

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended September 30, 2011

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

	<u>September 30,</u> 2011	<u>December 31,</u> 2010	<u>September 30,</u> 2010
	(Unaudited)	(Audited)	(Unaudited)
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,466	\$ 309	\$ 1,896
Prepaid expenses	26	21	27
Prepaid income taxes	200	210	9
Due from affiliated entities	<u>-</u>	<u>5</u>	<u>-</u>
Total Current Assets	1,692	545	1,932
Equity method investments in New Mexico RSA 3 and 5	11,535	9,743	9,541
Note receivable due from Lynch Paging Corporation	961	1,074	1,110
Other investments, cost basis	<u>100</u>	<u>100</u>	<u>100</u>
	<u>\$ 14,288</u>	<u>\$ 11,462</u>	<u>\$ 12,683</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	<u>\$ 43</u>	<u>\$ 111</u>	<u>\$ 44</u>
Total Current Liabilities	43	111	44
Cumulative lossese in excess of investment in equity method affiliated entity	845	922	1,064
Deferred income taxes	2,450	1,960	1,753
Commitments and contingencies			
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 ahares issued, 25,030, 25,115 and 25,115 outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	2,422	684	2,143
Treasury stock, 85 shares at cost	<u>(51)</u>	<u>-</u>	<u>-</u>
Total CIBL, Inc. Stockholders' Equity	6,233	4,546	6,005
Noncontrolling interest	<u>4,717</u>	<u>3,923</u>	<u>3,817</u>
Total Stockholders' Equity	<u>10,950</u>	<u>8,469</u>	<u>9,822</u>
	<u>\$ 14,288</u>	<u>\$ 11,462</u>	<u>\$ 12,683</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
<b>INCOME</b>				
Management fee revenue	\$ 42	\$ 42	\$ 127	\$ 127
<b>EXPENSES</b>				
Management fees	50	50	150	150
Operating costs	55	64	165	194
Total Expenses	<u>105</u>	<u>114</u>	<u>315</u>	<u>344</u>
Operating Loss	<u>(63)</u>	<u>(72)</u>	<u>(188)</u>	<u>(217)</u>
<b>OTHER INCOME</b>				
Investment income	11	14	49	56
Equity in earnings of affiliated companies	1,660	1,381	5,169	3,633
Total Other Income	<u>1,671</u>	<u>1,395</u>	<u>5,218</u>	<u>3,689</u>
Net Income before income taxes	1,608	1,323	5,030	3,472
Income tax expense	<u>(354)</u>	<u>(289)</u>	<u>(1,118)</u>	<u>(758)</u>
	1,254	1,034	3,912	2,714
Noncontrolling interest	<u>(708)</u>	<u>(591)</u>	<u>(2,174)</u>	<u>(1,547)</u>
Net Income from Continuing Operations	546	443	1,738	1,167
Net Loss from Discontinued Operations	-	-	-	(442)
Net Income attributable to CIBL, Inc.	<u>\$ 546</u>	<u>\$ 443</u>	<u>\$ 1,738</u>	<u>\$ 725</u>
Weighted average share outstanding	25,065.99	25,115.00	25,094.30	25,115.00
Net income (loss) per share attributable to CIBL:				
Continuing Operations	\$ 21.78	\$ 17.64	\$ 69.26	\$ 46.47
Discontinued Operations	-	-	-	(17.60)
	<u>\$ 21.78</u>	<u>\$ 17.64</u>	<u>\$ 69.26</u>	<u>\$ 28.87</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	-	1,738		1,738	2,174	3,912
Distributions to noncontrolling interest					(1,380)	(1,380)
Purchase of treasury stock	-		(51)	(51)	-	(51)
Balance at September 30, 2011	<u>\$ 3,862</u>	<u>\$ 2,422</u>	<u>\$ (51)</u>	<u>\$ 6,233</u>	<u>\$ 4,717</u>	<u>\$ 10,950</u>

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Nine Months Ended September 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income attributable to CIBL, Inc.	\$ 1,738	\$ 725
Adjustments to reconcile net income to cash provided by operating activities:		
Noncontrolling interest	2,174	1,547
Net loss of discontinued operation	-	442
Equity in earnings of affiliated companies	(5,169)	(3,633)
Distributions from affiliated companies	3,300	1,833
Changes in operating assets and liabilities		
Other current assets	(5)	(2)
Due from and to affiliated entities	5	5
Accounts payable, accrued expenses and other	545	33
Cash used by discontinued operations	-	(126)
Net Cash Provided by Operating Activities	2,588	824
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investing activities of discontinued operations	-	(95)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of Giant LLC, net of cash	-	2,007
Purchase of treasury stock	(51)	-
Cash distributed to noncontrolling partner	(1,380)	(898)
Net Cash Provided by (used in) Financing Activities	(1,431)	1,109
Net Change in Cash and Cash Equivalents	1,157	1,838
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	309	58
End of period	\$ 1,466	\$ 1,896
Cash income taxes paid	\$ 600	\$ 943

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 wireless broadband 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 nine month periods ended September 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 nine month period ended September 30, 2010 is as follows:

Revenue	\$ 613
Operating costs	508
Depreciation	210
Total costs	<u>718</u>
Loss before income tax	(105)
Income tax benefit	41
	<u>(64)</u>
Loss on sale, net of \$195 tax benefit	<u>(378)</u>
Net loss from Discontinued operations	<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 September 30, is as follows:

	<b>Broadcasting Combined</b>	
	Sept. 30, 2011	Sept. 30, 2010
Current assets	\$ 6,411	\$ 4,971
Property, plant and equipment, intangibles and other	6,923	6,871
Total Assets	<u>\$ 13,334</u>	<u>\$ 11,842</u>
Current liabilities	\$ 3,684	\$ 3,789
Long term liabilities	14,612	14,955
Equity	(4,962)	(6,902)
Total Liabilities and Equity	<u>\$ 13,334</u>	<u>\$ 11,842</u>
 <u>Three Months ended:</u>		
Revenues	\$ 2,970	\$ 2,910
Gross profit	1,007	952
Net income	105	72
 <u>Nine Months ended:</u>		
Revenues	\$ 9,431	\$ 9,183
Gross profit	3,393	3,167
Net income	733	588

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 September 30, is as follows:

	<b>Telecommunications Combined</b>	
	Sept. 30, 2011	Sept. 30, 2010
Current assets	\$ 7,552	\$ 7,812
Property, plant and equipment, intangibles and other	29,910	23,052
Total Assets	\$ 37,462	\$ 30,864
Current liabilities	\$ 2,768	\$ 2,274
Long term liabilities	506	437
Equity	34,188	28,153
Total Liabilities and Equity	\$ 37,462	\$ 30,864
<u>Three Months ended:</u>		
Revenues	\$ 16,179	\$ 13,953
Gross profit	9,082	8,152
Net income	4,958	4,153
<u>Nine Months ended:</u>		
Revenues	\$ 47,323	\$ 39,274
Gross profit	27,854	22,657
Net income	15,275	10,797

#### 4. Treasury Stock

The Company's Board of Directors authorized the purchase of up to 500 shares of its common stock. Through September 30, 2011, 85 shares have been purchased at an average investment of \$605 per share.

#### 5. Related Party

Management fee income for the three and nine 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 \$75 for the nine months ended September 30, 2010, prior to the sale of Giant.