Item 5 Financial Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto contained in this Annual Report.

As used below, unless the context otherwise requires, the terms "the Company," "we," "us," and "our" refer to CTM Media Holdings, Inc., a Delaware corporation, and our subsidiaries.

Forward-Looking Statements

This Annual Report contains forward-looking statements. Statements that are not historical facts are forward-looking statements. Examples of forward-looking statements include:

- statements about the Company and its divisions' future performance;
- projections of the Company and its divisions' results of operations or financial condition; and
- statements regarding the Company plans, objectives or goals, including those relating to its strategies, initiatives, competition, acquisitions, dispositions and/or its products.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company's control. Such known and unknown risks, uncertainties and other factors may cause the Company's actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements.

These factors include those discussed under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's annual financial statements.

The Company cautions that such factors are not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

Forward-looking statements speak only as of the date they are made and are statements of the Company's current expectations concerning future results, events and conditions and the Company is under no obligation to update any of the forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

Our principal businesses consist of:

CTM Media Group ("CTM"), our brochure and digital distribution company and other advertising-based product initiatives focused on small to medium sized businesses; and

Our majority interest in Idea and Design Works, LLC ("IDW"), which is a comic book and graphic novel publisher that creates and licenses intellectual property.

CTM

CTM develops and distributes print and digital-based advertising and information in targeted tourist markets. Throughout its operating region, CTM operates four integrated and complimentary business lines: Brochure Distribution, Publishing, RightCard™, and Digital Distribution. CTM offers its customers a comprehensive media marketing approach through these business lines. During fiscal 2014, CTM serviced over 2,680 clients and maintains more than 12,200 display stations in over 32 states and provinces in the United States and Canada.

On July 31, 2014, CTM acquired a substantial portion of the brochure distribution network of a company in the Southeast United States that includes Georgia and parts of Tennessee, North Carolina and South Carolina. In addition to the geographical expansion of CTM distribution network, this purchase added over 1,000 display stations to the network.

CTM's display stations are located in travel, tourism and entertainment venues, including hotels and other lodgings, corporate and community venues, transportation terminals and hubs, tourist attractions and entertainment venues. CTM's revenues represented 43.6% and 50.0% of our consolidated revenues in the three months ended October 31, 2014 and 2013, respectively, and 43.8% and 45.2% in the fiscal years ended October 31, 2014 and 2013, respectively.

IDW

IDW is a comic book and graphic novel publisher that creates and licenses intellectual property.

On December 12, 2014, IDW purchased principally all of the assets of Top Shelf Productions, a publisher and distributer of hard copy and digital versions of comic books, graphic novels, art books and trade collections. The purchase increases the properties and products of IDW.

IDW's revenues represented 56.4% and 50.0% of our consolidated revenues in the three months ended October 31, 2014 and 2013, respectively, and 56.2% and 54.8% in the fiscal years ended October 31, 2014 and 2013, respectively.

REPORTABLE SEGMENTS

We have the following two reportable business segments: CTM and IDW.

PRESENTATION OF FINANCIAL INFORMATION

Basis of presentation

The consolidated financial statements for the periods reflect our financial position, results of operations, and cash flows. The financial statements have been prepared using the historical basis for the assets and liabilities and results of operations.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are described in Note 1 to the consolidated financial statements included in our Annual Report for fiscal 2013. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Critical accounting policies are those that require application of management's most subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. Our critical accounting policies include those related to the allowance for doubtful accounts and intangible assets with indefinite useful lives and valuation of long-lived assets including intangible assets with finite useful lives. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

On October 31, 2013, the Company's Board of Directors granted the Company's Chairman/majority shareholder, 38,796 restricted shares of the Company's Class B common stock with a value of $2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 through December 31, 2019. Total unrecognized compensation cost on the date of grant was $2,277,760. The unrecognized compensation is recognized over the vesting period. The restricted shares vest as follows:

Date	Number of shares
10/31/13	833
9/30/15	5,834
9/30/16	6,417
9/30/17	7,058
9/30/18	7,764
9/30/19	8,541
12/31/19	2,349

On October 14, 2009, our Board of Directors granted the Company's Chairman/majority shareholder, 1,785,714 restricted shares (approximately 89,285 restricted shares after giving effect to the Reverse Split) of our Class B common stock with a value of $1,250,000 on the date of grant in lieu of a cash base salary for the following five years. The restricted shares vested in equal thirds on each of October 14, 2011, October 14, 2012 and October 14, 2013. This arrangement did not impact the Company's Chairman/majority shareholder's cash compensation from the date of the Spin-Off through the pay period including the grant date. Total unrecognized compensation cost on the grant date was $1,250,000. The unrecognized compensation cost has been recognized over the vesting period from October 14, 2009 through October 14, 2014. The stock-based compensation related to this grant for the three months ended October 31, 2014 and October 31, 2013 was approximately $0 and $69,000, respectively, and approximately $15,000 and $275,000 for the fiscal years ended October 31, 2014 and October 31, 2013, respectively.

Net income attributable to CTM Media Holdings, Inc. and non-controlling interests

(in thousands)			**Change**	
Three months ended October 31,	**2014**	**2013**	**$**	**%**
Income from operations	**$ 1,743**	$ 1,060	$ 683	64.4%
Interest income, net	**20**	12	8	66.7%
Other income (expense), net	**28**	3	25	833.3%
Benefit from (provision for) income taxes	**(620)**	(237)	(383)	(161.6%)
Net income	**1,171**	838	333	39.7%
Less: Net income attributable to non-controlling interest	**(241)**	(174)	(67)	(38.5%)
Net income (loss) attributable to CTM Media Holdings, Inc.	**$ 930**	$ 664	$ 266	40.1%

(in thousands)			**Change**	
Fiscal year ended October 31,	**2014**	**2013**	**$**	**%**
Income from operations	**$ 5,646**	$ 4,578	$ 1,068	23.3%
Interest income, net	**67**	36	31	86.1%
Other income (expense), net	**14**	27	(13)	(48.1%)
Benefit from (provision for) income taxes	**506**	(1,463)	1,969	134.6%
Net income	**6,233**	3,178	3,055	96.1%
Less: Net income attributable to non controlling interest	**(955)**	(935)	(20)	2.1%
Net income attributable to CTM Media Holdings, Inc.	**$ 5,278**	$ 2,243	$ 3,035	135.3%

Income from operations. Income from operations increased for the three months and fiscal year ended October 31, 2014 compared to the three months and fiscal year ended October 31, 2013 primarily due to increased revenue and gross profit from both the IDW and CTM segments, partially offset by a net increase in Selling, General & Administrative expenses.

Income Taxes. Income tax expense increased for the three months ended October 31, 2014 compared to the three ended October 31, 2013 by approximately $565,000 due primarily to the increase in taxable income. Income tax expense decreased for the fiscal year ended October 31, 2014 compared to the fiscal year ended October 31, 2013 by approximately $1,788,000 due primarily to the release of the valuation allowance on the IRC section 382 limited net operating loss carry forwards that are no longer limited.

