DESCRIPTION OF BUSINESS

Introduction

CIBL, Inc. ("CIBL" or the "Company") primarily consists less than 50% owned investments in a two network affiliated television broadcasters and a broadband and voice service provider. CIBL trades on the Pink Sheets under the symbol CIBY. The Company owns 20% equity interest in Coronet Communications Inc. which operates Station WHBF-TV, a CBS network affiliate which serves the "Quad Cities" market of Rock Island and Moline, Illinois, and Davenport and Bettendorf, Iowa; and in 49% equity interest in Capital Communications Corporation which operates Station WOI-TV, an ABC network affiliate which serves the Ames/Des Moines, Iowa market. During 2012, the acquired a 40% equity interest in ICTC Group Inc., who through subsidiaries provides regulated and non-regulated broadband and voice services to certain areas in southeastern North Dakota. In addition, CIBL owns 10,000 shares of common stock of Solix, Inc. ("Solix"), formerly NECA Services, Inc., an outsourcing firm that provides, among other services, billing and collection services to the telecommunications industry. Finally, CIBL holds a promissory note due from a subsidiary of LICT.

On May 9, 2012, CIBL completed the sale of two non-controlling interests in entities that provide cellular data and voice service in two rural service areas (referred to as "RSAs") in New Mexico for a gross proceeds on $32 million.

On December 18, 2012, CIBL completed a modified Dutch Auction tender offer for its common shares in which it acquired 2,460 shares, 10% of the then outstanding shares, for $860 per share, or a total of $2.1 million. The offer had commenced on November 14, 2012, and was to purchase up to 7,000 shares of its outstanding common stock at a price per share of not less than $820.00 nor greater than $860.00.

On November 21, 2012, CIBL acquired 80,000 of ICTC Group Inc. ("ICTC") Class A Common Stock from ICTC for $1.76 million or $22.00 per share. ICTC has only one class on common shares outstanding but only 5% of those share are able to be traded on the Pink Sheets under the symbol ICTG. On December 26, 2012, CIBL completed a modified Dutch Auction tender offer to ICTC's shareholders for additional shares of Class A Common Stock of ICTC in which it acquired 81,552 shares for $1.8 million, or $22.25 per share. The offer commenced November 21, 2012, to purchase up to 80,000 shares but CIBL had the right to accept for purchase up to an additional 2% of the ICTC's outstanding shares. Accordingly, CIBL currently owns 161,552, or 39.9% of ICTC's total Class A Common Stock outstanding of 404,426.

The Company was originally spun off by LICT Corporation ("LICT") on November 19, 2007 and consisted of Giant Communications, LLC ("Giant"), which owns and operates cable television systems in northeast Kansas, and other non-controlling investments described above. On May 20, 2010, CIBL sold Giant to LICT for $2.1 million.

Television Broadcasting

Station WHBF-TV. WHBF is a CBS network affiliate serving the "Quad Cities" market of Rock Island-Moline, IL and Davenport-Bettendorf, IA. WHBF is owned by Coronet Communications Company ("Coronet"), a general partnership. Lynch Entertainment, LLC ("Lynch Entertainment I"), a wholly-owned subsidiary of CIBL, and Lombardo Communications, Inc are the general partners of Coronet. Lynch Entertainment I has a 20% interest in Coronet and upon the sale of the station, is entitled to an additional 5% of the sales proceeds. Lombardo Communications, Inc. has the remaining interest.

For the years ended December 31, 2012, and 2011, CIBL equity of Coronets earnings was $460,000 and $110,000, respectively. At December 31, 2012 and 2011, the book value on CIBL's investment in Coronet was a negative $352,000 and a negative $812,000, respectively. During the years ended December 31, 2012 and 2011 CIBL received management fees from Coronet of $100,000 each year. Lynch Entertainment I has guaranteed $3.75 million of debt under Coronet's debt facility, at December 31, 2012, Coronet has $7.9 million outstanding under this facility.

Station WOI-TV. WOI, an ABC network affiliate serving the Des Moines-Ames, IA market, is owned by Capital Communications Company Inc,("Capital"). Lynch Entertainment Corporation II ("Lynch Entertainment II"), a wholly-owned subsidiary of CIBL, owns 49% of the outstanding common shares of Capital and convertible preferred stock which, when converted, would bring LEC-II's common share ownership to 50%. Lombardo Communications, Inc. II, has the remaining share interest in Capital.

For the years ended December 31, 2012, and 2011, CIBL equity of Capital earnings was $791,000 and $209,000, respectively. At December 31, 2012 and 2011, the book value on CIBL's investment in Capital was a $0 and a $209,000, respectively. During the years ended December 31, 2012 and 2011 CIBL received management fees from Capital of $70,000 each year. In November 2012, Lynch Entertainment II received a $1,000,000 cash distribution from Capital.

Operations. WHBF-TV and WOI-TV became full power high-definition television stations as of July 2005. The stations have now converted to exclusively digital broadcasting, and in connection with the FCC's nationwide conversion of television broadcasting to digital format on June 12, 2009, the stations relinquished their analog licenses.

Revenues of a local television station depend to some extent upon its relationship with an affiliated television network. In general, the network affiliation contracts of WHBF-TV and WOI-TV with CBS and ABC, respectively, provide that the network will offer to the affiliated station the programs the network generates, and the affiliated station will transmit a number of hours of network programming each month. The programs transmitted by the affiliated station generally include advertising originated by the network, for which the network is compensated by its advertising customers. The affiliate is permitted to sell advertising spots preceding, following, and sometimes during network programs, for which the station is compensated by its advertising customers.

The affiliation contract has historically provided that the network will pay to the affiliated station an amount which is determined by negotiation, based upon the market size and rating of the affiliated station. Recently, however, the networks have begun to charge affiliated stations for certain programming.

A network affiliation is important to a local station because network programs, in general, have higher viewer ratings than non-network programs and help to establish a solid audience base and acceptance within the market for the local station. Because network programming often enhances a station's audience ratings, a network--affiliated station is often able to charge higher prices for its own advertising time. In addition to revenues derived from broadcasting network programs, local television stations derive revenues from the sale of advertising time for spot advertisements, which vary from 10 seconds to 120 seconds in length, and from the sale of program sponsorship to national and local advertisers. Advertising contracts are generally short in duration and may be canceled upon two weeks' notice. WHBF-TV and WOI-TV are represented by a national firm for the sale of spot advertising to national customers, and also have local sales personnel covering the service area in which each is located. National representatives are compensated by a commission based on net advertising revenues from national customers. In addition, WHBF-TV and WOI-TV receive retransmission revenues from CATV and satellite providers for the right to transmit the Stations' programming to their customers. These revenues are shared with the respective network as part of their affiliation agreement.

