LICT CORPORATION

Quarterly Report for period ended September 30, 2015

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LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share amounts)

	September 30, 2015	December 31, 2014	September 30, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	$17,042	$18,155	$10,804
Receivables, less allowances of $243, $343 and $338, respectively	6,794	6,942	6,992
Material and supplies	3,559	3,256	3,631
Prepaid expenses and other current assets	1,902	1,594	1,763
Deposit with FCC*	--	19,000	--
Net assets of discontinued operations	--	--	26,022
Total current assets	29,297	48,947	49,212
Property, plant and equipment:			
Land	936	936	936
Buildings and improvements	16,850	16,611	16,483
Machinery and equipment	304,227	294,285	292,938
	322,013	311,832	310,357
Accumulated depreciation	(234,748)	(223,957)	(222,213)
	87,265	87,875	88,144
Goodwill	48,764	48,764	48,562
Other intangibles	1,984	2,081	2,525
Investments in and advances to affiliated entities	4,744	5,274	4,762
Other assets	9,763	10,208	6,763
Total assets	$181,817	$203,149	$199,968

See accompanying Notes to Condensed Consolidated Financial Statements.

***Deposit with Federal Communications Commission for Auction 97**

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share amounts)

	September 30, 2015	December 31, 2014	September 30, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes payable to banks	$--	$ --	$20,600
Note payable to affiliate	--	15,000	--
Trade accounts payable	2,579	3,672	3,803
Accrued interest payable	224	111	193
Accrued liabilities	7,013	4,049	4,657
Current maturities of long-term debt	13,724	4,226	4,982
Net liabilities of discontinued operations	--	--	14,038
Total current liabilities	23,540	27,058	48,273
Long-term debt	32,224	54,240	32,879
Deferred income taxes	17,873	18,292	16,428
Other liabilities	4,922	4,832	5,862
Total liabilities	78,559	104,422	103,442
Commitments and contingencies			
Shareholders' equity			
Common stock, $0.0001 par value-10,000,000 shares authorized; 26,637.50, issued; 22,090.37, 22,272.37 and 22,327.37 outstanding	--	--	--
Additional paid-in capital	16,637	16,637	16,637
Retained earnings	100,184	94,244	91,220
Treasury stock, 4,516.13, 4,365.13 and 4,310.13 shares, at cost	(13,563)	(12,154)	(11,900)
Shareholders' equity attributable to LICT	103,258	98,727	95,957
Noncontrolling interests	--	--	569
Total shareholders' equity	103,258	98,727	96,526
Total liabilities and shareholders' equity	$181,817	$203,149	$199,968

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014 As Adjusted	2014 As Reported	2015	2014 As Adjusted	2014 As Adjusted
Revenues	$21,548	$21,843	$25,794	$64,331	$64,189	$75,961
Costs and expenses:						
Cost of revenue, excluding depreciation	10,727	9,717	12,323	30,431	28,148	35.919
General and administrative costs at operations	2,902	3,013	3,599	8,528	8,558	10.287
Corporate office expenses	619	718	718	2,125	2,308	2,308
Depreciation and amortization	4,377	4,448	4,876	13,338	13,281	14,567
Total Costs and Expenses	18,625	17,896	21,516	54,422	52,295	63,081
Operating profit	2,923	3,947	4,278	9,909	11,894	12,880
Other income (expense):						
Investment income	44	19	18	323	418	475
Interest expense	(715)	(921)	(1,049)	(2,213)	(2,878)	(3,263)
Equity in earnings of affiliated companies	540	396	399	1,351	1,256	1,262
Other	--	3	4	22	55	54
	(131)	(503)	(628)	(517)	(1,149)	(1,472)
Income before income taxes	2,792	3,444	3,650	9.392	10,745	11,408
Provision for income taxes	(1,051)	(1,274)	(1,359)	(3,569)	(4,146)	(4,420)
Net income from continuing operations	1,741	2,170	--	5,823	6,599	6,988
Net income from discontinued operations	--	97	2,291	117	316	(73)
Non Controlling Interests			(24)			
Net income attributable to LICT	$1,741	$2,267	$2,267	$5,940	$6,915	$6,915
Basic and diluted weighted average shares	22,129	22,343	22,343	22,178	22,327	22,327
Basic and diluted earnings per share:						
Net income from continuing operations	$78.68	$97.12	$101.46	$262.56	$295.56	$309.71
Net income from discontinued operations	--	4.34	--	5.28	14.15	--
Net income	$78.68	$101.46	$101.46	$267.84	$309.71	$309.71