The Company and IDT have a Tax Separation Agreement, dated September 14, 2009, that provides for certain tax matters including the assignment of responsibility for the preparation and filing of tax returns, the payment of and indemnification for taxes, entitlement to tax refunds and the prosecution and defense of any tax controversies. Pursuant to this agreement, IDT must indemnify the Company from all liability for taxes of the Company and its subsidiaries for periods ending on or before September 14, 2009, and the Company must indemnify IDT from all liability for taxes of the Company and its subsidiaries occurring after September 14, 2009. Also, for periods ending on or before September 14, 2009, IDT shall have the right to control the conduct of any audit, examination or other proceeding brought by a taxing authority. The Company has the right to participate jointly in any proceeding that may affect the Company's tax liability unless IDT has indemnified the Company. Finally, the Company and its subsidiaries agreed not to carry back any net operating losses, capital losses or credits for any taxable period ending after September 14, 2009 to a taxable period ending on or before September 14, 2009 unless required by applicable law, in which case any refund of taxes attributable to such carry back shall be for the account of IDT Corporation.

Income attributable to non-controlling interest. Non-controlling interests arise from the 23.335% interest in IDW not held by the Company.

CTM

(in thousands)			Change	
Three months ended October 31,	**2014**	**2013**	**$**	**%**
Revenues	**$ 5,577**	$ 5,285	$ 292	5.5%
Direct cost of revenues	**1,597**	1,581	16	1.0%
Selling, general and administrative	**2,900**	3,156	(256)	(8.1%)
Depreciation and amortization	**353**	206	147	71.4%
Bad debt expense	**16**	28	(12)	(42.9%)
Income (loss) from operations	**$ 711**	$ 314	$ 397	126.4%

(in thousands)			Change	
Fiscal year ended October 31,	**2014**	**2013**	**$**	**%**
Revenues	**$ 19,836**	$ 18,809	$ 1,027	5.5%
Direct cost of revenues	**6,130**	6,085	45	0.7%
Selling, general and administrative	**11,026**	11,092	(66)	(0.6%)
Depreciation and amortization	**1,106**	990	116	11.7%
Bad debt expense	**35**	69	(34)	(49.3%)
Income (loss) from operations	**$ 1,539**	$ 573	$ 966	168.6%

Revenues. The increase in CTM's revenues during the three months ended October 31, 2014 compared to the three months ended October 31, 2013 was primarily due to increased U.S. distribution revenue of $254,000, led principally by Broadway distribution, increased digital product revenue of $34,000 and increased publishing revenue of $22,000, offset by Canadian distribution ($30,000). The increase in CTM's revenues during the fiscal year ended October 31, 2014 compared to the fiscal year ended October 31, 2013 was primarily due to increased U.S. distribution revenue of $760,000, led principally by Broadway related revenue increases of $481,000 and other increases in distribution in U.S. Northeast, offset by weakness in the Canadian dollar exchange rate ($144,000). In addition, digital product revenue increased $317,000 and publishing revenue increased $86,000. Digital product revenue increased due to the improved monetization of our increased ExploreBoard digital touch screen footprint.

Direct Cost of Revenues. Direct cost of revenues consists primarily of distribution and fulfillment payroll, warehouse, distribution vehicle expenses, print and design expenses and digital content costs. Direct cost of revenues for the three months and fiscal year ended October 31, 2014 were relatively flat compared to the three months and fiscal year ended October 31, 2013, increasing by approximately $83,000 and $34,000, respectively.

CTM's gross margin percentage increased in the three months and fiscal year ended October 31, 2014 to 71.4% and 69.1%, respectively, as compared to 70.1% and 67.6% in the three months and fiscal year ended October 31, 2013, respectively. The increases were due primarily to the change in product mix with increased distribution and digital product revenues.

Selling, General and Administrative. Selling, general and administrative expenses consist primarily of payroll and related benefits, facilities costs and insurance. Selling, general and administrative expenses decreased in the three months and fiscal year ended October 31, 2014 compared to the three months and fiscal year ended October 31, 2013, by $256,000 and $66,000, respectively. The decreases for the three month periods related principally to contributions ($195,000), benefits ($42,000) and professional fees ($22,000). Decreases for the fiscal year related principally to decreases in non-cash compensation ($283,000) and non-cash donations (190,000), partially offset by increases in salary and benefits of $206,000, recruiting of $65,000, insurance of $42,000, software licensing related to ExploreBoard deployment of $33,000, and loan fees and credit card processing costs of $35,000.

As a percentage of CTM's revenue, selling, general and administrative expenses for the three months and fiscal year ended October 31, 2014 were 52.0% and 55.6%, respectively, as compared to 59.7% and 59.0% in the three months and fiscal year ended October 31, 2013, respectively.

Bad Debt Expense. Bad debt expense for the three months and fiscal year ended October 31, 2014 decreased by $12,000 and $34,000 as compared to the three months and fiscal year ended October 31, 2013, respectively, reflecting overall better collection experience for the periods.

IDW

(in thousands) **Three months ended October 31,**		**2014**		**2013**	**Change** **$**		**%**
Revenues	**$**	**7,208**	$	5,293	**$**	1,915	36.2%
Direct cost of revenues		**4,210**		3,023		1,187	39.3%
Selling, general and administrative		**1,960**		1,518		442	29.1%
Depreciation and amortization		**6**		6		-	0.0%
Income from operations	**$**	**1,032**	$	746	**$**	286	38.3%

(in thousands) **Fiscal year ended October 31,**		**2014**		**2013**	**Change** **$**		**%**
Revenues	**$**	**25,411**	$	22,831	**$**	2,580	11.3%
Direct cost of revenues		**13,806**		12,637		1,169	9.3%
Selling, general and administrative		**7,474**		6,169		1,305	21.2%
Depreciation and amortization		**24**		21		3	14.3%
Income from operations	**$**	**4,107**	$	4,004	**$**	103	2.6%

Revenues. The increase in IDW's revenues in the three months ended October 31, 2014 compared to the three months ended October 31, 2013 of $1,915,000 was primarily due to increases in non-direct market sales (mass market stores) of $407,000 and other publishing revenues primarily mass market sales of customized product offerings (842,000), digital publishing revenues of $373,000 and a new division's games revenue of $422,000 with marginal net changes in other revenue categories. The increases reflect growth in available titles, a more diverse mix of products, improved product sell-through in the distribution network and new product categories.

The increase in IDW's revenues in the fiscal year ended October 31, 2014 compared to the fiscal year ended October 31, 2013 of $2,580,000 was led by increases in direct market sales $252,000, non-direct market sales of $491,000, other publishing revenue of $647,000, digital publishing revenue of $679,000 and games revenue of $422,000 with marginal net changes in other revenue categories.

Direct Cost of Revenues. Direct cost of revenues consists primarily of printing expenses and costs of artists and writers. Direct costs of revenues in the three months ended October 31, 2014 increased by $1,187,000 compared to the three months ended October 31, 2013. The increase was primarily due to the increases in revenue. Direct cost of revenues increased by $1,169,000 for the fiscal year ended October 31, 2014 compared to the fiscal year ended October 31, 2013, due to revenue increases as well as a product mix shift to high gross profit products experienced during the fiscal year.

IDW's gross margin for the three months ended October 31, 2014 decreased to 41.6% from 42.9% for the three months ended October 31, 2013. The decrease in gross profit was principally due to new products generating slightly lower gross profit. Gross margin increased to 45.7% in the fiscal year ended October 31, 2014 from 44.6% in the fiscal year ended October 31, 2013, reflecting the shift of product mix into higher gross profit products as well as the timing of revenue.

Selling, General and Administrative. IDW has been building its infrastructure to support and grow the higher level of revenues experienced during the fiscal years ended October 31, 2014 and 2013, and IDW Entertainment, a new business development initiative in this fiscal year.