Competition. WHBF-TV and WOI-TV compete for advertising revenues with other local television and radio stations, cable television providers, and other advertising media, such as newspapers, magazines, billboards, direct mail, and, increasingly, the Internet. Generally, television stations such as WHBF-TV and WOI-TV do not compete with stations in other markets.

Cable television systems retransmit programming originated by broadcasters and provide additional programming that is not originated on, or transmitted from, conventional broadcasting stations (e.g., cable channels such as CNN, ESPN, and HBO). Direct broadcast service providers such as DirecTV and Dish use satellites to provide multichannel video services and have grown significantly in recent years, especially in rural areas. In addition, some alternative media operators provide, for a fee or on a subscription basis, programming that is not a part of regular television service. Additional program services are provided by low- power television stations as well. Moreover, an increasing number of people view video programming over the Internet.

Federal Regulation. Rules and policies of the FCC and other federal agencies regulate certain programming practices and other areas affecting the business and operations of television broadcast stations, including but not limited to requirements to carry a certain amount of children's programming, programming that satisfies the needs and interests of local audiences, equal employment opportunity requirements, and enforcement of broadcast indecency rules.

The Communications Act and/or the FCC's rules, among other things, (i) prohibit the assignment of a broadcast license or the transfer of control of a corporation holding a license without the prior approval of the FCC; (ii) with certain exceptions, restrict the common ownership of a radio or television station and a daily newspaper in the same market; (iii) restrict the number of television stations in which an entity may have an attributable interest in any given market; (iv) impose limits on the aggregate number of radio and television stations in which an entity may have an attributable interest in a given market; and (v) limit foreign ownership of broadcast licenses under certain circumstances. In calculating media ownership interests, CIBL's interests may be aggregated under certain circumstances with certain other interests of Mario J. Gabelli, its Chairman, and certain of his affiliates.

Television licenses are issued for a term of eight years and are customarily renewed for subsequent eight year terms as a matter of course by the FCC with certain limited exceptions. A broadcast television license must be renewed if the FCC finds that: (i) the station has served the public interest, convenience and necessity; (ii) there have been no serious violations by the licensee of the Communications Act or the FCC's rules and regulations; and (iii) there have been no other violations by the licensee of the Communications Act or the FCC's rules and regulations that, taken together, constitute a pattern of abuse. The current licenses for WHBF-TV and WOI-TV expired on December 1, 2005 and February 1, 2006, respectively. License renewal applications were filed with the FCC on a timely basis and remain pending. Under the FCC's rules, the license expiration date is automatically extended pending review and grant of the renewal application. The FCC currently has a long backlog of pending renewal applications. There does not appear to be any reason that these licenses will not be renewed, and CIBL believe that they will be renewed, although of course future actions of the FCC cannot be predicted with complete assurance.

On March 16, 2010, the FCC delivered to a "National Broadband Plan" to Congress. The National Broadband Plan, inter alia, makes recommendations regarding the use of spectrum currently allocated to television broadcasters, including seeking the voluntary surrender of certain portions of the television broadcast spectrum and repacking the currently allocated spectrum to make portions of that spectrum available for other wireless communications services. If some or all of our television stations are required to change frequencies or reduce the amount of spectrum they use, our stations could incur substantial conversion costs, reduction or loss of over-the-air signal coverage or an inability to provide high definition programming and additional program streams, including mobile video services. Prior to implementation of the proposals contained in the National Broadband Plan, further action by the FCC or Congress or both is necessary.

In late February 2012, Congress passed and the President signed legislation that, among other things, grants the FCC authority to conduct auctions of certain spectrum currently used by television broadcasters. The so-called incentive auctions would have two parts. First, the FCC would conduct a reverse auction by which a television broadcaster may volunteer, in return for payment, to relinquish its station's spectrum by surrendering its license; relinquish part of its spectrum and thereafter share spectrum with another station; or modify a UHF channel license to a VHF channel license. Second, the FCC would conduct a forward auction of the relinquished auction to new users. The FCC must complete the reverse auction and the forward auction by September 30, 2022. To accommodate the spectrum reallocation to new users, the FCC may require that television stations that did not participate in the auction modify their transmission facilities. The legislation authorizes the FCC to reimburse stations for reasonable relocation costs up to a total across all stations of $1.75 billion. In addition, the legislation directs the FCC to preserve a station's coverage area and population served, and it prevents the FCC from requiring that a station involuntarily move from the UHF band to the VHF band or from the high VHF band to the low VHF band. The FCC will need to adopt regulations to implement the legislation. We cannot predict the outcome of FCC regulatory action in this regard.

The foregoing does not purport to be a complete summary of the Communications Act, other applicable statutes, or the FCC's rules, regulations or policies. Proposals for additional or revised regulations and requirements are pending before, are being considered by, and may in the future be considered by, Congress and federal regulatory agencies from time to time. The Company cannot predict the effect of any existing or proposed federal legislation, regulations or policies on its business. Also, several of the foregoing matters are now, or may become, the subject of litigation, and the Company cannot predict the outcome of any such litigation or the effect on its business.

Broadband and Voice Services

ICTC operates through two subsidiaries: Inter-Community Telephone Company, LLC ("Inter-Community") and Valley Communications, Inc. ("Valley"). Inter-Community is a rural independent local telephone company ("RLEC") serving communities in southeastern North Dakota providing regulated telephone service. Valley is a competitive local exchange carrier ("CLEC")that provides internet, broadband data and other non-regulated services.

RLEC Operations. The company conducts its RLEC operations through Inter-Community which serves a total of approximately 2,200 access lines, of which approximately 1,500 are residential and 740 are business lines. The Company's headquarters is located in Nome, ND and its service territory covers approximately 1,760 square miles, including the counties of Barnes, Cass, Griggs, Ransom and Steele in southeastern North Dakota. Within this area, Inter-Community has nine exchanges located in the communities of Alice, Buffalo/Wheatland, Dazey, Hannaford, Hope, Nome/Fingal, Page, Sanborn/Rogers, and Tower City. Inter-Community currently employs fourteen people. Inter-Community owns and provides its services over 1,660 miles of copper cable and 269 miles of fiber optic cable, using nine switches located throughout its service territory. In recent years, the company has targeted its capital expenditures to expanding the broadband capacities of its network by deploying more fiber optic cable and increasing its DSL capabilities. These efforts have been successful in increasing the number of its broadband customers. Inter-Community now serves approximately 880 DSL customers. .

