

**Item 1 The exact name of the issuer and the address of the issuer's principal executive offices.**

CTM Media Holdings, Inc., 11 Largo Drive South, Stamford, Connecticut 06907, telephone: (203) 323-5161, email: lrozner@ctmmedia.com. The Company's website is www.ctmholdings.com.

**Item 2 Shares Outstanding**

As of the fiscal quarter end, the Company had outstanding 55,307 shares of Class A common stock, 303,112 shares of Class B common stock, and 54,536 shares of Class C common stock. Excluded from these numbers are 8,925 shares of Class A common stock and 43,011 shares of Class B common stock held in treasury by CTM Media Holdings, Inc. There were 16 holders of record of our Class A common stock, 53 holders of record of our Class B common stock and 4 holders of our Class C common stock. In addition, there were 7 and 18 holders of pre-Reverse Split old shares of Class A common stock and Class B common stock, respectively, that have not yet redeemed for post-Reverse Split shares (see note 1 in the Notes to the Condensed Consolidated Financial Statements). These numbers do not include the number of persons whose shares are in nominee or in "street name" accounts through brokers. All shares of our Class C common stock are beneficially owned by Howard Jonas and there is no established trading market for our Class C common stock.

Item 3 Interim Financial Statements.

CTM MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

(in thousands)	<u>July 31, 2012</u>	<u>October 31, 2011</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,248	\$ 6,817
Short term investment	-	1,034
Trade accounts receivable, net	3,553	2,621
Inventory – finished goods	1,887	1,926
Prepaid expenses	1,039	934
Note receivable – current portion	300	975
Deferred taxes – current portion	287	662
<b>Total current assets</b>	<b>15,314</b>	<b>14,969</b>
Property and equipment, net	2,206	2,066
Licenses and other intangibles, net	23	34
Trade accounts receivable – non-current portion	-	200
Note receivable – non-current portion	1,700	1,350
Deferred taxes – non-current portion	13,885	1,384
Other assets	195	179
<b>Total assets</b>	<b>\$ 33,323</b>	<b>\$ 20,182</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 1,232	\$ 1,049
Accrued expenses	2,044	1,371
Deferred revenue	2,017	1,356
Income taxes payable	186	460
Capital lease obligations – current portion	157	224
Other current liabilities	378	596
<b>Total current liabilities</b>	<b>6,014</b>	<b>5,056</b>
Deferred revenue – long term portion	-	319
Capital lease obligations – long term portion	201	323
Other Liabilities	13	-
<b>Total liabilities</b>	<b>6,228</b>	<b>5,698</b>
Stockholders' Equity:		
CTM Media Holdings, Inc. stockholders' equity:		
Preferred stock, \$.01 par value; authorized shares – 25 and 500 shares at July 31, 2012 and October 31, 2011, respectively; no shares issued at July 31, 2012 and October 31, 2011	-	-
Class A common stock, \$.01 par value; authorized shares – 300 and 6,000; 64 and 1,285 shares issued and outstanding at July 31, 2012 and October 31, 2011, respectively	1	13
Class B common stock, \$.01 par value; authorized shares – 600 and 12,000; 346 and 6,920 shares issued and outstanding at July 31, 2012 and October 31, 2011, respectively	3	69
Class C common stock, \$.01 par value; authorized shares – 125 and 2,500; 55 and 1,091 shares issued and outstanding at July 31, 2012 and October 31, 2011, respectively	1	11
Additional paid-in capital	55,186	56,395
Treasury Stock, at cost, consisting of 9 and 179 shares of Class A, 43 and 797 shares of Class B at July 31, 2012 and October 31, 2011, respectively	(1,196)	(1,070)
Accumulated other comprehensive income	193	186
Accumulated deficit	(27,747)	(41,581)
<b>Total CTM Media Holdings, Inc. stockholders' equity</b>	<b>26,441</b>	<b>14,023</b>
Non-controlling interests	654	461
<b>Total equity</b>	<b>27,095</b>	<b>14,484</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 33,323</b>	<b>\$ 20,182</b>

See accompanying notes to condensed consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

(in thousands, except per share data)	Three Months Ended July 31,		Nine Months Ended July 31,	
	2012	2011	2012	2011
<b>Revenues</b>	\$ 10,707	\$ 9,202	\$ 25,900	\$ 23,670
<b>Costs and expenses:</b>				
Direct cost of revenues	4,724	3,884	12,065	11,042
Selling, general and administrative (i)	4,026	3,564	11,316	10,998
Depreciation and amortization	226	208	633	582
Bad debt	77	15	58	38
<b>Total costs and expenses</b>	<b>9,053</b>	<b>7,671</b>	<b>24,072</b>	<b>22,661</b>
Income from operations	1,653	1,531	1,828	1,009
Interest income, net	11	14	38	42
Other income (expense), net	(9)	55	12	65
Income before income taxes	1,655	1,600	1,878	1,116
Benefit from income taxes	12,204	2,181	12,343	2,513
<b>Net income</b>	<b>13,859</b>	<b>3,781</b>	<b>14,221</b>	<b>3,629</b>
Less - net income attributable to non-controlling interests	(151)	(62)	(387)	(218)
<b>Net income attributable to CTM Media Holdings, Inc.</b>	<b>\$ 13,708</b>	<b>\$ 3,719</b>	<b>\$ 13,834</b>	<b>\$ 3,411</b>
<b>Basic and diluted income per share attributable to CTM Media Holdings, Inc. common stockholders (note 3):</b>				
Net income per share	\$ 33.19	\$ 0.45	\$ 33.33	\$ 0.41
Weighted-average number of shares used in the calculation of basic and diluted income per share:	413	8,323	415	8,323
Dividend declared per common share:	\$ 1.20	\$ 0.06	\$ 3.60	\$ 0.18
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 69	\$ (64)	\$ 206	\$ 162

See accompanying notes to condensed consolidated financial statements.

