

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended September 30, 2012

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

	September 30, 2012 <u>(Unaudited)</u>	December 31, 2011 <u>(Audited)</u>	September 30, 2011 <u>(Unaudited)</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 26,241	\$ 1,950	\$ 1,466
Prepaid expenses	-	20	26
Prepaid income taxes	-	226	200
Due from affiliated entities	<u>-</u>	<u>18</u>	<u>-</u>
Total Current Assets	26,241	2,214	1,692
Equity method investments in affiliated entities	519	12,258	11,535
Note receivable due from LICT Corporation	651	922	961
Other investments, cost basis	<u>100</u>	<u>100</u>	<u>100</u>
	<u>\$ 27,511</u>	<u>\$ 15,494</u>	<u>\$ 14,288</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 80	\$ 64	\$ 43
Income tax payable	<u>4,140</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	4,220	64	43
Cumulative losses in excess of investment in equity method affiliated entity	603	812	845
Deferred income taxes	1,659	2,907	2,450
Commitments and contingencies	-	-	-
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued; 24,573, 24,949 and 25,030 outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	17,571	2,989	2,422
Treasury stock 542, 166 and 85 shares, at cost	<u>(404)</u>	<u>(105)</u>	<u>(51)</u>
Total CIBL, Inc. Stockholders' Equity	21,029	6,746	6,233
Non-controlling interest	<u>-</u>	<u>4,965</u>	<u>4,717</u>
Total Stockholders' Equity	<u>21,029</u>	<u>11,711</u>	<u>10,950</u>
	<u>\$ 27,511</u>	<u>\$ 15,494</u>	<u>\$ 14,288</u>

*See notes to Condensed Consolidated Financial Statements*

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
<b>INCOME</b>				
Management fee revenue	\$ 43	\$ 42	\$ 128	\$ 127
<b>EXPENSES</b>				
Management fees	50	50	150	150
Operating costs	79	56	214	165
Total Expenses	129	106	364	315
Operating Loss	(86)	(64)	(236)	(188)
<b>OTHER INCOME</b>				
Investment income	12	11	44	49
Equity in earnings of affiliated companies	359	1,660	3,363	5,169
Pre-tax gain on sale of New Mexico RSAs	-	-	24,093	-
Total Other Income	371	1,671	27,500	5,218
Net Income before income taxes	285	1,607	27,264	5,030
Income tax expense	(100)	(354)	(10,239)	(1,118)
Net Income	185	1,253	17,025	3,912
Non-controlling interest	-	(707)	(1,196)	(2,174)
Net Income attributable to CIBL, Inc.	\$ 185	\$ 546	\$ 15,829	\$ 1,738
Weighted average share outstanding	24,722.78	25,065.99	24,854.81	25,094.30
Net income (loss) per share attributable to CIBL	\$ 7.48	\$ 21.78	\$ 636.86	\$ 69.26
Gain on sale of New Mexico RSAs	-	-	591.44	-
Income per share excluding gain	\$ 7.48	\$ 21.78	\$ 45.42	\$ 69.26

*See notes to Condensed Consolidated 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>Non-controlling Interest</u>	<u>Total Equity</u>
Balance at December 31, 2011	\$ 3,862	\$ 2,989	\$ (105)	\$ 6,746	\$ 4,965	\$ 11,711
Net income	-	15,829	-	15,829	1,196	17,025
Distributions to non-controlling interest	-	-	-	0	(866)	(866)
Purchase of treasury stock	-	-	(299)	(299)	-	(299)
Dividends to stockholders	-	(1,247)	-	(1,247)	-	(1,247)
Sale of New Mexico RSAs	-	-	-	0	(5,295)	(5,295)
Balance at September 31, 2012	<u>\$ 3,862</u>	<u>\$ 17,571</u>	<u>\$ (404)</u>	<u>\$ 21,029</u>	<u>\$ -</u>	<u>\$ 21,029</u>