Selling, general and administrative expenses increased by $442,000 and $1,305,000 in the three months and fiscal year ended October 31, 2014, respectively, compared to the three months and fiscal year ended October 31, 2013. For the three month period, expenses increased primarily due to increases in salaries, bonuses and related benefits of $250,000, shipping and delivery of $45,000, marketing and advertising of $41,000, and travel of $38,000. Selling, general and administrative increased for the fiscal year primarily due to increases in salaries and benefits of $1,062,000, net of reductions in bonus expense of ($394,000), marketing, advertising and development of $345,000, professional fees of $48,000, rent and occupancy of $41,000 and shipping, warehouse and delivery of $76,000.

As a percentage of IDW's revenues, selling, general and administrative expenses in the three months and fiscal year ended October 31, 2014 were 27.2% and 29.4%, respectively, compared to 28.7% and 27.0% in the three months and fiscal year ended October 31, 2013, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We satisfied our cash requirements primarily through cash provided by the Company's operating activities.

(in thousands)	Fiscal year ended October 31, 2014	2013
Cash flows provided by (used in):		
Operating activities	**$ 5,845**	$ 6,755
Investing activities	**(1,977)**	(1,419)
Financing activities	**(1,782)**	(4,249)
Net increase (decrease) in cash and cash equivalents	**$ (2,086)**	$ 1,087

Operating Activities. Our cash flow from operations varies from quarter to quarter and from year to year, depending on our operating results and the timing of operating cash receipts and payments, specifically trade accounts receivable and trade accounts payable. Cash flows provided by operating activities based on these factors were approximately $5,845,000 and $6,755,000 for the fiscal years ended October 31, 2014 and 2013, respectively.

Investing Activities. Our capital expenditures were approximately $920,000 and $726,000 in the fiscal years ended October 31, 2014 and 2013, respectively. In addition, in the fiscal year ended October 31, 2014, we purchased CTM's new Southeast distribution network for $2,400,000. We currently anticipate that total capital expenditures for all of our segments in fiscal 2014 will be approximately $1,000,000. We expect to fund our capital expenditures with our cash and cash equivalents on hand.

Financing Activities. During the fiscal years ended October 31, 2014 and October 31, 2013, we paid our shareholders cash dividends in the amounts of approximately $2,411,000 and $3,469,000, respectively, and distributed cash to minority shareholders of IDW in the amounts of $785,000 and $755,000, respectively. We also repaid capital lease obligations of approximately $222,000 and $236,000 in the fiscal years ended October 31, 2014 and October 31, 2013, respectively.

CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable increased to approximately $4,883,000 at October 31, 2014 compared to $4,511,000 at October 31, 2013, reflecting higher fourth quarter revenue and end of period sales in fiscal 2014. The allowance for doubtful accounts as a percentage of gross trade accounts receivable decreased to 1.6% at October 31, 2014 from 2.0% at October 31, 2013 principally due to improved CTM collection experience and higher current receivable balances.

OTHER SOURCES AND USES OF RESOURCES

We intend to, where appropriate, make strategic investments and acquisitions to complement, expand, and/or enter into new businesses. In considering acquisitions and investments, we search for opportunities to profitably grow our existing businesses, to add qualitatively to the range of businesses in our portfolio and to achieve operational synergies. Historically, such acquisitions have not exceeded $500,000, however in the fiscal year ended October 31, 2014, CTM purchased its Southeast distribution network, as discussed in the CTM Overview above. Subsequent to this transaction, CTM secured a term loan in the amount of $1,500,000 which replaced a portion of the cash used for this purchase. If we were to pursue additional acquisitions in excess of $500,000 we would likely need to secure financing arrangements. At this time, we cannot guarantee that we will be presented with acquisition opportunities that meet our return on investment criteria, or that our efforts to make acquisitions that meet our criteria will be successful.

We expect that our fiscal 2015 operations along with the balance of cash and cash equivalents that we held as of October 31, 2014, a portion of which was provided by the $1,500,000 term loan established in fiscal 2014, and a $1,000,000 line of credit with our primary bank will be sufficient to meet our currently anticipated working capital and capital expenditure requirements, pay capital lease obligations, make limited acquisitions and investments, pay any currently announced and any future declared dividends, and fund any potential operating cash flow deficits within any of our segments for at least the next twelve months. In addition, we anticipate that our expected cash balances, as well as cash flows from our operations, will be sufficient to meet our long-term liquidity needs. The foregoing is based on a number of assumptions, including that we will collect on our receivables, effectively manage our working capital requirements, and maintain our revenue levels and liquidity. Predicting these matters is particularly difficult in the current worldwide and national economic situations. Failure to generate sufficient revenues and operating income could have a material adverse effect on our results of operations, financial condition and cash flows.

FOREIGN CURRENCY RISK

Revenues from our international operations represented 3.5% and 4.0% of our consolidated revenues for the fiscal years ended October 31, 2014 and October 31, 2013, respectively. These revenues are in Canadian dollars. Our foreign currency exchange risk is somewhat mitigated by our ability to offset the majority of Canadian Dollar-denominated revenues with operating expenses that are paid in the same currency. While the impact from fluctuations in foreign exchange rates affects our revenues and expenses denominated in the foreign currency, the net amount of our exposure to foreign currency exchange rate changes at the end of each reporting period is generally not material.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any "off-balance sheet arrangements," as defined in relevant SEC regulations that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

CTM MEDIA HOLDINGS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of CTM Media Holdings, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of CTM Media Holdings, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of October 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CTM Media Holdings, Inc. and Subsidiaries, as of October 31, 2014 and 2013, and the consolidated results of its operations, comprehensive income, stockholders' equity and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ZWICK & BANYAI, PLLC

Southfield, Michigan
January 29, 2015

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)	October 31, 2014	October 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 11,427	$ 9,341
Short term investment	-	1,003
Trade accounts receivable, net	4,803	3,388
Related party receivable	-	1,035
Inventory – finished goods	2,850	2,108
Prepaid expenses	1,239	1,044
Deferred taxes – current portion	115	-
Note receivable – current portion	340	340
Total current assets	20,774	18,259
Property and equipment, net	2,078	2,187
Note receivable – non-current portion	935	1,275
Deferred taxes – non-current portion	14,080	13,735
Intangible Assets	1,221	6
Goodwill	1,000	-
Other assets	354	193
Total assets	$ 40,442	$ 35,655
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	1,989	$ 1,340
Accrued expenses	3,518	4,125
Deferred revenue	1,610	1,322
Income taxes payable	680	679
Deferred taxes payable	551	609
Capital lease obligations – current portion	201	206
Term loan payable – current portion	300	-
Other current liabilities	159	355
Total current liabilities	9,008	8,636
Capital lease obligations – long term portion	396	451
Term loan payable – long term portion	1,175	-
Other liabilities	3	8
Total non-current liabilities	1,574	459
Total liabilities	10,582	9,095
Stockholders' Equity (see note 1):		
CTM Media Holdings, Inc. stockholders' equity:		
Preferred stock, $.01 par value; authorized shares – 25; no shares issued at October 31, 2014 and October 31, 2013	-	-
Class A common stock, $0.01 par value; authorized shares – 300; 64 shares issued and outstanding at October 31, 2014 and October 31, 2013	1	1
Class B common stock, $0.01 par value; authorized shares – 600; 394 shares and 388 shares issued and outstanding at October 31, 2014 and October 31, 2013, respectively	4	4
Class C common stock, $0.01 par value; authorized shares – 125; 55 shares issued and outstanding at October 31, 2014 and October 31, 2013	1	1
Additional paid-in capital	49,752	51,794
Treasury stock, at cost, consisting of 9 shares of Class A common stock at October 31, 2014 and October 31, 2013, and 43 shares of Class B common stock at October 31, 2014 and October 31, 2013	(1,196)	(1,196)
Accumulated other comprehensive income	51	157
Accumulated deficit	(19,620)	(24,898)
Total CTM Media Holdings, Inc. stockholders' equity	28,993	25,863
Non-controlling interests	867	697
Total stockholders' equity	29,860	26,560
Total liabilities and stockholders' equity	$ 40,442	$ 35,655

