

CHAIRMAN'S LETTER TO SHAREOWNERS 2014 Third Quarter

Dear Shareholders, Substantial Growth in Market Diversity

Developing all of our services and markets has been the fundamental approach our Company has put in place during this third quarter to achieve our growth results. By successfully integrating our newly acquired Florida-based entity, our rejuvenated Company remained focused on the tasks at hand, namely, to maintain strength in our base and focus on growth in new markets.

Financials at a Glance

As in recent years, we are challenged by difficult economic times and increasing costs but still have maintained strong performance results for the quarter:

- Overall revenue growth of 31.7% year over year;
- Operating margin increase over the same period of 6.7%;
- Earnings per Share increase of 56.4%;
- Net Income increase of 56.0% over the previous year;
- EBITDA increase of 17.5%;

On September 1st, 2014, the Board of Directors approved a normal course issuer share buyback plan which commenced immediately. The Company allocated \$1.5 Million to facilitate the buyback. Further, the Board approved a 40% increase in ordinary dividends to \$0.14 per share commencing in the third quarter.

Florida Growth

With the Florida business acquisition now a year old, we can report that the third quarter has seen significant progress in the development of the acquired companies and the integration into the Cable Bahamas family. There has been significant customer growth in both the commercial and residential areas with 16,600 Revenue Generating Units (RGU) added since acquisition. Primary customer success can be seen in the hotel groups and Home Owner Associations (HOA). Particular customer success has been in Southwest Florida with key wins at Pelican Bay and Brooks HOAs. Additionally, prospects for carrier business are very encouraging with several RFP's in progress.

Enhancing the Bahamas Base

This quarter saw sustained and solid performance from the base Cable Bahamas suite of products. All performed well with REVOICE impacting the marketplace with very competitive service offerings that have garnered significant consumer acceptance.

On the engineering front the focus was on designing, constructing, operating and maintaining the required infrastructure to support REV suite of services offered by the Company. Accomplishments for this technical group during the third quarter of 2014 include the continued roll-out of fiber-to-the-home (FTTH) services to communities on the west of Nassau. Further efforts continue to be made to improve customer response times to ensure that customer expectations are not only met but exceeded.

Cable 12 – Homegrown Success

Our Cable 12 team continues to deliver on its mandate through the production and carriage of outstanding local content aired and presented on our network. We have positioned ourselves as the hub for local cultural events, live sporting events, and arts and entertainment. We have aired more than 4,500 hours of local content so-far this year. Additionally, as part of Cable 12's commitment to the Arts and Culture in The Bahamas, our channel was honoured to present for the first time "The Legend of Sammie Swain". This program garnered one of the highest viewerships the channel has seen for a single program. We are thrilled to be the place for the best in Arts and Entertainment.

Our prized news product NewsBreak is constantly gaining market position as seen through recent surveys of our subscribers, indicating that it is not only the newscast of choice, but the fastest growing news medium in the nation.

Community Focus

The Cable Bahamas Cares Foundation (CBCF) continued its efforts in the third quarter in granting awards to worthy community focused charitable endeavors. CBCF awarded approximately \$224,000 year to date in grants. In the third quarter some 15 deserving grants were awarded to programs and organizations such as – A College Dream; Cancer Society of The Bahamas; Central Eleuthera High; Deaf Alliance Group; Simpson Penn Boys II Men Mentoring Program; and Wemyss Bight Primary School Library; just to name a few.

Cable Bahamas is in the process of repositioning itself for future growth in the local market and in the Florida region. Our Company remains strong in numbers and focused on the many initiatives we have taken on. Our Company's focus throughout the remainder of the year will be stability and the continuity of positive results with the view to increase shareholder value.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended Sept 30, 2014 with comparatives for Sept 30, 2013 | (Expressed in B\$000, unaudited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	SEPT 30 2014	SEPT 30 2013	SEPT 30 2014	SEPT 30 2013
REVENUE	\$37,457	\$28,996	\$112,109	\$85,155
OPERATING EXPENSES	(23,759)	(17,479)	(70,453)	(49,939)
	13,698	11,517	41,656	35,216
Depreciation and amortization	(8,068)	(5,147)	(23,254)	(15,265)
OPERATING INCOME	5,630	6,370	18,402	19,951
Acquisition related cost	–	(7,824)	–	(9,508)
Interest expense	(1,296)	(368)	(4,315)	(1,009)
Dividends on preferred shares	(1,785)	(1,150)	(4,753)	(3,450)
NET INCOME AND COMPREHENSIVE INCOME	\$2,549	\$(2,972)	\$9,334	\$5,984
BASIC EARNINGS PER SHARE	\$0.19	\$(0.22)	\$0.69	\$0.44
DILUTED EARNINGS PER SHARE	\$0.19	\$(0.22)	\$0.68	\$0.44