Inter-Community offers network transport services to wholesale customers for their use in connecting end users to the interexchange networks of the wholesale customer. These network transport services include special access services, which are primarily DS-1 and DS-3 services, and high speed digital services, which are primarily Ethernet-based services provisioned over fiber and copper facilities. Inter-Community also offers network access enabling long-distance companies to utilize our local network to originate or terminate intrastate and interstate communications. Network switched access charges relate to calls involving more than one company in the provision of telephone service as well as the termination of interexchange private line services. Since toll calls and private line services are generally billed to the customer originating the call or ordering the private line service, a mechanism is required to compensate each company providing services relating to the service. This mechanism is the access charge billed to long-distance companies for the use of our facilities to access the customer. Network switched access compensation is subject to the FCC order, as described below.

Inter-Community generates intrastate access revenue when an intrastate long-distance call involving an interexchange carrier is originated by a customer in one of our exchanges to a customer in another exchange in the same state, or when such a call is terminated to a customer in one of our local exchanges. The company also generates intrastate access revenue when an interexchange carrier orders special access to connect interexchange private line services to its customers. The interexchange carrier pays Inter-Community an intrastate access payment for terminating or originating the call. Inter-Community bills access charges relating to such service through its carrier access billing system and receive the access payment from the interexchange carrier.

Inter-Community generates interstate access revenue when an interstate long-distance call is originated by a customer in one of our exchanges to a customer in another state, or when such a call is terminated to a customer in one of our exchanges. The company also generates interstate access revenue when an interexchange carrier orders special access to connect interexchange private line services to its customers. The company bills interstate access charges in the same manner as it bills intrastate access charges; however, interstate access charges are regulated and approved by the FCC instead of the state regulatory authority.

For interstate services, Inter-Community participates in the National Exchange Carrier Association ("NECA") common line and traffic sensitive tariffs and access revenue pools. The NECA revenue pools are intended to compensate LECs, including RLECs such as Inter-Community, for the costs of facilities furnished in originating and terminating interstate long distance services, including a fair rate-of-return. Inter-Community is compensated for its intrastate costs through billing and keeping intrastate access charge revenues (there is no intrastate access revenue pool). Intrastate access revenues are based on intrastate access rates filed with the North Dakota Public Service Commission (NDPSC).

As described below in "Regulatory Environment," the Universal Service Funding mechanisms are being replaced, effective January 1, 2012, with Connect America Funding (CAF). Prior to 2012, the Universal Service Fund supplemented the amount of local service revenue paid by end users to ensure that basic local service rates for customers in high-cost areas are consistent with rates charged in lower cost areas. The cost of a dial tone in Rural America is about the same as in Urban America. The Universal Service Fund (USF) and its successor, CAF, are funded by monthly fees charged to interexchange carriers and LECs. Until 2012, the Universal Service Fund made payments to us on a monthly basis based upon our cost structure. As a rural telephone service provider our cost of providing the local loop connections to our customers is significantly greater than the national average. For the company's rural service areas, USF payments fluctuated based upon its average cost per loop compared to the national average cost per loop. For example, if the national average cost per loop increased and the company's operating costs (and average cost per loop) remained constant or decreased, the payments the company received from the Universal Service Fund would decline. Conversely, if the national average cost per loop decreased and its operating costs (and average cost per loop) remained constant or increased, the payments it received from the Universal Service Fund would increase. The Company expects 2012 CAF to be equivalent to its 2011 high-cost support. Starting in 2013, its CAF will depend on the resolution of the FCC's proceeding to adopt a CAF cost model and develop CAF Phase II for its operating areas and its right to accept or refuse that funding based on its evaluation of the cost of its obligations associated with the funding.

CLEC Operations. The Company conducts its broadband CLEC services, through Valley, primarily in the Valley City, ND area.. Valley has approximately 1,000 customers and serves them through both wire line and unlicensed wireless facilities.

Regulatory Environment. Broadband Regulation. In November 2011, the Federal Communications Commission ("FCC") ordered significant modifications to Intercarrier Compensation ('ICC') and the Universal Service Fund ("USF"), and deferred further potential reforms to a Further Notice of Proposed Rulemaking ("FNPRM"), on which comments are still being received. Due to the numerous items in the FNPRM impacting rate-of-return carriers, such as Inter-Community Telephone it is not possible to fully predict the impact the FCC's ICC and USF reforms will have on ICTC Group's future revenues at this time. Proposed modifications may have a negative impact on regulated revenues. ICC and USF programs generate, on a combined basis, approximately 60% of the company's revenues.

Inter-Community and Valley are subject to federal and state regulation. Operating telephone companies, like Inter-Community, are regulated by the FCC for interstate telecommunications services and by the North Dakota Public Service Commission ("NDPSC") for intrastate telecommunications services. It is also subject to local government regulation, in some cases, such as regarding the use of local streets and rights of way. The FCC and the state commissions do not regulate all providers that come under their jurisdiction in the same way. Incumbent Local Exchange Carriers ("ILECs") remain more highly regulated than Competitive Local Exchange Carriers ("CLECs"), like Valley, who are also providing telecommunications services. Under North Dakota law, the NDPSC does not regulate telephone companies that serve less than 8,000 access lines.

Issues being addressed by the FCC include making broadband more widely available; interconnection between different types of networks; access and interconnection pricing; internet access and special access regulation; the interrelationship between traditional circuit switched telephone services and newer services that use Internet Protocol ("IP") and other advanced technologies and standards; the treatment of Voice over IP ("VoIP");

National Broadband Plan. On March 16, 2010, the FCC released the National Broadband Plan ("NBP") which was in response to a Congressional mandate contained in the American Recovery and Reinvestment Act of 2009 (the "ARRA"). The purpose of the NBP was not to make any immediate or actual changes in the FCC's existing regulations, but rather to lay out a plan for the FCC's regulatory approach over the coming decade. The basic thrust of the FCC's efforts, as set forth in the NBP, will be to expand the geographic availability and increase the bandwidth capacities provided to users. These efforts have overall goals of making a minimum download speed of 4 Mbps and upload speed of 1 Mbps available to every household and business in the nation, and making 100 Mbps service available to at least 100 million households in the next ten years. One of the measures the FCC intends to accomplish is to shift from Universal Service Fund ("USF") support to the new Connect America Fund ("CAF"). The policy recommendations included guiding principles to foster competition in broadband, telephone, wireless and cable services over the next decade, including recommendations related to USF reform, intercarrier compensation, cable set-top boxes and spectrum reallocation, among others.

