

CIBL, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended September 30, 2010

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

	September 30, 2010 (Unaudited)	December 31, 2009 (Audited)	September 30, 2009 (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,896	\$ 11	\$ 1,246
Prepaid expenses	27	21	-
Income tax receivable	9	86	120
Due from affiliated entities	-	5	-
Total Current Assets	1,932	123	1,366
Equity method investments in affiliated entities	9,541	7,756	7,129
Note receivable due from Lynch Paging Corporation	1,110	1,218	1,253
Net assets of discontinued operations	-	3,069	3,159
Other investments, cost basis	100	100	100
	\$ 12,683	\$ 12,266	\$ 13,007
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	\$ 44	\$ 173	\$ 116
Total Current Liabilities	44	173	116
Cumulative losses in excess of investment in equity method affiliated entity	1,064	1,098	1,133
Deferred income taxes	1,753	2,205	2,318
Net liabilities of discontinued operations		342	377
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	2,143	1,418	2,331
Total CIBL, Inc. Stockholders' Equity	6,005	5,280	6,193
Noncontrolling interest	3,817	3,168	2,870
Total Stockholders' Equity	9,822	8,448	9,063
	\$ 12,683	\$ 12,266	\$ 13,007

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,	
	2010	2009	2010	2009
INCOME				
Management fee revenue	\$ 42	\$ 42	\$ 127	\$ 127
EXPENSES				
Management fees	50	50	150	150
Operating costs	<u>64</u>	<u>68</u>	<u>194</u>	<u>184</u>
Total Expenses	<u>114</u>	<u>118</u>	<u>344</u>	<u>334</u>
Operating Loss	<u>(72)</u>	<u>(76)</u>	<u>(217)</u>	<u>(207)</u>
OTHER INCOME				
Investment income	14	16	56	62
Equity in earnings of affiliated companies	<u>1,381</u>	<u>1,040</u>	<u>3,633</u>	<u>3,266</u>
Total Other Income	<u>1,395</u>	<u>1,056</u>	<u>3,689</u>	<u>3,328</u>
Net Income before income taxes	1,323	980	3,472	3,121
Income tax expense	<u>(289)</u>	<u>(214)</u>	<u>(758)</u>	<u>(677)</u>
Net Income from Continuing Operations	1,034	766	2,714	2,444
Net Loss from Discontinued Operations, including loss on sale	<u>-</u>	<u>(51)</u>	<u>(442)</u>	<u>(137)</u>
Net Income	1,034	715	2,272	2,307
Noncontrolling interest	<u>(591)</u>	<u>(482)</u>	<u>(1,547)</u>	<u>(1,411)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 443</u>	<u>\$ 233</u>	<u>\$ 725</u>	<u>\$ 896</u>
Weighted average share outstanding	25,115	25,115	25,115	25,115
Net income (loss) per share attributable to CIBL:				
Continuing Operations	\$ 17.64	\$ 11.31	\$ 46.47	\$ 41.13
Discontinued Operations	<u>-</u>	<u>(2.03)</u>	<u>(17.60)</u>	<u>(5.45)</u>
	<u>\$ 17.64</u>	<u>\$ 11.31</u>	<u>\$ 28.87</u>	<u>\$ 41.13</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>CIBL, Inc. Total</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
Balance at January 1, 2010	\$ 3,862	\$ 1,418	\$ 5,280	\$ 3,168	\$ 8,448
Net income	-	725	725	1,547	2,272
Distributions to noncontrolling interest	-	-	-	(898)	(898)
Balance at September 30, 2010	<u>\$ 3,862</u>	<u>\$ 2,143</u>	<u>\$ 6,005</u>	<u>\$ 3,817</u>	<u>\$ 9,822</u>

