

CIBL Inc.
165 West Liberty Street, Suite 210
Reno, NV 89501
(775) 329-8555

To our shareholders:

Attached please find the CIBL Inc. (“CIBL”) financial statements for the nine months ended September 30, 2018.

As previously announced, BEK Communications Cooperative’s (“BEK”) acquisition of ICTC Group Inc. (“ICTC”) for \$65.25 per ICTC share closed on October 19, 2018. CIBL owned 166,556 shares of ICTC which, based on the transaction price of \$65.25 per share, equated to pre-tax proceeds \$10.9 million.

CIBL’s GAAP pre-tax book gain will be about \$3.8 million or, \$180 per share, after tax effects. Simply stated, the after-tax proceeds from this transaction should be about \$565 per share.

Other than the ICTC shares, and the associated deferred tax liability, CIBL’s assets and liabilities at September 30, 2018 consisted of:

- Cash, United States Treasury investments, and an investment merger/arbitrage fund of \$22.0 million, or \$1,328 per share, which excludes the \$565 per share noted above. At September 30, 2018, CIBL had 16,601 common shares outstanding.
- 10,000 shares in Solix, Inc., a private outsourcing firm that provides, among other services, billing and collection services to the telecommunications industry.

CIBL’s shares trade on OTC Pink®: CIBY.

If you have any comments or questions, please contact us at the above or e-mail us at: office@ciblinc.com, or visit us on our website: ciblinc.com.

CIBL, Inc.
October 2018

CIBL, Inc. and Subsidiaries
Financial Report to Shareholders
September 30, 2018

CIBL, Inc. and Subsidiaries
Condensed Consolidated Financial Statements
September 30, 2018

CIBL, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, Except Common Share Data)

	Sept. 30, 2018	Dec. 31, 2017	Sept. 30, 2017
Assets			
Current Assets			
Cash and cash equivalents	\$20,651	\$25,525	\$21,857
Short term investments	--	--	2,995
Accounts receivable	--	512	515
Prepaid income tax	69	48	329
Deferred income taxes	--	358	72
Other current assets	--	268	499
Total Current Assets	<u>20,720</u>	<u>26,711</u>	<u>26,267</u>
Telecommunications, plant and equipment, net	--	6,557	6,402
Goodwill	--	1,772	1,772
Investments in equity method affiliated entities	7,646	3,572	3,645
Other investments, at cost	100	1,716	1,599
Total Assets	<u>\$28,466</u>	<u>\$40,328</u>	<u>\$39,685</u>
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued expenses	\$86	\$111	\$82
Income tax payable	--	346	448
Other current liabilities	--	345	307
Current maturities of long-term debt	--	28	27
Total Current Liabilities	<u>86</u>	<u>830</u>	<u>864</u>
Long-term debt	--	2,662	2,670
Deferred income taxes	796	2,520	3,379
Total Liabilities	<u>882</u>	<u>6,012</u>	<u>6,913</u>
Equity			
Common stock, par value \$.01, 30,000 shares authorized; 25,115 issued; 16,600.59; 16,634.59; and 16,635.73 outstanding	--	--	--
Contributed capital	3,108	3,108	3,099
Accumulated other comprehensive income	--	133	141
Retained earnings	34,188	33,554	32,923
Treasury stock, 8,514.76; 8,480.76; and 8,479.62 shares at cost	(9,712)	(9,659)	(9,659)
Total CIBL, Inc.'s Stockholders' Equity	<u>27,584</u>	<u>27,136</u>	<u>26,504</u>
Non-controlling interests	--	7,180	6,268
Total Equity	<u>27,584</u>	<u>34,316</u>	<u>32,772</u>
Total Liabilities and Equity	<u>\$28,466</u>	<u>\$40,328</u>	<u>\$39,685</u>

See notes to condensed consolidated financial statements

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In Thousands, Except Share and Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Broadband data/communications	\$--	\$1,388	\$1,715	\$4,132
Total Revenues	--	1,388	1,715	4,132
Costs and Expenses				
Cost of operating revenue, excluding depreciation	--	392	561	1,325
General and administrative costs of operations	--	154	227	533
Management fees	31	76	127	235
Corporate office expense at ICTC	--	66	204	202
Corporate office expense at CIBL	71	56	124	169
Depreciation	--	256	311	761
Total Costs and Expenses	102	1,000	1,554	3,225
Operating Profit(Loss)	(102)	388	161	907
Other Income (Expense)				
Investment income	99	132	458	377
Interest expense	--	(23)	(27)	(68)
Equity in earnings of affiliated entities	292	91	612	374
Other	--	--	(118)	27
Total Other Income, Net	391	200	925	710
Net Income Before Income Taxes	289	588	1,086	1,617
Income tax expense	(75)	(273)	(302)	(751)
Net Income	214	315	784	866
Non-controlling interests	--	(238)	(283)	(641)
Net Income Attributable to CIBL, Inc.'s Stockholders	\$214	\$77	\$501	\$225
Basic and diluted weighted average shares outstanding	16,616.04	16,635.63	16,628.34	16,697.37
Net income per share	\$12.88	\$18.92	\$47.15	\$51.87
Net income per share attributable to CIBL	\$12.88	\$4.62	\$30.13	\$13.47

See notes to condensed consolidated financial statements.