**CTM MEDIA HOLDINGS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

**Nine Months ended July 31,**  
**(in thousands)**

	<b>2012</b>	<b>2011</b>
<b>Operating activities</b>		
Net income	\$ 14,221	\$ 3,629
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	633	582
Bad debt	58	38
Stock based compensation	206	162
Changes in assets and liabilities:		
Trade accounts receivable	(791)	93
Inventory, prepaid and other assets	(70)	(226)
Deferred taxes	(12,126)	(2,262)
Trade accounts payable, accrued expenses and other current liabilities	384	158
Deferred revenue	342	625
Net cash provided by operating activities	<u>2,857</u>	<u>2,799</u>
<b>Investing activities:</b>		
Proceeds from maturity of short term investment	1,034	-
Capital expenditures	(773)	(542)
Payments received from notes receivable on sale of assets	325	340
Net cash provided by investing activities	<u>586</u>	<u>(202)</u>
<b>Financing activities:</b>		
Distributions to holders of non-controlling interests	(194)	(2)
Repurchase of Class B common stock	(126)	-
Dividends paid	(1,503)	(1,998)
Financing under capital leases	-	167
Repayments of capital lease obligations	(189)	(198)
Cash used in financing activities	<u>(2,012)</u>	<u>(2,031)</u>
Net increase in cash and cash equivalents	1,431	566
Cash and cash equivalents at beginning of period	<u>6,817</u>	<u>6,435</u>
Cash and cash equivalents at end of period	<u>\$ 8,248</u>	<u>\$ 7,001</u>
<b>Supplemental schedule of investing and financing activities</b>		
Cash paid for interest	\$ 15	\$ 20
Purchases of property and equipment through capital lease obligations	\$ -	\$ 167
Dividends payable	\$ -	\$ -

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

See accompanying notes to condensed consolidated financial statements.

## CTM MEDIA HOLDINGS, INC.

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

#### Note 1—Basis of Presentation

The accompanying unaudited condensed 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. Operating results for the nine months ended July 31, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 2012. The balance sheet at October 31, 2011 has been derived from the Company’s quarterly financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

On June 6, 2012, the Board of Directors of the Company approved a change in the Company’s fiscal year end from July 31 to October 31 of each calendar year. All information is shown giving effect to this change. Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2012 refers to the fiscal year ending October 31, 2012).

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

CTM Media Group (“CTM”), the Company’s brochure 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.

IDT Corporation completed the Spin-Off through a pro rata distribution of the Company’s common stock to IDT Corporation’s stockholders of record as of the close of business on August 3, 2009 (the “record date”). As a result of the Spin-Off, each of IDT Corporation’s stockholders received: (i) one share of the Company’s Class A common stock for every three shares of IDT Corporation’s common stock held on the record date; (ii) one share of the Company’s Class B common stock for every three shares of IDT Corporation’s Class B common stock held on the record date; (iii) one share of the Company’s Class C common stock for every three shares of the IDT Corporation’s Class A common stock held on the record date; and (iv) cash from IDT Corporation in lieu of a fractional share of all classes of the Company’s common stock. On September 14, 2009, as a result of the Spin-Off, the Company had 1,284,985 shares (approximately 64,249 shares after giving effect to the Reverse Split) of Class A common stock, 5,137,736 shares (approximately 256,886 shares after giving effect to the Reverse Split) of Class B common stock and 1,090,775 shares (approximately 54,538 shares after giving effect to the Reverse Split) of Class C common stock issued and outstanding.

Prior to the Spin-Off, IDT Corporation provided certain services to the entities that became the Company’s consolidated subsidiaries. The Company and IDT Corporation entered into a Master Services Agreement, dated September 14, 2009, pursuant to which IDT Corporation provided the Company, among other things, certain administrative and other services. In addition, pursuant to the Master Services Agreement, IDT Corporation provided certain additional services to the Company, on an interim basis. Such services included assistance with periodic reports that were required to be filed with the SEC, as well as maintaining minutes, books and records of meetings of the Board of Directors, Audit Committee and Compensation Committee, and assistance with corporate governance. The cost of these additional services are not included in the Company’s historical results of operations for the period prior to the Spin-Off, as they were not applicable for periods that the Company was not a separate public company. IDT Corporation did not provide any services to the Company during the nine months ended July 31, 2012.