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIAIRES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands, except share data)

	Shares of Common Stock Out-standing	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2014	22,272.37	$--	$16,637	$94,244	$(12,154)	$98,727
Net income for the period	--	--	--	5,940	--	5,940
Purchase of Treasury Stock	(271.00)	--	--	--	(1,409)	(1,409)
Restricted shares issued	89.00	--	--	--	--	--
Balance at September 30, 2015	22,090.37	$--	$16,637	$100,184	$(13,563)	$103,258

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30,		
	2015	2014 As Adjusted	2014 As Reported
Operating activities:			
Net Income from continuing operations	$5,823	$6,599	$6,915
Net Income from discontinued operation	117	316	--
Net Income	5,940	6,915	6,915
Adjustments to reconcile net income attributable to LICT to net cash provided by operating activities:			
Depreciation and amortization	13,424	13,411	14,599
Equity in earnings of affiliated companies	(1,352)	(1,256)	(1,262)
Distributions received from affiliated companies	1,750	938	943
Deferred income tax provision	(448)	(888)	(846)
Changes in operating assets and liabilities:			
Accounts receivables	148	84	(162)
Income tax payable/ receivable	2,657	334	3,297
Accounts payable and accrued liabilities	(43)	(624)	(4,340)
Other Operating assets and liabilities	(526)	(159)	(583)
Other	(125)	(291)	334
Net cash provided by operating activities from continuing operations	21,425	18,464	18,902
Net cash provided by operating activities from discontinued operations	--	(388)	--
Net cash provided by operating activities	21,425	18,076	18,902
Investing activities:			
Capital expenditures	(13,285)	(11,913)	(13,100)
Stimulus grant expenditures	--	(253)	(253)
Deposits for Auction 97 and 96, respectively	19,000	11,000	11,000
Other	138	838	1,202
Net cash provided by investing activities from continuing operations	5,853	(328)	(1,151)
Net cash used in investing activities from discontinued operations	--	(495)	--
Net cash provided by (used in) provided by investing activities	5,853	(823)	(1,151)
Financing activities:			
Repayments of long term debt	(4,967)	(8,054)	(8,203)
Borrowings related to lines of credit, net	(7,441)	3,400	3,700
Purchase of treasury stock	(1,410)	(520)	(521)
Repayment of loan from affiliate for FCC Deposit	(15,000)	(11,000)	(11,000)
Other	427	384	--
Net cash used in financing activities from continuing operations	(28,391)	(15,790)	(16,024)
Net cash provided by in financing activities from discontinued operations	--	264	--
Net cash used in financing activities	(28,391)	(15,526)	(16,024)
Net increase in cash and cash equivalents	(1,113)	1,727	1,727
Cash and cash equivalents at beginning of period	18,155	9,272	9,273
Cash and cash equivalents at end of period	17,042	10,999	10,999
Less: cash and cash equivalents of discontinued operations at period end	--	(195)	--
Cash and cash equivalents of continuing operations at end of period	$17,042	$10,804	$10,999

LICT CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

LICT Corporation ("LICT" or the "Company") consolidates the operating results of its subsidiaries. All material intercompany transactions and balances have been eliminated. 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. The Company accounts for the following affiliated companies on the equity basis of accounting: a cellular partnership in California (25% owned) and telecommunications operations in Iowa and New York (5% to 14% owned).