CIBL, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Equity
(In Thousands, except common shares data)

	Nine Months Ended September 30, 2018								
	Common Shares Outstanding	Common Stock	Contributed Capital	Accumulated Other Comprehensive Income	Retained Earnings	Treasury Shares	Total	Non- Controlling Interests	Equity
Balance at December 31, 2017	16,634.59	\$--	\$3,108	\$133	\$33,554	(\$9,659)	\$27,136	\$7,180	\$34,316
Net income	--	--	--	--	501	--	501	283	784
Deconsolidation of ICTC Group Inc.								(7,463)	(7,463)
Purchase of Treasury Shares	(34)	--	--	--	--	(53)	(53)	--	(53)
Reclassification of Accumulated Other Comprehensive income	--	--	--	(133)	133	--	--	--	--
Balance at September 30, 2018	16,600.59	\$--	\$3,108	\$--	\$34,188	(\$9,712)	\$27,584	\$--	\$27,584

See notes to condensed consolidated financial statements.

	Nine Months Ended September 30,	
	2018	2017
Cash Flows Provided By Operating Activities		
Net income attributable to CIBL, Inc.'s stockholders	\$501	\$225
Non-controlling interests	283	641
Net income	<u>784</u>	<u>866</u>
Adjustments to reconcile net income to net cash from operating activities:		
Equity in earnings of affiliated entities	(612)	(374)
Distributions from affiliates	--	122
Depreciation	311	761
Shares issued in lieu of cash compensation	--	78
Deferred income taxes	141	211
Unrealized losses(gains) on investments	119	(40)
Changes in operating assets and liabilities:		
Accounts receivable	(114)	(72)
Other current assets	(186)	(27)
Accounts payable and accrued expenses	96	(173)
Income tax payable/prepaid income tax	(125)	515
Other current liabilities and other	(50)	9
Net Cash Provided By Operating Activities	<u>364</u>	<u>1,876</u>
Cash Flows Provided By Investing Activities		
Capital spending	(148)	(548)
Deconsolidation of ICTC Group Inc.	(5,033)	--
Purchase of United States Treasury Bills	--	(9,966)
Redemption of United States Treasury Bills	--	18,000
Purchase of marketable securities	--	(227)
Proceeds from sale of marketable securities	3	--
Acquisition of ICTC Group, Inc. Shares	--	(64)
Net Cash Provided By (Used In) Investing Activities	<u>(5,178)</u>	<u>7,195</u>
Cash Flows Used In Financing Activities		
Purchase of treasury stock	(53)	(267)
Principal payments on loan term debt	(7)	(20)
Net Cash Used in Financing Activities	<u>(60)</u>	<u>(287)</u>
Net Change In Cash And Cash Equivalents	<u>(4,874)</u>	<u>8,784</u>
Cash and Cash Equivalents		
Beginning of year	<u>25,525</u>	<u>13,073</u>
End of period	<u>\$20,651</u>	<u>\$21,857</u>
Supplemental Cash Flow Information		
Net cash paid for (refunds received) for income taxes	\$287	\$26
Cash paid for interest	\$22	\$68

See notes to condensed consolidated financial statements

1. Organization

CIBL, Inc. (the "Company" or "CIBL") held an investment in a broadband data transport/communications company. At September 30, 2018, the Company owned 166,556 Class A Common Shares of ICTC Group, Inc ("ICTC"), or 43.5% of ICTC's total shares outstanding of 383,134. ICTC was deemed to be under common control with CIBL.

Effective April 11, 2013, a Voting Rights Agreement brought the Company's voting interest in ICTC to over 50% and it began reporting ICTC results on a consolidated basis. Accordingly, CIBL's Consolidated Balance Sheet, Statement of Operations, and Statement of Cash Flows reflected 100% of ICTC's operating activities and the amount not owned by CIBL was shown as non-controlling interests. The Voting Rights agreement was terminated on April 17, 2018, and effective on that date, the company no longer reported ICTC's results on a consolidated basis and began reporting ICTC's results on an equity basis. Accordingly, after April 17, 2018, the Company's share of the ICTC's net income will be shown in its Statement of Operations under one-line item, "Equity in earnings of affiliated entities" and on its Balance Sheet the Company's investment in ICTC will be shown under one-line item, "Investments in equity method to affiliated entities." Financial statements and financial information for periods prior to April 17, 2018 have not been restated to reflect the termination of the Voting Rights Agreement.

Investments accounted in accordance with the equity method consist of investment in affiliates in which the Company, or ICTC, prior to April 17, 2018, does not have majority voting control but had or have the ability to significantly influence management decisions (either through an ownership of 20% or more structured as a partnership or limited liability company treated as a partnership). After April 17, 2018, ICTC is accounted for under the equity method. Prior to April 17, 2018, Dakota Carrier Network, LLC ("DCN"), a limited liability broadband data transport company treated as a partnership that is 3.4% owned by ICTC, was accounted for in accordance with the equity method.

