cash	$ 3,382,186
Accounts receivable	$ 1,552,425
Inventories	$ 32,375
Property, plant and equipment	$ 2,930,298
Accounts payable	$ 2,851,025
Unearned revenue	$ 125,846
Current portion of notes receivable	$ 109,562
Current portion of finance lease	$ 2,758,758

Audited results for the 16 month period from January 1, 2010 to April 30, 2011 was:

Revenue	$ 12,857,599
Net profit	$ 1,022,587

9. LONG-TERM DEBT

The Company has a US Dollar senior credit facility with two syndicated banks, comprised of a term and revolver facility. The Company also has in place a mortgage on its corporate office complex. The loans are secured by a First Registered Demand Debenture creating a fixed and floating charge over all assets of the Company and its subsidiaries, guarantees and postponement of claims from Maxil, Caribbean, Cable Freeport and SRG and assignment of insurance policies over the assets of the Company and its subsidiaries. The total amount owing of $51,664,991 (2010: $49,100,519) under the loans bear interest at (a) LIBOR or Base Rate Advance plus applicable margins ranging from 1.5% to 3.5% for the US Dollar portions and; (b) Nassau Prime rate plus applicable margins ranging from 1.5% to 2.5% for the Bahamian Dollar portion. The margins applied are determined based on the Company's leverage ratio.

The loans are repayable in monthly and quarterly principal installments. Based upon the outstanding principal balance of $51,664,991 at December 31, 2011, the aggregate maturities are as follows:

Year	
2012	5,914,991
2013	7,000,000
2014	38,750,000
	$ 51,664,991

10. PREFERRED SHARES

Preferred shares consist of the following:

	2011	2010
CABLE BAHAMAS PREFERRED SHARES:		
Authorised:		
10,000 shares par value B$1,000		
25,000,000 shares par value B$0.01		
Issued: 10,000 shares par value B$1,000		
7% Series Three cumulative redeemable		
preferred shares at B$1,000	$ -	$ 10,000,000
Less: liquidation redemption paid on 10,000 shares	-	(10,000,000)
Issued: 4,000,000 shares par value B$0.01		
8% Series Four cumulative redeemable convertible		
preferred shares at B$10	40,000,000	40,000,000
Issued: 20,000 shares par value B$0.01		
7% Series Five cumulative redeemable		
preferred shares at B$1,000	20,000,000	20,000,000
Sub-total	60,000,000	60,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

	2011	2010
CARIBBEAN CROSSINGS PREFERRED SHARES:		
Authorised: 10,000,000 shares of B$0.01 per share:		
Issued and outstanding, beginning of year:		
Nil (2010: 500,000) 8% Series A cumulative		
redeemable preferred shares at B$10	$ -	$ 5,000,000
Less: liquidation redemption paid Nil		
(2010: 500,000) shares	-	(5,000,000)
Issued and outstanding, end of year:		
Nil (2010: Nil) shares	-	-
Issued: 500,000 7% Series B cumulative		
redeemable preferred shares at B$10	5,000,000	5,000,000
Less: liquidation redemption paid on 500,000		
(2010: 500,000) shares	(5,000,000)	-
	-	5,000,000
Sub-total	60,000,000	65,000,000
Less: current portion	-	(5,000,000)
TOTAL LONG-TERM PORTION	$ 60,000,000	$ 60,000,000

The 7% Series Three preferred shares were redeemed on July 1, 2010.

The 8% Series Four preferred shares were convertible into ordinary shares of the Company at $13.43 per ordinary share until August 31, 2011 and do not carry voting rights; to this date none were converted. The Series Four shares pay dividends semi-annually and redemption of all non-converted shares will begin on August 31, 2015 and will continue on each August 31 thereafter through and including August 31, 2019.

The 7% Series Five preferred shares were issued on July 1, 2010. These shares do not carry voting rights and pay dividends semi-annually. The Company has the option to redeem the Series Five preferred shares after the second anniversary of the issue.