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, 2014. 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 nine month periods ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. 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.

B. Investments in Affiliated Companies

A subsidiary of LICT owns a 25% partnership interest in a cellular communications provider in Northern California, California RSA #2 ("RSA #2). As of September 30, 2015, December 31, 2014 and September 30, 2014, the net investment in the partnership was $3,912, $4,331 and $4,236 thousands, respectively. The Company's share of income, included in Equity in Earnings of Affiliated Companies was $1,332 and $1,177 thousand for the nine months ended September 30, 2015 and 2014, respectively.

	September 30	
	2015	**2014**
OPERATING RESULTS		
Three Months Ended		
Revenues	$6,402	$6,145
Gross margin	3,703	3,516
Net profit	2,360	2,128
Nine Months Ended		
Revenues	$18,007	$16,978
Gross Margin	10,123	10,833
Net Profit	5,958	5,144
BALANCE SHEET		
Current assets	$4,989	$5,409
Property, plant and equipment and Other – net	10,965	10,321
	$15,954	$15,730
Current liabilities	$1,363	$1,137
Long-term liabilities	2,233	670
Partners' equity	12,348	13,923
	$15,944	$15,730

C. Indebtedness

In December 2014, the Company secured a $30.0 million line of credit agreement with CoBank, ACB ("CoBank"), expiring in December, 2017 with an interest rate of LIBOR plus 2.5%. The average balance of notes payable outstanding was $19.1 million in 2015; the highest amount outstanding was $22.4 million in 2015; and the average interest rate was 2.7% in 2015.

Long-term debt at September 30, 2015, December 31, 2014, and September 30, 2014 consists of (all interest rates are at September 30, 2015) (in thousands):

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Rural Electrification Administration ("REA") and Rural Telephone Bank ('RTB") notes payable due quarterly through 2027 at fixed interest rates ranging from 2.1% to 7.2%. (5.1% weighted average)	$4,138	$6,132	$6,778
Bank Credit facilities utilized by certain telephone and telephone holding companies due through 2017, at variable interest rate of 2.5%	2,492	3,875	3,876
Unsecured notes issued in connection with acquisitions at fixed interest rates averaging 7.5%	24,282	25,872	26,988
Revolving credit facility from CoBank, ACB at Brighton Communications Corporation, secured by the assets of certain operations and holding companies at variable interest rate of 2.7%	15,000	22,442	--
Unsecured notes issued in connection with acquisitions at fixed interest rates averaging 5.0%	35	145	219
	45,947	58,466	37,861
Other	(5,910)	(4,226)	(4,982)
	$40,037	$54,240	$32,879

D. Litigation

LICT is a party to routine litigation incidental to its business. Based on information currently available, the Company believes that none of this ordinary routine litigation, either individually or in the aggregate, will have a material effect on its financial condition and results of operations.

E. Related Party Transactions

At September 30, 2015, December 31, 2014 and September 30, 2014, assets of $13.1 million, $13.2 million and $6.2 million, which are classified as cash and cash equivalents, are invested in United States Treasury money market funds for which affiliates of the Company's Chairman and Chief Executive Officer serve as investment manager to the respective funds.

MANAGEMENT'S DISCUSSION OF OPERATIONS

This discussion should be read together with the Consolidated Financial Statements of LICT Corporation and the notes thereto.

RESULTS OF OPERATIONS

Overview

LICT provides an array of communications services, primarily in rural areas. Our history is principally as an operator of rural telephone service (known as Rural Local Exchange Carriers, or "RLECs"), with our principal operations in rural parts of New Mexico, Utah, Michigan, Iowa, Kansas, California, Wisconsin, and New Hampshire. As the technologies have evolved, so have our services. We provide a broad array of communications services to residential, commercial and governmental customers, principally in or near our historic telephone coverage areas.

