

CIBL, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended June 30, 2011

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

	June 30, 2011 <u>(Unaudited)</u>	December 31, 2010 <u>(Audited)</u>	June 30, 2010 <u>(Unaudited)</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 886	\$ 309	\$ 2,213
Prepaid expenses	7	21	7
Prepaid income taxes	57	210	-
Due from affiliated entities	<u>-</u>	<u>5</u>	<u>-</u>
Total Current Assets	950	545	2,220
Equity method investments in affiliated entities	11,082	9,743	8,827
Note receivable due from Lynch Paging Corporation	999	1,074	1,147
Other investments, cost basis	<u>100</u>	<u>100</u>	<u>100</u>
	<u>\$ 13,131</u>	<u>\$ 11,462</u>	<u>\$ 12,294</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	\$ 90	\$ 111	\$ 189
Income tax payable	<u>-</u>	<u>-</u>	<u>630</u>
Total Current Liabilities	90	111	819
Cumulative losses in excess of investment in equity method affiliated entity	852	922	1,060
Deferred income taxes	1,959	1,960	1,298
Commitments and contingencies			
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued, 25,073, 25,115 and 25,115 outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	1,876	684	1,700
Treasury stock, 42 shares at cost	<u>(24)</u>	<u>-</u>	<u>-</u>
Total CIBL, Inc. Stockholders' Equity	5,714	4,546	5,562
Noncontrolling interest	<u>4,516</u>	<u>3,923</u>	<u>3,555</u>
Total Stockholders' Equity	<u>10,230</u>	<u>8,469</u>	<u>9,117</u>
	<u>\$ 13,131</u>	<u>\$ 11,462</u>	<u>\$ 12,294</u>

See notes to condensed combined financial statements

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
INCOME				
Management fee revenue	\$ 42	\$ 42	\$ 85	\$ 85
EXPENSES				
Management fees	50	50	100	100
Operating costs	54	71	109	130
Total Expenses	<u>104</u>	<u>121</u>	<u>209</u>	<u>230</u>
Operating Loss	<u>(62)</u>	<u>(79)</u>	<u>(124)</u>	<u>(145)</u>
OTHER INCOME				
Investment income	25	28	38	42
Equity in earnings of affiliated companies	1,811	1,217	3,509	2,252
Total Other Income	<u>1,836</u>	<u>1,245</u>	<u>3,547</u>	<u>2,294</u>
Net Income before income taxes	1,774	1,166	3,423	2,149
Income tax expense	<u>(398)</u>	<u>(258)</u>	<u>(764)</u>	<u>(469)</u>
Net Income from Continuing Operations	1,376	908	2,659	1,680
Net Loss from Discontinued Operations	<u>-</u>	<u>(401)</u>	<u>-</u>	<u>(442)</u>
Net Income	1,376	507	2,659	1,238
Noncontrolling interest	<u>(755)</u>	<u>(505)</u>	<u>(1,467)</u>	<u>(956)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 621</u>	<u>\$ 2</u>	<u>\$ 1,192</u>	<u>\$ 282</u>
Weighted average share outstanding	25,102.45	25,115.00	25,108.66	25,115.00
Net income (loss) per share attributable to CIBL:				
Continuing Operations	\$ 24.74	\$ 16.05	\$ 47.47	\$ 28.83
Discontinued Operations	<u>-</u>	<u>(15.97)</u>	<u>-</u>	<u>(17.60)</u>
	<u>\$ 24.74</u>	<u>\$ 0.08</u>	<u>\$ 47.47</u>	<u>\$ 11.23</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	Treasury Stock	CIBL, Inc. Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2011	\$ 3,862	\$ 684	-	\$ 4,546	\$ 3,923	\$ 8,469
Net income	-	1,192		1,192	1,467	2,659
Distributions to noncontrolling interest					(874)	(874)
Purchase of treasury stock	-		(24)	(24)	-	(24)
Balance at June 30, 2011	<u>\$ 3,862</u>	<u>\$ 1,876</u>	<u>\$ (24)</u>	<u>\$ 5,714</u>	<u>\$ 4,516</u>	<u>\$ 10,230</u>