## CTM MEDIA HOLDINGS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

#### Note 1—Basis of Presentation (continued)

On December 20, 2010 the Company filed an amendment to its Certificate of Incorporation with the Secretary of State of Delaware to reduce its authorized shares of: (i) Class A common stock was reduced from 35,000,000 shares to 6,000,000 shares (300,000 shares after giving effect to the Reverse Split); (ii) Class B common stock was reduced from 65,000,000 shares to 12,000,000 shares (600,000 shares after giving effect to the Reverse Split); (iii) Class C common stock was reduced from 15,000,000 shares to 2,500,000 shares (125,000 shares after giving effect to the Reverse Split); and (iv) Preferred Stock was reduced from 10,000,000 shares to 500,000 shares (25,000 shares after giving effect to the Reverse Split), each at a par value of \$0.01 per share. The amendment was authorized by the Company's Board of Directors on October 19, 2010, and approved on November 12, 2010 by the Written Consent of the holders of shares representing approximately 50.1%, 58%, and 100% of the Company's outstanding Class A common stock, Class B common stock and Class C common stock, respectively, and approximately 84% of the combined voting power of the Company's outstanding capital stock.

On October 18, 2011 the Company's Board of Directors approved a one-for-twenty reverse split of the Registrant's Class A common stock, Class B common stock and Class C common stock (the "Reverse Split"). Stockholders who held fractional shares because the number of shares of capital stock they held before the Reverse Split would not be evenly divisible based upon the one-for-twenty split ratio were paid cash payments (without interest or deduction) in lieu of such fractional shares. The Reverse Split was effective December 9, 2011.

On December 13, 2011, the Company filed the Form 15 with the SEC suspending its registration under the Exchange Act, thus suspending its filing of periodic reports with the Securities and Exchange Commission (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 September 11, 2012, the Board of Directors of CTM Media Holdings, Inc. in light of the Company's cash position, determined to declare the payment of a cash dividend in the aggregate amount of approximately \$500,000. The amount of the dividend is to be \$1.20 per share. The dividend will be paid on or about October 12, 2012 to stockholders of record as of September 24, 2012 of the Registrant's Class A common stock, Class B common stock and Class C common stock. The declaration of the payment of the cash dividend is in furtherance of the previously disclosed approval of the Board of Directors of regular quarterly dividends in the amount of approximately \$1.20 per share.

The Company paid cash dividends in the amount of \$1.20 per share (approximately \$500,000 each date, in the aggregate) on January 17, 2012, March 14, 2012 and June 28, 2012 to stockholders of record as of January 6, 2012, March 5, 2012 and June 20, 2012, respectively, of our Class A, Class B and Class C common stock.

The Company paid cash dividends in the amount of \$0.06 per share (before the Reverse Split) (approximately \$500,000) on October 6, 2011 to stockholders of record as of September 26, 2011 of our Class A, Class B and Class C common stock.

The Company also paid a cash dividend in the amount of \$0.12 per share (before the Reverse Split) (approximately \$1,000,000 in the aggregate) on November 9, 2010 and \$0.06 per share (before the Reverse Split) (approximately \$500,000 each date, in the aggregate) on March 17, 2011 and July 7, 2011 to stockholders of record as of November 1, 2010, March 8, 2011 and June 28, 2011, respectively, of our Class A, Class B and Class C common stock.

While our Board of Directors has approved the payment of regular quarterly dividends in the amount of approximately \$1.20 per share, the declaration of any future dividend 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.

CTM MEDIA HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**Note 3—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 have been increased to include unvested restricted Class B stock issued to our Chairman of the Board and Founder, Howard Jonas and others. 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 and nine months ended July 31, 2012 and 2011, there were no shares that were potentially dilutive. As a result basic earnings per share and diluted earnings per share were the same.

Earnings per share amounts for the three and nine months ended July 31, 2011 reflect amounts before the Reverse Split.

**Note 4—Equity**

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

	Nine Months Ended July 31, 2012		
	Attributable to CTM Media Holdings, Inc.	Non-controlling Interests (in thousands)	Total
Balance, October 31, 2011	\$ 14,023	\$ 461	\$ 14,484
Stock based compensation	206	-	206
Cash distributions	-	(194)	(194)
Cash dividends	(1,503)	-	(1,503)
Repurchase of Class B common stock	(126)	-	(126)
Comprehensive income:			
Net income	13,834	387	14,221
Other comprehensive income (loss)	7	-	7
Comprehensive income	<u>13,841</u>	<u>387</u>	<u>14,228</u>
Balance, July 31, 2012	<u>\$ 26,441</u>	<u>\$ 654</u>	<u>\$ 27,095</u>

As part of the Spin-Off, holders of restricted stock of IDT Corporation received, in respect of those restricted shares, one share of the Company's Class A common stock for every three restricted shares of common stock of IDT Corporation that they owned as of the record date of the Spin-Off and one share of the Company's Class B common stock for every three restricted shares of Class B common stock of IDT Corporation that they owned as of the record date of the Spin-Off. Those particular shares of the Company's stock are restricted under the same terms as the corresponding IDT Corporation restricted shares in respect of which they were issued. Upon completion of the Spin-Off on September 14, 2009, there were approximately 300,000 shares (equivalent to 15,000 shares after giving effect to the Reverse Split) of Class A unvested restricted stock and approximately 500,000 shares (equivalent to 25,000 shares after giving effect to the Reverse Split) of Class B unvested restricted stock.

