

CIBL, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended March 31, 2010

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

	<u>March 31,</u> 2010	<u>December 31,</u> 2009	<u>March 31,</u> 2009
	(Unaudited)	(Audited)	(Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 246	\$ 58	\$ 1,574
Accounts receivable, net of allowance for doubtful accounts of \$6, \$24 and \$37, respectively	131	90	73
Materials and supplies	148	155	204
Prepaid expenses	23	29	24
Prepaid income taxes	86	86	-
Deferred income taxes	12	12	17
Due from affiliated entities	<u>5</u>	<u>5</u>	<u>-</u>
Total Current Assets	651	435	1,892
Property, plant and equipment, net	2,696	2,757	2,423
Equity method investments in affiliated entities	8,350	7,756	6,110
Note receivable due from Lynch Paging Corporation	1,183	1,218	1,322
Other investments, cost basis	<u>100</u>	<u>100</u>	<u>100</u>
	<u>\$ 12,980</u>	<u>\$ 12,266</u>	<u>\$ 11,847</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	\$ 382	\$ 341	\$ 370
Deferred revenue	99	99	97
Due to affiliated entities	52	75	86
Income tax payable	<u>-</u>	<u>-</u>	<u>4</u>
Total Current Liabilities	533	515	557
Cumulative losses in excess of investment in equity method affiliated entity	1,102	1,098	1,127
Deferred income taxes	2,393	2,205	2,062
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	<u>1,698</u>	<u>1,418</u>	<u>1,727</u>
Total CIBL, Inc. Stockholders' Equity	5,560	5,280	5,589
Noncontrolling interest	<u>3,392</u>	<u>3,168</u>	<u>2,512</u>
Total Stockholders' Equity	<u>8,952</u>	<u>8,448</u>	<u>8,101</u>
	<u>\$ 12,980</u>	<u>\$ 12,266</u>	<u>\$ 11,847</u>

See notes to condensed combined financial statements

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

(In Thousands)

	Three Months Ended	
	March 31,	
	2010	2009
INCOME		
Revenue	\$ 358	\$ 307
Management fees	<u>43</u>	<u>43</u>
Total Revenue	401	350
EXPENSES		
Management fees	50	50
Operating costs	359	330
Depreciation	<u>126</u>	<u>106</u>
Total Expenses	<u>535</u>	<u>486</u>
Operating Loss	<u>(134)</u>	<u>(136)</u>
OTHER INCOME		
Investment income	14	17
Equity in earnings of	-	-
Equity in earnings of affiliated companies	<u>1,035</u>	<u>1,087</u>
Total Other Income	<u>1,049</u>	<u>1,104</u>
Net Income before income taxes	915	968
Income tax expense	<u>(184)</u>	<u>(194)</u>
Net Income	731	774
Noncontrolling interest	<u>(451)</u>	<u>(482)</u>
Net Income attributable to CIBL, Inc.	<u>\$ 280</u>	<u>\$ 292</u>
Weighted average share outstanding	25,115	25,115
Net income per share	<u>\$ 11.15</u>	<u>\$ 11.63</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	-	280	280	451	731
Distributions to noncontrolling interest	-	-	-	(227)	(227)
Balance at March 31, 2010	<u>\$ 3,862</u>	<u>\$ 1,698</u>	<u>\$ 5,560</u>	<u>\$ 3,392</u>	<u>\$ 8,952</u>

CIBL, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In Thousands)

	Three Months Ended March 31,	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 731	\$ 774
Adjustments to reconcile net income to cash provided by operating activities		
Equity in earnings of affiliated companies	(1,035)	(1,087)
Distributions from affiliated companies	464	1,167
Depreciation	126	106
Changes in operating assets and liabilities		
Accounts receivable	(41)	(3)
Other current assets	12	(2)
Due from and to affiliated entities	(23)	(13)
Accounts payable, accrued expenses and other	<u>246</u>	<u>(58)</u>
Net Cash Provided by Operating Activities	<u>480</u>	<u>884</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(65)</u>	<u>(93)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash distributed to minority partner	<u>(227)</u>	<u>(490)</u>
Net Change in Cash and Cash Equivalents	188	301
CASH AND CASH EQUIVALENTS		
Beginning of period	<u>58</u>	<u>1,273</u>
End of period	<u>\$ 246</u>	<u>\$ 1,574</u>
Cash income taxes paid	<u>\$ 165</u>	<u>\$ -</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") is engaged in the telecommunications and 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 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, 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 month period ended March 31, 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. 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:

	March 31, 2010	December 31, 2009
Land	\$ 12	\$ 12
Buildings	95	95
Machinery and equipment	5,556	5,490
	5,663	5,760
Less accumulated depreciation	2,967	2,840
Property, plant and equipment, Net	\$ 2,696	\$ 2,757

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 months ended March 31, is as follows:

	Broadcasting Combined	
	March 31, 2010	March 31, 2009
Current assets	\$ 4,877	\$ 3,654
Property, plant and equipment, intangibles and other	6,890	7,721
Total Assets	<u>\$ 11,767</u>	<u>\$ 11,375</u>
Current liabilities	\$ 3,860	\$ 3,372
Long term liabilities	15,289	16,031
Equity	(7,382)	(8,028)
Total Liabilities and Equity	<u>\$ 11,767</u>	<u>\$ 11,375</u>
 <u>Three Months ended:</u>		
Revenues	\$ 3,081	\$ 2,759
Gross profit	993	578
Net gain (loss)	135	(236)

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 months ended March 31, is as follows:

	Telecommunications Combined	
	March 31, 2010	March 31, 2009
Current assets	\$ 5,717	\$ 5,667
Property, plant and equipment, intangibles and other	22,737	22,878
Total Assets	<u>\$ 28,454</u>	<u>\$ 28,545</u>
Current liabilities	\$ 3,961	\$ 10,224
Long term liabilities	365	193
Equity	24,128	18,128
Total Liabilities and Equity	<u>\$ 28,454</u>	<u>\$ 28,545</u>
 <u>Three Months ended:</u>		
Revenues	\$ 12,466	\$ 10,871
Gross profit	7,043	6,477
Net loss	3,117	3,239

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.

4. Commitments

The Company is subject to an operating lease from an affiliate for a building that it occupies. As of March 31, 2010, future minimum rental payments total \$34 including \$5 per year for the next five years.

5. Related Party

Management fee income for the three 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 \$45 and \$46 during the three month period ended March 31, 2010 and 2009, respectively. As of March 31, 2010 and December 31, 2009, Giant has a liability to such entities, included in due to affiliated entities in the combined balance sheets, of \$53 and \$76, respectively.

6. Subsequent Events

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/share for each share of CIBL’s common stock currently outstanding.

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