On July 6, 2018, ICTC and BEK East, Inc. and BEK East Delaware, Inc. signed an agreement in which BEK East Delaware, Inc. will be merged with ICTC and ICTC's shareholders received a total of \$25 million, or \$65.25 per ICTC share. At September 30, 2018, CIBL owned 166,556 shares of ICTC which based on the transaction price of \$65.25 per share would equate to \$10.9 million. As of September 30, 2018, CIBL's book basis in the ICTC shares was \$7.0 million and the tax basis was \$3.8 million. On October 19, 2018, the merger occurred and CIBL received the \$10.9 million in proceeds shortly thereafter.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements include the operations of the Company and its majority owned or controlled subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

The non-controlling interests represent the financial results of ICTC that are not owned by CIBL.

Interim 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 included in the Company's annual report for the year ended December 31, 2017. 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- and nine-month periods ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. 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.

Regulatory Accounting

ICTC's public utility activities are regulated by the Federal Communications Commission ("FCC"). The North Dakota Public Service Commission does not regulate Rural Local Exchange Carriers ("RLECs") with fewer than 8,000 access lines, such as Inter-Community Telephone Company, LLC, an indirect, wholly-owned subsidiary of ICTC. The Company follows the Federal Communication Commission's (FCC) Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

Where applicable, this regulated accounting recognizes the economic effects of rate regulation by recording costs and a return on investment; as such, amounts are recovered through rates authorized by regulatory authorities. Developments that could give rise to substantial modifications of regulatory accounting practices include (1) increasing competition by restricting ICTC's wireline business' ability to establish prices to recover specific costs, and (2) significant changes in the manner in which rates are set by regulators from cost based regulation to another form of regulation. The Company periodically reviews the applicability of regulatory accounting guidelines based on the developments in its current regulatory and competitive environments.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Short-term Investments

The Company considers all highly liquid investments with maturities in excess of three months, and not greater than six months at the date of purchase, to be short-term investments.

Accounts Receivable

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the applicable unpaid invoices. The carrying amount of the trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

Materials and Supplies

Inventories are stated at the lower of average cost or market.

Cost Method Investments

The Company accounts for certain investments, listed below, using the cost method because the Company does not exercise significant influence over the management.

The Company's 1.36% ownership interest in Solix, Inc. ("Solix") is accounted for using the cost method because the Company does not exercise significant influence over the management of Solix. Solix is an outsourcing firm that provides services such as billing and collection to the telecommunications industry. The carrying value of such investment at September 30, 2018, December 31, 2017, and September 30, 2017 was \$100.

ICTC has an ownership interest in two North Dakota entities, each of which in turn holds an interest in one of two partnerships that provide cellular telephone service to Rural Service Area ("RSA") 3 and RSA 5 in North Dakota. ICTC's interests in these RSA partnerships amount to 1.33% and 1.53%, respectively. The combined carrying value of these investments at December 31, 2017, and September 30, 2017 was approximately \$162. During periods from January 1, 2018 to April 17, 2018 and the nine-months ended on September 30, 2017, ICTC received combined distributions from these investments of \$177 and \$217 respectively.

Marketable Securities

Marketable securities, included in other investments at December 31, 2017 and September 30, 2017, consisted of a publicly traded common stock held by ICTC. Effective with the ICTC's adoption of ASU 2016-01 "Recognition and Measurement of Financial Assets and Liabilities" on January 1, 2018, ICTC carries its investments in marketable equity securities that are traded on public stock exchanges at fair value through net income, which approximates market value. Prior to that adoption, ICTC classified these securities as available-for-sale and unrealized gains or losses, net of tax, were excluded from net income and included as a separate component of equity, accumulated other comprehensive income (loss), until realized. During the period from January 1, 2018 to April 17, 2018, ICTC recorded a gain of \$1 on the sale of marketable securities and recorded \$119 of unrealized losses which is included in "Other Income(Expense) – Other" in the Condensed Consolidated Statement of Operations.

Available for sale securities are valued using Level 1 inputs based on quoted prices in active markets. The cost and fair values of these securities at December 31, 2017, and September 30, 2017 were as follows:

	New Ulm Inc. Common Shares		
	Original	Gross	
	Cost	Unrealized	Fair Value
		Gains	
December 31, 2017	\$598	\$769	\$1,367
September 30, 2017	\$739	\$514	\$1,253

Goodwill

Goodwill is tested annually for impairment, or more frequently if deemed necessary. ICTC tests goodwill for impairment using a two-step process. The first step is a screen for potential impairment in which ICTC determines its fair value based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches (income approach, market approach and comparable company approach), (b) estimates of its future cost structure, (c) discount rates for estimated cash flows, (d) selection of peer group companies for its market approach, (e) required level of working capital, (f) assumed terminal value, and (g) time horizon of cash flow forecasts. ICTC estimates the fair value using Level 3 inputs as defined in the fair value hierarchy.

If such tests indicate potential impairment due to the carrying value of the reporting unit exceeding its fair value, then a second step measures the amount of impairment, if any. The Company performed the required annual tests as of December 31, 2017 and determined that there was no impairment at that time. There were no impairment losses recorded during the nine-month periods ended on September 30, 2018 and 2017.

Telecommunications Plant and Equipment

Additions to plant and equipment are recorded at cost, which includes contracted work, direct labor and materials, and allocable overheads. When units of plant and equipment are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Maintenance and repair costs and the replacement and renewal of items determined to be less than units of plant and equipment are charged to expense.

