

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended March 31, 2011

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

	March 31, 2011 <u>(Unaudited)</u>	December 31, 2010 <u>(Audited)</u>	March 31, 2010 <u>(Unaudited)</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,236	\$ 309	\$ 196
Prepaid expenses	14	21	16
Prepaid income taxes	-	210	18
Due from affiliated entities	-	5	-
Current assets of Discontinued Operations	<u>-</u>	<u>-</u>	<u>350</u>
Total Current Assets	1,250	545	580
Equity method investments in affiliated entities	9,743	9,743	8,350
Note receivable due from Lynch Paging Corporation	1,036	1,074	1,183
Other investments, cost basis	100	100	100
Long term assets of Discontinued Operations	<u>-</u>	<u>-</u>	<u>2,696</u>
	<u>\$ 12,129</u>	<u>\$ 11,462</u>	<u>\$ 12,909</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 75	\$ 111	\$ 59
Income tax payable	157	-	-
Due to affiliated entities	-	-	83
Current liabilities of Discontinued Operations	<u>-</u>	<u>-</u>	<u>348</u>
Total Current Liabilities	232	111	490
Cumulative losses in excess of investment in equity method affiliated entity	890	922	1,102
Deferred income taxes	1,959	1,960	1,906
Long term liabilities of Discontinued Operations	-	-	452
Commitments and contingencies	-	-	-
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued and outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	<u>1,254</u>	<u>684</u>	<u>1,698</u>
Total CIBL, Inc. Stockholders' Equity	5,116	4,546	5,560
Noncontrolling interest	<u>3,932</u>	<u>3,923</u>	<u>3,399</u>
Total Stockholders' Equity	<u>9,048</u>	<u>8,469</u>	<u>8,959</u>
	<u>\$ 12,129</u>	<u>\$ 11,462</u>	<u>\$ 12,909</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended	
	March 31,	
	2011	2010
<b>INCOME</b>		
Management fee revenue	\$ 43	\$ 43
<b>EXPENSES</b>		
Management fees	50	50
Operating costs	57	59
Total Expenses	<u>107</u>	<u>109</u>
Operating Loss	<u>(64)</u>	<u>(66)</u>
<b>OTHER INCOME</b>		
Investment income	13	14
Equity in earnings of affiliated companies	1,698	1,035
Total Other Income	<u>1,711</u>	<u>1,049</u>
Net Income before income taxes	1,647	983
Income tax expense	<u>(366)</u>	<u>(211)</u>
Net Income from Continuing Operations	1,281	772
Net Loss from Discontinued Operations	<u>-</u>	<u>(41)</u>
Net Income	1,281	731
Noncontrolling interest	<u>(711)</u>	<u>(451)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 570</u>	<u>\$ 280</u>
Weighted average share outstanding	25,115	25,115
Net income (loss) per share attributable to CIBL:		
Continuing Operations	\$ 22.70	\$ 12.78
Discontinued Operations	-	(1.63)
	<u>\$ 22.70</u>	<u>\$ 12.78</u>

See notes to condensed combined financial statements

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

	Contributed Capital	Retained Earnings	CIBL, Inc. Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2011	\$ 3,862	\$ 684	\$ 4,546	\$ 3,923	\$ 8,469
Net income	-	570	570	711	1,281
Distributions to noncontrolling interest	-	-	-	(702)	(702)
Balance at September 30, 2010	<u>\$ 3,862</u>	<u>\$ 1,254</u>	<u>\$ 5,116</u>	<u>\$ 3,932</u>	<u>\$ 9,048</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Three Months Ended March 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,281	\$ 731
Adjustments to reconcile net income to cash provided by operating activities		
Net loss of discontinued operation		41
Equity in earnings of affiliated companies	(1,698)	(1,035)
Distributions from affiliated companies	1,667	464
Changes in operating assets and liabilities		
Other current assets	7	-
Due from and to affiliated entities	5	-
Accounts payable, accrued expenses and other	367	211
Cash used by discontinued operations	-	68
Net Cash Provided by Operating Activities	1,629	480
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financing activities of discontinued operations	-	(65)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash distributed to noncontrolling partner	(702)	(227)
Net Change in Cash and Cash Equivalents	927	188
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	309	58
End of period	\$ 1,236	\$ 246
Cash income taxes paid	\$ -	\$ 382

See notes to condensed combined 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 telecommunications, broadcasting and, until the sale of Giant LLC in May 2010 (see Note 2), cable television business. The Company consolidates its 51% ownership of Wescel Cellular of New Mexico, L.P., whose sole assets include 25% and 33% interests in two New Mexico RSAs, and 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., is shown as noncontrolling interest in the accompanying financial statements. 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 its 100% ownership in Wescel Cellular Inc II, whose sole asset is a 8.3% interest in a New Mexico RSA.

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, 2010. 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, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. 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. Sale of Giant LLC**

The Company closed the sale of Giant on May 21, 2010, to Giant Inc. a Competitive Local Exchange Carrier located in Holton, Kansas. CIBL received \$2.1 million in cash for Giant, which represents approximately \$80 per share pre-tax for each share of CIBL's common stock outstanding at that time. The historical operations of Giant for 2010 have been reclassified in the Statement of Operations as discontinued operations.

The ultimate parent entity of Giant Inc. is LICT, the company from which CIBL was originally spun off in November 2007.

Details of the Statement of Operations for the discontinued operations of Giant for the three month period ended March 31, 2010 is as follows:

Revenue	\$ 359
Operating costs	300
Depreciation	126
Total costs	<u>426</u>
Loss before income tax	(68)
Income tax benefit	<u>26</u>
Net loss from Discontinued operations	<u>\$ (41)</u>

### 3. Equity Method Investments

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:

	<u>Broadcasting Combined</u>	
	March 31, 2011	March 31, 2010
Current assets	\$ 6,010	\$ 4,877
Property, plant and equipment, intangibles and other	6,537	6,890
Total Assets	<u>\$ 12,547</u>	<u>\$ 11,767</u>
Current liabilities	\$ 3,494	\$ 3,860
Long term liabilities	14,470	15,289
Equity	(5,417)	(7,382)
Total Liabilities and Equity	<u>\$ 12,547</u>	<u>\$ 11,767</u>
<u>Three Months ended:</u>		
Revenues	\$ 3,159	\$ 3,081
Gross profit	1,094	993
Net income	278	135

Summarized combined financial information for telecommunications companies, consisting of the New Mexico cellular telephone providers accounted for by the equity method as of and for the three months ended March 31, is as follows:

	<b>Telecommunications Combined</b>	
	March 31, 2011	March 31, 2010
Current assets	\$ 5,006	\$ 5,717
Property, plant and equipment, intangibles and other	27,042	22,737
Total Assets	\$ 32,048	\$ 28,454
Current liabilities	\$ 2,767	\$ 3,961
Long term liabilities	469	365
Equity	28,812	24,128
Total Liabilities and Equity	\$ 32,048	\$ 28,454
<u>Three Months ended:</u>		
Revenues	\$ 15,106	\$ 12,466
Gross profit	9,256	7,043
Net income	4,999	3,117

## 5. 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.

J.B.N. Telephone Company and Giant Communications, Inc (“Giant Inc”), entities affiliated by common ownership, provide the following services to Giant: administrative services, office space and overhead and high-speed bandwidth used in the provision of Giant’s Internet service. Charges for services received from such entities approximated \$45 for the three months ended March 31, 2010.