The U.S. and state governments have long had a policy of subsidizing and encouraging telephone and other communication services in rural areas. RLECs, in particular, including those that form the core of our company, often provide communications services in rural areas where such service would not be economical without significant government subsidies. Such subsidies are derived from numerous federal and state support mechanisms, which are generally referred to as Universal Service Funds ("USF"). Such programs evolve constantly to take into consideration new technologies and to encourage RLECs to invest in new technologies and new services to the consumers. In addition, what we can charge for some of our services is often regulated by various public utility commissions. We devote considerable management attention to understanding, utilizing and adhering to these different governmental programs, incentives and regulatory structures. While there is no certainty that such programs will continue at the same levels of subsidy as they have in the past, we believe that the various governmental agencies will continue to encourage up-to-date and economical means of communication for people living in rural areas. People are communicating more, and in more ways, than ever before. We believe this is an opportunity for us, especially as rural customers demand additional and better communications infrastructure.

The advent and spreading acceptance of the Internet has been a significant growth area for our company. The number of our DSL subscribers, for example, has grown significantly in recent years. This has been offset, in part, by reductions in the number of traditional telephone lines, as consumers replace traditional telephone connections with new technologies. We expect such shifts in consumer behavior to continue and we intend to continue to move our company in the direction of being a communications provider, whatever the technology, rather than simply being a provider of rural telephone connections.

On December 24, 2014, we closed the sale of our DFT Communications Corporation ("DFT") subsidiary, which holds the telephone companies serving Dunkirk/Fredonia and Casadaga, New York, as well as a Competitive Local Exchange Carrier, or "CLEC" operation. In our financial statements, we are treating the results of the DFT companies as a discontinued operation. Accordingly, in the discussions below on our operating results the contributions of the DFT companies have been excluded from the 2015 and 2014 amounts. LICT retains a $3.25 note receivable and a 20% equity interest in the acquirer of DFT.

Third quarter ended September 30, 2015 compared to 2014

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2015	2014
Regulated revenues:		
Local access	$2,008	$2,079
Interstate access	7,646	8,879
Intrastate access	1,658	2,346
Other regulated	359	350
Total regulated revenues	11,671	13,654
Broadband and other non-regulated	9,877	8,189
Total revenues	21,548	21,843
Operating Cost and Expense:		
Cost of revenue, excluding depreciation	10,727	9,717
General and administrative costs at operations	2,902	3,013
Corporate office expenses	619	718
Depreciation and amortization	4,377	4,448
Total	18,625	17,896
Operating profit	$2,923	$3,947

Our non-regulated revenues grew by $1,688 thousand or 20.6% as compared to 2014. Non-regulated revenues, revenues from broadband services and other non-regulated services increased, specifically from our Utah ($0.6 million) and California ($0.2 million) operations, primarily due to the sale of additional broadband circuits outside of our regulated service territory ($0.6 million), additional video revenue and the sale of communications equipment. Non-regulated revenues have grown to currently represent over 45% of our revenue streams and are expected to continue to this growth. Regulated revenues decreased by $1,983 thousand or 14.5% to $11,671 thousand. Interstate access revenue decreased $1,233 thousand in 2015 due to lower rate bases at certain of our operations, lower industry rates of return and other regulated factors. Intrastate revenues decreased by $688 thousand due to a statewide revenue adjustment by the state of New Mexico and lower minutes of use. Combining the non-regulated and regulated revenues, total revenues in 2015 decreased by $295 thousand or 1.4%, to $21,548 thousand compared to $21,843 thousand in 2014.

Total costs and expenses were $18,625 thousand in 2015, an increase of $729 thousand compared to 2014. Costs of revenue increased $1,010 thousand primarily due to increased costs from the growing internet and cable television operations. General and administrative costs incurred at the operations decreased by $111 thousand while corporate office expenses decreased by $99 thousand. Depreciation and amortization decreased by $71 thousand from 2014 to 2015, due to decreased capital expenditures in 2014 and 2015, and as assets become fully depreciated.