Depreciation

The majority of ICTC's plant and equipment is plant used for the wireline telephone business. Depreciation is based on the composite group remaining life method and straight-line composite rates. This methodology provides for the recognition of the cost of the remaining investment in telephone plant and equipment less anticipated positive net salvage value, over the remaining asset lives. When the depreciable telephone plant is replaced or retired, the carrying amount of such plant is deducted from the respective accounts and charged to accumulated depreciation, and no gain or loss is recognized. Use of this methodology requires the periodic revision of depreciation rates. In the

evaluation of asset lives, multiple factors are considered, including expected future retirements, technology changes and the adequacy of depreciation reserves.

Fair Value of Financial Instruments

The Company follows Accounting Standards Codification (ASC) guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets, which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Impairment of Long-Lived Assets

Long-lived assets, such as telecommunications plant, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the nine-month periods ended on September 30, 2018 and 2017.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements. Income taxes consist of taxes currently payable and those deferred due to temporary differences between the financial reporting and tax basis of the Company's assets and liabilities, using the tax rates that are expected to be in effect in the period in which the temporary differences are expected to reverse. The Company establishes valuation allowances relating to deferred tax assets when management concludes that it is more likely than not that the Company will not realize a benefit from the reversal of such temporary differences. The Company and ICTC file separate tax returns.

Accounting for Uncertainty in Income Taxes

The Company recognizes the effect of income tax positions only when the tax position is more likely than not to be sustained. Management is not aware of any exposure to uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to federal or state income tax examinations for periods prior to the year ended on December 31, 2014.

Revenue Recognition

Telephone service revenue is primarily derived from regulated local, intrastate and interstate access services and recognized as services are provided.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements are available to be issued, which date is November 12, 2018.

On July 6, 2018, ICTC and BEK East, Inc. and BEK East Delaware, Inc. signed an agreement in which BEK East Delaware, Inc. will be merged with ICTC and ICTC's shareholders received a total of \$25 million, or \$65.25 per ICTC share. At September 30, 2018, CIBL owned 166,556 shares of ICTC which based on the transaction price of \$65.25 per share would equate to \$10.9 million.

On October 19, 2018, the merger occurred and CIBL received the \$10.9 million in proceeds shortly thereafter. While not yet finalized, CIBL expects to report in the Fourth Quarter of 2018, a \$3.8 million gain, before income tax effects, on the disposition of the ICTC shares, or \$180 per share after income tax effects. In addition, during the Fourth Quarter of 2018, CIBL expects to make an estimated tax payment of \$1.5 million as a result of this sale.

4. Equity Method Investments

ICTC

Summarized financial information for the investment in ICTC as of and for the three and Nine months ended on September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Current assets	\$6,468	\$5,384
Property, plant and equipment, net	6,953	6,401
Other assets	5,691	5,477
Total Assets	<u>\$19,112</u>	<u>\$17,262</u>
Current liabilities	\$749	\$824
Long-term liabilities, including debt	3,981	5,333
Equity	14,382	11,105
Total liabilities and equity	<u>\$19,112</u>	<u>\$17,262</u>
 <u>Three Months Ended</u>		
Revenues	\$1,705	\$1,388
Operating Profit	\$612	\$486
Net Income	\$670	\$422
 <u>Nine Months Ended</u>		
Revenues	\$4,587	\$4,132
Operating Profit	\$1,464	\$1,205
Net Income	\$1,680	\$1,138

CIBL recognized equity earnings from ICTC of \$291 and \$513 during the three and nine months ended on September 30, 2018, respectively. In the 2017 periods and through April 17, 2018, ICTC operating results were consolidated with CIBL's operating results.

DCN

Summarized financial information for the ICTC's investment in DCN as of and for the three and nine months ended on September 30, 2018 and 2017 is as follows:

	2018	2017
Current assets	\$6,829	\$7,025
Property, plant and equipment, net	60,857	57,661
Other assets	620	639
Total Assets	<u>\$68,306</u>	<u>\$65,325</u>
Current liabilities	\$1,417	\$1,074
Equity	66,889	64,251
Total liabilities and equity	<u>\$68,306</u>	<u>\$65,325</u>
 <u>Three Months Ended</u>		
Revenues	\$12,4328	\$11,683
Operating Profit	\$3,157	\$2,631
Net Income	\$3,161	\$2,633
 <u>Nine Months Ended</u>		
Revenues	\$36,813	\$35,388
Operating Profit	\$9,255	\$8,351
Net Income	\$9,324	\$8,357

CIBL, on a consolidated basis, recognized equity earnings from DCN of \$123 during from January 1, 2018 to April 17, 2018 and \$287 for the nine months ended on September 30, 2017. ICTC received no distributions from DCN for the period from January 1, 2018 to April 17, 2018 and \$122 for the nine months ended September 30, 2018.