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Three Months Ended October 31, (unaudited) 2014	2013	Fiscal Year Ended October 31, 2014	2013
Revenues	**$ 12,785**	$ 10,579	**$ 45,248**	$ 41,641
Costs and expenses:				
Direct cost of revenues	**5,807**	4,604	**19,936**	18,721
Selling, general and administrative (i)	**4,860**	4,675	**18,501**	17,261
Depreciation and amortization	**359**	212	**1,129**	1,012
Bad debt expense	**16**	28	**36**	69
Total costs and expenses	**11,042**	9,519	**39,602**	37,063
Income from operations	**1,743**	1,060	**5,646**	4,578
Interest income, net	**14**	12	**49**	36
Other income (expense), net	**34**	3	**32**	27
Income before income taxes	**1,791**	1,075	**5,727**	4,641
Benefit from (provision for) income taxes	**(620)**	(237)	**506**	(1,463)
Net income	**1,171**	838	**6,233**	3,178
Less: net income attributable to non-controlling interests	**(241)**	(174)	**(955)**	(935)
Net income attributable to CTM Media Holdings, Inc.	**$ 930**	$ 664	**$ 5,278**	$ 2,243
Basic and diluted income per share attributable to CTM Media Holdings, Inc. common stockholders (see notes 1 and 3):				
Net income per share	**$ 2.03**	$ 1.61	**$ 11.52**	$ 5.43
Weighted-average number of shares used in the calculation of basic and diluted income per share:	**458**	413	**458**	413
Dividend declared per common share:	**$ 1.63**	$ 1.20	**$ 5.23**	$ 8.40
Interest Expense	**$ 6**	$ 5	**$ 18**	$ 25
(i) Stock-based compensation included in selling, general and administrative expenses	**$ 380**	$ 392	**$ 395**	$ 678

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months Ended October 31, (unaudited) 2014	2013	Fiscal Year Ended October 31, 2014	2013
Net income	**$ 1,171**	838	**$ 6,233**	$ 3,178
Foreign currency translation adjustments	**(43)**	(19)	**(106)**	(49)
Comprehensive income	**1,128**	819	**6,127**	3,129
Comprehensive income attributable to non-controlling interests	**(241)**	(174)	**(955)**	(935)
Comprehensive income attributable to CTM Media Holdings, Inc.	**$ 887**	645	**$ 5,172**	$ 2,194

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE FISCAL YEARS ENDED OCTOBER 31, 2014 and 2013
(in thousands)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Accumulated Deficit	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount						
BALANCE AT October 31, 2012	**64**	**$ 1**	**346**	**$ 3**	**55**	**$ 1**	**$ 54,759**	**$ (1,196)**	**$ 206**	**$ (27,141)**	**$ 517**	**$ 27,150**
Stock-based compensation on restricted stock	—	—	39	1	—	—	324	—	—	—	—	325
Dividends ($8.40 per common share)	—	—	—	—	—	—	(3,469)	—	—	—	—	(3,469)
Distributions	—	—	—	—	—	—	—	—	—	—	(755)	(755)
Issuance of Class B common stock	—		3	—	—	—	180	—	—	—	—	180
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(49)	—	—	(49)
Net income for the year ended October 31, 2013	—	—	—	—	—	—	—	—	—	2,243	935	3,178
Comprehensive income	—	—	—	—	—	—	—	—	(49)	2,243	935	3,129
BALANCE AT October 31, 2013	**64**	**$ 1**	**388**	**$ 4**	**55**	**$ 1**	**$ 51,794**	**$ (1,196)**	**$ 157**	**$ (24,898)**	**$ 697**	**$ 26,560**
Stock-based compensation on restricted stock	—	—	—	—	—	—	369	—	—	—	—	369
Dividends ($5.23 per common share)	—	—	—	—	—	—	(2,411)	—	—	—	—	(2,411)
Distributions	—	—	—	—	—	—	—	—	—	—	(785)	(785)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(106)	—	—	(106)
Net income for the year ended October 31, 2014	—	—	—	—	—	—	—	—	—	5,278	955	6,233
Comprehensive income	—	—	—	—	—	—	—	—	(106)	5,278	955	6,127
BALANCE AT October 31, 2014	**64**	**$ 1**	**388**	**$ 4**	**55**	**$ 1**	**$ 49,752**	**$ (1,196)**	**$ 51**	**$ (19,620)**	**$ 867**	**$ 29,860**

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal year ended October 31, (in thousands)	2014	2013
Operating activities:		
Net income	$ 6,233	$ 3,178
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,129	1,011
Bad debt expense	36	69
Stock based donation	-	180
Stock based compensation	369	325
Changes in assets and liabilities:		
Trade accounts receivable	(1,450)	(1,513)
Inventory, prepaid and other assets	22	(603)
Deferred taxes	(518)	177
Trade accounts payable, accrued expenses and other current liabilities	(264)	3,837
Deferred revenue	288	94
Net cash provided by operating activities	5,845	6,755
Investing activities:		
Business acquisitions	(2,400)	-
Maturity of short term investment	1,003	-
Short term investment	-	(1,003)
Capital expenditures	(920)	(726)
Payments received from notes receivable on sale of assets	340	310
Net cash used in investing activities	(1,977)	(1,419)
Financing activities:		
Distributions to holders of non-controlling interests	(785)	(755)
Dividends paid	(2,411)	(3,469)
Financing under capital leases	162	211
Repayments of capital lease obligations	(223)	(236)
Proceeds from term loan	1,500	-
Repayments of term loan	(25)	-
Net cash used in financing activities	(1,782)	(4,249)
Net (decrease) in cash and cash equivalents	2,086	1,087
Cash and cash equivalents at beginning of period	9,341	8,254
Cash and cash equivalents at end of period	$ 11,427	$ 9,341
Supplemental schedule of investing and financing activities		
Cash paid for interest	$ 18	$ 25
Cash paid for income taxes	$ 17	$ 148
Purchases of property and equipment through capital lease obligations	$ 170	$ 148

The effect of exchange rate changes on cash and cash equivalents is not material.

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED OCTOBER 31, 2014 AND 2013

Note 1—Basis of Presentation

The accompanying consolidated financial statements of CTM Media Holdings, Inc. and its subsidiaries (the "Company") have been prepared by Management in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In the opinion of management, all adjustments (consisting principally of normal recurring accruals) considered necessary for a fair presentation have been included. All information presented for the three months ended October 31, 2014 and October 31, 2013 is provided by Management for informational purposes only and has not been subjected to any auditing or any other attestation standards.

Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2014 refers to the fiscal year ending October 31, 2014).

The Company is a holding company consisting of the following principal businesses:

CTM Media Group ("CTM"), the Company's brochure and digital distribution companies and other advertising-based product initiatives focused on small to medium sized businesses; and

The Company's majority interest in Idea and Design Works, LLC ("IDW"), which is a comic book and graphic novel publisher that creates and licenses intellectual property.

