

## ICTC GROUP, INC.

For Immediate Release

### ICTC GROUP, INC. REPORTS RESULTS FOR THIRD QUARTER OF 2014

Nome, ND – November 4, 2014 – ICTC Group, Inc. (“ICTC”; Pink Sheets<sup>®</sup>: ICTG) today announced its financial results for the third quarter of 2014. (See Attachment A). 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.

Third Quarter Results – During the third quarter of 2014, our revenues were \$953,000, which is a \$32,000 or 3.5% increase from the third quarter of 2013. EBITDA before corporate costs was \$365,000 versus \$405,000 in the third quarter of 2013, or a decrease of \$40,000 primarily due to one-time expenses of customer conversion to a new switching platform and increased maintenance costs. Corporate office expense decreased from \$106,000 in 2013 to \$64,000 in 2014 due to lower legal fees and franchise taxes in 2014, partially offset by a management fee to CIBL, Inc.

Regulated revenues were \$740,000 compared with \$721,000 in 2013, an increase of \$19,000. Non-regulated revenues were \$213,000, compared with \$200,000 in 2013, an increase of \$13,000. Operating profit was \$150,000 as compared with \$113,000 in the third quarter of 2013, a gain of \$37,000 or 33% due primarily to lower depreciation expense. In addition, net income increased from \$151,000 to \$204,000 in 2014, a gain of \$53,000 or 35% due primarily to increased distributions from the Company’s investments in wireless operations (see below).

Earnings per share, excluding unusual items, were \$0.51 during the third quarter versus \$0.37 in 2013, a gain of 38%. This increase in earnings per share resulted primarily from lower depreciation expense, increased earnings from investments and lower franchise tax and legal expenses.

ICTC has substantial investments in three other broadband providers: Dakota Carrier Network, a state-wide North Dakota fiber network owned by North Dakota RLECs; and two providers of wireless voice and broadband communications services in Southeastern North Dakota, North Dakota RSA # 3 and North Dakota RSA # 5, both operated by Verizon Wireless. These investments contributed \$181,000 to ICTC’s third quarter of 2014 income before income taxes, as compared to \$139,000 in 2013. These investments provided ICTC with cash distributions of \$212,000 for the third quarter, as compared to cash distributions of \$177,000 for the third quarter of 2013.

Capital Expenditures – Total capital expenditures were \$277,000 in the third quarter of 2014 compared with \$470,000 in the third quarter of 2013. These amounts include amounts spent under our American Recovery and Reinvestment Act stimulus project loan, and our continued investment in our network infrastructure, particularly our broadband facilities, but are net of grant funds received under the stimulus project and contributions in aid to construction received from our customers. The

Company has incurred costs of \$435,000 which are expected to be reimbursed through the stimulus funding. By extending fiber optic cable farther throughout our network and installing upgraded electronics, we are improving the speed and reliability of our broadband network and will continue to do so in the future.

**Federal Regulation** – In November 2011, the Federal Communications Commission ("FCC") ordered significant modifications to Intercarrier Compensation ("ICC") and the Universal Service Fund ("USF"). Since that time, the FCC has issued a number of additional orders clarifying and modifying its ICC and USF mechanisms. Most recently, in April 2014 the FCC announced that it is making further reforms, the details of which are not yet available, which will impact carriers such as our company. It is not possible to predict the impact these regulatory actions will have on the Company's future revenues at this time. ICC and USF programs generate, on a combined basis, approximately 60% of our revenues. We believe that government policy will continue to encourage and support communication services in rural areas, but there is no certainty that such support will be maintained at historical levels. Because of this and because of the opportunities created by the Internet and other new technologies, we have focused on developing non-regulated, high speed businesses, such as broadband fiber and DSL service, to move beyond our traditional rural telephone services.

**Balance Sheet** – As of September 30, 2014, ICTC had approximately \$2,801,000 in cash and \$2,559,000 in total debt, resulting in net cash of \$242,000 (See Attachment B). This compares to net cash of \$639,000 as of September 30, 2013. This excludes amounts of \$435,000 at September 30, 2014 and \$307,000 at December 31, 2013 which are recoverable under the stimulus program.

**Business Initiatives** –ICTC seeks to expand its broadband capacities and other communication services, both within and outside of its franchised telephone service area. ICTC is currently analyzing the extension of its fiber optic facilities and the provision of enhanced communications services, both in additional areas of its franchised service territory and in growing markets nearby including Valley City, Bismarck and Fargo.