6. Telecommunications, Plant and Equipment

At December 31, 2017, and September 30, 2017, the telecommunications plant and equipment accounts at ICTC consisted of the following:

	Dec. 31 2017	Sept, 30 2017	Depreciation Rate
Land and support assets	\$2,679	\$2,569	2.9%-20.0%
Central office switching equipment	4,086	4,160	6.67%-20.0%
Cable and wire facilities	15,670	15,710	3.9%-6.67%
Internet equipment	321	325	15.0%
Total in service	<u>22,756</u>	<u>22,764</u>	
Under construction	136	185	
	<u>22,892</u>	<u>22,949</u>	
Accumulated depreciation	<u>16,335</u>	<u>16,547</u>	
	<u>\$6,557</u>	<u>\$6,402</u>	

7. Long-Term Debt

At December 31, 2017 and September 30, 2017, ICTC's long-term debt consisted of:

	Dec. 31 2017	Sept. 30 2017
RUS Broadband Loan	\$618	\$625
Subordinated notes	2,072	2,072
	2,690	2,697
Less current maturities	(28)	(27)
	<u>\$2,662</u>	<u>\$2,670</u>

ICTC has subordinated notes with former shareholders of Inter-Community for \$2,072 as of March 31, 2018. The average interest rate on the notes is 3.4% and the maturity date is December 31, 2022. Interest on the notes is paid quarterly. The notes may be prepaid at any time without penalty.

ICTC received an advance of \$713 on the Broadband Initiatives Program ("BIP") Loan. The loan is due in monthly payments of principal and interest over 23 years at an average interest rate of 3.02%. The BIP loan/grant agreement also includes certain financial and other covenant requirements.

8. Treasury Stock

Since CIBL was spun off by LICT Corporation on November 19, 2007, under authorizations by the Board of Directors, through September 30, 2018, the Company has acquired 3,769 shares of its common stock at an average price of \$1,191 per share. At September 30, 2018, 2,558 shares are remaining under the Board authorized share repurchase program.

In addition to its open-market repurchase programs, the Company has conducted two tender offers for its shares, purchasing a total of 4,746 shares at an average price of \$1,100 per share.

9. Related Party Transactions (Not Disclosed Elsewhere)

LICT Corporation, an affiliate, provides administrative and management services to CIBL and ICTC based on a contractual agreement. As compensation for these services, LICT received a fee of \$169 for both the nine-month period ended on September 30, 2018 and 2017.

At September 30, 2018, December 31, 2017 and September 30, 2017, cash and short-term investments of \$20,651; \$23,631 and \$20,442, respectively, were invested in United States Treasury money market funds for which affiliates of one of the Company's Directors serve as investment managers.

CIBL, Inc. and Subsidiaries

**Supplementary Information to
Condensed Financial Statements**

September 30, 2018

CIBL, Inc. and Subsidiaries
Consolidating Statement of Operations
Three Months Ended September 30, 2018
(In Thousands)

	CIBL Inc.	ICTC Group, Inc. Consolidated	Eliminations	Consolidated
Revenue				
Broadband data/communications	\$--	\$--	--	\$--
Total Revenue	--	--	--	--
Costs and Expenses				
Cost of operating revenue, excluding depreciation	--	--	--	--
General and administrative costs of operations	--	--	--	--
Management fees	31	--	--	31
Corporate office expense at ICTC	--	--	--	--
Corporate office expense at CIBL	71	--	--	71
Depreciation	--	--	--	--
Total Operating Expenses	102	--	--	102
Operating Income (Loss)	(102)	--	--	(102)
Other Income (Expense)				
Investment income	99	--	--	99
Interest expense	--	--	--	--
Equity in earnings of affiliated entities	292	--	--	292
Other	--	--	--	--
Total Other Income (Expense)	391	--	--	391
Net Income (Loss) Before Income Taxes	289	--	--	289
Income tax benefit (expense)	(75)	--	--	(75)
Net Income (Loss)	214	--	--	214
Non-controlling interests	--	--	--	--
Net Income (Loss) Attributable to CIBL, Inc.'s Stockholders	\$214	\$--	\$--	\$214

CIBL, Inc. and Subsidiaries
Consolidating Statement of Operations
Nine Months Ended September 30, 2018
(In Thousands)

	CIBL Inc.	ICTC Group, Inc. Consolidated	Eliminations	Consolidated
Revenue				
Broadband data/communications	\$--	\$1,715	--	\$1,715
Total Revenue	--	1,715	--	1,715
Costs and Expenses				
Cost of operating revenue, excluding depreciation	--	561	--	561
General and administrative costs of operations	--	227	--	227
Management fees	94	30	--	124
Corporate office expense at ICTC	--	127	--	127
Corporate office expense at CIBL	204	--	--	204
Depreciation	--	311	--	311
Total Operating Expenses	298	1,256	--	1,554
Operating Income (Loss)	(298)	459	--	161
Other Income (Expense)				
Investment income	259	199	--	458
Interest expense	--	(27)	--	(27)
Equity in earnings of affiliated entities	707	123	(218)	612
Other	--	(118)	--	(118)
Total Other Income (Expense)	966	177	(218)	925
Net Income (Loss) Before Income Taxes	668	636	(218)	1,086
Income tax benefit (expense)	(167)	(135)	--	(302)
Net Income (Loss)	501	501	(218)	784
Non-controlling interests	--	--	(283)	(283)
Net Income (Loss) Attributable to CIBL, Inc.'s Stockholders	\$501	\$501	(\$501)	\$501