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.

CTM MEDIA HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**Note 4—Equity (continued)**

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.

On October 14, 2009, the Company's Board of Directors granted its Chairman and founder, Howard S. Jonas, 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 vest in equal thirds on each of October 14, 2011, October 14, 2012 and October 14, 2013. Unvested shares would be forfeited if the Company's terminates Mr. Jonas' employment other than under circumstances where accelerated vesting applies. The shares are subject to adjustments or acceleration based on certain corporate transactions, changes in capitalization, or termination, death or disability of Mr. Jonas. If Mr. Jonas is terminated by the Company for cause, a pro-rata portion of the shares would vest and the remainder would be forfeited. This arrangement did not impact Mr. Jonas' 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 is recognized over the vesting period from October 14, 2009 through October 14, 2014.

The Company repurchased \$1.1 million of its Class A and Class B common stock in the second quarter ended January 31, 2010 in connection with a tender offer that expired on December 22, 2009.

On February 22, 2011 the Board of Directors approved the buyback of up to 50,000 shares (after giving effect to the Reverse Split) of either the Company's Class A common stock or Class B common stock. Any purchases will be made in compliance with applicable regulations. To date, no shares have been purchased.

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 401k plan. The Company's Chairman of the Board is also the Chairman of the Board of IDT Corporation, which administers the IDT Corporation 401k Plan.

**Note 5—Comprehensive Income**

Comprehensive income consists of net income and other gains and losses affecting equity that, under generally accepted accounting principles are excluded from net income. Changes in the components of other comprehensive income are described below.

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2012	2011	2012	2011
	(in thousands)			
Net income	\$ 13,859	3,781	\$ 14,221	\$ 3,629
Foreign currency translation adjustments	26	17	7	59
Comprehensive income	13,885	3,798	14,228	3,688
Comprehensive income attributable to non-controlling interests	(151)	(62)	(387)	(218)
Comprehensive income attributable to CTM Media Holdings, Inc.	\$ 13,734	3,736	\$ 13,841	\$ 3,470



**CTM MEDIA HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**Note 6—Business Segment Information**

The Company has the following two reportable business segments: CTM and IDW. CTM consists of the Company's brochure 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
<b>Three months ended July 31, 2012</b>			
Revenues	\$ 5,708	\$ 4,999	\$ 10,707
Operating income	\$ 1,004	\$ 649	\$ 1,653
Depreciation and amortization	\$ 221	\$ 5	\$ 226
Total assets at July 31, 2012	\$ 24,752	\$ 8,571	\$ 33,323
<b>Three months ended July 31, 2011</b>			
Revenues	\$ 5,694	\$ 3,508	\$ 9,202
Operating income	\$ 1,304	\$ 227	\$ 1,531
Depreciation and amortization	\$ 202	\$ 6	\$ 208
Total assets at July 31, 2011	\$ 13,766	\$ 7,234	\$ 21,000
<b>(in thousands)</b>			
<b>Nine months ended July 31, 2012</b>			
Revenues	\$ 13,331	\$ 12,569	\$ 25,900
Operating income	\$ 168	\$ 1,659	\$ 1,827
Depreciation and amortization	\$ 617	\$ 16	\$ 633
Total assets at July 31, 2012	\$ 24,752	\$ 8,571	\$ 33,323
<b>Nine months ended July 31, 2011</b>			
Revenues	\$ 13,419	\$ 10,251	\$ 23,670
Operating income	\$ 120	\$ 889	\$ 1,009
Depreciation and amortization	\$ 562	\$ 20	\$ 582
Total assets at July 31, 2011	\$ 13,766	\$ 7,234	\$ 21,000

**Note 7—Provision for Income Taxes**

Income tax benefit increased for the three months and nine months ended July 31, 2012 compared to 2011 by approximately \$10,023,000 and \$9,830,000 respectively. The increase is due to the fact that the Company was able to recognize the full value of its deferred tax assets and released the associated valuation allowance. This was partially offset by an increase in state tax expense due to increased profitability and the full utilization of some historical net operating losses.

**Note 8—Recently Issued Accounting Standards**

On February 1, 2010, the Company adopted the amendment to the accounting standard relating to fair value measurements, which is intended to improve the disclosures about fair value measurements in financial statements. The main provisions of the amendment require new disclosures about (1) transfers in and out of the three levels of the fair value hierarchy and (2) activity within Level 3 of the hierarchy. In addition, the amendment clarifies existing disclosures about (1) the level of disaggregation of fair value measurements, (2) valuation techniques and inputs used to measure fair value, and (3) postretirement benefit plan assets. The adoption of the changes to the disclosures about fair

CTM MEDIA HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

**Note 8— Recently Issued Accounting Standards (continued)**

value measurements did not have an impact on the Company's financial position, results of operations or cash flows. Pursuant to the amendment, the adoption of certain of the disclosures about the activity within Level 3 was not required until August 1, 2011. The adoption of these changes to its disclosures about fair value measurements did not have an impact on its financial position, results of operations or cash flows.