*See notes to Condensed Consolidated Financial Statements*

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Nine Months Ended September 30,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income attributable to CIBL, Inc.	\$ 15,829	\$ 1,738
Non-controlling interest	1,196	2,174
Net Income	17,025	3,912
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Equity in earnings of affiliated companies	(3,363)	(5,169)
Distributions from affiliated companies	2,000	3,300
Gain on sale of New Mexico RSAs	(24,093)	-
Changes in operating assets and liabilities		
Other current assets	20	(5)
Due from and to affiliated entities	18	5
Income tax payable	4,366	-
Accounts payable, accrued expenses and other	(944)	545
Net Cash (Used in) Provided by Operating Activities	(4,971)	2,588
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of New Mexico RSAs	31,674	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to stockholders	(1,247)	-
Purchase of treasury stock	(299)	(51)
Cash distributed to non-controlling interest	(866)	(1,380)
Net Cash Used in Financing Activities	(2,412)	(1,431)
Net Change in Cash and Cash Equivalents	24,291	1,157
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	1,950	309
End of period	\$ 26,241	\$ 1,466
Cash income taxes paid	\$ 7,073	\$ 600

*See notes to Condensed Consolidated 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 nine month periods ended September 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 nine months ended September 30, is as follows:

	<b>Broadcasting Combined</b>	
	Sept. 30, 2012	Sept. 30, 2011
Current assets	\$ 8,778	\$ 6,411
Property, plant and equipment, intangibles and other	6,335	6,923
Total Assets	\$ 15,113	\$ 13,334
Current liabilities	\$ 4,466	\$ 3,684
Long term liabilities	12,919	14,612
Equity	(2,272)	(4,962)
Total Liabilities and Equity	\$ 15,113	\$ 13,334
 <u>Three Months ended:</u>		
Revenues	\$ 4,720	\$ 2,970
Gross profit	2,127	1,007
Net income	1,094	105
 <u>Nine Months ended:</u>		
Revenues	\$ 11,874	\$ 9,431
Gross profit	4,557	3,393
Net income	1,663	733

#### 4. Treasury Stock

The Company's Board of Directors authorized the purchase of up to 1,000 shares of its common stock, including 500 shares authorized by the Board of Directors in August 2012. Through September 30, 2012, 542 shares have been purchased at an average investment of \$745 per share, including 376 shares purchased in 2012 at an average investment of \$794 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. In conjunction with the sale of the New Mexico RSAs, independent parties negotiated a fee of \$150, payable to LICT, 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.

#### 6. Subsequent events

On November 13, 2012, the Board of Directors authorized a modified "Dutch Auction" tender offer to purchase for cash up to 7,000 shares of its outstanding common stock, at a price per share of not less than \$820 nor greater than \$860, for a minimum aggregate purchase price of \$5,740,000 and a maximum aggregate purchase price of \$6,020,000, excluding expenses of the offer.

On November 20, 2012, in a private placement, CIBL purchased 80,000 Shares of ICTC Group Inc. (“ICTC”) Class A common stock at a purchase price of \$22.00 per share, for a total purchase price of \$1,760,000. ICTC, through its subsidiaries, provide regulated telephone service and broadband data services to certain rural communities in southeastern North Dakota. These shares constitute 20% of the issued and outstanding shares of ICTC. In addition on that date, CIBL commenced a tender offer to purchase from the current shareholders of ICTC an additional 80,000 shares of Class A common stock at a purchase price of \$22.25 per share, for a total purchase price of \$1,780,000, if all 80,000 shares are acquired. Assuming the consummation of a fully-subscribed Offer, CIBL will own 160,000 shares of ICTC, representing approximately 40% of the issued and outstanding shares. CIBL also intends to acquire majority voting control of ICTC by entering into a voting trust agreement with certain stockholders controlled directly or indirectly by Mario J. Gabelli, a Director of CIBL, who own, as of November 20, 2012, approximately 22% of the issued and outstanding Shares.

Also in November 2012, CIBL received a \$1 million cash distribution from one of its Affiliated Investments, Capital Communications Inc.