Caribbean Crossings 7% Series B preferred shares were redeemed July 1, 2011.

Management has estimated that the fair value of the Company's redeemable preferred shares approximates its stated amount of $60,000,000 since its dividend rate is comparable to current market rates.

11. ORDINARY SHARE CAPITAL

Ordinary share capital is comprised of the following:

	2011	2010
Authorised: 20,000,000 Ordinary shares of B$1 each	$ 20,000,000	$ 20,000,000
Issued and fully paid	$ 13,593,419	$ 19,631,824

During the year the Cable Shares Trust, a Special Purpose Entity that held 5,074,805 shares, was terminated and all shares were cancelled. The actual number of shares outstanding as at December 31, 2011 was 13,593,419 (2010: 19,631,824) and the weighted average number of shares outstanding as of December 31, 2011 was 16,634,022 (2010: 19,631,824).

12. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved in legal actions for which management is of the opinion that accrued liabilities are sufficient to meet any obligations that may arise there from. The Company has a facility for Corporate Visas, letters of credit and letters of guarantee in the amount of $1,100,000 (2010: $200,000).

YEAR ENDED DECEMBER 31, 2011 | (EXPRESSED IN BAHAMIAN DOLLARS)

13. LICENSES AND AGREEMENTS

Communications License

In 1994 the Government of The Bahamas issued to the Company a license and a franchise for a period of 15 years to establish, maintain and operate a cable television system throughout The Bahamas, exclusive of Freeport, Grand Bahama. This license expired on October 13th 2009 and a new individual operating license and an individual spectrum license was issued to the Company and its subsidiaries, for 15 years. On February 3, 2011 URCA confirmed that the Company had met all of its Significant Market Power (SMP) obligations and was therefore now able to move into other markets. As a result, this license allows the Company to provide any network or carriage services in accordance with the conditions of the license.

SRG holds both a Spectrum and Communications license that enables it to provide network or carriage services in accordance with the conditions of the license. The Spectrum license permits SRG to use the Assigned Radio Spectrum in the Territory, or where no Territory is specified throughout the Commonwealth of The Bahamas. Both licenses are valid for a period of 15 years from the commencement date of November 23, 2009.

Grand Bahama Port Authority License

Cable Freeport is licensed by the Grand Bahama Port Authority to exclusively conduct its cable television business in the Freeport area through the year 2054. During the term of the license agreement, Cable Freeport is required to pay license fees calculated as a percentage of revenue on a sliding scale basis.

SRG is also licensed by the Grand Bahamas Port Authority to provide telecommunication service in the Freeport area to June 2012. SRG is also required to pay annual license fees.

Federal Communications Commission License

Caribbean was granted a cable landing license by the Federal Communications Commission to land and operate two private fibre optic submarine cable systems, the Bahamas Internet Cable System, extending between The Bahamas and the United States.

Trinity Communication Ltd., a wholly-owned subsidiary of Caribbean, and SRG hold Section 214 Common Carrier licenses from the Federal Communications Commission. These licenses allow for the resale of telecommunication services within the United States.

Utility agreements

Under the terms of agreements with the Bahamas Electricity Corporation and Grand Bahama Power Company Ltd., the Company rents poles and other support structures.

14. OPERATING EXPENSES

Operating expenses consist of the following:

	2011	2010
Programming	$ 12,568,914	$ 10,235,051
Administrative	11,855,195	12,133,026
Technical	9,398,636	8,054,044
Network services	9,332,676	7,944,330
Government and regulatory fees	7,799,243	6,019,053
Marketing	4,696,347	2,550,491
	$ 55,651,011	$ 46,935,995

15. EMPLOYEE COMPENSATION

Included in intangible assets, property, plant and equipment and operating expenses is employee compensation totaling $1,856,179, $2,582,330 and $12,810,648 respectively (2010: Nil, $3,298,816 and $15,150,386 respectively).