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). The amendments in this ASU generally represent clarification of Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. The update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards ("IFRS"). The amendments were effective for interim and annual periods beginning after December 15, 2011, applied prospectively. This Accounting Standards Update, ASU 2011-04, did not have a material impact on the Company's Financial Statements.

In June 2011, the FASB issued guidance on presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or in two separate but consecutive statements. This information is provided in Note 5.

**Note 9— Subsequent events**

The Company completed a review and analysis of all events that occurred after the balance sheet date to determine if any such events must be reported and has determined that no subsequent events need to be disclosed.

## **Item 4 Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following information should be read in conjunction with the accompanying condensed consolidated financial statements and the associated notes thereto of this Quarterly Report, and the audited consolidated financial statements and the notes thereto and our Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 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 Quarterly 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**

We are a former subsidiary of IDT Corporation. As a result of the Spin-Off, on September 14, 2009, we became an independent public company. IDT Corporation has provided certain functions pursuant to a Master Services Agreement, dated September 14, 2009. The agreement automatically renews in six month increments. The Company expects to utilize such services if and when the need arises. The Company has either brought such services in house or secured outside providers for services previously supplied by IDT Corporation. During the nine months ended July 31, 2012 and 2011, our selling, general and administrative expenses were approximately \$0 and \$75,000, respectively, for all services and allocated expenses charged by IDT Corporation to us. At July 31, 2012 and October 31, 2011 no balance was owed to IDT Corporation.

On May 5, 2010, the Company sold substantially all of the assets used in the WMET radio station business (other than working capital). WMET 1160 AM is a radio station serving the Washington, D.C. metropolitan area. The sale price for the WMET assets was \$4,000,000 in a combination of cash and a promissory note of the buyer that is secured by the assets sold. \$1,300,000 of the purchase price was paid in cash at the closing and the remainder was owed pursuant to a two-year promissory note, extendable in part to three years at the option of the buyer. The extension provision was elected by the borrower effective March 5, 2012. On May 5, 2012, the Company amended and restated the secured promissory note resulting in the extension of the maturity date to May 5, 2016, extension of payment dates and revision of payment amounts.

On November 17, 2009, the Company commenced a tender offer to purchase up to thirty percent of its outstanding common stock. The Company concluded the tender offer and repurchased 178,517 shares (approximately 8,925 shares after giving effect to the Reverse Split) of

Class A common stock and 794,128 shares (approximately 39,706 shares after giving effect to the Reverse Split) of Class B common stock for an aggregate purchase price of \$1,069,910, representing approximately 14% of its total outstanding capital stock at the time.

Our principal businesses consist of:

CTM Media Group (“CTM”), our brochure 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. In fiscal 2011, CTM serviced over 2,950 clients and maintained more than 11,000 display stations in over 28 states and provinces in the United States (including Puerto Rico) and Canada. 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 53.3% and 61.9% of our consolidated revenues in the three months ended July 31, 2012 and 2011, respectively, and 51.5% and 56.7% in the nine months ended July 31, 2012 and 2011, respectively.

## **IDW**

IDW is a comic book and graphic novel publisher that creates and licenses intellectual property. IDW’s revenues represented 46.7% and 38.1% of our consolidated revenues in the three months ended July 31, 2012 and 2011, respectively, and 48.5% and 43.3% in the nine months ended July 31, 2012 and 2011, respectively.

On November 5, 2009 we purchased an additional 23.335% interest in IDW for a purchase price of approximately \$414,000. As a result of the transaction, the Company owns a 76.665% interest in IDW.

## **REPORTABLE SEGMENTS**

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

## **PRESENTATION OF FINANCIAL INFORMATION**

### **Basis of presentation**

The condensed consolidated financial statements for the periods reflect our financial position, results of operations, and cash flows as if the current structure existed for all periods presented. The financial statements have been prepared using the historical basis for the assets and liabilities and results of operations.

## **CRITICAL ACCOUNTING POLICIES**

Our condensed 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 2011. 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. For additional discussion of our critical accounting policies, see our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report for fiscal 2011.

On October 14, 2009, our Board of Directors granted our Chairman and founder, Howard S. Jonas, 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 next five years. The restricted shares vest in equal thirds on each of October 14, 2011, October 14, 2012 and October 14, 2013. Unvested shares would be forfeited if the Company terminates Mr. Jonas’ employment other than under circumstances

where accelerated vesting applies. The shares are subject to adjustments or acceleration based on certain corporate transactions, changes in capitalization, or termination, death or disability of Mr. Jonas. If Mr. Jonas is terminated by the Company for cause, a pro rata portion of the shares would vest and the remainder would be forfeited. This arrangement does not impact Mr. Jonas' 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 and is expected to continue to be recognized over the vesting period from October 14, 2009 through October 14, 2014. The related stock-based compensation related to this grant for fiscal 2012 and 2011 was approximately \$206,000 and \$162,000, respectively.

*Bad Debt Expense.* Bad debt expense increased to approximately \$77,000 during the three months ended July 31, 2012 from \$15,000 during the same period in 2011 due to seasonal reserve experience in the collections and aging of CTM segment trade receivables.