CIBL, Inc. and Subsidiaries
Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2018
(In Thousands)

	<u>CIBL Inc.</u>	<u>ICTC Group, Inc. Consolidated</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash Flows Provided By (Used In) Operating Activities				
Net income (loss) attributable to CIBL, Inc.'s stockholders	\$501	\$501	(\$501)	\$501
Non-controlling interests	--	--	283	283
Net income (loss)	<u>501</u>	<u>501</u>	<u>(218)</u>	<u>784</u>
Adjustments to reconcile net income to net cash from operating activities:				
Equity in earnings of affiliated entities	(707)	(123)	218	(612)
Depreciation	--	311	--	311
Deferred income taxes	179	(38)	--	141
Unrealized gains (losses) on investments	--	119	--	119
Changes in operating assets and liabilities:				
Accounts receivable	--	(114)	--	(114)
Other current assets	24	(210)	--	(186)
Accounts payable and accrued expenses	30	66	--	96
Income tax payable/prepaid income tax	199	(324)	--	(125)
Other current liabilities	--	(50)	--	(50)
Net Cash Provided By (Used In) Operating Activities	<u>226</u>	<u>138</u>	<u>--</u>	<u>364</u>

CIBL, Inc. and Subsidiaries
Consolidating Statements of Cash Flows - Continued
Nine Months Ended September 30, 2018
(In Thousands)

	CIBL Inc. Consolidated Excluding ICTC Group Inc.	ICTC Group, Inc. Consolidated	Eliminations	Consolidated
Cash Flows Provided By (Used In)				
Investing Activities				
Capital spending	--	(148)	--	(148)
Deconsolidation of ICTC Group Inc.	--	(5,033)	--	(5,033)
Proceeds from sale of marketable securities	--	3	--	3
Net Cash Provided By (Used In) Investing Activities	--	(5,178)	--	(5,178)
Cash Flows Provided By (Used In)				
Financing Activities				
Purchase of treasury shares	(53)	--	--	(53)
Principal payments of long-term debt	--	(7)	--	(7)
Net Cash Provided By (Used In) Financing Activities	(53)	(7)	--	(60)
Net Change in Cash and Cash Equivalents	173	(5,047)	--	(4,874)
Cash and Cash Equivalents				
Beginning of year	20,478	5,047	--	25,525
End of period	\$20,651	\$--	\$--	\$20,651
Supplemental Cash Flow Information				
Cash paid for (recovered from) income taxes	(\$210)	\$497	\$--	\$287
Cash paid for interest	\$--	\$22	\$--	\$22

CIBL, Inc. and Subsidiaries

**Management's Discussion and Analysis of Financial
Condition and Results of Operations**

September 30, 2018

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with its audited consolidated financial statements and related notes.

RESULTS OF OPERATIONS

Forward-Looking Statements and Uncertainty of Financial Projections

Forward-looking statements are not based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject, without limitation, to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company.

Overview

CIBL, Inc. (the "Company" or "CIBL") currently holds an investment in a broadband data transport/communications company. At September 30, 2018, the Company owns 166,556 of ICTC Group, Inc ("ICTC"), 43.5% of ICTC's total shares of Class A Common Stock outstanding of 383,134, a broadband data transport/communications company in North Dakota. ICTC was deemed to be under common control with CIBL.

Through its subsidiaries, ICTC Group, Inc. (1) serves as a Rural Local Exchange Carrier ("RLEC") headquartered in Nome, ND that provides regulated telephone services approximately 1,550 access lines to a dozen small communities and the surrounding rural areas in southeastern North Dakota and (2) provides internet, broadband data and other non-regulated services to approximately 1,100 customers throughout Inter-Community's telephone service territory and in adjacent areas including Valley City, ND.

Effective April 11, 2013, a Voting Rights Agreement brought the Company's voting interest in ICTC to over 50% and it began reporting ICTC results on a consolidated basis. Accordingly, CIBL's Consolidated Balance Sheet, Statement of Income, and Statement of Cash Flows reflected 100% of operating activities, from April 11, 2013, and the amount not owned by CIBL was shown as non-controlling interests. The Voting Rights agreement was terminated on April 17, 2018, and effective on that date, the company no longer reported ICTC's results on a consolidated basis and began reporting ICTC results on an equity basis. Accordingly, after April 17, 2018, the Company's share of the ICTC's net income will be shown in its Statement of Income under one-line item, "Equity in earnings of affiliates" and on its Balance Sheet the Company's Investment in ICTC will be shown under one-line item, "Investment in and advances to affiliates". Financial statements and financial information for periods prior to April 17, 2018 have not been restated to reflect the termination of the Voting Rights Agreement.

On July 6, 2018, ICTC and BEK East, Inc. and BEK East Delaware, Inc. signed an agreement in which BEK East Delaware, Inc. will be merged with ICTC and ICTC's shareholders received a total of \$25 million, or \$65.25 per ICTC share. At September 30, 2018, CIBL owned 166,556

shares of ICTC which based on the transaction price of \$65.25 per share would equate to \$10.9 million.