The Company was formerly a subsidiary of IDT Corporation. On September 14, 2009, the Company was spun-off by IDT Corporation and became an independent public company (the "Spin-Off"). IDT Corporation transferred its ownership in all of the entities that became the Company's consolidated subsidiaries prior to the Spin-Off. The entities that became direct or indirect subsidiaries are: CTM; Beltway Acquisition Corporation; IDT Local Media, Inc. (which conducted certain operations related to CTM that are no longer active) and IDT Internet Mobile Group, Inc. ("IIMG"). IIMG owns approximately 76.665% of the equity interests in IDW. All indebtedness owed by any of these entities to IDT Corporation or its affiliates was converted into a capital contribution.

Note 1—Basis of Presentation (continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Revenue Recognition
Revenues from CTM brochure distribution services are recognized on a straight-line basis over the services arrangement, which is typically between six months and one year. Brochure distribution services include distribution of marketing materials to display stations and straightening and refilling of the stations. Revenues from CTM printing services are recognized based on payment by customer to print vendor. Revenues from CTM publication guides are recognized based on the publication release date of guides, which is the same date as distribution. IDW's primary revenue is recognized, net of an allowance for estimated sales returns, at the time of shipment of its graphic novels and comic books by IDW's distributor to its customers, and when all of the conditions specified by 'ASC 605-15-25'are met.

Revenue Recognition When Right of Return Exists
Sales returns allowances represent a reserve for products that may be returned due to dating, competition or other marketing matters, or certain destruction in the field. Sales returns are generally estimated and recorded based on historical sales and returns experience and current trends that are expected to continue. Licensing revenues are recognized upon execution of the agreement for such rights, and other creative revenues are recognized upon completion of services rendered on a contractual basis.

Direct Cost of Revenues
Direct cost of revenues excludes depreciation and amortization expense. Direct cost of revenues for CTM consists primarily of distribution and fulfillment payroll, warehouse and vehicle distribution expenses, and print and design expenses. Direct cost of revenues for IDW consists primarily of printing expenses and costs of artist and writers.

Note 1—Basis of Presentation (continued)

Cash and Cash Equivalents
The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Inventory
Inventory consists of IDW's graphic novels and comic books. Inventory is stated at the lower of cost or market determined by the first in, first out method.

Property and Equipment
Equipment, vehicles and computer software are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, which range as follows: equipment - 5 & 7 years; vehicles - 5 years; and computer software - 2, 3 & 5 years. Leasehold improvements are recorded at cost and are depreciated on a straight-line basis over the term of the lease or their estimated useful lives, whichever is shorter.

Intangible Assets
Customer lists, non-compete covenants, location lists and other intangible assets are recorded at cost and are amortized on a straight-line basis over their contractual or estimated useful lives, whichever is shorter, which range as follows: customer lists, non-compete covenant, location lists and acquisition costs - 7 years, purchased contract rights - 1 year.

Long-Lived Assets
In accordance with 'ASC 360' - *Accounting for the Impairment or Disposal of Long Lived Assets-* , the Company tests the recoverability of its long-lived assets with finite useful lives whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company tests for impairment based on the projected undiscounted cash flows to be derived from such asset. If the projected undiscounted future cash flows are less than the carrying value of the asset, the Company will record an impairment loss based on the difference between the estimated fair value and the carrying value of the asset. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows from such asset using an appropriate discount rate. Cash flow projections and fair value estimates require significant estimates and assumptions by management. Should the estimates and assumptions prove to be incorrect, the Company may be required to record impairments in future periods and such impairments could be material.

Advertising Expense
Non-direct response advertising is expensed as incurred. In fiscal 2014 and fiscal 2013, advertising expenses were approximately $395,000 and $233,000, respectively. Advertising expenses were approximately $101,000 and $60,000 for the three months ended October 31, 2014 and October 31, 2013, respectively.

Repairs and Maintenance
The Company charges the cost of repairs and maintenance, including the cost of replacing minor items not constituting substantial betterment, to selling, general and administrative expenses as these costs are incurred.

Foreign Currency Translation
Assets and liabilities of foreign subsidiaries denominated in foreign currencies are translated to U.S. Dollars at end-of-period rates of exchange, and their monthly results of operations are translated to U.S. Dollars at the average rates of exchange for that month. Gains or losses resulting from such foreign currency translations are recorded in "Accumulated other comprehensive income" in the accompanying consolidated balance sheets.

Income Taxes
The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the period in which related temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in its assessment of a valuation allowance. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date of such change.

Note 1—Basis of Presentation (continued)

Income Taxes (continued)
The Company uses a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return. The Company determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Company presumes that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. Tax positions that meet the more-likely-than-not recognition threshold are measured to determine the amount of tax benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

Commitments and Contingencies
The Company accrues for loss contingencies when both (a) information available prior to issuance of the financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements and (b) the amount of loss can reasonably be estimated. When the Company accrues for loss contingencies and the reasonable estimate of the loss is within a range, the Company records its best estimate within the range. When no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount in the range. The Company discloses an estimated possible loss or a range of loss when it is at least reasonably possible that a loss may have been incurred.

Earnings per Share
Basic earnings per share is computed by dividing net income attributable to all classes of common stockholders by the weighted average number of shares of all classes of common stock outstanding during the applicable period. Diluted earnings per share is computed in the same manner as basic earnings per share, except that the number of shares is increased to include restricted stock still subject to risk of forfeiture (non-vested) using the treasury stock method, unless the effect of such increase is anti-dilutive.

The weighted-average number of shares used in the calculation of basic and diluted earnings per share attributable to the Company's common stockholders consists of the following:

Fiscal Year ended October 31 (in thousands)	2014	2013
Basic weighted-average number of shares	**458**	413
Effect of dilutive securities:		
Non-vested restricted common stock	**-**	-
Diluted weighted-average number of shares	**458**	413

Stock-Based Compensation
The Company accounted for stock-based compensation granted to its employees by IDT Corporation in accordance with the fair value recognition provisions of 'ASC' 718 *Share-Based Payment*. Under 'ASC' 718, compensation costs are recognized based on the grant-date fair value. Stock-based compensation is included in selling, general and administrative expense.

Vulnerability Due to Certain Concentrations
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, short term investment and trade accounts receivable. The Company holds cash and cash equivalents at several major financial institutions, which often exceed FDIC insurance limits. Historically, the Company has not experienced any losses due to such concentration of credit risk. The Company's temporary cash investments policy is to limit the dollar amount of investments with any one financial institution and monitor the credit ratings of those institutions. While the Company may be exposed to credit losses due to the nonperformance of its counterparties, the Company does not expect the settlement of these transactions to have a material effect on its results of operations, cash flows or financial condition.

Note 1—Basis of Presentation (continued)

IDW has one major customer, Diamond Comic Distributors, Inc., which is the major distributor of comic books in the United States. Revenues from this customer represented approximately 45.7% and 42.5% of the total consolidated revenues for the fiscal years ended October 31, 2014 and October 31, 2013, respectively, and 40.4% and 40.5% for the three months ended October 31, 2014 and 2013, respectively. No other single customer accounted for more than 10% of consolidated revenues in fiscal 2014 or fiscal 2013 or in the three months ended October 31, 2014 and 2013. The receivable balances from this customer represented approximately 44.8% and 39.3% of the total consolidated trade accounts receivable at October 31, 2014 and October 31, 2013, respectively. This concentration of customers increases the Company's risk associated with nonpayment by those customers. For CTM, concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers in various geographic regions comprising CTM's customer base.