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Nine Months Ended September 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,272	\$ 2,307
Adjustments to reconcile net income to cash provided by operating activities		
Net loss of discontinued operation	442	137
Equity in earnings of affiliated companies	(3,633)	(3,266)
Distributions from affiliated companies	1,833	2,333
Changes in operating assets and liabilities		
Accounts receivable	-	-
Other current assets	(2)	15
Due from and to affiliated entities	5	(10)
Accounts payable, accrued expenses and other	33	614
Cash used by discontinued operations	(126)	(357)
Net Cash Provided by Operating Activities	824	1,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Financing activities of discontinued operations	(95)	(644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of Giant LLC, net of cash	2,007	-
Cash distributed to noncontrolling partner	(898)	(1,062)
Cash effect of	-	-
Net Cash Provided by Financing Activities	1,109	(1,062)
Net Change in Cash and Cash Equivalents	1,838	67
CASH AND CASH EQUIVALENTS		
Beginning of period	58	1,273
End of period	\$ 1,896	\$ 1,340
Cash income taxes paid	\$ 943	\$ 128

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, broadcasting and, until the sale of Giant LLC in May 2010 (see Note 2), cable television business. 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 noncontrolling 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, 2009. 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, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. 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. Sale of Giant LLC

The Company closed the sale of Giant on May 21, 2010, to Giant Inc. a Competitive Local Exchange Carrier located in Holton, Kansas. CIBL received \$2.1 million in cash for Giant, which represents approximately \$80 per share pre-tax for each share of CIBL's common stock outstanding at that time. The sale resulted in a loss of \$573, or \$378 net of income tax.

The ultimate parent entity of Giant Inc. is LICT, the company from which CIBL was originally spun off in November 2007.

Details of the Statement of Operations for the discontinued operations of Giant for the three and nine month periods ended September 30, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenue	\$ --	\$ 322	\$ 613	\$ 957
Operating costs	--	295	508	850
Depreciation	--	111	210	334
Total costs	--	406	718	1,184
Loss before income tax	--	(84)	(105)	(227)
Income tax benefit	--	33	41	90
Loss on sale, net of \$195 tax benefit	--	(51)	(64)	(137)
Net loss from Discontinued operations	\$ --	\$ (51)	\$ (442)	\$ (137)

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:

	Broadcasting Combined	
	Sept. 30, 2010	Sept. 30, 2009
Current assets	\$ 4,971	\$ 4,605
Property, plant and equipment, intangibles and other	6,871	7,272
Total Assets	\$ 11,842	\$ 11,877
Current liabilities	\$ 3,789	\$ 4,136
Long term liabilities	14,955	15,647
Equity	(6,902)	(7,906)
Total Liabilities and Equity	\$ 11,842	\$ 11,877
<u>Three Months ended:</u>		
Revenues	\$ 2,910	\$ 2,640
Gross profit	952	671
Net income	72	(54)
<u>Nine Months ended:</u>		
Revenues	\$ 9,183	\$ 8,324
Gross profit	3,167	2,186
Net income (loss)	588	(115)

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	
	Sept. 30, 2010	Sept. 30, 2009
Current assets	\$ 7,812	\$ 10,814
Property, plant and equipment, intangibles and other	23,052	12,519
Total Assets	\$ 30,864	\$ 23,333
Current liabilities	\$ 2,274	\$ 2,050
Long term liabilities	437	185
Equity	28,153	21,098
Total Liabilities and Equity	\$ 30,864	\$ 23,333
<u>Three Months ended:</u>		
Revenues	\$ 13,953	\$ 10,438
Gross profit	8,152	6,048
Net income	4,153	3,188
<u>Nine Months ended:</u>		
Revenues	\$ 39,274	\$ 34,414
Gross profit	22,657	20,215
Net income	10,797	9,915

In January 2009, Verizon Wireless acquired Alltel Corporation, whereby one of the New Mexico RSAs acquired approximately \$10.5 million of Alltel assets in its territory.

5. Commitments

The Company is subject to an operating lease from an affiliate for a building that it occupies. As of September 30, 2010, future minimum rental payments total \$32 including \$6 per year for the next five years.

6. 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 (“Giant 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 \$75 for the period prior to the sale of Giant in 2010 and \$137 during the nine month period ended September 30, 2009.