As a result of the above, operating profit in 2015 decreased by $1,024 thousand from $3,947 thousand in 2014 to $2,923 thousand in 2015.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and, when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to the shareholders through our earnings releases because it is the financial measure commonly used by analysts that cover the telecommunications industry and by our investor base to evaluate our operating performance. In addition, we routinely use EBITDA as a metric for valuing potential acquisitions. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as EBITDA, to provide a financial measure by which to compare a company's assessment of its operating performance against that of other companies in the same industry. This non-GAAP financial measure is helpful in more clearly reflecting the sales of our products and services, as well as highlighting trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures, because this non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

LICT's management believes strongly in growing intrinsic value as a long-term prescription for managing an enterprise's health. Our local management teams run their respective businesses as stand-alone, entrepreneurial units although we attempt to use economies of scale and other efficiencies (such as joint purchasing) where they are available. We believe that EBITDA is the clearest indicator of the cash flow generating ability and long-term health of such units. We value potential acquisitions on the same basis.

EBITDA refers to, for any period, net income (loss) before all components of "Other income (expense)" (consisting of investment income, interest expense, equity in earnings of affiliates, gains and losses on disposition of or impairment of assets), income taxes, depreciation, amortization, minority interests and income or loss from discontinued operations. EBITDA has been modified to include the cash we received from the equity in earnings of affiliated companies. Although we do not have majority voting control of such companies, we have the ability to significantly influence financial and accounting policies.

The following table provides the components of EBITDA and reconciles it to net income from continuing operations:

	2015	2014
EBITDA from:		
Operating units	$7,919	$9,113
Dividends from equity affiliates	675	315
EBITDA before corporate expenses	8,594	9,428
Corporate expenses	(619)	(718)
EBITDA	$7,975	$8,710
Reconciliation to net income:		
EBITDA	$7,975	$8,710
Less dividends from equity affiliates	(675)	(315)
Depreciation and amortization	(4,377)	(4,448)
Investment income	44	19
Interest expense	(715)	(921)
Equity in income of affiliates	540	396
Other gains	--	3
Income tax	(1,051)	(1,274)
Net income for continuing operations	$1,741	$2,170

Other Income (Expense)

In 2015, investment income increased by $25 thousand due to a note receivable from the sale of our New York operation.

Interest expense decreased by $206 thousand in 2015 primarily due to reductions in debt outstanding and lower interest rates.

Equity in earnings of affiliates increased by $144 in 2015 primarily due to higher in earnings from our 25% partnership interest in a cellular telephone provider, California RSA #2 Partnership.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2015 and 2014, represent effective tax rates of 37.6% and 37.0%, respectively. The difference between these effective rates and the federal statutory rate is principally due to state income taxes.

Net Income

Net income from continuing operations for the third quarter of 2015 was $1,741 thousand, or $78.68 per share (basic and diluted), compared to a net income from continuing operations of $2,170 thousand, or $97.12 per share (basic and diluted).

Nine months ended September 30, 2015 compared to 2014

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2015	2014
Regulated revenues:		
Local access	$5,994	$6,175
Interstate access	24,072	26,346
Intrastate access	5,574	7,167
Other regulated	1,078	1,029
Total regulated revenues	36,718	40,717
Broadband and other non-regulated	27,613	23,472
Total revenues	64,331	64,189
Operating Cost and Expense:		
Cost of revenue, excluding depreciation	30,431	28,148
General and administrative costs at operations	8,528	8,558
Corporate office expenses	2,125	2,308
Depreciation and amortization	13,338	13,281
Total	54,422	52,295
Operating profit	$9,909	$11,894