FCC Order to Reform Universal Service and Intercarrier Compensation. On October 27, 2011, the FCC adopted an Order and Further Notice of Proposed Rulemaking ("NPRM") on Universal Service and Intercarrier Compensation ("ICC") reform. On November 18, 2011, the FCC released its comprehensive order to modify the nationwide system of universal support and the Intercarrier Compensation system ("The FCC Order"). In the FCC order, the FCC replaced all existing USF for price cap carriers with its CAF. The intent of the CAF is to bring high speed affordable broadband services to all Americans. The FCC Order also fundamentally reforms the ICC system that governs how communications companies bill one another for handling traffic, gradually phasing down these charges. Together, the modifications to the CAF and ICC rules are intended to benefit consumers and promote the goals of the NBP, which called for overhauling these two complex systems to address the modern-day mission of supporting broadband deployment as cost-effectively as possible. In conjunction with the FCC Order, the FCC adopted a Notice of Proposed Rulemaking to deal with related matters, including but not limited to: (i) the actual cost model to be adopted for CAF Phase II funding, (ii) treatment of originating access charges, (iii) modifications to CAF for rate-of-return ILECs, (iv) development of CAF Phase II for mobility, (v) CAF Phase II reverse auction rules, (vi) remote areas funding and (vii) IP to IP interconnection issues. It is not known what decisions will be made on these issues nor how they may impact our Company.

Action in any of these proceedings could have a material impact on the company. It will continue to monitor these matters, participate in them as it deems appropriate, and assess the potential impact on its consolidated financial position and results of operations.

Voice over Internet Protocol. Inter-Community has no wireline competition in its regulated RLEC footprint at the present time. Much more significantly, wireless usage and VoIP are continuing to increase. Inter-Community customers use VOIP over non-regulated DSL lines. Competition from VoIP services could have a substantial detrimental impact on future revenues and create additional uncertainty for the Company. It is not possible to predict the extent to which these complementary or substitutable services might impact the Company's revenues. Because of the rural nature of their operations and related low population densities, Inter-Community is a high cost operation which receives substantial federal and state support. However, it appears that in at least some areas, the regulatory environment for RLEC operations is becoming less supportive than has historically been the case, which may enhance the competitive impact of VoIP. The focus of the NBP on broadband Internet technology may exacerbate this trend. Moreover, VoIP usage is increasing as both a transport facility between switching centers and as a means to serve the end user's voice telephone needs. As a transport facility, it is expected to decrease the overall cost of transport in the long run. The Company is analyzing whether VoIP could be utilized for transport in a cost effective manner.

The interexchange carriers ("IXCs") would like to have access minutes that are transported over VoIP exempted from paying access charges. If the IXCs were exempted from paying access charges on VoIP traffic, it would have a significant detrimental impact to the Company's access charge revenues. While the FCC has initially determined that computer-to-computer VoIP traffic should not be considered a telecommunications service, the FCC has not issued a final decision on this matter and it is not possible to predict the FCC's future actions regarding the transport issue. The FCC has issued several orders dealing with particular aspects of VoIP and it currently is conducting an ongoing, comprehensive proceeding to determine the overall extent to which VoIP should be subject to regulation. VoIP is included in the NPRM and the implementation of the NBP, and it is not possible to predict the timeframe or the results which may occur.

In addition to transport, companies are increasing the use of VoIP in providing voice services to the end user. This VoIP end user traffic is typically low-priced or even free although it requires the use of a broadband service, such as DSL or cable modem. Obviously, however, if the end user purchases the broadband service from a competitor, such as a cable or wireless broadband company, the telephone company loses all revenue associated with the customer switching to VoIP. Of even greater concern is the fact that the Company loses the access revenue associated with intrastate calls that previously were provided through the Company's switched network. It is not possible to determine the potential lost revenue from calls that are handled by VoIP rather than the public switched network. This is very similar to revenue losses due to wireless usage where minutes of use are being removed from the Company's switching platform to the wireless carrier's switch, thus reducing the Company's access revenues.

The company will continue to monitor these matters, participate in them as it deems appropriate, and assess the potential impact on its consolidated financial position and results of operations.

Competitive Developments. In addition to the VoIP competition, competition in the telecommunications industry is increasing across the board. Competition in the Company's wireline telecommunications markets is becoming more significant in the areas closest to larger towns. Inter-Community has historically been a monopoly wireline provider in its respective area for local telephone exchange service, but the regulatory landscape is changing. It now experiences competition from long distance carriers, from cable companies and Internet service providers with respect to Internet access, from cable telephony, and from wireless carriers. Competition is resulting in a continuing loss of access lines and minutes of use, and in the conversion of retail lines to wholesale lines, which negatively affects revenues and margins from those lines. Competition also puts pressure on the prices the company is able to charge for some services, particularly for some non-residential services. The total number of competitors is difficult to estimate since many of the companies do not have a local presence, but instead compete for services via the Internet using VoIP or through wireless operations.

As a result of the 1996 Act, followed by FCC and state regulatory initiatives and judicial decisions aimed at increasing competition, certain telecommunications providers have attempted to bypass local exchange carriers to connect directly with high-volume toll customers. The company does not consider them a significant near-term competitive threat due to the limited number of high-volume customers served by Inter-Community.

Investments. The company holds minority interests (less than 50% owned) in several investments that are described below.

Dakota Carrier Network,LLC. Inter-Community has a 3.43% ownership interest in Dakota Carrier Network, LLC ("DCN"), a statewide telecommunications system comprised primarily of fiber optic facilities and owned by Inter-Community and fourteen other North Dakota RLECs. DCN provides a broad range of services to its RLEC owners and other customers, including data, voice and video transport; Signaling System 7 ("SS-7"); and data storage. DCN is a member of Indatel, a nationwide association of twenty-three statewide fiber networks owned by RLECs within each of the states involved.

Inter-Community's proportionate share of earnings was $000,000 for the year ended December 31, 2012 and $348,000 for the year ended December 31, 2011. Inter-Community's proportionate share the book value of DCN was $0,000,000 at December 31, 2012 as compared to $1,269,000 at December 31, 2011. Inter-Community received $000,000 and $131,000 in cash distributions from DCN in 2012 and 2011, respectively.

Wireless Communications. Inter-Community owns stock in two corporations with minority interests in partnerships that provide wireless cellular telephone service in RSA #3 and RSA #5 in North Dakota. These RSAs cover areas with a total population of approximately 100,000 persons. These RSAs are accounted for on a cost basis. For the years ended December 31, 2012 and 2011, dividends received from these partnerships were $000,000 and $252,000, respectively.