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

(in thousands) Three months ended July 31,	2012	2011	Change	
			\$	%
Income from operations	\$ 1,653	\$ 1,531	\$ 122	8.0%
Interest income, net	11	14	(3)	(21.4%)
Other income (expense), net	(9)	55	(64)	(116.4%)
Benefit from income taxes	12,204	2,181	10,023	459.6%
Net income	13,859	3,780	10,079	266.6%
Less: Net income attributable to non controlling interest	(151)	(62)	(89)	143.5%
Net income attributable to CTM Media Holdings, Inc.	\$ 13,708	\$ 3,719	\$ 9,989	268.6%

(in thousands) Nine months ended July 31,	2012	2011	Change	
			\$	%
Income from operations	\$ 1,827	\$ 1,009	\$ 818	81.1%
Interest income, net	38	42	(4)	(9.5%)
Other income, net	12	65	(52)	(80.0%)
Benefit from income taxes	12,343	2,513	9,830	391.2%
Net income	14,221	3,629	10,592	291.9%
Less: Net income attributable to non controlling interest	(387)	(218)	(169)	77.5%
Net income attributable to CTM Media Holdings, Inc.	\$ 13,834	\$ 3,411	\$ 10,423	305.6%

*Income Taxes.* Income tax benefit increased for the three months and nine months ended July 31, 2012 compared to 2011 by approximately \$10,023,000 and \$9,830,000 respectively. The increase is due to the fact that the Company was able to recognize the full value of its deferred tax assets and released the associated valuation allowance. This was partially offset by an increase in state tax expense due to increased profitability and the full utilization of some historical net operating losses.

The Company and IDT entered into a Tax Separation Agreement, dated as of September 14, 2009, to provide 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 us from all liability for taxes of ours and our subsidiaries for periods ending on or before September 14, 2009, and we must indemnify IDT from all liability for taxes of ours and our subsidiaries accruing 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. We shall have the right to participate jointly in any proceeding that may affect our 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)

Three months ended July 31,	2012	2011	Change	
			\$	%
Revenues	\$ 5,708	\$ 5,694	\$ 14	0.2%
Direct cost of revenues	1,640	1,671	(31)	(1.9%)
Selling, general and administrative	2,766	2,503	263	10.5%
Depreciation and amortization	221	202	19	9.4%
Bad debt expense	77	15	62	413.3%
Income from operations	\$ 1,004	\$ 1,303	\$ (299)	(22.9%)

(in thousands)

Nine months ended July 31,	2012	2011	Change	
			\$	%
Revenues	\$ 13,331	\$ 13,419	\$ (88)	(0.7%)
Direct cost of revenues	4,509	4,799	(290)	(6.0%)
Selling, general and administrative	7,979	7,900	79	1.0%
Depreciation and amortization	617	562	55	9.8%
Bad debt expense	58	38	20	52.6%
Income from operations	\$ 168	\$ 120	\$ 48	40.0%

*Revenues.* The increase in CTM's revenues during the three months ended July 31, 2012 compared to 2011 was primarily due to increased digital product offerings and increases in US distribution revenue, offset by decreases in less profitable print and publishing revenue, and a decrease in Canadian revenue. The decrease in revenue for the nine months ended July 31, 2012 compared to 2011 was primarily due to decreases in less profitable print and publishing revenue as well as a decline in distribution revenues in the Canadian market. These decreases were partially offset by an increase in digital revenue. Revenues decreases in our Canadian operations reflect weakness in economic conditions and decreased government spending.

*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 and nine months ended July 31, 2012 decreased by approximately \$31,000 and \$290,000 compared to fiscal 2011. Direct cost of revenues decreased primarily due to payroll reductions, the re-alignment of CTM staff from operations to sales and support, and decreases in printing and publishing costs.

CTM's gross margin increased in the three months ended July 31, 2012 to 71.3% compared to 70.7% in 2011 and to 66.2% for the nine months ended July 31, 2012 compared to 64.2% in 2011. These increases were due primarily to payroll reductions and the change in product mix to digital products from printing and publishing.

*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 increased in the three and nine months ended July 31, 2012 as compared to the three and nine months ended July 31, 2011 due primarily to expenses related to new digital product offerings, increased costs of new strategic distribution partnerships and the re-alignment of staff to sales and support, partially offset by decreases in professional fees.

As a percentage of CTM's revenue, selling, general and administrative expenses for the three and nine months ended July 31, 2012 was 48.5% and 59.9% compared to 44.0% and 58.9% in the three and nine months ended July 31, 2011. The increases for the comparative periods are primarily due to increases in expenses related to digital products, distribution partnerships and re-alignment of staff, partially offset by a decrease in professional fees.

