

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended March 31, 2012

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

	March 31, 2012 <u>(Unaudited)</u>	December 31, 2011 <u>(Audited)</u>	March 31, 2011 <u>(Unaudited)</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,802	\$ 1,950	\$ 1,236
Prepaid expenses	14	20	14
Prepaid income taxes	-	226	-
Deferred costs	121	-	-
Due from affiliated entities	-	18	-
Total Current Assets	<u>1,937</u>	<u>2,214</u>	<u>1,250</u>
Equity method investments in affiliated entities	12,127	12,258	9,743
Note receivable due from Lynch Paging Corporation	883	922	1,036
Other investments, cost basis	100	100	100
	<u>\$ 15,047</u>	<u>\$ 15,494</u>	<u>\$ 12,129</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 158	\$ 64	\$ 75
Income tax payable	87	-	157
Total Current Liabilities	<u>245</u>	<u>64</u>	<u>232</u>
Cumulative losses in excess of investment in equity method affiliated entity	786	812	890
Deferred income taxes	2,996	2,907	1,959
Commitments and contingencies	-	-	-
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued; 24,949, 24,949 and 25,115 outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	2,396	2,989	1,254
Treasury stock 166, 166 and 0 shares, at cost	<u>(105)</u>	<u>(105)</u>	<u>-</u>
Total CIBL, Inc. Stockholders' Equity	6,153	6,746	5,116
Noncontrolling interest	<u>4,867</u>	<u>4,965</u>	<u>3,932</u>
Total Stockholders' Equity	<u>11,020</u>	<u>11,711</u>	<u>9,048</u>
	<u>\$ 15,047</u>	<u>\$ 15,494</u>	<u>\$ 12,129</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,	
	2012	2011
<b>INCOME</b>		
Management fee revenue	\$ 43	\$ 43
<b>EXPENSES</b>		
Management fees	50	50
Operating costs	<u>60</u>	<u>57</u>
Total Expenses	<u>110</u>	<u>107</u>
Operating Loss	<u>(67)</u>	<u>(64)</u>
<b>OTHER INCOME</b>		
Investment income	11	13
Equity in earnings of affiliated companies	<u>1,894</u>	<u>1,698</u>
Total Other Income	<u>1,905</u>	<u>1,711</u>
Net Income before income taxes	1,838	1,647
Income tax expense	<u>(416)</u>	<u>(366)</u>
Net Income	1,422	1,281
Non-controlling interest	<u>(768)</u>	<u>(711)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 654</u>	<u>\$ 570</u>
Weighted average share outstanding	24,949	25,115
Net income (loss) per share attributable to CIBL	\$ 26.21	\$ 22.70

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

## Condensed Consolidated Statement of Changes in Stockholders' Equity

(Unaudited)

(In Thousands)

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>CIBL, Inc. Total</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
Balance at December 31, 2011	\$ 3,862	\$ 2,989	\$ (105)	\$ 6,746	\$ 4,965	\$ 11,711
Net income	-	654		654	768	1,422
Distributions to non-controlling interest	-	-		0	(866)	(866)
Dividends to stockholders	-	(1,247)		(1,247)		(1,247)
Balance at March 31, 2012	<u>\$ 3,862</u>	<u>\$ 2,396</u>	<u>\$ (105)</u>	<u>\$ 6,153</u>	<u>\$ 4,867</u>	<u>\$ 11,020</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,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income attributable to CIBL, Inc.	\$ 654	\$ 570
Non-controlling interest	768	711
Net Income	<u>1,422</u>	<u>1,281</u>
Adjustments to reconcile net income to cash provided by operating activities:		
Equity in earnings of affiliated companies	(1,894)	(1,698)
Distributions from affiliated companies	2,000	1,667
Changes in operating assets and liabilities		
Deferred expenses	(121)	-
Other current assets	6	7
Due from and to affiliated entities	18	5
Accounts payable, accrued expenses and other	534	367
Net Cash Provided by Operating Activities	<u>1,965</u>	<u>1,629</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to stockholders	(1,247)	-
Cash distributed to noncontrolling partner	<u>(866)</u>	<u>(702)</u>
	<u>(2,113)</u>	<u>(702)</u>
Net Change in Cash and Cash Equivalents	(148)	927
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	<u>1,950</u>	<u>309</u>
End of period	<u>\$ 1,802</u>	<u>\$ 1,236</u>
Cash income taxes paid	<u>\$ 14</u>	<u>\$ -</u>

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 and broadcasting. 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 non-controlling 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, 2011. 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, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. 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.

On January 11, 2012, the Company paid a dividend to stockholders of record on January 3, 2012, of \$1,247 or \$50 per share.

#### **2. 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:

	<b>Broadcasting Combined</b>	
	March 31, 2012	March 31, 2011
Current assets	\$ 7,094	\$ 6,010
Property, plant and equipment, intangibles and other	6,086	6,537
Total Assets	\$ 13,180	\$ 12,547
Current liabilities	\$ 3,465	\$ 3,494
Long term liabilities	13,422	14,470
Equity	(3,707)	(5,417)
Total Liabilities and Equity	\$ 13,180	\$ 12,547
 <u>Three Months ended:</u>		
Revenues	\$ 3,428	\$ 3,159
Gross profit	2,335	1,094
Net income	228	278

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, 2012	March 31, 2011
Current assets	\$ 10,292	\$ 5,006
Property, plant and equipment, intangibles and other	28,264	27,042
Total Assets	\$ 38,556	\$ 32,048
Current liabilities	\$ 2,809	\$ 2,767
Long term liabilities	553	469
Equity	35,194	28,812
Total Liabilities and Equity	\$ 38,556	\$ 32,048
 <u>Three Months ended:</u>		
Revenues	\$ 17,185	\$ 15,106
Gross profit	9,877	9,256
Net income	5,461	4,999

## 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.

## 6. Subsequent Event

On May 9, 2012, based on shareholder approval, the Company sold its minority interest in RSA #3 and RSA #5 to Verizon Wireless for \$30 million, plus working capital adjustments of \$2 million.