On October 19, 2018, the merger occurred and CIBL received the \$10.9 million in proceeds shortly thereafter. While not yet finalized, CIBL expects to report in the Fourth Quarter of 2018, a \$3.8 million gain, before income tax effects, on the disposition of the ICTC shares, or \$181 per share after income tax effects. In addition, during the Fourth Quarter of 2018, CIBL expects to make an estimated tax payment of \$1.5 million as a result of this sale.

In addition, as a result of the sale of investments over the last couple of years, most of the Company's assets are comprised of cash and cash equivalents. As discussed in more detail below, the Company is evaluating various strategic options at this time.

Three Months Ended on September 30, 2018 and 2017

The Company recorded no consolidated revenues for the three months ended on September 30, 2018 as compared to \$1,715,000 in the respective 2017 period. All consolidated revenues were the result of CIBL's consolidation of ICTC. As noted above until April 17, 2018, the Company consolidated the revenues of ICTC and after that date it did not. Accordingly, the 2018 no ICTC revenues were recognized in the consolidated results, whereas the 2017 period included the full three months.

Consolidated operating costs and expenses were \$102,000 for the three months ended on September 30, 2018 and only represented costs associated with the operations of CIBL. In the 2017 period there were \$1,554,000 of total costs, of which \$97,000 were associated with CIBL and \$903,000 were associated with ICTC. As noted above until April 17, 2018, the Company consolidated the cost and expenses of ICTC after that date it did not.

Accordingly, ICTC results contributed \$485,000 to CIBL's consolidated operating profit for the three months ended on September 30, 2017, and none in the 2018 period. CIBL incurred an operating loss of \$102,000 for the three months ended on September 30, 2018 as compared to an operating loss of \$97,000 in the respective 2017 period.

Investment income was \$99,000 for the three months ended September 30, 2018 and \$132,000 in the respective 2017 period. 2017's investment income included the cash distributions from ICTC's minority ownership in two wireless telecommunications and data operations in eastern North Dakota (North Dakota RSAs # 3 and # 5), of \$68,000. As a result of the deconsolidation, none were recorded in the 2018 period. The remaining investment income is primarily interest from United States Treasury Bills.

Equity in earnings of affiliates was \$292,000 for the three months ended on September 30, 2018 and is the result of CIBL's ownership of ICTC of \$291,000 and \$1,000 from CIBL's ownership in a merger/arbitrage fund. In 2017, equity in earnings affiliates was \$91,000 and were the result of ICTC's ownership in Dakota Carrier Network, LLC.

There was no Interest expense for the three months ended on September 30, 2018 and as compared to ICTC's interest expense of \$23,000 for the 2017 period.

The Company's effective tax rates for 2018 and 2017 were 26.2% and 46.5%, respectively. The change is predominantly due to a decrease in the federal statutory rate from 34% in 2017 to 21%

in 2018. The other differences are primarily due to the double taxation, through April 17, 2018, on ICTC's earnings since they are not included in CIBL's consolidated tax returns, the effect of state income taxes is the Company's jurisdictions, and a dividend received deduction on the distributions from the RSA's through April 17, 2018.

Non-controlling interests are the share of ICTC's earnings that are attributable to the ICTC shares that are not owned by CIBL during the period that CIBL is consolidating ICTC. Accordingly, there were none in the 2018 period and \$238,000 in the 2017 period.

Because of the above, CIBL recorded a net income of \$214,000 for the three months ended on September 30, 2018 as compared to net income of \$77,000 in the respective 2017 period.

Nine Months Ended on September 30, 2018 and 2017

The Company recorded \$1,715 in consolidated revenues for the nine months ended on September 30, 2018 as compared to \$4,132,000 in the respective 2017 period. All consolidated revenues were the result of CIBL's consolidation of ICTC. As noted above until April 17, 2018, the Company consolidated the revenues of ICTC and after that date it did not. Accordingly, the 2018 period only included 107 days of ICTC revenues, whereas the 2017 period included the full nine months.

Consolidated operating costs and expenses were \$1,554,000 for the nine months ended on September 30, 2018 and included \$1,256 of expenses relating to ICTC. Comparable amounts in the respective 2017 period were \$3,225,000, and \$2,928,000 respectively. As noted above until April 17, 2018, the Company consolidated the cost and expenses of ICTC after that date it did not. Accordingly, the 2018 period only included 107 days of ICTC cost and expenses, whereas the 2017 period included the full nine months.

CIBL's costs and expenses were \$298,000 in 2018 and \$297,000 in 2017

Accordingly, ICTC results contributed \$459,000 to CIBL's consolidated operating profit for the nine months ended on September 30, 2018, representing only 107 days in that period, as compared to \$1,204,000 in the respective 2017 period. CIBL incurred an operating loss of \$298,000 for the nine months ended on September 30, 2018 as compared to an operating loss of \$297,000 in the respective 2017 period.

Investment income was \$458,000 for the nine months ended on September 30, 2018 and \$377,000 in the respective 2017 period. 2017's investment income included the cash distributions from ICTC's minority ownership in two wireless telecommunications and data operations in eastern North Dakota (North Dakota RSAs # 3 and # 5), of \$217,000. \$177,000 were received in the first 107 days of the first half of 2018. The remaining investment income is primarily interest from United States Treasury Bills.

