

CIBL, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended March 31, 2013

CIBL, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(In Thousands)

	March 31, 2013 <u>(Unaudited)</u>	December 31, 2012 <u>(Audited)</u>	March 31, 2012 <u>(Unaudited)</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 106	\$ 16,676	\$ 1,802
Short-term investments	17,735	1,999	--
Prepaid expenses	15	22	14
Prepaid income tax	41	-	-
Deferred costs	-	-	121
	<u>17,897</u>	<u>18,697</u>	<u>1,937</u>
Total Current Assets			
Equity method investments in affiliated entities	3,737	3,668	12,127
Note receivable due from an affiliate	565	608	883
Other investments, cost basis	100	100	100
	<u>22,299</u>	<u>23,073</u>	<u>15,047</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	\$ 88	\$ 235	\$ 158
Income tax payable	2	653	87
	<u>90</u>	<u>888</u>	<u>245</u>
Total Current Liabilities			
Cumulative losses in excess of investment in equity method affiliated entity	395	406	786
Deferred income taxes	1,757	1,731	2,996
Commitments and contingencies	-	-	-
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued; 22,088, 22,088 and 24,949 outstanding	-	-	-
Capital contribution	3,862	3,862	(2,630)
Retained earnings	18,825	18,816	8,888
Treasury stock 3,027, 3,027 and 166 shares, at cost	(2,630)	(2,630)	(105)
	<u>20,057</u>	<u>20,048</u>	<u>6,153</u>
Total CIBL, Inc. Stockholders' Equity			
Non-controlling interest	-	-	4,867
	<u>20,057</u>	<u>20,048</u>	<u>11,020</u>
Total Stockholders' Equity			
	<u>\$ 22,299</u>	<u>\$ 23,073</u>	<u>\$ 15,047</u>

See notes to condensed consolidated financial statements

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended	
	March 31,	
	2013	2012
INCOME		
Management fee revenue	\$ 43	\$ 43
EXPENSES		
Management fees	50	50
Operating costs	71	60
Total Expenses	121	110
Operating Loss	(78)	(67)
OTHER INCOME		
Investment income	11	11
Equity in earnings of affiliated companies	80	1,894
Total Other Income	91	1,905
Net Income before income taxes	13	1,838
Income tax expense	(4)	(416)
Net Income	9	1,422
Non-controlling interest	-	(768)
Net Income attributable to CIBL, Inc.	\$ 9	\$ 654
Weighted average shares outstanding	22,088	24,949
Net income per share attributable to CIBL	\$ 0.43	\$ 26.21

See notes to condensed consolidated financial statements

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statement of Changes in Stockholders' Equity
(Unaudited)
(In Thousands)

	Shares of Common Stock Outstanding	Contributed Capital	Retained Earnings	Treasury Stock	CIBL, Inc. Total
Balance at December 31, 2012	22,088	\$ 3,862	\$ 18,816	\$ (2,630)	\$ 20,048
Net income			9		9
Purchase of Treasury Stock	-	-	-	-	-
Balance at March 31, 2013	<u>22,088</u>	<u>\$ 3,862</u>	<u>\$ 18,825</u>	<u>\$ (2,630)</u>	<u>\$ 20,057</u>

See notes to condensed consolidated financial statements

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Three Months Ended March 31,	
	2012	2011
OPERATING ACTIVITIES		
Net income attributable to CIBL, Inc.	\$ 9	\$ 654
Non-controlling interest	--	768
Net Income	9	1,422
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Equity in earnings of affiliated companies	(80)	(1,894)
Distributions from affiliated companies	--	2,000
Changes in operating assets and liabilities		
Deferred expenses	--	(121)
Other current assets	7	6
Taxes payable	(666)	313
Due from and to affiliated entities	--	18
Accounts payable, accrued expenses and other	(104)	221
Net Cash Provided by (Used in) Operating Activities	(834)	1,965
INVESTING ACTIVITIES		
Acquisition of short-term investments	(15,736)	--
FINANCING ACTIVITIES		
Dividends paid to stockholders	--	(1,247)
Cash distributed to noncontrolling partner	--	(866)
Net Cash Used in Financing Activities	--	(2,113)
Net Change in Cash and Cash Equivalents	(16,570)	(148)
CASH AND CASH EQUIVALENTS		
Beginning of period	16,676	1,950
End of period	\$ 106	\$ 1,802
Cash income taxes paid	\$ 670	\$ 14

