

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended September 30, 2009

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

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)	September 30, 2008 (Unaudited)
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 1,340	\$ 1,273	\$ 1,335
Accounts receivable, net of allowance for doubtful accounts of \$37, \$37 and \$11, respectively	90	70	91
Materials and supplies	207	190	371
Prepaid expenses	7	36	15
Prepaid income taxes	120	235	-
Deferred income taxes	17	17	-
Due from affiliated entities	-	5	-
Total Current Assets	1,781	1,826	1,812
Property, plant and equipment, net	2,745	2,436	1,199
Equity method investments in affiliated entities	7,129	6,157	6,535
Note receivable due from Lynch Paging Corporation	1,253	1,355	1,389
Other investments, cost basis	100	100	100
	\$ 13,008	\$ 11,874	\$ 11,035
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 293	\$ 668	\$ 262
Deferred revenue	112	98	98
Due to affiliated entities	89	104	103
Income tax payable	-	-	260
Cumulative losses in excess of investment in equity method affiliated entity	1,133	1,095	1,118
Total Current Liabilities	1,627	1,965	1,841
Deferred income taxes	2,318	2,090	1,582
Minority interest	2,870	2,522	2,675
Commitments and contingencies			
Stockholders' Equity			
Common stock, at par value \$.01, 30,000 shares authorized, 25,115 shares issued and outstanding	-	-	-
Capital contribution	3,862	3,862	3,862
Retained earnings	2,331	1,435	1,075
Total Stockholders' Equity	6,193	5,297	4,937
	\$ 13,008	\$ 11,874	\$ 11,035

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
<b>INCOME</b>				
Revenue	\$ 328	\$ 322	\$ 957	\$ 833
Management fees	<u>43</u>	<u>43</u>	<u>128</u>	<u>128</u>
Total Revenue	371	365	1,085	961
<b>EXPENSES</b>				
Management fees	50	50	150	150
Operating costs	353	254	1,035	768
Depreciation	<u>117</u>	<u>92</u>	<u>334</u>	<u>273</u>
Total Expenses	<u>520</u>	<u>396</u>	<u>1,519</u>	<u>1,191</u>
Operating Loss	<u>(149)</u>	<u>(31)</u>	<u>(434)</u>	<u>(230)</u>
<b>OTHER INCOME</b>				
Investment income	16	22	62	78
Equity in earnings of affiliated companies	<u>1,040</u>	<u>996</u>	<u>3,266</u>	<u>3,207</u>
Total Other Income	<u>1,056</u>	<u>1,018</u>	<u>3,328</u>	<u>3,285</u>
Net Income Before Minority Interest and Income Taxes	907	987	2,894	3,055
Minority interest	(446)	(456)	(1,411)	(1,421)
Income tax expense	<u>(183)</u>	<u>(212)</u>	<u>(587)</u>	<u>(648)</u>
Net Income	<u>\$ 278</u>	<u>\$ 319</u>	<u>\$ 896</u>	<u>\$ 986</u>
Weighted average share outstanding	25,115	25,115	25,115	25,115
Net income per share	<u>\$ 11.07</u>	<u>\$ 12.70</u>	<u>\$ 35.68</u>	<u>\$ 39.26</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statement of Changes in Stockholders' Equity

(Unaudited)

(In Thousands)

	Contributed Capital	Retained Earnings	Total
Balance at January 1, 2009	\$ 3,862	\$ 1,435	\$ 5,297
Net income	<u>-</u>	<u>896</u>	<u>896</u>
Balance at September 30, 2009	<u>\$ 3,862</u>	<u>\$ 2,331</u>	<u>\$ 6,193</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

## Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Nine Months Ended September 30,	
	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 896	\$ 986
Adjustments to reconcile net income to cash provided by operating activities		
Equity in earnings of affiliated companies	(3,266)	(3,207)
Distributions from affiliated companies	2,333	2,650
Minority interest	1,411	1,421
Depreciation	334	273
Changes in operating assets and liabilities		
Accounts receivable	(20)	8
Other current assets	12	(165)
Due from and to affiliated entities	(10)	(15)
Accounts payable, accrued expenses and other	83	354
Net Cash Provided by Operating Activities	<u>1,773</u>	<u>2,305</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(644)</u>	<u>(460)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash distributed to minority partner	<u>(1,062)</u>	<u>(1,157)</u>
Net Change in Cash and Cash Equivalents	67	688
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	<u>1,273</u>	<u>647</u>
End of period	<u>\$ 1,340</u>	<u>\$ 1,335</u>
Cash income taxes paid	<u>\$ 128</u>	<u>\$ 484</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") consists of assets that were distributed to shareholders of its former parent company, LICT Corporation ("LICT") on November 19, 2007 (the "Spin-Off"). The accompanying financial statements include the historical basis of assets and liabilities and the historical results of operations of the Spin-Off business from LICT. All material intercompany transactions and balances have been eliminated. 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 minority 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, 2008. 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, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. Property, Plant and Equipment

Cable television plant is stated at cost. Depreciation is provided over the estimated useful lives of the assets which range from five to forty years. Major classes of plant assets consist of the following:

	September 30, 2009	December 31, 2008	September 30, 2008
Land	\$ 12	\$ 12	\$ 12
Buildings	95	95	97
Machinery and equipment	6,297	5,653	4,677
	6,404	5,760	4,786
Less accumulated depreciation	3,659	3,324	3,588
Total	<u>\$ 2,745</u>	<u>\$ 2,436</u>	<u>\$ 1,198</u>

## 3. Equity Method Investments

Summarized combined financial information for investments in broadcasting companies, owned by Coronet and Capital, accounted for by the equity method as of and for the three and nine months ended September 30, is as follows:

	<b>Broadcasting Combined</b>	
	September 30, 2009	September 30, 2008
Current assets	\$ 4,605	\$ 3,581
Property, plant and equipment, intangibles and other	7,272	7,915
Total Assets	<u>\$ 11,877</u>	<u>\$ 11,495</u>
Current liabilities	\$ 4,136	\$ 3,419
Long term liabilities	15,647	16,040
Partner's / shareowner's deficit	(7,906)	(7,964)
Total Liabilities and Deficit	<u>\$ 11,877</u>	<u>\$ 11,495</u>
 <u>Three Months ended:</u>		
Revenues	\$ 2,640	\$ 2,435
Gross profit	671	281
Net income (loss)	(54)	(587)
 <u>Nine Months ended:</u>		
Revenues	\$ 8,324	\$ 8,348
Gross profit	2,186	1,863
Net loss	(115)	(944)

### 3. Equity Method Investments (continued)

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 and nine months ended September 30, is as follows:

	Telecommunications Combined	
	September 30, 2009	September 30, 2008
Current assets	\$ 10,814	\$ 7,921
Property, plant and equipment, intangibles and other	12,519	13,135
Total Assets	\$ 23,333	\$ 21,056
Current liabilities	\$ 2,050	\$ 1,710
Long term liabilities	185	156
Equity	21,098	19,190
Total Liabilities and Equity	\$ 23,333	\$ 21,056
<u>Three Months ended:</u>		
Revenues	\$ 10,438	\$ 10,871
Gross profit	6,048	6,477
Net income	3,188	3,239
<u>Nine Months ended:</u>		
Revenues	\$ 34,414	\$ 31,580
Gross profit	20,215	19,390
Net income	9,915	10,084

### 4. Commitments

The Company is subject to an operating lease from an affiliate for a building that it occupies. As of September 30, 2009, future minimum rental payments total \$36 including \$5 per year for the next five years.

### 5. Related Party

Management fee income for the three and nine month periods were received from Capital and Coronet, based on management agreements.

CIBL has a temporary management and administrative services agreement with LICT Corporation, its former parent, with a fee for such services at a rate of \$200 per year.

J.B.N. Telephone Company and Giant Communications, Inc, entities affiliated by common ownership, provide the following services to Giant: administrative services, office space and overhead and high-speed bandwidth used in the provision of Giant's Internet service. Charges for services received from such entities approximated \$137 and \$109 during the nine month period ended September 30, 2009 and 2008, respectively. As of September 30, 2009 and December 31, 2008, Giant has a liability to such entities, included in due to affiliated entities in the combined balance sheets, of \$89 and \$21, respectively.