

ICTC GROUP, INC.

For Immediate Release

ICTC GROUP, INC. Reports Results for Second Quarter of 2016

Nome, ND – July XX, 2016 – ICTC Group, Inc. (“ICTC”; OTC Pink ®: ICTG) today announces its financial results for the second quarter of 2016. ICTC’s operating subsidiaries, Inter-Community Telephone Company, LLC, a rural local exchange carrier (“RLEC”), and Valley Communications, Inc., a competitive local exchange carrier (“CLEC”), provide telecommunications services in southeastern North Dakota.

Second Quarter Results – During the second quarter of 2016, operating revenues were \$1,069,000 compared to \$1,114,000 in the second quarter of 2015. Adjusted for a true-up related to finalizing the Universal Service Fund cost study, revenues would have been \$1,029,000 in the current quarter, compared to \$964,000 in 2015, an increase of \$65,000.

Regulated revenues were \$847,000 compared with \$900,000 in 2015, also reflecting the Universal Service Fund true-up. Non-regulated revenues increased to \$222,000 from \$215,000 in 2015.

EBITDA from the company’s operations in the second quarter of 2016 increased to \$441,000 from \$428,000 in the second quarter of 2015. Adjusted for one-time consulting and legal expenses incurred during the quarter, EBITDA from operations would have been \$476,000. These expenses were largely attributable to a legal challenge the Company filed with the Federal Communications Commission (“FCC”) relating to the FCC’s calculation of the amount Inter-Community would receive under its Alternative – Connect America Cost Model (“A-CAM”) support program. On July 25, 2016, ICTC received notice that the majority of its challenge had been granted.

Net income in the second quarter of 2016 was \$160,000 compared to \$165,000 in 2015. Earnings were \$0.42 per share during the second quarter versus \$0.43 per share in 2015.

ICTC has substantial investments in three other telecommunications providers: Dakota Carrier Network, a state-wide North Dakota fiber network; and two providers of wireless voice and broadband communications services, North Dakota RSA # 3 and North Dakota RSA # 5, both operated by Verizon Wireless. These investments contributed \$164,000 to ICTC’s second quarter 2016 income before income taxes as compared to \$158,000 in 2015.

Capital Expenditures – Total capital expenditures were \$277,000 in the second quarter of 2016. Our capital expenditures represent continued investment in our network infrastructure, primarily focused on expanding our fiber optic and other broadband facilities. This amount is net of grants received under the American Recovery and Reinvestment Act stimulus project. By extending fiber optic cable further throughout our network and installing upgraded electronics, we are rapidly improving the speed and reliability of service.

Federal Regulation – Pursuant to an Order which the FCC issued on March 30, 2016, it is now expected to finalize the A-CAM program by December 31, 2016. A-CAM is designed to make a number of significant revisions to the current Universal Service Fund (“USF”) financial support mechanisms. It is anticipated that these revisions will become effective for the 10-year period beginning 1/1/17. These revised support mechanisms will require rate-of-return RLECs such as Inter-Community Telephone Company to either adopt A-CAM funding or continue with a cost-based method. Due to the uncertainty created by the current state of the regulatory process, the Company is unable at this time to determine the impact either choice will have on the Company’s future revenues. Notwithstanding, we believe that government policy will continue to encourage and support communication services in rural areas.

Balance Sheet – As of June 30, 2016, ICTC had approximately \$3,372,000 in cash and marketable securities, and \$2,731,000 in total debt. The strength of our balance sheet will allow the Company to pursue investments and acquisitions that align with our goal of allocating capital to surface shareholder value.

Additional Repurchase Authorization – The Board of Directors has authorized a share repurchase program totaling 60,000 shares of the Company’s stock. Through June 30, 2016, the Company has repurchased a total of 22,655 shares under this program at an average price of \$19.82. The Company will continue to repurchase stock in the open market on an opportunistic basis.

Business Initiatives for 2016 – The Company continues to focus on expansion of its broadband capacities and further enhance the communication services offered to our valued customers. The Company is currently planning the extension of its fiber optic facilities and the associated electronics to support enhanced communications services both within and outside its franchised telephone service territory, in growing North Dakota markets nearby.

This release contains certain forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation anticipated financial results, capital expenditures and corporate transactions. It should be recognized that such information is based upon certain assumptions, projections and forecasts, including without limitation business conditions and financial markets, regulatory and other approvals, and the cautionary statements set forth in documents filed by ICTC on its website, www.ictcgroup.net. As a result, there can be no assurance that any possible

transactions will be accomplished or be successful or that financial targets will be met, and such information is subject to uncertainties, risks and inaccuracies that could be material.