Sales Returns and Allowances

IDW offers its sole distributor, Diamond Comic Distributors, a right of return with no expiration date. Diamond Comic Distributors then offers this same right of return to its largest chain retailers. IDW records an estimate for sales return reserves from such retailers based on historical sales and return experience and current trends that are expected to continue. In fiscal 2014 and 2013, actual returns exceeded estimated returns by approximately $22,000 and $71,000, respectively.

The change in the allowance for sales returns is as follows:

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to revenues	Actual returns	Balance at end of year
2014				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 202	$ 2,001	$ (1,866)	$ 337
2013				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 216	$ 1,801	$ (1,815)	$ 202

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience and other currently available evidence.
The change in the allowance for doubtful accounts is as follows:

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to costs and expenses	Deductions (1)	Balance at end of year
2014				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 88	$ 36	$ (44)	$ 80
2013				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 110	$ 69	$ (91)	$ 88

(1) Uncollectible accounts written off, net of recoveries.

Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting this data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange.

Note 1—Basis of Presentation (continued)

At October 31, 2014 and 2013, the carrying value of the Company's trade accounts receivable, inventory, prepaid expenses, trade accounts payable, accrued expenses, deferred revenue, capital lease obligations-current portion, and other current liabilities approximate fair value because of the short period of time to maturity. At October 31, 2014 and 2013, the carrying value of the long term portion of the Company's capital lease obligations approximate fair value as their contractual interest rates approximate market yields for similar debt instruments.

On December 13, 2011, the Company filed the Form 15 with the Securities and Exchange Commission (the "SEC") suspending its registration under the Exchange Act, thus suspending its filing of periodic reports with the SEC. The Company's Class A Common Stock and Class B Common Stock continues to trade on the OTC Pink Sheets on the Pink tier. The Company continues to make information public by making filings publicly available through the OTC Disclosure & News Service pursuant to OTC Markets Group Guidelines for Providing Adequate Current Information.

Note 2—Dividends

On January 26, 2015, the Board of Directors, in light of the Company's cash position, determined to declare the payment of a cash dividend in the amount of $1.63 per share (approximately $750,000 in the aggregate) which, subject to confirmation by the Company's management that there is sufficient surplus as of the proposed payment date, will be paid on or about February 19, 2015 to stockholders of record as of February 9, 2015 of the Company's Class A common stock, Class B common stock and Class C common stock.

On September 29, 2014 the Company paid cash dividends in the amount of $1.63 per share (approximately $750,000 in the aggregate) to stockholders of record as of September 20, 2014 of the Company's Class A common stock, Class B common stock and Class C common stock.

On January 24, 2014, April 2, 2014 and July 2, 2014 the Company paid cash dividends in the amount of $1.20 per share on each date (approximately $553,000 each date in the aggregate) to stockholders of record as of January 20, 2014, March 26, 2014 and June 24, 2014, respectively, of the Company's Class A common stock, Class B common stock and Class C common stock.

The Company paid a special cash dividend in the amount of $6.00 per share (approximately $2,478,000) on December 21, 2012. The dividend was paid to stockholders of record as of December 17, 2012 of the Company's Class A common stock, Class B common stock and Class C common stock. In connection with the declaration of the payment of the special dividend, the Company had suspended its regular quarterly dividends for 2013, however the Board of Directors, in light of the Company's cash position, paid cash dividends in the amount of $1.20 per share (each approximately $495,000, in the aggregate) on July 2, 2013 and October 1, 2013 to stockholders of record as of June 24, 2013 and September 23, 2013, respectively, of the Company's Class A common stock, Class B common stock and Class C common stock.

The declaration of future dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, business conditions and other factors, as well as a determination by the Board that dividends are in the best interest of our stockholders at that time, subject to confirmation by the Company's management that there is sufficient surplus as of the proposed future payment dates and other circumstances existing at the relevant times.

Note 2—Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to all classes of common stockholders by the weighted average number of shares of all classes of common stock outstanding during the applicable period. The number of shares outstanding has been increased to include unvested restricted Class B stock issued to the Company's founder and Chairman of the Board, Howard Jonas. Diluted earnings per share is computed in the same manner as basic earnings per share except that the number of shares is increased to include any potentially dilutive shares. During the three months and fiscal year ended October 31, 2014 and October 31, 2013, there were no shares that were potentially dilutive. As a result basic earnings per share and diluted earnings per share were the same.

Note 3—Equity

Changes in the components of stockholders' equity were as follows:

	Fiscal Year Ended October 31, 2014		
	Attributable to CTM Media Holdings, Inc.	**Non-controlling Interests**	**Total**
		(in thousands)	
Balance, October 31, 2013	$ 25,863	$ 697	$ 26,560
Stock based compensation	369	-	369
Cash distributions	-	(785)	(785)
Cash dividends	(2,411)	-	(2,411)
Comprehensive income:			
Net income	5,278	955	6,233
Other comprehensive income	(106)	-	(106)
Total comprehensive income	5,172	955	6,127
Balance, October 31, 2014	$ 28,993	$ 867	$ 29,860

On October 31, 2013, the Company's Board of Directors granted the Company's Chairman/majority shareholder, 38,796 restricted shares of the Company's Class B common stock with a value of $2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 to December 31, 2019. Total unrecognized compensation cost on the date of grant was $2,277,760. The unrecognized compensation is recognized over the vesting period. The restricted shares vest as follows:

Date	Number of shares
10/31/13	833
9/30/15	5,834
9/30/16	6,417
9/30/17	7,058
9/30/18	7,764
9/30/19	8,541
12/31/19	2,349

On October 22, 2013, the Company's Board of Directors elected to donate $200,000 to The CTM Media Charitable Foundation ("Foundation"), an IRS Section 501(c)(3) tax-exempt organization. The donation consisted of $20,000 in cash and $180,000 in the Company's Class B common stock. The Company is the sole member of the Foundation, and the Company's CEO and CFO are the directors and officers of the Foundation.

Note 3—Equity (continued)

On April 24, 2012 the Company repurchased 3,152 shares of its Class B common stock for the aggregate amount of $125,922 from the IDT Corporation 401(k) plan. The Company's Chairman of the Board is also the Chairman of the Board of IDT Corporation, which administers the IDT Corporation 401(k) Plan.

On October 14, 2009, the Company's Board of Directors granted its Chairman/majority shareholder, 1,785,714 restricted shares (approximately 89,285 restricted shares after giving effect to the Reverse Split) of the Company's Class B common stock with a value of $1,250,000 on the date of grant in lieu of a cash base salary for the next five years. The restricted shares vested in equal thirds on each of October 14, 2011, October 14, 2012 and October 14, 2013. Total unrecognized compensation cost on the grant date was $1,250,000. The unrecognized compensation was recognized over the vesting period from October 14, 2009 through October 14, 2014.

On September 3, 2009, the Company's Compensation Committee ratified the Company's 2009 Stock Option and Incentive Plan (the "Company's Stock Option and Incentive Plan"), which was previously adopted by the Company's Board of Directors and approved by IDT Corporation as the Company's sole stockholder at the time, to provide incentives to executive officers, employees, directors and consultants of the Company and/or its subsidiaries. The maximum number of shares of the Company's Class B common stock reserved for the grant of awards under the Company's Stock Option and Incentive Plan is 383,020 shares (approximately 19,151 shares after giving effect to the Reverse Split), subject to adjustment. Incentives available under the Company's Stock Option and Incentive Plan may include stock options, stock appreciation rights, limited stock appreciation rights, restricted stock and deferred stock units.