Our 2015 year to date non-regulated revenues grew by $4,141 thousand or 17.6% as compared to 2014. Non-regulated revenues, revenues from broadband services and other non-regulated services, specifically our Utah ($2.1 million) and California ($0.6 million) operations, increased primarily due to the sale of additional broadband circuits outside of our regulated service territory ($2.0 million), additional video revenue and the sale of communications equipment. Non-regulated revenues currently have grown to represent over 45% of our revenue streams and are expected to continue to grow. Regulated revenues decreased by $3,999 thousand or 9.8% to $36,718 thousand. Interstate access revenue decreased $2,274 thousand in 2015 due to lower rate bases at certain of our operations, lower industry rates of return and other regulated factors. Intrastate revenues decreased by $1,593 thousand due to a statewide revenue adjustment by the state of New Mexico and lower minutes of use. Combining the non-regulated and regulated revenues, total revenues in 2015 increased by $142 thousand to $64,331 thousand compared to $64,189 thousand in 2014.

Total costs and expenses were $54,422 thousand in 2015, an increase of $2,127 thousand compared to 2014. Costs of revenue increased $2,283 thousand primarily due to increased costs from the growing internet and cable television operations. General and administrative costs incurred at the operations decreased by $30 thousand while corporate office expenses decreased by $183 thousand. Depreciation and amortization increased by $57 thousand from 2014 to 2015, due to capital expenditures in 2014 and 2015.

As a result of the above, operating profit in 2015 decreased by $1,985 thousand from $11,894 thousand in 2014 to $9,909 thousand in 2015.

EBITDA

The following table provides the components of EBITDA and reconciles it to net income from continuing operations:

	2015	2014
EBITDA from:		
Operating units	$25,372	$27,483
Dividends from equity affiliates	1,750	943
EBITDA before corporate expenses	27,122	28,426
Corporate expenses	(2,125)	(2,308)
EBITDA	$24,997	$26,118
Reconciliation to net income:		
EBITDA	$24,997	$26,118
Less dividends from equity affiliates	(1,750)	(943)
Depreciation and amortization	(13,338)	(13,281)
Investment income	323	418
Interest expense	(2,213)	(2,878)
Equity in income of affiliates	1,351	1,256
Other gains	22	55
Income tax	(3,569)	(4,146)
Net income from continuing operations	$5,823	$6,599

Other Income (Expense)

In 2015, investment income decreased by $95 thousand primarily due to a reduction in patronage dividends, offset by interest income on a note receivable from the sale of our New York operation..

Interest expense decreased by $665 thousand in 2015 primarily due to reductions in debt outstanding and lower interest rates.

Equity in earnings of affiliates in 2015 increased by $95 primarily due to consistent earnings from our 25% partnership interest in a cellular telephone provider, California RSA #2 Partnership.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provisions for 2015 and 2014, represent effective tax rates of 38.0% and 38.6%, respectively. The difference between these effective rates and the federal statutory rate is principally due to state income taxes.

Net Income

Net income from continuing operations the first nine months of 2015 was $5,823 thousand, or $262.56 per share (basic and diluted), compared to a net income from continuing operations of $6,599 thousand, or $295.56 per share (basic and diluted) in 2014. In addition, during the 2015 period, DFT, which is currently being treated as a discontinued operation, recorded net income of $117 thousand or $5.28 per share. This compares to 2014 net income of $316 thousand or $14.15 per share. The Company has no dilutive instruments outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Over the last several years, LICT has been repaying debt at its subsidiary companies alleviating to some extent the lender-imposed restrictions on the amount transfer of funds within the LICT group of companies. For the subsidiaries with restrictions, and other companies for regulatory purposes, LICT receives cash to meet its obligations primarily through management fees charged to its subsidiaries, dividends, and a tax sharing agreement with its subsidiaries.

On December 30, 2014, Brighton Communications Corporation ("Brighton"), a wholly-owned subsidiary of LICT, closed on a $30 million revolving credit facility from CoBank, ACB. The facility, which expires in December 2017, replaced line of credit facilities previously arranged by LICT. Brighton owns substantially all of the subsidiaries within the LICT consolidated group of companies. As of September 30, 2015, there was $15.0 million outstanding under this facility, classified as long-term debt. The average balance outstanding under the facility was $19.1 million at an average interest rate of 2.7%. Management believes that the current CoBank facility provides adequate liquidity for at least the next twelve months.