See notes to condensed consolidated financial statements

CIBL, Inc. and Subsidiaries

(In Thousands Except Share Data)

Notes To Condensed Consolidated Financial Statements

1. Organization and Basis of Presentation

Basis of Presentation

CIBL, Inc. (the "Company" or "CIBL") is engaged in broadcasting and has a 39.9% interest in the ICTC Group, Inc. ("ICTC") a telecommunications company in North Dakota (see Note 3). Investments in affiliates in which the Company does not have a majority voting control, but has the ability to significantly influence management decisions, are accounted for in accordance with the equity method, consisting of: Coronet Communications Company ("Coronet") (20% owned for all periods presented), Capital Communications Company, Inc. ("Capital") (49% owned for all periods presented) and ICTC (39.9% owned since its acquisition in December 2012). Prior to its sale in May 2012 (see Note 2), the Company consolidated its 51% ownership of Wescel Cellular of New Mexico, L.P., whose sole assets include 25% and 33% interests in RSA #3 and RSA #5, respectively, and its 100% ownership in Wescel Cellular Inc II, whose sole asset was a 8.3% interest in RSA #3. Earnings from the RSAs were included in equity in earnings of affiliated companies. The 49% ownership interest in Wescel Cellular of New Mexico, L.P., not owned by CIBL, Inc., was shown as non-controlling interest in the accompanying financial statements.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and footnotes required for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2012. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Disposition of Interests in New Mexico RSA 3 and 5

On May 9, 2012, CIBL sold its interest in its telecommunications properties, both New Mexico RSA #3 and RSA #5 to Verizon Wireless for \$30 million, plus working capital adjustments totaling \$2.0 million, resulting in a pre-tax gain of \$24.1 million.

3. Acquisition of Interest in ICTC Group, Inc.

CIBL acquired 80,000 authorized, but previously unissued shares of Class A Common Stock of ICTC Group, Inc. for \$22 per share in November 2012. On December 26, 2012, the Company completed a tender offer to ICTC shareholders in which it acquired an additional 81,552 shares for \$22.25 per share. ICTC is a telecommunications company providing regulated telephone service,

internet and other non-regulated services in southeastern North Dakota. CIBL accounts for this investment in accordance with the equity method.

4. Equity Method Investments

Investment in Broadcasting Companies

Summarized combined financial information for investments in broadcasting companies, owned by Coronet and Capital, accounted for by the equity method as of and for the three months ended March 31, is as follows:

	March 31, 2013	March 31, 2012
Current assets	\$ 7,351	\$ 7,094
Property, plant and equipment, intangibles and other	5,970	6,086
Total Assets	\$ 13,321	\$ 13,180
Current liabilities	\$ 3,302	\$ 3,465
Long term liabilities	12,441	13,422
Equity	(2,422)	(3,707)
Total Liabilities and Equity	\$ 13,321	\$ 13,180
 <u>Three Months ended:</u>		
Revenues	\$ 3,581	\$ 3,428
Gross profit	929	2,335
Net income	113	228

In November 2012, CIBL received a \$1 million cash distribution from one of its Affiliated Investments, Capital Communications Inc.

Investment in ICTC Group, Inc.

Summarized financial information for the investment in ICTC as of and for the three months ended March 31, is as follows:

	March 31, 2013	March 31, 2012
Current assets	\$ 2,881	\$ 1,526
Property, plant and equipment, Intangibles and other	10,032	8,493
Total Assets	<u>\$ 12,913</u>	<u>\$ 10,019</u>
Current liabilities	\$ 540	\$ 545
Long-term liabilities	4,911	4,574
Shareholders' Equity	7,462	4,900
Total Liabilities and Equity	<u>\$ 12,913</u>	<u>\$ 10,019</u>
Revenues	\$ 962	\$ 1,000
Gross profit	667	689
Net income	174	195

5. Treasury Stock

The Company's Board of Directors has authorized the purchase of up to 1,500 shares of common stock, of which 567 shares have been purchased through March 31, 2013, at an average price of \$750 per share.

In addition, during November 2012, the Company's Board of Directors authorized a modified "Dutch Auction" tender offer to purchase up to 7,000 shares of common stock. In 2012, the Company purchased 2,460 shares from the Dutch auction, at an average investment of \$896 per share.

6. Related Party

Management fee income for the three month periods were received from Capital and Coronet, based on management agreements.

CIBL has a temporary management and administrative services agreement with LICT Corporation, its former parent, with a fee for such services at a rate of \$200 per year.