Under the Company's Stock Option and Incentive Plan, the option price of each option award shall not be less than one hundred percent of the fair market value of the Company's Class B common stock on the date of grant. Each option agreement shall provide the exercise schedule for the option as determined by the Compensation Committee. The exercise period will be ten years from the date of the grant of the option unless otherwise determined by the Compensation Committee. No awards have been granted under the Company's Stock Option and Incentive Plan to date.

Note 4—Asset Purchase

On July 31, 2014, CTM Media Group, Inc, a subsidiary of the Company, acquired a substantial portion of the brochure distribution network of a company in the Southeast United States that includes Georgia and parts of Tennessee, North Carolina and South Carolina. The total effect of this acquisition does not have a material impact on the Company.

Note 5—Note Payable and Line of Credit

On October 3, 2014, CTM Media Group, Inc., a subsidiary of the Company, entered into a term loan agreement with its primary bank for $1,500,000 payable in equal monthly installments of $25,000, plus interest at 3.76%, with the final balance of principal payable on August 31, 2018. The Company has pledged substantially all of its CTM Segment assets in guarantee of the loan and the Company's CTM Segment subsidiaries have also provided guarantees under the agreement. The agreement requires the company to maintain certain ratios related to liquidity and profitability, among other provisions. On October 31, 2014, $1,475,000 was outstanding under the term loan.

Maturities under the term loan are as follows:

Fiscal Year Ended	Amount
10/31/15	$ 300,000
10/31/16	300,000
10/31/17	300,000
10/31/18	575,000
Total	$1,475,000

On July 28, 2012, CTM Media Group Inc., entered into a loan agreement with its primary bank that had provided for a $1.5 million revolving line of credit, renewable annually, with interest payable monthly. In conjunction with the October 3, 2014 term loan described above, the revolving line of credit was reduced to $1,000,000. Amendments dated June 13, 2013, November 22, 2013 and April 30, 2014 renewed and extended the line of credit to April 30, 2015. Any outstanding balance of interest and principal is payable no later than the expiration date of the agreement. The Company has pledged substantially all of its CTM Segment assets in guarantee of the loan and the Company's CTM Segment subsidiaries have also provided guarantees under the agreement. The agreement requires the company to maintain certain ratios related to liquidity and profitability, among other provisions. At October 31, 2014, no balance was outstanding under the line of credit.

Note 6—Business Segment Information

The Company has the following two reportable business segments: CTM and IDW. CTM consists of the Company's brochure and digital advertising distribution company and other advertising-based product initiatives focused on small to medium sized businesses. IDW is a comic book and graphic novel publisher that creates and licenses intellectual property.

The Company's reportable segments are distinguished by types of service, customers and methods used to provide their services. The operating results of these business segments are regularly reviewed by the Company's chief operating decision maker.

The accounting policies of the segments are the same as the accounting policies of the Company as a whole. The Company evaluates the performance of its business segments based primarily on operating income. There are no other significant asymmetrical allocations to segments.

Operating results for the business segments of the Company are as follows:

(in thousands)	CTM	IDW	Total
Three months ended October 31, 2014			
Revenues	**$ 5,577**	**$ 7,208**	**$ 12,785**
Operating income	**$ 711**	**$ 1,032**	**$ 1,743**
Depreciation and amortization	**$ 353**	**$ 6**	**$ 359**
Total assets at October 31, 2014	**$ 27,380**	**$ 13,062**	**$ 40,442**
Three months ended October 31, 2013			
Revenues	$ 5,285	$ 5,294	$ 10,579
Operating income (loss)	$ 314	$ 746	$ 1,060
Depreciation and amortization	$ 206	$ 6	$ 212
Total assets at October 31, 2013	$ 24,949	$ 10,706	$ 35,655

(in thousands)	CTM	IDW	Total
Fiscal Year ended October 31, 2014			
Revenues	**$ 19,837**	**$ 25,411**	**$ 45,248**
Operating income	**$ 1,538**	**$ 4,108**	**$ 5,646**
Depreciation and amortization	**$ 1,106**	**$ 23**	**$ 1,129**
Total assets at October 31, 2014	**$ 27,380**	**$ 13,062**	**$ 40,442**
Fiscal Year ended October 31, 2013			
Revenues	$ 18,809	$ 22,832	$ 41,641
Operating income	$ 573	$ 4,005	$ 4,578
Depreciation and amortization	$ 990	$ 22	$ 1,012
Total assets at October 31, 2013	$ 24,949	$ 10,706	$ 35,655

Note 7—Provision for Income Taxes

Income tax expense increased for the three months ended October 31, 2014 compared to the three ended October 31, 2013 by approximately $383,000 due primarily to the increase in taxable income. Income tax expense decreased for the fiscal year ended October 31, 2014 compared to the fiscal year ended October 31, 2013 by approximately $1,969,000 due primarily to the release of the valuation allowance on the IRC section 382 limited net operating loss carry forwards that are no longer limited.

Note 8—Trade Accounts Receivable

Trade accounts receivable consists of the following:

October 31 (in thousands)	2014	2013
Trade accounts receivable	**$ 4,831**	$ 3,678
Less allowance for sales returns	**(337)**	(202)
Less allowance for doubtful accounts	**(80)**	(88)
Trade accounts receivable, net	**$ 4,803**	$ 3,388

Allowance for Doubtful Accounts
The allowance for doubtful accounts reflects the Company’s best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience and other currently available evidence.

Note 9—Accrued Expenses

Accrued expenses consist of the following:

October 31 (in thousands)	2014	2013
Royalties	**$ 1,155**	$ 222
Payroll & payroll taxes	**584**	1, 596
Bonus	**1,489**	1,578
Other	**290**	729
Total	**$ 3,518**	$ 4,125

Note 10—Property and Equipment

Property and equipment consists of the following:

October 31 (in thousands)	2014	2013
Equipment	**$ 8,284**	$ 7,804
Vehicles	**2,460**	2,555
Leasehold improvements	**348**	305
Computer software	**1,161**	1,064
	12,253	11,728
Less accumulated depreciation and amortization	**(10,175)**	(9,541)
Property and equipment, net	**$ 2,078**	$ 2,187

Property and equipment under capital leases were $1,348,000 and $1,323,000 at October 31, 2014 and 2013, respectively. The accumulated depreciation related to these assets under capital leases was $801,000 and $873,000 at October 31, 2014 and 2013, respectively. Depreciation of fixed assets under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. Depreciation and amortization expense of property and equipment was $1,129,000 and $1,012,000 in fiscal 2014 and 2013, respectively.

Note 11— Intangible Assets

The table below presents information on the Company's licenses and other intangible assets:

(in thousands)	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
As of October 31, 2014:				
Amortized intangible assets:				
Customer lists	**7years**	**$ 100**	**$ (4)**	**$ 96**
Non-compete covenant	**7 years**	**750**	**(27)**	**723**
Location lists	**7 years**	**200**	**(7)**	**193**
Contracts	**1 year**	**250**	**(62)**	**188**
Acquisition costs	**7 years**	**22**	**(1)**	**21**
Total intangible assets		**$ 1,322**	**$ (101)**	**$ 1,221**
As of October 31, 2013:				
Amortized intangible assets:				
Customer lists	**5 years**	$ 25	$ (25)	$ —
Non-compete covenant	**3 years**	45	(39)	6
Total intangible assets		$ 70	$ (64)	$ 6

Amortization expense of licenses and other intangible assets was $107,000 and $15,000 in fiscal 2014 and 2013, respectively.