Equity in earnings of affiliates was \$612,000 for the nine months ended on September 30, 2018. The amount consisted of \$513,000 from CIBL's ownership of ICTC after April 17, 2018, \$123,000 from ICTC's ownership in Dakota Carrier Network, LLC ("DCN") until April 17, 2018 net of a \$23,000 loss from a merger/arbitrage fund. In 2017, equity in earnings affiliates was \$374,000 and represented \$287,000 from DCN for the full nine months and \$87,000 in income from the merger/arbitrage fund.

Interest expense was \$27,000 for the nine months ended on September 30, 2018 and represented ICTC interest expense for 107 days. The amount was \$68,000 for the nine months of 2017.

The Company's effective tax rates for 2018 and 2017 were 27.8% and 46.5%, respectively. The change is predominantly due to decrease in the federal statutory rate from 34% in 2017 to 21% in 2018. The other differences are primarily due to the double taxation, through April 17, 2018, on ICTC's earnings since they are not included in CIBL's consolidated tax returns, the effect of state income taxes is the Company's jurisdictions, and a dividend received deduction on the distributions from the RSA's through April 17, 2018.

Non-controlling interests were \$283,000 in 2018, representing only 107 days of ICTC net income and \$641,000 in 2017, representing a full half year. Non-controlling interests are the share of ICTC's earnings that are attributable to the ICTC shares that are not owned by CIBL during the period that CIBL is consolidating ICTC.

Because of the above, CIBL recorded a net income of \$501,000 for the nine months ended on September 30, 2018 as compared to net income of \$225,000 in the respective 2017 period.

LIQUIDITY AND CAPITAL RESOURCES

On July 6, 2018, ICTC and BEK East, Inc. and BEK East Delaware, Inc. signed an agreement in which BEK East Delaware, Inc. will be merged with ICTC and ICTC's shareholders received a total of \$25 million, or \$65.25 per ICTC share. At September 30, 2018, CIBL owned 166,556 shares of ICTC which based on the transaction price of \$65.25 per share would equate to \$10.9 million.

On October 19, 2018, the merger occurred and CIBL received the \$10.9 million in proceeds shortly thereafter. While not yet finalized, CIBL expects to report in the Fourth Quarter of 2018, a \$3.8 million gain, before income tax effects, on the disposition of the ICTC shares, or \$181 per share after income tax effects. In addition, during the Fourth Quarter of 2018, CIBL expects to make an estimated tax payment of \$1.5 million as a result of this sale.

Working Capital

At September 30, 2018, CIBL had \$22,044,000 in cash, cash equivalents, and other short-term investments and CIBL's current assets of \$20,720,000 exceed current liabilities, of \$85,000, by \$20,635,000.

Investment in ICTC Group Inc.

In November 2012, CIBL acquired 80,000 authorized but previously unissued shares of Class A Common Stock of ICTC, for \$22 per share. 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. Including related transaction costs, this resulted in a \$3,651,000 investment. Since that time, the Company purchased an additional 2,804 of ICTC at an average price of \$24.76 per share.

As of September 30, 2018, CIBL's book basis in the ICTC shares was \$7.0 million and the tax basis was \$3.8 million.

Share Repurchases and Distributions

CIBL's Board of Directors authorized the purchase of up to 5,300 shares of its common stock. Through September 30, 2018, the Company has acquired 3,769 shares of its common stock at an average price of \$1,191. 34 shares were acquired during the nine months ended September 30, 2018. Accordingly, 2,558 shares remain to be repurchased under the program.

In addition to its repurchase programs, the Company has conducted two tender offers for its shares. In December 2012, it completed a modified "Dutch Auction" tender offer and purchased 2,460 shares at an average investment, including transaction costs, of \$896 per share. In January 2014, the Company completed another modified "Dutch Auction" tender offer and purchased 2,286 shares at an investment, including transaction costs, of \$1,320 per share.

Since its spin-off from LICT Corporation in 2007, the Company has paid cumulative cash distributions to its shareholders of \$4,264,000, or \$170 per share and purchased a total of 8,481 of shares back for a total \$9,659,000, or \$1,139 per share.

Strategic Options

At September 30, 2018, the Company had \$22,044,000 of cash, cash equivalents, and other short-term investments. In addition, during the Fourth Quarter of 2018, the Company will record the \$10.9 million proceeds from the disposition of the ICTC and the \$0.8 million estimated tax payment.

The Board of Directors is considering several possible options regarding the future activities of the Company, including but not limited to:

- Acquiring a company or business in a related or unrelated industry, including additional shares of ICTC;
- Maximizing short and long term returns on its portfolio of liquid assets through alternative investments;
- Reacquiring CIBL's outstanding common shares through open market purchases or another "Dutch Auction" tender offer;
- Making a cash distribution to CIBL shareholders; or
- Selling CIBL's remaining assets and liquidating the Company.

Among the factors being considered by the Board of Directors in determining the best way to serve shareholders' interests are:

- The current and future federal and state income tax effects of the various alternatives;
- The timing of the cash flow implications;
- The availability and attractiveness of potential acquisition candidates;
- The value of CIBL's remaining assets; and
- Any other factor that could help to maximize shareholder value.