

CHAIRMAN'S LETTER TO SHAREOWNERS 2012 SECOND QUARTER

Dear Shareholders:

Our Company's growth remained positive with strong results again in the second quarter. The Company continued its focus on enhancing its products with the launch of Video on Demand (VOD) services in April. This sustained focus to enhance our flagship product, REVTV, assisted in maintaining the respectable results for the period. The Company will continue to stay on the cutting edge through product innovation and quality of service as we look ahead to the second half of 2012.

Revenue for the second quarter 2012 increased by 15.8% to \$28.5 million compared to the same period in 2011 for which REVTV accounted for 43.4% of the growth. The Company has continued to place emphasis on its premium products to stimulate growth in the sector as its basic service growth remains relatively flat due to a matured market. Continuing with our growth prospects, the Company launched its VOD services, boosting its pay-per-view revenue by 59% over the same period in 2011. With over 1,700 hours of viewing content at launch, VOD affords the customer the ability to watch what they want, when they want. REVON Internet services also continued its quarter over quarter growth achieving a 6.4% increase over the same period in 2011 and up 2.3% compared to the first quarter of 2012. Our data services revenues were also up 3.7% over the same period in 2011. Our new telephone offering REVOICE, which was launched late last year, contributed over 40% of the second quarter's revenue growth.

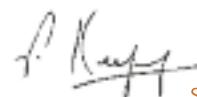
Operating expenses increased significantly by 12.3% to \$16.2 million in the second quarter 2012 compared to the same period in 2011. Contributing to this increase is higher programming costs, electricity

costs, and general insurance costs that have grown quarter over quarter by 18.4%, 50%, and 137.4% respectively. The Company's earnings before interest, taxation, depreciation and amortization (EBITDA) remained fairly consistent at \$12.3 million compared to the previous quarter.

Net income for the second quarter of 2012 was \$6.2 million. The Company paid out \$0.09 in dividends per share for the second quarter of 2012, and the Board approved an increase to \$0.10 per share beginning with the third quarter September 28, 2012 dividend payout.

The Company also continued its community contributions through its Cable Bahamas Cares Foundation (CBCF). At the end of the quarter, CBCF awarded 25 grants to a variety of youth summer camps, local community organizations and individual students and will continue to seek out deserving recipients for these grants.

The momentum established in the first quarter carried over to the second quarter of 2012 as Cable Bahamas remained steady with its results. Cable Bahamas is committed to providing the best in quality services while continuing to offer innovative solutions and ideas to our customer which will, in turn, continue to grow and maximize our shareholders value.



Sincerely,
Philip Keeping, Chairman
September 6, 2012

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED JUNE 30, 2012 WITH COMPARATIVES FOR
JUNE 30, 2011 / (EXPRESSED IN B\$000, UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30 2012	JUNE 30 2011	JUNE 30 2012	JUNE 30 2011
REVENUE	\$28,482	\$24,605	\$56,346	\$47,175
OPERATING EXPENSES	(16,183)	(14,417)	(31,824)	(26,956)
	12,299	10,188	24,522	20,219
Depreciation and amortization	(4,478)	(4,137)	(8,847)	(7,989)
OPERATING INCOME	7,821	6,051	15,675	12,230
Interest expense	(444)	(486)	(809)	(813)
Dividends on preferred shares	(1,150)	(1,238)	(2,300)	(2,475)
NET INCOME AND COMPREHENSIVE INCOME	\$6,227	\$4,327	\$12,566	\$8,942
BASIC AND DILUTED EARNINGS PER SHARE	\$0.46	\$0.23	\$0.92	\$0.48

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 2012
(EXPRESSED IN B\$000, UNAUDITED)

	ORDINARY SHARE CAPITAL	TREASURY SHARES	RETAINED EARNINGS	TOTAL
Balance at December 31, 2011	13,593	-	64,042	\$77,635
Net income	-	-	12,566	12,566
Dividends paid on ordinary shares	-	-	(2,311)	(2,311)
Balance at June 30, 2012	\$13,593	-	\$74,297	\$87,890

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2012 WITH COMPARATIVES FOR
JUNE 30, 2011 / (EXPRESSED IN B\$000, UNAUDITED)

	SIX MONTHS ENDED	
	JUN 30 2012	JUN 30 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 12,566	\$ 8,942
Adjustments for:		
Depreciation and amortization	8,847	7,989
Interest expense	809	813
Dividends on preferred shares	2,300	2,475
Operating cash flow before working capital changes	24,522	20,219
Increase in accounts receivable, net	(617)	(3,744)
Increase in prepaid expenses and deposits	(2,870)	(7,093)
Decrease (Increase) in inventory	1,545	(1,415)
Increase in accounts payable & accrued liabilities	721	6,435
(Decrease) Increase in deferred income	(65)	35
Increase (Decrease) in subscriber deposits	337	(51)
Net cash from operating activities	23,573	14,386
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(10,392)	(14,074)
Additions to deferred expenses	(1,060)	-
Additions to investment in SRG	-	(8,681)
Repayment of long-term receivables	-	110
Issuance of long-term receivables	-	3,191
Net cash used in investing activities	(11,452)	(19,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment) Issuance of long-term debt	(2,754)	5,741
Interest paid on long term debt	(809)	(813)
Dividends paid on preferred shares	(2,300)	(2,475)
Dividends paid on ordinary shares	(3,398)	(1,642)
Net cash (used in) from financing activities	(9,261)	811
NET INCREASE (DECREASE) IN CASH	2,860	(4,257)
CASH, BEGINNING OF PERIOD	6,844	11,607
CASH, END OF PERIOD	\$ 9,704	\$ 7,350

CABLE BAHAMAS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2012

(EXPRESSED IN B\$000, UNAUDITED)

	JUN 30 2012	DEC 31 2011
ASSETS		
CURRENT ASSETS:		
Cash	\$ 9,704	\$ 6,844
Accounts receivable, net	8,104	7,374
Prepaid expenses and deposits	3,756	887
Inventory	3,652	5,197
Other receivables	1,554	1,667
Total current assets	26,770	21,969
NON-CURRENT ASSETS:		
Property, plant and equipment	173,971	171,689
Intangible assets	20,278	19,955
Total non-current assets	194,249	191,644
TOTAL	\$ 221,019	\$ 213,613
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 16,220	\$ 16,587
Deferred income	1,691	1,756
Current portion of long-term debt	5,348	5,915
Total current liabilities	23,259	24,258
NON-CURRENT LIABILITIES:		
Subscriber deposits	6,307	5,970
Long-term debt	43,563	45,750
Preferred shares	60,000	60,000
Total non-current liabilities	109,870	111,720
Total liabilities	133,129	135,978
EQUITY:		
Ordinary share capital	13,593	13,593
Retained earnings	74,297	64,042
Total equity	87,890	77,635
TOTAL	\$ 221,019	\$ 213,613

DIRECTORS

Mr. Philip Keeping
Chairman

Ms. Sandra Knowles
Director

Mr. Frank Watson
Director

Mr. Gary Kain
Director

Mr. Anthony Butler
Director

Mr. Algernon Cargill
Director

Mr. Franklyn Butler II
Director

Mr. 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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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, 2011.



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2012 SECOND QUARTER REPORT