On October 14, 2014 a subsidiary of the Company borrowed $15.0 million from its Chairman and CEO to fund, in part, the $19.0 million that the subsidiary deposited with the Federal Communications Commission to fund its participation in Auction 97. The loan bore interest at the rate of .38% per year and was due the earlier of 5 days after the Auction 97 deposits were returned from the FCC, or October 14, 2015. The deposit was returned in February and the loan was repaid.

The Company is obligated under long-term debt provisions and lease agreements to make certain cash payments over the term of the agreements. The following table summarizes, as of September 30, 2015 for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity:

	Payments Due by Period (In thousands)				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long-term debt, principal only	$45,947	$13,724	$30,241	$1,357	$625
Interest on long-term debt	4,785	2,314	2,264	116	91
Total contractual cash obligations and commitments	$50,732	$ 16,038	$32,505	$1,473	$716

At September 30, 2015, total debt was $45,947 thousand, a decrease of $12,519 thousand from December 31, 2014, excluding the special purpose Auction 97 loan of $15,000 thousand. At September 30, 2015, there was $28,455 thousand of fixed interest rate debt outstanding, averaging 7.2%, and $17,492 thousand of variable interest rate debt, averaging 2.7%. The debt at fixed interest rates includes $24,282 thousand of subordinated notes at interest rates averaging 7.5% issued to sellers as part of acquisitions. The long-term debt facilities at certain subsidiaries are secured by substantially all of such subsidiaries' assets, while at other subsidiaries it is secured by the common stock of such subsidiaries. In addition, the debt facilities contain certain covenants restricting distributions to LICT.

LICT has a manageable degree of financial leverage. As of September 30, 2015, the ratio of total debt to total EBITDA, on a trailing twelve month basis, was 1.4 to 1. Certain subsidiaries have higher debt to EBITDA ratios.

As of September 30, 2015, LICT had current assets of $29.3 million and current liabilities of $15.7 million resulting in working capital of $13.6 million compared to $21.9 million at December 31, 2014.

Sources and Uses of Cash

Cash at September 30, 2015, was $17.0 million, as compared to $18.2 million at December 31, 2014. In the nine months of 2015, net cash provided by operations of $20.8 million was primarily used to invest in plant and equipment and repay debt.

In the nine months, capital expenditures were $12.7 million in 2015 as compared to $11.9 million in 2014, of which 52% and 53% were spent at the RLECs and, for our cost based companies, will be included in their rate bases for rate setting purposes.

In 2008 through the present, the Company has taken bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service of 50%, starting January 1, 2008, 100%, starting September 9, 2010 through December 31, 2011 and 50% starting January 1, 2014. Such deductions have the effect of reducing current taxes payable, but will increase tax payments in future years.

In February 2014, the Company closed on the sale of its eight 700MHz licenses for $12.8 million. The licenses had a basis of $0.8 million and net of sales cost and income tax, resulted in a net gain of $7.7 million, or $324 per share. Using such proceeds, the Company paid off $7.6 million of long term debt and a capital lease at its Michigan subsidiary.

The Company received cash distributions from a 25% interest in the California RSA # 2 Partnership of $1.8 million in the nine months of 2014 compared to $0.9 million in the current period. The incease in 2015 distributions is partially due to a lease/leaseback transaction executed by the Partnership.

The Company's Board of Directors has authorized the purchase of up to 5,000 shares of the Company's common stock. Through September 30, 2015, 4,787 shares have been purchased at an average investment of $2,833 per share, including 271 shares purchased in 2015 at an average investment of $5,201 per share.

The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999. The Company has spun-off three entities: Morgan Group Holding Co., CIBL Inc., and ICTC Group Inc. Since its spin-off from LICT, CIBL, Inc. has made cash distributions to shareholders of $170 per share.