Other Investment

Solix, Inc. CIBL owns 10,000 shares of common stock (or a 1.36% interest) of Solix Inc. Solix is an outsourcing firm that provides, among other things, billing and collection and other business process services to the telecommunications industry. The shares are restricted and there is no public trading market for them.

Promissory Note. At December 31, 2012, CIBL holds a $0.6 million promissory note due from a subsidiary of LICT. The note bears interest at 5%, with interest paid in kind. Management and other service fees and expenses owed by CIBL to LICT are offset against the note on a periodic basis. The note matures in ten years or earlier predicated on the occurrence of certain events. In May 2012, CIBL paid a investment banking fee to LICT of $150,000 as compensation for the efforts of LICT personnel in planning, structuring and negotiating the sale of the RSAs. The fee was paid by reducing the promissory note.

Wireless Communications

Investments in New Mexico RSAs #3 and #5. CIBL owned, through its ownership of Wescel Cellular, Inc. and Wescel Cellular II, Inc., non-controlling interests in two partnerships that provide wireless data and voice service in RSA #3 and RSA #5 CIBL's the interest in the RSAs were sold on May 9, 2012 for a total proceeds of $32 million.

The results of these two partnerships contributed was $1.7 million (through the date of disposition) and $6.7 million to CIBL's pre-tax earnings for the years ended December 31, 2012 and 2011, respectively. At December 31, 2011, the book value of CIBL's investment in these partnerships was $7.1 million. During the years ended December 31, 2012 and 2011, CIBL received cash distributions from the partnerships, net of cash paid to non-controlling interests, from these investments was $1.2 million and $2.6 million, respectively.

Management concluded that a sale of the partnerships would be in the best interest of CIBL's shareholders and on May 8, 2012, the at a Special Meeting of Shareholders, CIBL's shareholders approved the sale of the two partnerships, and the transactions were then closed on May 9, 2012 resulting in a pre-tax gain of $24.1 million.

Employees

CIBL has transitional executive managers performing day-to-day functions and an administrator located in its Reno, NV headquarters office.

Legal Proceedings

None.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with its audited consolidated financial statements and related notes.

RESULTS OF OPERATIONS

Overview

CIBL, Inc.'s (the "Company" or "CIBL") current results of operations through the operating loss line include management fee revenues received from the Company's television broadcasting operations for management services less management fee expense that CIBL pays to LICT Corporation under a management agreement, and certain administrative expenses. Several significant events occurred in 2012:

- On May 9, 2012, CIBL sold its interests in its wireless communications properties in New Mexico RSA #3 and RSA #5 for cash proceeds, net of costs, of $31,805,000.
- In November and December 2012, CIBL acquired an approximately 40% interest in ICTC Group, Inc. ("ICTC"), a broadband/telecommunications company located in North Dakota, for $3,651,000 including related transaction costs.

The majority of the Company's earnings have come from its less than 50% owned investments in operating cellular telephone providers, which were sold May 9, 2012; network-affiliated broadcasters; and broadband/telecommunication providers (ICTC), from November 21, 2012, which are reflected in "Equity in earnings of affiliated entities."

Through a wholly-owned subsidiary, CIBL owned a 51% limited partnership interest in Wescel Cellular of New Mexico LP ("Wescel Cellular"). Wescel Cellular owned a 33% limited partnership interest in New Mexico RSA #5 Limited Partnership and a 25% limited partnership interest in New Mexico RSA #3 Limited Partnership, until both interests were sold on May 9, 2012. Because of its 51% ownership, the Company consolidated the results of Wescel Cellular. Accordingly, in the Consolidated Statements of Income, the equity in earnings of affiliated entities includes the full Wescel Cellular share of the earnings of New Mexico RSA # 5 and New Mexico # 3, of 33% and 25% respectively. The earnings associated with the 49% interest of Wescel Cellular that the Company does not own are classified as Non-controlling Interests. Through a wholly-owned subsidiary, the Company owned, until its sale on May 9, 2012, an additional 8.33% limited partnership interest in New Mexico RSA #3.

2012 compared to 2011

The Company's revenues and certain of its expenses are based on contractual management fee arrangements that have remained constant in both years. In addition to the management fees, other operating expenses increased by $36,000 from 2011 to 2012 due to increased professional fees. Accordingly, the Company's operating loss increased by $36,000, from a loss of $283,000 in 2011 to a loss of $319,000 in 2012.

Equity in earnings of affiliates decreased by $2,984,000, or 41.8%, from $7,042,000 in 2011 to $4,058,000 in 2012. The decrease was primarily due to a $3,879,000 decrease in earnings from the Company's investments in its wireless communications interests due to the sale of such interests on May

9, 2012. Partially offsetting such loss, the Company recorded $1,198,000 in equity earnings from its broadcasting affiliates in 2012 compared to $319,000 in 2011. CIBL's share of earnings from Capital Communications Company Inc. ("Capital") were $792,000 for 2012 as compared to $209,000 in 2011. The Company also received a $1 million cash dividend from Capital. This dividend resulted in a negative book balance in the Company's investment in Capital of $90,000. As the Company has no further commitment to fund Capital's business needs, that amount was taken into income. In addition, the Company's share of the income of Coronet Communications Company ("Coronet") increased to $406,000 in 2012, from $110,000 in 2011. Both Capital and Coronet benefited in 2012 from significantly higher political advertising revenue. In addition, in 2012, the Company recorded $17,000 in earnings from its investment in ICTC late in 2012.

Investment income was $60,000 in 2012 compared to $77,000 in 2011. The decrease primarily resulted from lower interest income due to the decreasing balance of the promissory note receivable.

As noted above, during 2012 the Company sold its wireless communications investments. As result of those transactions, the Company recorded a pre-tax gain of $24,057,000.

The Company's effective tax rates for 2012 and 2011 were 34.4% and 24.0%, respectively. The difference between these rates and the federal statutory rate of 35% in 2012 and 34% in 2011 is primarily due to the income attributable to non-controlling interests, which is not included in CIBL's taxable income, offset by the effect of state income taxes. The rate increased significantly in 2012 due to the $24,057,000 gain on the sale of the interest in the New Mexico RSAs which minimized the effect of the non-controlling interests.

Non-controlling interests decreased by $1,697,000 from $2,893,000 in 2011 to $1,196,000 in 2012 due to the sale of the Company's interests in New Mexico RSA #3 and RSA #5 in May 2012.

