

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended June 30, 2010

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

	<u>June 30,</u> 2010 <u>(Unaudited)</u>	<u>December 31,</u> 2009 <u>(Audited)</u>	<u>June 30,</u> 2009 <u>(Unaudited)</u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 2,213	\$ 11	\$ 1,244
Accounts receivable	-	-	192
Materials and supplies			
Prepaid expenses	7	21	5
Deferred income taxes	-	12	-
Due from affiliated entities	-	5	-
	<u>2,220</u>	<u>49</u>	<u>1,441</u>
Total Current Assets			
Equity method investments in affiliated entities	8,827	7,756	6,566
Note receivable due from Lynch Paging Corporation	1,147	1,218	1,287
Net assets of discontinued operations	-	3,788	3,368
Other investments, cost basis	100	100	100
	<u>\$ 12,294</u>	<u>\$ 12,911</u>	<u>\$ 12,762</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 189	\$ 173	\$ 45
Income tax payable	630	645	491
	<u>819</u>	<u>818</u>	<u>536</u>
Total Current Liabilities			
Cumulative losses in excess of investment in equity method affiliated entity	1,060	1,098	1,111
Deferred income taxes	1,298	2,205	1,891
Net liabilities of discontinued operations		342	641
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	1,700	1,418	2,053
	<u>5,562</u>	<u>5,280</u>	<u>5,915</u>
Total CIBL, Inc. Stockholders' Equity			
Noncontrolling interest	3,555	3,168	2,668
	<u>9,117</u>	<u>8,448</u>	<u>8,583</u>
Total Stockholders' Equity			
	<u>\$ 12,294</u>	<u>\$ 12,911</u>	<u>\$ 12,762</u>

See notes to condensed combined financial statements

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
<b>INCOME</b>				
Management fee revenue	\$ 42	\$ 42	\$ 85	\$ 85
<b>EXPENSES</b>				
Management fees	50	50	100	100
Operating costs	<u>71</u>	<u>57</u>	<u>130</u>	<u>116</u>
Total Expenses	<u>121</u>	<u>107</u>	<u>230</u>	<u>216</u>
Operating Loss	<u>(79)</u>	<u>(65)</u>	<u>(145)</u>	<u>(131)</u>
<b>OTHER INCOME</b>				
Investment income	28	29	42	46
Equity in earnings of affiliated companies	<u>1,217</u>	<u>1,139</u>	<u>2,252</u>	<u>2,226</u>
Total Other Income	<u>1,245</u>	<u>1,168</u>	<u>2,294</u>	<u>2,272</u>
Net Income before income taxes	1,166	1,103	2,149	2,141
Income tax expense	<u>(258)</u>	<u>(242)</u>	<u>(469)</u>	<u>(463)</u>
Net Income from Continuing Operations	908	861	1,680	1,678
Net Loss from Discontinued Operations, including loss on sale	<u>(401)</u>	<u>(51)</u>	<u>(442)</u>	<u>(95)</u>
Net Income	507	810	1,238	1,583
Noncontrolling interest	<u>(505)</u>	<u>(482)</u>	<u>(956)</u>	<u>(965)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 2</u>	<u>\$ 328</u>	<u>\$ 282</u>	<u>\$ 618</u>
Weighted average share outstanding	25,115	25,115	25,115	25,115
Net income (loss) per share attributable to CIBL:				
Continuing Operations	\$ 16.05	\$ 15.09	\$ 28.83	\$ 28.39
Discontinued Operations	<u>(15.97)</u>	<u>(2.03)</u>	<u>(17.60)</u>	<u>(3.78)</u>
	<u>\$ 0.08</u>	<u>\$ 15.09</u>	<u>\$ 11.23</u>	<u>\$ 28.39</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	-	282	282	956	1,238
Distributions to noncontrolling interest	-	-	-	(569)	(569)
Balance at June 30, 2010	<u>\$ 3,862</u>	<u>\$ 1,700</u>	<u>\$ 5,562</u>	<u>\$ 3,555</u>	<u>\$ 9,117</u>

**CIBL, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Six Months Ended June 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,238	\$ 1,583
Adjustments to reconcile net income to cash provided by operating activities		
Equity in earnings of affiliated companies	(2,252)	(2,226)
Distributions from affiliated companies	1,161	1,833
Changes in operating assets and liabilities		
Accounts receivable	-	(192)
Other current assets	16	18
Due from and to affiliated entities	5	5
Accounts payable, accrued expenses and other	443	(39)
Net Cash Provided by Operating Activities	611	982
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of Giant LLC, net of cash	2,007	-
Cash distributed to noncontrolling partner	(569)	(817)
Net Cash Provided by Financing Activities	1,438	(817)
Net Cash Provided by (used in) Discontinued Operations	106	(153)
Net Change in Cash and Cash Equivalents	2,155	12
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	58	1,273
End of period	\$ 2,213	\$ 1,285
Cash income taxes paid	\$ 418	\$ 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 six month periods ended June 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 six month periods ended June 31, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue	\$ 254	\$ 322	\$ 613	\$ 629
Operating costs	208	295	508	567
Depreciation	84	111	210	217
Total costs	292	406	718	784
Loss before income tax	(38)	(84)	(105)	(155)
Income tax benefit	15	33	41	60
	(23)	(51)	(64)	(95)
Loss on sale, net of \$195 tax benefit	(378)	-	(378)	-
Net loss from Discontinued operations	\$ (401)	\$ (51)	\$ (442)	\$ (95)

### 3. Equity Method Investments

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

	<b>Broadcasting Combined</b>	
	June 30, 2010	June 30, 2009
Current assets	\$ 4,917	\$ 3,837
Property, plant and equipment, intangibles and other	6,833	7,483
Total Assets	\$ 11,750	\$ 11,320
Current liabilities	\$ 3,597	\$ 3,274
Long term liabilities	15,126	15,898
Equity	(6,973)	(7,852)
Total Liabilities and Equity	\$ 11,750	\$ 11,320
<u>Three Months ended:</u>		
Revenues	\$ 3,192	\$ 2,925
Gross profit	1,223	937
Net income	380	175
<u>Six Months ended:</u>		
Revenues	\$ 6,273	\$ 5,684
Gross profit	2,215	1,516
Net income (loss)	516	(61)

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 six months ended June 30, is as follows:

	<b>Telecommunications Combined</b>	
	June 30, 2010	June 30, 2009
Current assets	\$ 4,931	\$ 4,942
Property, plant and equipment, intangibles and other	23,231	22,315
Total Assets	\$ 28,162	\$ 27,257
Current liabilities	\$ 2,250	\$ 7,805
Long term liabilities	412	168
Equity	25,500	19,284
Total Liabilities and Equity	\$ 28,162	\$ 27,245
<u>Three Months ended:</u>		
Revenues	\$ 12,855	\$ 12,882
Gross profit	7,463	6,905
Net income	3,527	3,155
<u>Six Months ended:</u>		
Revenues	\$ 25,321	\$ 23,976
Gross profit	14,505	14,167
Net income	6,643	6,727

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 June 30, 2010, future minimum rental payments total \$33 including \$5 per year for the next five years.

## 6. Related Party

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

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

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 and \$94 during the six month period ended June 30, 2010 and 2009, respectively.