**IDW**

(in thousands)

<b>Three months ended July 31,</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
Revenues	\$ 4,998	\$ 3,508	\$ 1,490	42.5%
Direct cost of revenues	3,083	2,212	871	39.4%
Selling, general and administrative	1,260	1,062	198	18.6%
Depreciation and amortization	6	6	-	0.0%
Income from operations	<u>\$ 649</u>	<u>\$ 228</u>	<u>\$ 421</u>	184.6%

(in thousands)

<b>Nine months ended July 31,</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
Revenues	\$ 12,569	\$ 10,251	\$ 2,318	22.6%
Direct cost of revenues	7,556	6,243	1,313	21.0%
Selling, general and administrative	3,338	3,099	239	7.7%
Depreciation and amortization	16	20	(4)	(20.0%)
Income from operations	<u>\$ 1,659</u>	<u>\$ 889</u>	<u>\$ 770</u>	86.6%

*Revenues.* The increase in IDW's revenues in the three and nine months ended July 31, 2012 compared to the three and nine months ended July 31, 2011 was primarily due to increases in direct market sales (independent comic book stores) and digital publishing revenues. The increase in the quarter resulted from increases in publishing and digital revenue and a more diverse mix of products including Transformers, GI Joe, improvements in Star Trek and new titles, such as Teenage Mutant Ninja Turtles. The overall increase in the nine month revenue is primarily due to the strength in IDW's product sell-through in their distribution network as well as the increase in direct market sales and digital revenue.

The increases in digital revenue results from IDW's effort to increase availability of versions of its content at retail outlets. IDW entered into a number of digital distribution agreements over the past calendar year and IDW's publications are currently available for purchase via mobile devices such as iPhone, iPad and Android devices and tablets. Various IDW titles are also available direct-to-desktop via several websites and on Sony's PSP and PSP Go gaming devices.

*Direct Cost of Revenues.* Direct cost of revenues consists primarily of printing expenses and costs of artists and writers. Direct costs of revenues increased in the three and nine months ended July 31, 2012 compared to 2011 primarily due to increases in the direct costs of digital publishing and print publishing costs. The increase in direct cost of digital publishing and print publishing revenue was primarily attributable to the increase in related revenue.

IDW's gross margin for the three and nine months ended July 31, 2012 increased to 38.3% and 39.9% from 36.9% and 39.1% in the three and nine months ended July 31, 2011, respectively. The increases in the three and nine months ended July 31, 2012 were primarily due to the increase in revenue and mix of products compared to the three and nine months ended July 31, 2011.

*Selling, General and Administrative.* Selling, general and administrative expenses increased in the three months ended July 31, 2012 compared to 2011 primarily due compensation costs based on net income. SG&A expenses increased in the nine months ended July 31, 2012 compared to 2011 primarily due to net income based increases in compensation, occupancy costs and selling expenses, partially offset by a decrease in marketing expenses and professional fees,

As a percentage of IDW's aggregate revenues, selling, general and administrative expenses declined in the three and nine months ended July 31, 2012 to 25.2% and 26.6% from 30.3% and 30.2% in the three and nine months ended July 31, 2011, respectively. The declines in the percentages primarily reflect the increases in revenues.

## LIQUIDITY AND CAPITAL RESOURCES

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

(in thousands)	Nine months ended July 31,	
	2012	2011
<b>Cash flows provided by (used in):</b>		
Operating activities	\$ 2,856	\$ 2,799
Investing activities	586	(202)
Financing activities	(2,011)	(2,031)
<b>Increase in cash and cash equivalents</b>	<b>\$ 1,431</b>	<b>\$ 566</b>

*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 \$2,856,000 and \$2,799,000 for the nine months ended July 31, 2012 and 2011, respectively.

*Investing Activities.* Our capital expenditures were approximately \$773,000 and \$542,000 in the nine months ended July 31, 2012 and 2011, respectively. We currently anticipate that total capital expenditures for all of our divisions in fiscal 2012 will be approximately \$1,200,000. We expect to fund our capital expenditures with our cash and cash equivalents on hand.

*Financing Activities.* During the nine months ended July 31, 2012 and 2011, we paid dividends in the amount of approximately \$1,503,000 and \$1,998,000 to our shareholders and distributed cash to the minority shareholders of IDW in the amount of \$193,000 and \$2,000, respectively. In addition, we repurchased 3,152 shares of our Class B common stock in the amount of \$126,000. We also repaid capital lease obligations of approximately \$189,000 and \$198,000 in the nine months ended July 31, 2012 and 2011, respectively.

### CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable increased to approximately \$3,681,000 at July 31, 2012 compared to \$3,561,000 at October 31, 2011. The allowance for doubtful accounts as a percentage of gross trade accounts receivable decreased to 3.5% at July 31, 2012 compared from 20.8% at October 31, 2011 principally due to the write off of uncollectible receivables that had been previously reserved.

### 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. If we were to pursue an acquisition 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.

In addition, we will utilize approximately \$2,000,000 annually to pay the regular quarterly dividends in the amount of \$1.20 per share, subject to confirmation by our management that there is sufficient surplus as of the proposed future payment dates and other circumstances existing at the relevant times.

We do not currently have any material debt obligations. We expect that our operations in fiscal 2012 and the balance of cash and cash equivalents that we held as of July 31, 2012, will be sufficient to meet our currently anticipated working capital and capital expenditure requirements, capital lease obligations, make limited acquisitions and investments, pay the 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 6.6% and 8.2% of our consolidated revenues for the nine months ended July 31, 2012 and 2011, 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.