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended Sept 30, 2014
(Expressed in B\$000, unaudited)

	ORDINARY SHARE CAPITAL	RETAINED EARNINGS	TOTAL
Balance at December 31, 2013	13,609	\$89,393	\$103,002
Net income	–	9,334	9,334
Dividends paid on ordinary shares	–	(4,626)	(4,626)
Shares purchased and cancelled	(3)	(29)	(32)
Balance at September 30, 2014	\$13,606	\$94,072	\$107,678

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended Sept 30, 2014 with comparatives for Sept 30, 2013 | (Expressed in B\$000, unaudited)

	9 MONTHS ENDED	
	SEPT 30, 2014	SEPT 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 9,334	\$ 5,984
Adjustments for:		
Depreciation and amortization	23,254	15,265
Interest expense	4,315	1,009
Dividends on preferred shares	4,753	3,450
Operating cash flow before working capital changes	41,656	25,708
Increase in accounts receivable, net	(1,186)	(4,411)
Increase in prepaid expenses and deposits	(1,905)	(1,669)
Increase in inventory	(4,338)	(731)
Increase in accounts payable & accrued liabilities	8,098	12,266
(Decrease) Increase in deferred income	(1,081)	48
Increase in subscriber deposits	15	43
Net cash from operating activities	41,259	31,254
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investments	(500)	(45,924)
Additions to property, plant and equipment	(35,986)	(14,408)
Additions to intangible assets	(709)	–
Net cash used in investing activities	(37,195)	(59,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt (net)	1,193	36,812
Repayment of short-term notes	(14,273)	–
Lease receivable (net)	(462)	–
Interest paid on long term debt	(4,315)	(1,009)
Preferred shares issuance	54,500	–
Dividends paid on preferred shares	(2,249)	(3,450)
Dividends paid on ordinary shares	(4,626)	(4,079)
Shares repurchased	(32)	–
Net cash from financing activities	29,736	28,274
NET INCREASE (DECREASE) IN CASH CASH, BEGINNING OF PERIOD	33,800	(174)
	9,307	8,676
CASH, END OF PERIOD	\$ 43,107	\$ 8,502

Gary Kain, Chairman | November 28, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of Sept 30, 2014 | (Expressed in B\$000, unaudited)

	SEPT 30, 2014	DEC 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash	\$ 43,107	\$ 9,307
Accounts receivable, net	12,935	13,130
Prepaid expenses and deposits	4,659	2,754
Inventory	9,141	4,803
Other receivables	4,551	3,172
Total current assets	74,393	33,166
NON-CURRENT ASSETS:		
Investment	4,350	3,850
Lease receivable	1,385	-
Property, plant and equipment	245,919	230,952
Deferred tax asset	8,749	8,749
Goodwill	33,573	33,573
Intangible assets	31,805	33,330
Total non-current assets	325,781	310,454
TOTAL	\$ 400,174	\$ 343,620
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable & accrued liabilities	\$ 32,872	\$ 24,774
Deferred income	1,765	2,846
Dividends payable	3,113	610
Short term notes	-	14,273
Current portion of other liabilities	876	876
Current portion of long-term debt	1,749	3,066
Total current liabilities	40,375	46,445
NON-CURRENT LIABILITIES:		
Subscriber deposits	6,560	6,545
Other liabilities	4,258	3,575
Deferred tax liability	9,398	9,398
Long-term debt	104,095	101,345
Preferred shares	127,810	73,310
Total non-current liabilities	252,121	194,173
Total liabilities	292,496	240,618
EQUITY:		
Ordinary share capital	13,606	13,609
Retained earnings	94,072	89,393
Total equity	107,678	103,002
TOTAL	\$ 400,174	\$ 343,620

DIRECTORS

Mr. Gary Kain
Chairman

Mr. Franklyn Butler II
Vice-Chairman

Mr. Troy D'Arville
Director

Mr. Calvin Knowles
Director

Ms. Phaedra Y. Mackey-Knowles
Director

Mr. Ross McDonald
Director

Simon Wilson
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, 2013. These statements should be read along with the audited financial statements.

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2014

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REPORT