The Company is a participant in an externally managed pension plan. Under the terms of this defined contribution plan, the Company matches employee contributions to the plan up to a maximum of 5% of salary for its staff and 12.5% for executive management. During 2011, the Company's contribution to the plan amounted to $615,320 (2010: $594,915).

Up to the end of 2011 the Company had in place a share appreciation rights (SARs) plan that required the Company to pay the intrinsic value of the SARs to the employee at the date of exercise.Participation in the plan was determined based on certain criteria as approved by the Board of Directors and members of the plan were granted participation units which vested in increments over a 5-year period. Any vested units which remain after any vested period was carried over to the subsequent period up to the expiry date of the plan. Any units not exercised by the expiry date became void. The units did not represent shares in the Company and as such employees were not granted ownership rights through this plan. The units were also not entitled to receive dividends.

The value of the units at the time of exercise was calculated using the difference in the exchange quoted market price of the Company's shares on the grant date and the exercise date, times the number of applicable units. During the year no additional rights were granted and Nil (2010: 212,000) were exercised. At year end there were Nil (2010: 217,000) units outstanding. The fair value of the vested units, which was determined using the Black-Scholes option pricing model, was Nil (2010: $64,486).

16. RELATED PARTY BALANCES AND TRANSACTIONS

Compensation of directors and key executive personnel

	2011	2010
Short-term benefits	$ 1,379,486	$ 1,436,504
Post employment benefits	66,495	42,178
Share appreciation rights	-	13,690
	$ 1,445,981	$ 1,492,372

Total remuneration of directors and key executive personnel is determined by the compensation committee of the board of directors having regard to qualifications, performance and market trends. These balances are included in the operating expenses in the consolidated statement of comprehensive income.

Other related party balances and transactions

	2011	2010
Revenue	$ 114,967	$ 103,529
Accounts receivable, net	$ 6,953	$ 13,975
Property, plant and equipment	$ 306,529	$ 88,787
Accounts payable and accrued liabilities	$ 100,978	$ 66,992
Operating expenses	$ 507,389	$ 346,726

17. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value is the amount for which an asset can be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, or curtail materially the scale of its operations or undertake a transaction on adverse terms.

In the opinion of management, with the exception of its investment, which is carried at cost, the estimated fair value of financial assets and financial liabilities, (which are the Company's cash, accounts receivable, inventory, prepaid expenses, intangible assets, current and non-current liabilities) at the consolidated statement of financial position date were not materially different from their carrying values either due to:

a. their immediate or short-term maturity;
b. interest rates that approximate current market rates or
c. carrying amounts that approximate or equal market value.

18. SEGMENT INFORMATION

The details of the various service segments are as follows:

2011

	CABLE	CABLE FREEPORT	CARIBBEAN	MAXIL	SRG	ELIMINATIONS	CONSOLIDATED TOTALS
Revenue from external customers	$ 66,513,751	$ 11,527,328	$ 13,308,391	$ 827,526	$ 7,673,670	$ -	$ 99,850,666
Intersegments revenues	$ 224,256	$ -	$ -	$ -	$ -	$ (224,256)	$ -
Interest expense/(Income)	$ 1,759,952	$ -	$ (6,402)	$ 945	$ 2,062	$ (945)	$ 1,755,612
Depreciation and amortisation	$ 11,940,582	$ 2,189,309	$ 2,174,000	$ 8,470	$ 513,542	$ -	$ 16,825,903
Reportable segment profit	$ 7,666,886	$ 3,462,391	$ 7,164,399	$ 527,744	$ 2,021,720	$ -	$ 20,843,140
Reportable segment assets	$ 98,825,659	$ 44,974,063	$ 64,834,700	$ 499,198	$ 4,479,012	$ -	$ 213,612,632
Expenditures	$ 40,771,532	$ 5,875,628	$ 3,801,394	$ 290,367	$ 5,136,346	$ (224,256)	$ 55,651,011
Reportable segment liabilities	$ 129,680,333	$ 2,176,791	$ 571,101	$ 144,163	$ 3,405,199	$ -	$ 135,977,587

