

CIBL, Inc. and Subsidiaries

Condensed Consolidated Financial Statements

Quarterly Report for Period Ended June 30, 2009

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

	June 30, 2009 <u>(Unaudited)</u>	December 31, 2008 <u>(Audited)</u>	June 30, 2008 <u>(Unaudited)</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,285	\$ 1,273	\$ 1,265
Accounts receivable, net of allowance for doubtful accounts of \$37, \$37 and \$11, respectively	263	70	94
Materials and supplies	189	190	181
Prepaid expenses	18	36	20
Prepaid income taxes	38	235	-
Deferred income taxes	17	17	-
Due from affiliated entities	<u>-</u>	<u>5</u>	<u>-</u>
Total Current Assets	1,810	1,826	1,560
Property, plant and equipment, net	2,508	2,436	917
Equity method investments in affiliated entities	6,566	6,157	6,455
Note receivable due from Lynch Paging Corporation	1,287	1,355	1,421
Other investments, cost basis	<u>100</u>	<u>100</u>	<u>100</u>
	<u>\$ 12,271</u>	<u>\$ 11,874</u>	<u>\$ 10,453</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	\$ 221	\$ 668	\$ 232
Deferred revenue	97	98	87
Due to affiliated entities	74	104	110
Income tax payable	-	-	136
Cumulative losses in excess of investment in equity method affiliated entity	<u>1,111</u>	<u>1,095</u>	<u>1,034</u>
Total Current Liabilities	1,503	1,965	1,599
Deferred income taxes	2,185	2,090	1,589
Minority interest	2,668	2,522	2,647
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>2,053</u>	<u>1,435</u>	<u>756</u>
Total Stockholders' Equity	<u>5,915</u>	<u>5,297</u>	<u>4,618</u>
	<u>\$ 12,271</u>	<u>\$ 11,874</u>	<u>\$ 10,453</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,	
	2009	2008	2009	2008
INCOME				
Revenue	\$ 322	\$ 263	\$ 629	\$ 511
Management fees	<u>42</u>	<u>42</u>	<u>85</u>	<u>85</u>
Total Revenue	364	305	714	596
EXPENSES				
Management fees	50	50	100	100
Operating costs	352	260	682	514
Depreciation	<u>111</u>	<u>92</u>	<u>217</u>	<u>181</u>
Total Expenses	<u>513</u>	<u>402</u>	<u>999</u>	<u>795</u>
Operating Loss	<u>(149)</u>	<u>(97)</u>	<u>(285)</u>	<u>(199)</u>
OTHER INCOME				
Investment income	29	33	46	56
Equity in earnings of affiliated companies	<u>1,139</u>	<u>1,201</u>	<u>2,226</u>	<u>2,211</u>
Total Other Income	<u>1,168</u>	<u>1,234</u>	<u>2,272</u>	<u>2,267</u>
Net Income Before Minority Interest and Income Taxes	1,019	1,137	1,987	2,068
Minority interest	(483)	(519)	(965)	(965)
Income tax expense	<u>(210)</u>	<u>(242)</u>	<u>(404)</u>	<u>(436)</u>
Net Income	<u>\$ 326</u>	<u>\$ 376</u>	<u>\$ 618</u>	<u>\$ 667</u>
Weighted average share outstanding	25,115	25,115	25,115	25,115
Net income per share	<u>\$ 12.98</u>	<u>\$ 14.97</u>	<u>\$ 24.61</u>	<u>\$ 26.56</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	-	618	618
Balance at June 30, 2009	<u>\$ 3,862</u>	<u>\$ 2,053</u>	<u>\$ 5,915</u>

See notes to condensed combined financial statements

CIBL, Inc. and Subsidiaries**Condensed Consolidated Statements of Cash Flows**

(Unaudited)

(In Thousands)

	Six Months Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 618	\$ 667
Adjustments to reconcile net income to cash provided by operating activities		
Equity in earnings of affiliated companies	(2,226)	(2,211)
Distributions from affiliated companies	1,833	1,650
Minority interest	965	965
Depreciation	217	181
Changes in operating assets and liabilities		
Accounts receivable	(193)	3
Other current assets	18	29
Due from and to affiliated entities	(25)	13
Accounts payable, accrued expenses and other	(89)	134
Net Cash Provided by Operating Activities	<u>1,118</u>	<u>1,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(289)</u>	<u>(85)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash distributed to minority partner	<u>(817)</u>	<u>(728)</u>
Net Change in Cash and Cash Equivalents	12	618
CASH AND CASH EQUIVALENTS		
Beginning of period	<u>1,273</u>	<u>647</u>
End of period	<u>\$ 1,285</u>	<u>\$ 1,265</u>
Cash income taxes paid	<u>\$ 128</u>	<u>\$ 397</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 six month periods ended June 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:

	June 30, 2009	December 31, 2008	June 30, 2008
Land	\$ 12	\$ 12	\$ 12
Buildings	95	95	97
Machinery and equipment	5,943	5,653	4,303
	<u>6,050</u>	<u>5,760</u>	<u>4,412</u>
Less accumulated depreciation	3,542	3,324	3,495
Total	<u>\$ 2,508</u>	<u>\$ 2,436</u>	<u>\$ 917</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 six months ended June 30, is as follows:

	Broadcasting Combined	
	June 30, 2009	June 30, 2008
Current assets	\$ 3,837	\$ 3,515
Property, plant and equipment, intangibles and other	7,483	7,891
Total Assets	<u>\$ 11,320</u>	<u>\$ 11,406</u>
Current liabilities	\$ 3,274	\$ 2,759
Long term liabilities	15,898	16,073
Partner's / shareowner's deficit	(7,852)	(7,426)
Total Liabilities and Deficit	<u>\$ 11,320</u>	<u>\$ 11,406</u>
 <u>Three Months ended:</u>		
Revenues	\$ 2,925	\$ 2,951
Gross profit	937	819
Net income (loss)	175	(141)
 <u>Six Months ended:</u>		
Revenues	\$ 5,684	\$ 5,913
Gross profit	1516	1,582
Net loss	(61)	(406)

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 six months ended June 30, is as follows:

	Telecommunications Combined	
	June 30, 2009	June 30, 2008
Current assets	\$ 4,942	\$ 7,365
Property, plant and equipment, intangibles and other	22,315	13,520
Total Assets	\$ 27,257	\$ 20,885
Current liabilities	\$ 7,805	\$ 1,790
Long term liabilities	168	145
Equity	19,284	18,950
Total Liabilities and Equity	\$ 27,257	\$ 20,885
<u>Three Months ended:</u>		
Revenues	\$ 12,882	\$ 10,680
Gross profit	6,905	6,728
Net income	3,155	3,689
<u>Six Months ended:</u>		
Revenues	\$ 23,976	\$ 20,709
Gross profit	14,167	12,913
Net income	6,727	6,845

In January 2009, Verizon Wireless acquired Alltel Corporation, whereby one of the New Mexico RSAs acquired approximately \$11 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 June 30, 2009, future minimum rental payments total \$38 including \$5 per year for the next five years.

5. 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, 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 \$94 and \$68 during the six month period ended June 30, 2009 and 2008, respectively. As of June 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 \$74 and \$21, respectively.