Note 12—Income Taxes

Significant components of the Company's deferred tax assets and deferred tax liabilities consist of the following:

Fiscal Year Ended October 31 (in thousands)	2014	2013
Deferred tax assets:		
Bad debt reserve	**$ 32**	$ 35
Accrued expenses	**414**	263
Exercise of stock options and lapsing of restrictions on restricted stock	**(823)**	(829)
Impairment	**12,610**	12,610
Net operating loss	**1,411**	1,047
Total deferred tax assets	**13,644**	13,126
Valuation allowance	—	—
NET DEFERRED TAX ASSETS	**$ 13,644**	$ 13,126

Note 12—Income Taxes (continued)

The provision for income taxes consists of the following:

Fiscal Year ended October 31 (in thousands)	2014	2013
Current:		
Federal	**$ (312)**	$ 558
State and local	**386**	151
Foreign	**(62)**	(32)
	$ 12	$ 677
Deferred:		
Federal	**$ (551)**	$ 656
State and local	**33**	130
	$ (518)	$ 786
Provision for (benefit from) income taxes	**$ (506)**	$ **1,463**

Note 12—Income Taxes (continued)

The differences between income taxes expected at the U.S. federal statutory income tax rate and income taxes provided are as follows:

Fiscal year ended October 31 (in thousands)	2014	2013
U.S. federal income tax at statutory rate	$ 2,004	$ 1,297
Change in valuation allowance	(2,063)	-
Foreign tax rate differential	(1)	13
State and local income tax, net of federal benefit	252	153
Prior Year	(388)	-
Non-deductible expenses	(310)	-
PROVISION FOR INCOME TAXES	$ (506)	$ 1,463

At October 31, 2014, the Company had federal and state net operating loss carry-forwards of approximately $4,031,000. This carry-forward loss is available to offset future U.S. federal and state taxable income. The net operating loss carry-forwards will start to expire in fiscal 2026. The Company has no foreign net operating losses.

The Company has not recorded U.S. income tax expense for foreign earnings as such earnings are permanently reinvested outside the U.S. The cumulative undistributed foreign earnings are included in accumulated deficit in the Company's consolidated balance sheets and amounted to approximately $874,000 at October 31, 2014. Upon distribution of these foreign earnings, the Company may be subject to U.S. income taxes and foreign withholding taxes, however, it is not practicable to determine the amount, if any, which would be paid.

The Company classifies interest and penalties on income taxes as a component of income tax expense. In fiscal 2014 and fiscal 2013, the Company recorded no additional interest expense in either year. As of October 31, 2014 and 2013, accrued interest expense included in current income taxes payable was $0 in both years.

The Company currently remains subject to examinations of its tax returns as follows: U.S. federal tax returns for fiscal 2010 to fiscal 2014, state and local tax returns generally for fiscal 2010 to fiscal 2014 and foreign tax returns generally for fiscal 2009 to fiscal 2014.

Note 13—Commitments and Contingencies

Legal Proceedings
None.

Lease Commitments
The future minimum payments for capital and operating leases as of October 31, 2014 are as follows:

(in thousands)	Operating Leases	Capital Leases
Year ending October 31:		
2015	$ 1,170	$ 204
2016	930	179
2017	673	141
2018	462	59
2019	100	15
Thereafter	0	0
Total payments	$ 3,335	598
Less amount representing interest		(1)
Less current portion principal		(201)
Capital lease obligations—long-term portion principal		$ 396

Rental expense under operating leases was $1,220,000 in fiscal 2014 and $1,173,000 in fiscal 2013.

Note 14—Related Party Transactions

On October 31, 2013, the Company's Board of Directors granted Howard S. Jonas, the Company's founder and Chairman, 38,796 restricted shares of the Company's Class B common stock with a value of $2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 to December 31, 2019. The Company advanced $1,035,000 to Mr. Jonas to satisfy the income taxes due on the transaction. Mr. Jonas repaid the Company on December 31, 2013.

CTM distributes brochures for ETR Brochures, Inc., a brochure distribution firm controlled by Howard S. Jonas. ETR Brochures, Inc. also distributes brochures for CTM. In fiscal 2013, CTM billed ETR Brochures, Inc. approximately $400 for distribution services and ETR Brochures, Inc. billed CTM approximately $82,000 for distribution services. In fiscal 2013, CTM billed ETR Brochures, Inc. approximately $2,000 for distribution services and ETR Brochures, Inc. billed CTM approximately $92,000 for distribution services. The balance owed to ETR Brochures, Inc. by CTM was approximately $8,400 and $5,000 as of October 31, 2014 and 2013, respectively. The balance owed by ETR Brochures, Inc. to CTM was approximately $0 and $1,000 as of October 31, 2014 and 2013, respectively. These transactions were approved in accordance with Related Person Transaction policy described in the Company's 2010 Proxy Statement. The Company intends for the relationship between CTM and ETR Brochures, Inc. to continue in the future.

On October 22, 2013, the Company's Board of Directors elected to donate $200,000 to The CTM Media Charitable Foundation ("Foundation"), an IRS Section 501(c)(3) non-profit corporation. The donation consisted of $20,000 in cash and $180,000 in the Company's Class B common stock. The Company is the sole member of the Foundation, and the Company's CEO and CFO are the directors and officers of the Foundation. There were no balances outstanding between the Company and the Foundation as of October 31, 2014 and 2013.

Note 15—Defined Contribution Plans

In September 2009, CTM Media Holdings, Inc. adopted a 401(k) Plan that is available to all its employees meeting certain eligibility criteria. The 401(k) Plan permits participants to contribute a portion of their salary with no minimum deferred required, not to exceed the limits established by the Internal Revenue Code. The Plan provided for discretionary matching contributions as determined in the Company's sole discretion, which vests over six years. All contributions made by participants vest immediately into the participant's account.

The Company also has 401(k) matching plans whereby the Company matches a percentage of employees' 401(k) contributions, based on maximum employee deferral rates of calendar year W-2 compensation, as defined in the plans. Funds are added to accounts of employees that are actively employed in a given calendar year, as defined. Although CTM is fully committed to the plans, the company's match and the terms of the match are subject to cancellation and/or change, at any time, without notice.

The Company expensed approximately $42,000 and $39,000 for 401(k) matching for the three months ended October 31, 2014 and October 31, 2013, and $184,000 and $126,000 for the fiscal year ended October 31, 2014 and October 31, 2013 respectively.

Note 16— Subsequent events

Management has evaluated subsequent events through January 29, 2015, the date on which the consolidated financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosures in these condensed consolidated financial statements, except as shown below:

On December 12, 2014, Idea and Design Works, LLC, a subsidiary of the Company, purchased principally all of the assets of a publisher and distributer of hard copy and digital versions of comic books, graphic novels, art books and trade collections.

On January 26, 2015, the Board of Directors, in light of the Company's cash position, determined to declare the payment of a cash dividend in the amount of $1.63 per share (approximately $750,000 in the aggregate) which, subject to confirmation by the Company's management that there is sufficient surplus as of the proposed payment date, will be paid on or about February 19, 2015 to stockholders of record as of February 9, 2015 of the Company's Class A common stock, Class B common stock and Class C common stock.

Item 10 Certifications.

I, Marc E. Knoller, certify that:

1. I have reviewed this annual disclosure statement of CTM Media Holdings, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: January 29, 2015

/s/ Marc E. Knoller

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Chief Executive Officer

I, Leslie B. Rozner, certify that:

1. I have reviewed this annual disclosure statement of CTM Media Holdings, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: January 29, 2015

/s/ Leslie B. Rozner

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Chief Financial Officer