2010

	CABLE	CABLE FREEPORT	CARIBBEAN	MAXIL	SRG	ELIMINATIONS	CONSOLIDATED TOTALS
Revenue from external customers	$ 64,111,036	$ 10,861,240	$ 13,148,734	$ 741,426	$ -	$ -	$ 88,862,436
Intersegments revenues	$ 224,256	$ -	$ -	$ -	$ -	$ (224,256)	$ -
Interest expense/(Income)	$ 2,446,249	$ -	$ (35,880)	$ 19,234	$ -	$ (19,234)	$ 2,410,369
Depreciation and amortisation	$ 11,135,579	$ 1,330,536	$ 2,249,749	$ 8,548	$ -	$ -	$ 14,724,412
Reportable segment profit	$ 8,241,350	$ 4,367,004	$ 6,950,769	$ 432,537	$ -	$ -	$ 19,991,660
Reportable segment assets	$ 94,339,531	$ 40,954,530	$ 62,904,248	$ 52,710	$ -	$ -	$ 198,251,019
Expenditures	$ 38,281,348	$ 5,163,700	$ 3,434,096	$ 281,107	$ -	$ (224,256)	$ 46,935,995
Reportable segment liabilities	$ 129,459,356	$ 1,619,647	$ 5,805,048	$ 225,419	$ -	$ -	$ 137,109,470

19. RISK MANAGEMENT

There are a number of risks inherent in the telecommunications and cable television industry that the Company manages on an ongoing basis. Among these risks, the more significant are credit, operational, foreign exchange, liquidity, interest rate risk and capital risks.

Credit risk – Credit risk arises from the failure of a counterparty to perform according to terms of contracts. From this perspective, the Company's significant exposure to credit risk is primarily concentrated with customer accounts receivable, investments and balances due from related and affiliated parties. Customer deposits are maintained until the services are terminated to offset any outstanding balances due to the Company. In order to limit the amount of credit exposure, accounts in arrears for over 60 days are disconnected. Cash and investments are predominantly in Bahamian dollars and have been placed with high quality financial institutions. Balances due from related and affiliated parties are monitored on an on-going basis and are subject to offset at management's discretion.

Operational risk – Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human error or external events not related to credit, market or liquidity risks. The Company manages this risk by maintaining a comprehensive system of internal control, including organisational and procedural controls. The systems of internal control include written communication of the Company's policies and procedures governing corporate conduct and risk management; comprehensive business planning; effective segregation of duties; delegation of authority and personal accountability; careful selection and training of personnel and sound accounting policies, which are regularly updated. These controls are designed to provide the Company with reasonable assurance that assets are safeguarded against unauthorised use or disposition, liabilities are recognised, and the Company is in compliance with all regulatory requirements.

Foreign currency risk – The Company is exposed to foreign exchange risk arising from the payables denominated in US dollars and the portions of the long-term debt which is denominated in US dollars. However, the Company receives revenue in US dollars and mitigates this risk by utilising funds received in US dollars to pay the US dollar invoices. The Company has no significant concentrations of assets and/or liabilities denominated in other currencies. The Company manages these positions by matching assets with liabilities wherever possible.

Liquidity risk – Liquidity risk reflects the risk that the Company will not be able to meet an obligation when it becomes due or honor a credit request to a customer and/or related party. The Company maintains a satisfactory portion of its assets in cash and other liquid assets to mitigate this risk. In addition, the Company keeps its trade payables within agreed upon terms with its vendors. On a daily basis, the Company monitors its cash and other liquid assets to ensure that they sufficiently meet the Company's liquidity requirements.