As a result of the above, net income attributable to CIBL increased by $14,769,000, to $17,074,000 in 2012.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2012, the Company has $16,676,000 in cash and an additional $1,999,000 in short term marketable securities (United States Treasury Bills). Current assets of $18,697,000 exceed current liabilities, of $888,000, by $17,809,000.

CIBL has no debt at the current time but a wholly-owned subsidiary of the Company has guaranteed $3,500,000 of Coronet's debt, which debt comes due on June 15, 2016.

As noted in the Overview section, in May 2012, the Company sold its interest in both RSA #3 and RSA #5 resulting in approximately $21,400,000 in net cash proceeds after deducting cash costs of the sales and associated cash income tax payments.

In November 2012, CIBL acquired 80,000 authorized but previously unissued shares of Class A Common Stock of ICTC Group, for $22 per share. On December 26, 2012, the Company completed a tender offer to ICTC shareholders in which it acquired an additional 81,552 shares for $22.25 per share. Including related transaction costs, this resulted in a $3,651,000 investment.

The Company's Board of Directors has authorized the purchase of up to 1,500 shares of common stock, of which 567 shares have been purchased through December 31, 2012, at an average price of $750 per share, including 401 shares purchased in 2012, at an average price of $798 per share.

In addition, during November 2012, the Company's Board of Directors authorized a modified "Dutch Auction" tender offer to purchase up to 7,000 shares of common stock. In 2012, the Company purchased 2,861 shares at an investment of $880 per share, including 2,460 shares from the Dutch auction, at an average investment of $893 per share.

The Company paid special cash dividends to CIBL shareholders of $1,247,000 in January 2012, or $50 per share.

CIBL has approximately $18,000,000 in liquid assets at the current time. The Board of Directors is considering a number of additional options with the regard to the Company, including but not limited to:

- Acquiring a company or business in a related or unrelated industry, including additional shares of ICTC;
- Maximizing short and long term returns on its portfolio of liquid assets through alternative investments;
- Reacquiring CIBL's outstanding common shares, through open market purchases or another "Dutch Auction";
- Making a cash distribution to CIBL shareholders; or
- Selling CIBL's remaining assets and liquidating the Company.

Among the factors being considered by the Board of Directors in determining the best way to serve shareholders' interests are:

- The current and future federal and state income tax effects of the various alternatives;
- The timing of the cash flow implications;
- The availability and attractiveness of potential acquisition candidates;
- The value of CIBL's remaining assets; and
- Any other factor that could help to maximize shareholder value.

CIBL, Inc. and Subsidiaries

Financial Statements

December 31, 2012 and 2011

O'CONNOR DAVIES

PKF

Independent Auditors' Report

Board of Directors
CIBL, Inc.

We have audited the accompanying financial statements of CIBL, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011 and the related consolidated statements of income, changes in equity, and cash flows for years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 2011 financial statements of Capital Communications Company, Inc. ("Capital"), a 50% owned equity investee, which statements reflect total assets of approximately $6,621,000 and total revenues of approximately $8,158,000 for the year then ended. The Company's investment in Capital was carried at approximately $209,000 at December 31, 2011, and the Company's equity in income of Capital for the year ended December 31, 2011 was approximately $209,000. We also did not audit the 2011 financial statements of Coronet Communications Company (A Partnership) ("Coronet"), a 20% owned equity investee, which statements reflect total assets of approximately $5,705,000 and total revenue of approximately $6,328,000 for the year then ended. The Company's investment in Coronet was carried at approximately negative $812,000 at December 31, 2011, and the Company's equity in the income of Coronet for the year then ended was approximately $110,000. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for the Company's investments in Capital Communications Company, Inc. and Coronet Communications Company (a Partnership), is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CIBL, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies, LLP

Harrison, NY
May 3, 2013

CIBL, Inc. and Subsidiaries

Consolidated Balance Sheets

(In Thousands)

	December 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	$ 16,676	$ 1,950
Short-term investments	1,999	-
Prepaid expenses	22	20
Prepaid income tax	-	226
Due from affiliated entities	-	18
Total Current Assets	18,697	2,214
Note receivable due from an affiliate	608	922
Investments in equity method affiliated entities	3,668	12,258
Other investments, at cost	100	100
	$ 23,073	$ 15,494
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued expenses	$ 235	$ 64
Income tax payable	653	-
Total Current Liabilities	888	64
Deferred income taxes	1,731	2,907
Cumulative losses in excess of investment in equity method affiliated entity	406	812
Total Liabilities	3,025	3,783
Equity		
Common stock, par value $.01, 30,000 shares authorized; 25,115 issued; and 22,088 and 24,949 outstanding	-	-
Contributed capital	3,862	3,862
Retained earnings	18,816	2,989
Treasury stock, 3,027 and 166 shares at cost	(2,630)	(105)
Total CIBL, Inc.'s Stockholders' Equity	20,048	6,746
Non-controlling interest	-	4,965
Total Equity	20,048	11,711
	$ 23,073	$ 15,494

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries

Consolidated Statements of Income

(In Thousands, Except Share and Per Share Data)

	Years Ended December 31, 2012	Years Ended December 31, 2011
Revenue		
Management fee income	$ 170	$ 170
Operating Expenses		
Management fee	200	200
Other operating expenses	289	253
Total Operating Expenses	489	453
Operating Loss	(319)	(283)
Other Income		
Investment income	60	77
Equity in earnings of affiliated entities	4,058	7,042
Gain on sale of New Mexico RSAs	24,057	-
Total Other Income	28,175	7,119
Net Income Before Income Taxes	27,856	6,836
Income tax expense	(9,586)	(1,638)
Net Income	18,270	5,198
Non-controlling interest	(1,196)	(2,893)
Net Income Attributable to CIBL, Inc.'s Stockholders	$ 17,074	$ 2,305
Basic and diluted weighted average shares outstanding	24,703	25,071
Net income per share attributable to CIBL	$ 691.17	$ 91.94

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

(In Thousands, except common shares data)

	CIBL, Inc. Stockholders' Equity							
	Common Shares Outstanding	Common Stock	Contributed Capital	Retained Earnings	Treasury Shares	Total	Non-Controlling Interest	Total Equity
Balance at January 1, 2011	25,115	$ -	$ 3,862	$ 684	$ -	$ 4,546	$ 3,923	$ 8,469
2011								
Net income	-	-	-	2,305	-	2,305	2,893	5,198
Distributions	-	-	-	-	-	-	(1,851)	(1,851)
Purchase of treasury stock	(166)	-	-	-	(105)	(271)	-	(271)
Balance at December 31, 2011	24,949	-	3,862	2,989	(105)	6,580	4,965	11,545
2012								
Net income	-	-	-	17,074	-	17,074	1,196	18,270
Distributions	-	-	-	-	-	-	(866)	(866)
Dividends paid	-	-	-	(1,247)	-	(1,247)	-	(1,247)
Purchase of treasury stock	(2,861)	-	-	-	(2,525)	(2,525)	-	(2,525)
Sale of affiliated entities	-	-	-	-	-	-	(5,295)	(5,295)
Balance at December 31, 2012	22,088	$ -	$ 3,862	$ 18,816	$ (2,630)	$ 19,882	$ -	$ 19,882