ICTC is a holding company with subsidiaries in voice, broadband and other telecommunications services that may seek acquisitions, principally in its existing business areas.

ICTC is listed on OTC Pink[®] under the symbol ICTG. Its website address is <http://www.ictcgroup.net>.

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ICTC Group Inc.
Condensed Consolidated Income
Statement

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2016	2015	2016	2015
Revenues	\$1,068,837	\$1,114,974	\$2,042,150	\$2,074,314
Costs and expenses:				
Cost of revenue, excluding depreciation	404,070	481,687	827,163	943,386
General and administrative costs at operations	223,281	205,629	405,237	366,376
Corporate office expense	124,602	96,834	200,542	168,545
Depreciation	232,873	219,375	459,869	431,397
Total Expenses	984,827	1,003,525	1,892,810	1,910,154
Operating Profit	84,010	111,448	149,340	164,160
Other income(expense):				
Dividend income	81,514	65,408	221,905	143,552
Other Income (Loss)	--	--	--	(1,386)
Interest expense	(22,945)	(32,582)	(45,490)	(67,445)
Equity in earnings of investee	87,533	93,485	191,947	188,458
Total Other Income	146,102	126,311	368,632	263,179
Income before income taxes	230,112	237,760	517,702	427,339
Income tax provision	(69,855)	(72,923)	(140,099)	(125,074)
Net Income	\$160,257	\$164,836	\$377,603	\$302,265
Average Shares Outstanding	382,412	384,136	382,584	384,199
Earnings Per Share	\$0.42	\$0.43	\$0.99	\$0.79
Actual Shares Outstanding	381,771	384,136	381,771	384,136

ICTC Group, Inc.
Condensed Consolidated Balance Sheet

Attachment B

	<u>June 30,</u>	<u>December 31,</u>
	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$3,060,496	\$3,016,485
Accounts receivable	479,944	551,052
Materials and supplies	315,684	296,564
Deferred income taxes	87,097	92,733
Prepaid tax benefit	--	--
Prepayments	150,922	143,061
Total Current Assets	<u>4,094,143</u>	<u>4,099,895</u>
Telecommunications Plant & Equipment		
Cost	23,413,806	23,011,653
Accumulated depreciation	16,642,476	16,228,574
	<u>6,771,330</u>	<u>6,783,079</u>
Other Assets:		
Investments (Equity Method)	1,951,907	1,854,462
Other investments	561,689	344,946
Goodwill	1,772,179	1,772,179
	<u>4,285,775</u>	<u>3,971,587</u>
Total Assets	<u>\$15,151,248</u>	<u>\$14,854,561</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	\$83,166	\$84,325
Accrued Income Taxes	50,579	126,736
Other current liabilities	347,208	331,699
Current maturities of long-term debt	26,800	26,400
Total current liabilities	<u>507,753</u>	<u>569,130</u>
Long-Term Debt	<u>2,704,254</u>	<u>2,717,911</u>
Other Liabilities		
Construction deposits	32,080	32,080
Deferred income taxes	2,467,561	2,494,025
Total other liabilities	<u>2,499,640</u>	<u>2,526,104</u>
	<u>5,71,648</u>	<u>5,813,146</u>
Stockholders' Equity:		
Preferred stock	--	--
Common stock	40	40
Treasury Stock at cost	(449,086)	(423,562)
Paid in capital	33,000	--
Additional paid in capital	1,759,992	1,759,992
Comprehensive Income	13,102	(5)
Retained earnings	8,082,552	7,704,949
Total stockholders' equity	<u>9,439,601</u>	<u>9,041,415</u>
Total liabilities and stockholders' equity	<u>\$15,151,248</u>	<u>\$14,854,561</u>

EBITDA

EBITDA is an established measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors and other interested parties in the telecommunications industry because it eliminates many differences in financial, capitalization and tax structures, as well as non-cash and non-operating charges to earnings. We believe that EBITDA trends are a valuable indicator of whether our operations are able to produce sufficient operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures.

EBITDA equals net income (loss), before interest expense, income tax expense (benefit), depreciation and amortization expense, investment income, equity in earnings of affiliated companies, gain (loss) on sale of investments, impairment charges and net income from discontinued operations.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
EBITDA				
Operations	\$441,486	\$427,657	\$809,751	\$764,102
Corporate Office Expense	(124,602)	(96,834)	(200,542)	(168,545)
Total EBITDA	316,883	330,823	609,209	595,557
Depreciation and amortization	(232,873)	(219,375)	(459,869)	(431,397)
Operating profit	\$84,010	\$111,148	\$149,340	\$164,160