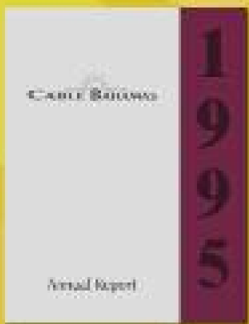
Interest rate risk – Interest rate risk is the potential for a negative impact on the consolidated statement of financial position or the consolidated statement of comprehensive income arising from adverse changes in the value of financial instruments as a result of changes in interest rates. The Company manages interest cost using a mixture of fixed-rate and variable-rate debt.

Capital risk management – The Board of Directors manages the Company's capital to ensure that it has a strong capital base to support the development of its business. The Board of Directors seeks to maximise the return to shareholders through optimisation of the Company's debt and equity balance. The Company's risk management structure promotes making sound business decisions by balancing risk and reward. The Directors promote revenue generating activities that are consistent with the Company's risk appetite, policies and the maximisation of shareholder return. The capital structure of the Company consists of preference shares and equity attributable to the common equity holders of the Company, comprising issued capital and retained earnings as disclosed in notes 10 and 11. The Board of Directors reviews the capital structure at least annually. As part of this review, the Board considers the cost of the capital and the risks associated with each class of capital. Based on recommendations of the Board, the Company manages its capital structure through the payment of common and preference dividends, the redemption of preferred shares, ordinary share purchases through normal course issuer and bids and the restructuring of the capital base. The Company's strategy is unchanged from 2010.

20. SUBSEQUENT EVENT

On March 30, 2012, the Company paid a dividend of $0.08 per share to its ordinary shareholders of a record date March 15, 2012. The total dividend paid was $1,087,473.52.

17 YEARS OF GROWTH IN THE BAHAMAS



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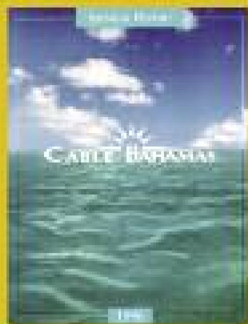

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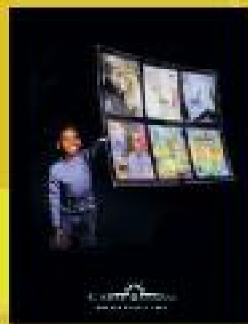
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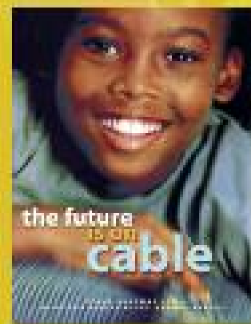

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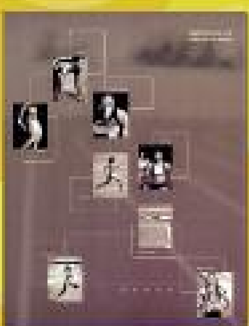
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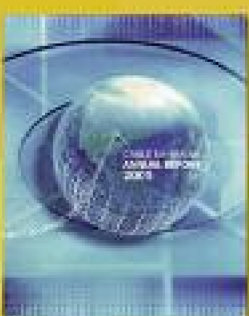
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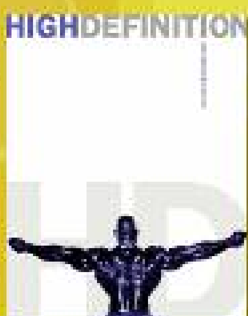

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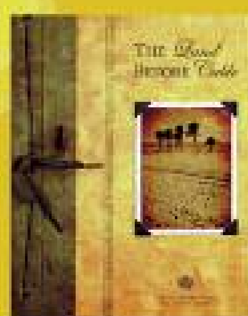
2007

2008


2009


2010


2011

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Gary Kain
Director

Mr. Anthony Butler
Director

Algernon Cargill
Director

Franklyn Butler
Director

Troy d'Arville
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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