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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](http://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.

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ICTC is listed on the Pink Sheets<sup>®</sup> under the symbol ICTG. Its World Wide Web address is  
<http://www.ictcgroup.net>.

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ICTC Group Inc.  
 Condensed Consolidated Statement of Operations

Attachment A

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2014	2013	2014	2013
Revenues	\$953,087	\$920,941	\$2,902,671	\$2,877,248
Costs and expenses:				
Cost of revenue, excluding depreciation	459,828	391,329	1,362,956	1,237,186
General and administrative costs at operations	128,698	124,980	452,163	431,640
Corporate office expense	63,542	106,397	188,776	285,549
Depreciation	150,958	185,483	462,936	550,259
Total Expenses	803,026	808,189	2,466,831	2,504,634
Operating Profit	150,060	112,752	435,840	372,614
Other income(expense):				
Dividend income	74,941	44,072	196,495	126,054
Interest expense	(35,338)	(32,910)	(105,055)	(97,039)
Equity in earnings of investee	106,488	95,250	333,453	320,126
Other	--	--	--	--
Total Other Income	146,091	106,412	424,892	349,141
Income before income taxes	296,152	219,164	860,732	721,755
Income tax provision	(91,814)	(68,036)	(271,873)	(235,610)
Net Income	\$204,338	\$151,128	\$588,859	\$486,145
Average Shares Outstanding	404,426	404,426	404,426	404,426
Earnings Per Share	\$0.51	\$0.37	\$1.46	\$1.20
Actual Shares Outstanding	404,426	404,426	404,426	404,426

Consolidated Balance Sheet

	Sept 30, 2014	December 31, 2013	Sept 30, 2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$2,800,657	\$2,498,932	\$2,915,689
Accounts receivable	359,649	296,087	326,469
Funds due for stimulus broadband project	435,320	--	315,682
Materials and supplies	119,804	41,770	70,534
Deferred income taxes	70,449	65,404	66,675
Prepaid Tax Benefits	--	18,998	--
Prepayments	100,692	105,710	64,282
<b>Total Current Assets</b>	<b>3,886,570</b>	<b>3,026,901</b>	<b>3,759,331</b>
<b>Telecommunications Plant &amp; Equipment</b>			
Cost	23,650,008	23,382,169	23,483,727
Accumulated depreciation	17,020,321	16,584,831	17,436,972
	<b>6,629,687</b>	<b>6,797,338</b>	<b>6,046,755</b>
<b>Other Assets:</b>			
Investments	1,702,593	1,645,569	1,540,397
Restricted cash	--	--	358,980
Other investments	244,810	246,078	238,265
Goodwill	1,772,179	1,772,179	1,772,179
	<b>3,719,582</b>	<b>3,663,826</b>	<b>3,909,821</b>
<b>Total Assets</b>	<b>\$14,235,840</b>	<b>\$13,488,065</b>	<b>\$13,715,907</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable	\$294,303	\$291,298	1,036,864
Accrued income taxes	153,998	--	63,096
Other current liabilities	294,532	253,059	253,206
Current maturities of long-term debt	18,000	18,000	--
<b>Total current liabilities</b>	<b>760,833</b>	<b>562,357</b>	<b>1,353,166</b>
<b>Long-Term Debt</b>	<b>2,541,494</b>	<b>2,555,200</b>	<b>2,276,389</b>
<b>Other Liabilities</b>			
Deferred income taxes	2,261,083	2,285,419	2,222,128
Construction deposits	63,038	64,556	90,107
Deferred Broadband Program Grant	--	--	--
<b>Total other liabilities</b>	<b>2,324,121</b>	<b>2,349,975</b>	<b>2,312,235</b>
	<b>5,626,448</b>	<b>5,467,532</b>	<b>5,941,790</b>
<b>Stockholders' Equity:</b>			
Preferred stock	--	--	--
Common stock	40	40	40
Additional paid in capital	1,759,992	1,759,992	1,759,992
Retained earnings	6,849,360	6,260,501	6,014,085
<b>Total stockholders' equity</b>	<b>8,609,392</b>	<b>8,020,533</b>	<b>7,774,117</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$14,235,840</b>	<b>\$13,488,065</b>	<b>\$13,715,907</b>

**As of December 31, 2013, ICTC Group, Inc. incurred \$307,143 of costs which are recoverable under the**

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**RUS BIP Program. This amount is recorded in Telecommunications Plant & Equipment – Cost.**