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Six Months Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,659	\$ 1,238
Adjustments to reconcile net income to cash provided by operating activities		
Net loss of discontinued operation	-	442
Equity in earnings of affiliated companies	(3,509)	(2,252)
Distributions from affiliated companies	2,100	1,161
Changes in operating assets and liabilities		
Other current assets	14	16
Due from and to affiliated entities	5	5
Accounts payable, accrued expenses and other	206	328
Cash used by discontinued operations	-	(126)
Net Cash Provided by Operating Activities	1,475	812
CASH FLOWS FROM INVESTING ACTIVITIES		
Financing activities of discontinued operations	-	(95)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of Giant LLC, net of cash		2,007
Purchase of treasury stock	(24)	-
Cash distributed to noncontrolling partner	(874)	(569)
Net Cash Provided by Financing Activities	(898)	1,438
Net Change in Cash and Cash Equivalents	577	2,155
CASH AND CASH EQUIVALENTS		
Beginning of period	309	58
End of period	\$ 886	\$ 2,213
Cash income taxes paid	\$ 598	\$ 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 and six month periods ended June 30, 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 and six month periods ended June 30, 2010 is as follows:

	Three months ended June 30, 2010	Six Months ended June 30, 2010
Revenue	\$ 254	\$ 613
Operating costs	208	508
Depreciation	84	210
Total costs	<u>292</u>	<u>718</u>
Loss before income tax	(38)	(105)
Income tax benefit	<u>15</u>	<u>41</u>
	<u>(23)</u>	<u>(64)</u>
Loss on sale, net of \$195 tax benefit	<u>(378)</u>	<u>(378)</u>
Net loss from Discontinued operations	<u><u>\$ (401)</u></u>	<u><u>\$ (442)</u></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 periods ended June 30, is as follows:

	Broadcasting Combined	
	June 30, 2011	June 30, 2010
Current assets	\$ 5,857	\$ 4,917
Property, plant and equipment, intangibles and other	6,833	6,833
Total Assets	<u>\$ 12,690</u>	<u>\$ 11,750</u>
Current liabilities	\$ 2,837	\$ 3,597
Long term liabilities	14,920	15,126
Equity	(5,067)	(6,973)
Total Liabilities and Equity	<u>\$ 12,690</u>	<u>\$ 11,750</u>
 <u>Three Months ended:</u>		
Revenues	\$ 3,302	\$ 3,192
Gross profit	1,291	1,223
Net income	350	380
 <u>Six Months ended:</u>		
Revenues	\$ 6,462	\$ 6,273
Gross profit	2,385	2,215
Net income	628	516

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 periods ended June 30, 2010, is as follows:

	Telecommunications Combined	
	June 30, 2011	June 30, 2010
Current assets	\$ 5,920	\$ 4,931
Property, plant and equipment, intangibles and other	29,986	23,231
Total Assets	<u>\$ 35,906</u>	<u>\$ 28,162</u>
Current liabilities	\$ 2,585	\$ 2,250
Long term liabilities	491	412
Equity	32,830	25,500
Total Liabilities and Equity	<u>\$ 35,906</u>	<u>\$ 28,162</u>
<u>Three Months ended:</u>		
Revenues	\$ 16,037	\$ 12,855
Gross profit	9,516	7,463
Net income	5,318	3,527
<u>Six Months ended:</u>		
Revenues	\$ 31,143	\$ 25,321
Gross profit	18,772	14,505
Net income	10,317	6,643

4. Treasury Stock

The Company's Board of Directors authorized the purchase of up to 500 shares of its common stock. Through June 30, 2011, 42 shares have been purchased at an average investment of \$577 per share.

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 \$30 and \$75 for the three and six months ended June 30, 2010, respectively.