

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended June 30, 2012

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

	June 30, 2012 <u>(Unaudited)</u>	December 31, 2011 <u>(Audited)</u>	June 30, 2011 <u>(Unaudited)</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 32,975	\$ 1,950	\$ 886
Prepaid expenses	7	20	7
Prepaid income taxes	-	226	57
Due from affiliated entities	<u>525</u>	<u>18</u>	<u>-</u>
Total Current Assets	33,507	2,214	950
Equity method investments in affiliated entities	287	12,258	11,082
Note receivable due from LICT Corporation	692	922	999
Other investments, cost basis	<u>100</u>	<u>100</u>	<u>100</u>
	<u>\$ 34,586</u>	<u>\$ 15,494</u>	<u>\$ 13,131</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 96	\$ 64	\$ 90
Income tax payable	<u>11,166</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	11,262	64	90
Cumulative losses in excess of investment in equity method affiliated entity	730	812	852
Deferred income taxes	1,538	2,907	1,959
Commitments and contingencies	-	-	-
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued; 24,838, 24,949 and 25,115 outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	17,386	2,989	1,876
Treasury stock 277, 166 and 0 shares, at cost	<u>(192)</u>	<u>(105)</u>	<u>(24)</u>
Total CIBL, Inc. Stockholders' Equity	21,056	6,746	5,714
Noncontrolling interest	<u>-</u>	<u>4,965</u>	<u>4,516</u>
Total Stockholders' Equity	<u>21,056</u>	<u>11,711</u>	<u>10,230</u>
	<u>\$ 34,586</u>	<u>\$ 15,494</u>	<u>\$ 13,131</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,	
	2012	2011	2012	2011
<b>INCOME</b>				
Management fee revenue	\$ 42	\$ 42	\$ 85	\$ 85
<b>EXPENSES</b>				
Management fees	50	50	100	100
Operating costs	<u>75</u>	<u>52</u>	<u>135</u>	<u>109</u>
Total Expenses	<u>125</u>	<u>102</u>	<u>235</u>	<u>209</u>
Operating Loss	<u>(83)</u>	<u>(60)</u>	<u>(150)</u>	<u>(124)</u>
<b>OTHER INCOME</b>				
Investment income	21	25	32	38
Equity in earnings of affiliated companies	1,110	1,811	3,004	3,509
Pre-tax gain on sale of New Mexico RSAs	<u>24,093</u>	<u>-</u>	<u>24,093</u>	<u>-</u>
Total Other Income	<u>25,224</u>	<u>1,836</u>	<u>27,129</u>	<u>3,547</u>
Net Income before income taxes	25,141	1,776	26,979	3,423
Income tax expense	<u>(9,723)</u>	<u>(398)</u>	<u>(10,139)</u>	<u>(764)</u>
Net Income	15,418	1,378	16,840	2,659
Non-controlling interest	<u>(428)</u>	<u>(756)</u>	<u>(1,196)</u>	<u>(1,467)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 14,990</u>	<u>\$ 622</u>	<u>\$ 15,644</u>	<u>\$ 1,192</u>
Weighted average share outstanding	24,894.11	25,102.45	24,921.55	25,108.66
Net income (loss) per share attributable to CIBL	\$ 602.15	\$ 24.78	\$ 627.73	\$ 47.47
Gain on sale of New Mexico RSAs	<u>587.37</u>	<u>-</u>	<u>587.37</u>	<u>-</u>
Income per share excluding gain	<u>\$ 14.78</u>	<u>\$ 24.78</u>	<u>\$ 40.36</u>	<u>\$ 47.47</u>

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	-	15,644	-	15,644	1,196	16,840
Distributions to non-controlling interest	-	-	-	0	(866)	(866)
Purchase of treasury stock	-	-	(87)	(87)	-	(87)
Dividends to stockholders	-	(1,247)	-	(1,247)	-	(1,247)
Sale Of New Mexico RSAs	-	-	-	0	(5,295)	(5,295)
Balance at March 31, 2012	<u>\$ 3,862</u>	<u>\$ 17,386</u>	<u>\$ (192)</u>	<u>\$ 21,056</u>	<u>\$ -</u>	<u>\$ 21,056</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Six Months Ended June 30,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income attributable to CIBL, Inc.	\$ 15,644	\$ 1,192
Non-controlling interest	1,196	1,467
Net Income	16,840	2,659
Adjustments to reconcile net income to cash provided by operating activities:		
Equity in earnings of affiliated companies	(3,004)	(3,509)
Distributions from affiliated companies	2,000	2,100
Gain on sale of New Mexico RSAs	(24,093)	-
Changes in operating assets and liabilities		
Other current assets	13	14
Due from and to affiliated entities	(507)	5
Income tax payable	11,392	-
Accounts payable, accrued expenses and other	(1,090)	206
Net Cash Provided by Operating Activities	1,551	1,475
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of RSAs	31,674	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to stockholders	(1,247)	-
Purchase of treasury stock	(87)	(24)
Cash distributed to noncontrolling partner	(866)	(874)
	(2,200)	(898)
Net Change in Cash and Cash Equivalents	31,025	577
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	1,950	309
End of period	\$ 32,975	\$ 886
Cash income taxes paid	\$ 39	\$ 598

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, until the sale of the RSAs (see note 2) and broadcasting. The Company consolidated its 51% ownership of Wescel Cellular of New Mexico, L.P., whose sole assets include 25% and 33% interests in RSA #3 and RSA #5, respectively, and its 100% ownership in Wescel Cellular Inc II, whose sole asset was a 8.3% interest in RSA #3. Earnings from the RSAs were 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).

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 and six month periods ended June 30, 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. Sale of New Mexico RSAs**

On May 9, 2012, CIBL sold its interest in its telecommunications properties, both New Mexico RSA #3 and RSA #5 to Verizon Wireless for \$30 million, plus working capital adjustments totaling \$2.0 million, resulting in a pre-tax gain of \$24,093,000.

#### **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 and six months ended June 30, is as follows:

	<b>Broadcasting Combined</b>	
	June 30, 2012	June 30, 2011
Current assets	\$ 6,918	\$ 5,857
Property, plant and equipment, intangibles and other	6,116	6,833
Total Assets	\$ 13,034	\$ 12,690
Current liabilities	\$ 3,330	\$ 2,837
Long term liabilities	13,070	14,920
Equity	(3,366)	(5,067)
Total Liabilities and Equity	\$ 13,034	\$ 12,690
 <u>Three Months ended:</u>		
Revenues	\$ 3,726	\$ 3,302
Gross profit	1,337	1,291
Net income	341	350
 <u>Six Months ended:</u>		
Revenues	\$ 7,154	\$ 6,462
Gross profit	2,431	2,385
Net income	569	628

#### 4. **Related Party**

Management fee income for the three and six 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. In conjunction with the sale of the New Mexico RSAs, independent parties negotiated a fee of \$150 as compensation for LICT personnel in planning, structuring and negotiating the sale of the RSAs. The promissory note was reduced in lieu of a cash payment for the transaction fee.