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

	Years Ended December 31, 2012	2011
Cash Flows From/(To) Operating Activities		
Net income attributable to CIBL, Inc.'s stockholders	$ 17,074	$ 2,305
Non-controlling interest	1,196	2,893
Net income	18,270	5,198
Adjustments to reconcile net income to net cash from operating activities		
Equity in earnings of affiliated entities	(4,058)	(7,042)
Distributions from affiliated entities	3,000	4,417
Deferred income taxes	(1,176)	947
Gain on sale of affiliated entities	(24,057)	-
Interest income (in-kind)	(36)	(48)
Management fees (in-kind)	200	200
Changes in operating assets and liabilities		
Accounts payable and accrued expenses	171	(47)
Income tax payable/ prepaid income tax	879	(16)
Other	16	(12)
Net Cash from/(to) Operating Activities	(6,791)	3,597
Cash Flows From/(To) Investing Activities		
Proceeds from sale of interest in New Mexico RSAs	31,805	-
Acquisition of interest in ICTC Group, Inc.	(3,651)	-
Acquisition of short-term investments	(1,999)	-
Net Cash from/(to) Investing Activities	26,155	-
Cash Flows To Financing Activities		
Cash distributed to non-controlling interest	(866)	(1,851)
Purchase of treasury stock	(2,525)	(105)
Dividends paid	(1,247)	-
Net Cash to Financing Activities	(4,638)	(1,956)
Net Change in Cash and Cash Equivalents	14,726	1,641
Cash and Cash Equivalents		
Beginning of year	1,950	309
End of year	$ 16,676	$ 1,950
Supplemental Cash Flow Information		
Cash paid for income taxes	$ 9,856	$ 707

See notes to consolidated financial statements

1. Organization

CIBL, Inc. (the "Company" or "CIBL") is engaged in the broadband/ telecommunication and broadcasting businesses. The Company's assets, including those held in wholly owned subsidiaries include:

- 100% ownership of Wescel Cellular Inc. which owns 51% of Wescel Cellular of New Mexico, L.P. whose sole asset, until its sale in May 2012, consisted of a 25% interest in RSA #3 and a 33% interest in RSA #5, which are cellular telephone providers located in New Mexico (see Note 3);
- 100% ownership of Wescel Cellular Inc. II whose sole asset, until its sale in May 2012, consisted of an 8.3% interest in RSA #3 (see Note 3);
- 20% owned equity investment in Coronet Communications Company (A Partnership) ("Coronet"). Coronet operates television station WHBF-TV, a CBS affiliate in Rock Island, Illinois. Upon the sale of the station, CIBL shall be entitled to an additional 5% of the sale of the proceeds;
- 49% common equity interest and its 100% convertible preferred equity interest, which if converted would constitute a 50% ownership interest in Capital Communications Company, Inc. ("Capital"). Capital operates television station WOI-TV, an ABC affiliate in Des Moines, Iowa;
- In November through December 2012, the Company acquired 161,552 shares, or 40% of ICTC Group, Inc. (ICTC), a telecommunications company in North Dakota (see Note 4);
- 1.36% cost method investment in Solix, Inc ("Solix");
- A promissory note due from Lynch Paging Corporation, a subsidiary of LICT Corporation ("LICT"), the company from which CIBL was originally spun off in November 2007.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements include the operations of the Company and its majority owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation. The 49% ownership interest in Wescel Cellular of New Mexico, L.P., not owned by CIBL, through the date of sale of May 9, 2012, is reflected as a non-controlling interest in the accompanying financial statements.

2. Summary of Significant Accounting Policies *(continued)*

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Short-term Investments

The Company considers all highly liquid investments with maturities in excess of three months, and no greater than six months at the date of purchase to be short-term investments. At December 31, 2012, the Company's short-term investments consisted of United States Treasury Bills.

Investments in Affiliated Entities, Equity Basis

The Company accounts for its investments in affiliates in which it does not have majority voting control, but has the ability to significantly influence financial and operating policies, in accordance with the equity method, based upon information in such equity investees financial statements. The Company's equity method investments are discussed and their financial information is summarized in Note 5.

Cost Method Investment

The Company's 1.36% ownership interest in Solix is accounted for using the cost method because the Company does not exercise significant influence over the management of Solix. The carrying value of such investment at December 31, 2012 and 2011 was $100. Solix is an outsourcing firm that provides services such as billing and collection to the telecommunications industry.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently payable and those deferred due to temporary differences between the financial reporting and tax basis of the Company's assets and liabilities using tax rates in effect in the period in which the temporary differences are expected to reverse. The Company establishes valuation allowances relating to deferred tax assets when management concludes that it is more likely than not that the Company will not realize a benefit from the reversal of such temporary differences.

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Company recognizes the effect of income tax positions only when the tax position is more likely than not of being sustained. Management is not aware of any exposure to uncertain tax positions that would require financial statement recognition or disclosure.

Fair Value of Financial Instruments

U.S. GAAP defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. As of and for the years ended December 31, 2012 and 2011 cash equivalents and short-term investments include $18,675 and $1,950 of money market mutual funds and United States Treasury Bills valued using Level 1 inputs (see Note 9).

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 3, 2013.

3. Disposition of Interests in New Mexico RSA 3 and 5

On May 9, 2012, CIBL sold its interest in its telecommunications properties, both New Mexico RSA #3 and RSA #5 to Verizon Wireless for net proceeds of $31,655, resulting in a pre-tax gain of $24,057. The net proceeds and the pre-tax gain include $150 in fees paid to LICT for services incurred in connection with the sale. These fees were not paid for in cash but deducted from CIBL's promissory note from LICT (see Note 6).

4. Acquisition of Interest in ICTC Group, Inc.

On November 21, 2012, CIBL acquired 80,000 authorized, but previously unissued shares of Class A Common Stock of ICTC Group, Inc. for $22 per share. On December 26, 2012, the Company completed a tender offer to ICTC shareholders in which it acquired an additional 81,552 shares for $22.25 per share and legal costs. ICTC is a telecommunications company providing regulated telephone service, internet and other non-regulated services in southeastern North Dakota. CIBL owns approximately 40% and accounts for this investment in accordance with the equity method.