## **RECENTLY ADOPTED ACCOUNTING STANDARDS**

On February 1, 2010, the Company adopted the amendment to the accounting standard relating to fair value measurements, which is intended to improve the disclosures about fair value measurements in financial statements. The main provisions of the amendment require new disclosures about (1) transfers in and out of the three levels of the fair value hierarchy and (2) activity within Level 3 of the hierarchy. In addition, the amendment clarifies existing disclosures about (1) the level of disaggregation of fair value measurements, (2) valuation techniques and inputs used to measure fair value, and (3) postretirement benefit plan assets. The adoption of the changes to the disclosures about fair value measurements did not have an impact on the Company’s financial position, results of operations or cash flows. Pursuant to the amendment, the adoption of certain of the disclosures about the activity within Level 3 was not required until August 1, 2011. The adoption of these changes to its disclosures about fair value measurements did not have an impact on its financial position, results of operations or cash flows.

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04, “Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs” (“ASU 2011-04”). The amendments in this ASU generally represent clarification of Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. The update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards (“IFRS”). The amendments were effective for interim and annual periods beginning after December 15, 2011 and applied prospectively. Accounting standards Update ASU 2011-04 did not have a material impact on our Financial Statements.

In June 2011, the FASB issued guidance on presentation of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to present either a continuous statement of net income and other comprehensive income or in two separate but consecutive statements. This information is provided in Note 5 in the Notes to Consolidated Financial Statements.

### **Item 5 Legal Proceedings.**

None. We are subject to other legal proceedings which arise in the ordinary course of business and have not been finally adjudicated. Although there can be no assurance in this regard, in the opinion of our management, none of the legal proceedings to which we are a party, whether discussed above or otherwise, will have a material adverse effect on our results of operations, cash flows or financial condition.

### **Item 6 Defaults Upon Senior Securities.**

None.

### **Item 7 Other Information.**

On June 6, 2012, the Board of Directors of the Company approved a change in the Company’s fiscal year end from July 31 to October 31 of each year.

The Condensed Consolidated Statements of Operations for the twelve months ended July 31, 2012 and 2011 and management’s analysis of the results of operations are presented below for informational purposes.

CTM MEDIA HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

(in thousands, except per share data)	Twelve months Ended July 31,	
	2012	2011
<b>Revenues</b>	\$ 34,415	\$ 32,319
<b>Costs and expenses:</b>		
Direct cost of revenues	15,872	14,803
Selling, general and administrative (i)	14,836	14,813
Depreciation and amortization	817	753
Bad debt	119	84
<b>Total costs and expenses</b>	<b>31,644</b>	<b>30,453</b>
Income from operations	2,771	1,866
Interest income, net	53	57
Other income (expense), net	(20)	58
Income before income taxes	2,804	1,981
Benefit from income taxes	12,058	2,445
<b>Net income</b>	<b>14,861</b>	<b>4,426</b>
Less - net income attributable to non-controlling interests	(494)	(305)
<b>Net income (loss) attributable to CTM Media Holdings, Inc.</b>	<b>\$ 14,367</b>	<b>\$ 4,121</b>
<b>Basic and diluted income per share attributable to CTM Media Holdings, Inc. common stockholders:</b>		
Net income per share	\$ 34.62	\$ 0.49
Weighted-average number of shares used in the calculation of basic and diluted income per share:	415	8,323
Dividend declared per common share:	\$ 0.24	\$ 0.24
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 275	\$ 275

*Revenues.* Revenues for the twelve months ended July 31, 2012 increased by approximately \$2,096,000 principally as result of revenue increases in our IDW segment, due to better revenue producing titles, direct market revenue and strong digital market sales, offset in part by a shift away from the non-direct book market.

*Direct cost of revenue.* Direct cost of revenue increased by \$1,069,000 for the twelve months ended July 31, 2012 compared to 2011 principally as a result of the increase in IDW segment revenue.

*Gross Profit.* Gross profit for the twelve months ended July 31, 2012 decreased to 53.9% from 54.2% for the comparable period in 2011. The decrease is primarily the result of the increase in the IDW segment revenues and related direct cost of revenues at a lower gross profit than the CTM segment.

*Selling, general and administrative expenses.* Selling general and administrative expenses remained relatively flat for the comparative twelve month periods ended July 31, 2012 and 2011 as a result of increases in CTM segment expenses related to digital products, distribution strategic partnerships and staff re-alignments, IDW segment net income based compensation, offset by decreases in professional fees, IDW segment marketing expenses.

*Benefit from income taxes.* Income tax benefit increased for twelve months ended July 31, 2012 compared to 2011 by approximately \$9,613,000. The increase is due to the fact that the Company was able to recognize the full value of its deferred tax assets and released the associated valuation allowance. This was partially offset by an increase in state tax expense due to increased profitability and the full utilization of some historical net operating losses.

**Item 8 Exhibits.**

None.

**Item 9 Certifications.**

I, Marc E. Knoller, certify that:

1. I have reviewed this quarterly 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: September 14, 2012

/s/ Marc E. Knoller

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Chief Executive Officer

I, Leslie B. Rozner, certify that:

1. I have reviewed this quarterly 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: September 14, 2012

/s/ Leslie B. Rozner

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Chief Financial Officer