(In Thousands)

5. Equity Method Investments

Equity Method Investment in Coronet Communications Company

The Company has a 20% owned equity investment in Coronet Communications Company (A Partnership). Coronet operates television station WHBF-TV, a CBS affiliate in Rock Island, Illinois, serving the Quad Cities market. Upon the sale of the station, CIBL shall be entitled to an additional 5% of the sale proceeds.

Summarized financial information for the investment in Coronet as of and for the years ended December 31, is as follows:

	2012	2011
Current assets	$ 3,182	$ 1,883
Property, plant and equipment, intangibles and other	4,484	3,822
Total Assets	$ 7,666	$ 5,705
Current liabilities	$ 1,914	$ 1,912
Long-term liabilities	7,781	8,145
Capital deficiency	(2,029)	(4,352)
Total Liabilities and Capital Deficiency	$ 7,666	$ 5,705
Revenues	$ 8,695	$ 6,328
Gross profit	2,671	952
Net income	2,323	551

The equity in earnings of Coronet recognized by CIBL during 2012 and 2011 was $406 and $110. At December 31, 2012 and 2011, the investment in Coronet was carried at a negative $406 and a negative $812, respectively, due to the Company's guarantee of $3,750 of Coronet's debt. Coronet refinanced their debt extending the term to a maturity of June 15, 2016. The debt of Coronet, at December 31, 2012 and 2011, totaled approximately $7,869 and $8,301 and is payable quarterly to a third party lender.

At December 31, 2012 and 2011, the Company has not recorded a liability for the difference between its negative investment and the aforementioned guarantee because, in the opinion of management, it is not probable that the Company will be called upon to perform under the terms of the guarantee.

(In Thousands)

5. Equity Method Investments *(continued)*

Equity Method Investment in Capital Communications Company, Inc.

The Company has a 49% common equity interest and its 100% convertible preferred equity interest, which if converted would constitute a 50% ownership interest in Capital Communications Company, Inc. Capital operates television station WOI-TV, an ABC affiliate in Ames, Iowa serving the Ames/ Des Moines market.

Summarized financial information for the investment in Capital as of and for the years ended December 31, is as follows:

	2012	2011
Current assets	$ 5,578	$ 5,432
Property, plant and equipment, intangibles and other	1,199	1,189
Total Assets	$ 6,777	$ 6,621
Current liabilities	$ 3,123	$ 1,905
Long-term liabilities	3,833	4,299
Equity (Capital Deficiency)	(179)	417
Total Liabilities and Equity (Capital Deficiency)	$ 6,777	$ 6,621
Revenues	$ 11,330	$ 8,158
Gross profit	2,480	1,521
Net income	1,404	1,210

CIBL recorded equity earnings of $792 and $209 in Capital in 2012 and 2011, respectively. The 2012 equity earnings included $247 due to a $1,000 dividend from Capital in December 2012 which would have resulted in a negative balance of that amount. The negative balance was taken into income since the Company has no further commitment to fund Capital's business needs. The investment was carried at zero and $209 at December 31, 2012 and 2011, respectively. The Company's shares in Capital have been pledged as security for Capital's long-term debt; however, the Company has not guaranteed the repayment of such debt.

(In Thousands)

5. Equity Method Investments *(continued)*

Equity Method Investment in ICTC Group, Inc.

Summarized financial information for the investment in ICTC as of and for the year ended December 31, 2012 is as follows:

Current assets	$	2,824
Property, plant and equipment, intangibles and other		7,870
Equity method investment		1,486
Total Assets	$	12,180
Current liabilities	$	588
Long-term liabilities		4,304
Equity		7,288
Total Liabilities and Equity	$	12,180
Revenues	$	4,078
Gross profit		754
Net income		823

The equity in earnings of ICTC during 2012 was $17. At December 31, 2012, the investment in ICTC was carried at $3,668. The Company has allocated the $753 excess of the carrying amount of its investment in and advances to ICTC over the Company's share of ICTC's net book value to intangible assets. The Company will determine if amortization should be recorded starting in 2013. Any difference between the carrying amount of the investment on the Company's balance sheet and the underlying equity is evaluated for impairment at each reporting period.

6. Note Receivable

The Company has a promissory note due from Lynch Paging Corporation, a subsidiary of LICT, with an original amount of $1,500. The note was obtained in connection with the 2007 spin off of the Company from LICT. The note bears interest at 5% with interest to be paid in-kind. The note will mature in ten years or earlier predicated on the occurrence of certain events. Subsequent to the spin-off, management and other service fees and expenses owed by CIBL to LICT are offset against the note on a periodic basis. As of December 31, 2012 and 2011, there was $608 and $922 outstanding on the note receivable and during the years ended December 31, 2012 and 2011, $350 and $200 was offset against the note by LICT (see Note 9). In-kind interest accrued on the note was $36 and $48 in 2012 and 2011, respectively.

(In Thousands)

7. Provision for Income Taxes

The provision for income taxes for the years ended December 31, is summarized as follows:

	2012	2011
Current tax provision		
Federal	$ 10,061	$ 634
State	701	57
	10,762	691
Deferred tax provision		
Federal	(1,540)	880
State	364	67
	(1,176)	947
Total	$ 9,586	$ 1,638

The net deferred tax liability consisted of excess book basis over tax basis on equity method investments of $1,731 and $2,907 at December 31, 2012 and 2011, respectively.

The Company's effective tax rates of 34% in 2012 and 24% in 2011 differ from the federal statutory rate of 35% in 2012 and 34% in 2011 due primarily to state income taxes and the income attributable to the non-controlling interests of $1,196 and $2,893 in 2012 and 2011 which is not included in CIBL's tax return as it flows through to the tax returns of the non-controlling interest.

8. Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and the note receivable. The Company's cash and cash equivalents may at times exceed federally insured amounts.

9. Related Party Transactions (Not Disclosed Elsewhere)

Management fee income aggregating $170 in 2012 and 2011 was received from Capital and Coronet.

LICT provides administrative and management services to CIBL based on a temporary management service agreement. As compensation for these services, LICT receives a fee of $200 per year. In 2012, an additional fee of $150 was paid to LICT for additional management services due to the sale of the New Mexico RSAs.

At December 31, 2012 and 2011, cash and short-term investments of $16,676 and $1,950, respectively is invested in United States Treasury money market funds for which affiliates of one of the Company's Directors serve as investment managers.