

**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](mailto:lrozner@ctmmedia.com). The Company's website is [www.ctmholdings.com](http://www.ctmholdings.com).

**Item 2 Shares Outstanding**

As of the fiscal quarter end, the Company had outstanding 1,106,468 shares of Class A common stock, 6,126,267 shares of stock, and 1,090,775 shares of Class C common stock. Excluded from these numbers are 178,517 shares of Class A common stock shares and 797,183 shares of Class B common stock held in treasury by CTM Media Holdings, Inc. There were 70 holders of record of our Class A common stock, 116 holders of record of our Class B common stock and 5 holders of our Class C common stock. 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**

(in thousands)	October 31, 2011 (Unaudited)	July 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,817	\$ 7,001
Short term investment	1,034	1,033
Trade accounts receivable, net	2,621	3,383
Inventory – Finished goods	1,926	1,743
Prepaid expenses	934	938
Note – receivable – current portion	975	975
Deferred taxes – current portion	662	-
<b>Total current assets</b>	<b>14,969</b>	<b>15,073</b>
Property and equipment, net	2,066	2,021
Licenses and other intangibles, net	34	36
Trade accounts receivable- non-current portion	200	-
Note receivable – non-current portion	1,350	1,425
Deferred taxes - non-current portion	1,384	2,262
Other assets	179	183
<b>Total assets</b>	<b>\$ 20,182</b>	<b>\$ 21,000</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 1,049	\$ 1,117
Accrued expenses	1,371	1,801
Deferred revenue	1,356	1,948
Due to IDT Corporation	-	31
Income taxes payable	460	451
Capital lease obligations—current portion	224	230
Other current liabilities	596	616
<b>Total current liabilities</b>	<b>5,056</b>	<b>6,194</b>
Deferred revenue-long term portion	319	-
Capital lease obligations—long-term portion	323	355
<b>Total liabilities</b>	<b>5,698</b>	<b>6,549</b>
Stockholders' Equity:		
CTM Media Holdings, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value; authorized shares—500; no shares issued at October 31, 2011 and July 31, 2011	-	—
Class A common stock, \$0.01 par value; authorized shares—6,000; 1,285 shares issued and outstanding at October 31, 2011 and July 31, 2011	13	13
Class B common stock, \$0.01 par value; authorized shares—12,000; 6,920 shares issued and outstanding at October 31, 2011 and July 31, 2011	69	69
Class C common stock, \$0.01 par value; authorized shares—2,500; 1,091 shares issued and outstanding at October 31, 2011 and July 31, 2011	11	11
Additional paid-in capital	56,395	56,826
Treasury Stock, at cost, consisting of 179 shares of Class A and 797 shares of Class B at October 31, 2011 and July 31, 2011	(1,070)	(1,070)
Accumulated other comprehensive income	186	208
Accumulated deficit	(41,581)	(42,114)
<b>Total CTM Media Holdings, Inc. stockholders' equity</b>	<b>14,023</b>	<b>13,943</b>
Non-controlling interests	461	508
<b>Total equity</b>	<b>14,484</b>	<b>14,451</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 20,182</b>	<b>\$ 21,000</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 October 31,	
	2011	2010
<b>Revenues</b>	<u>\$ 8,516</u>	<u>\$ 8,649</u>
<b>Costs and expenses:</b>		
Direct cost of revenues	3,808	3,761
Selling, general and administrative (i)	3,521	3,814
Depreciation and amortization	183	171
Bad debt	61	46
<b>Total costs and expenses</b>	<u>7,573</u>	<u>7,792</u>
Income from operations	943	857
Interest income, net	15	15
Other expense, net	(33)	(7)
Income from operations before income taxes	925	865
Provision for income taxes	(285)	(68)
<b>Net Income</b>	<u>640</u>	<u>797</u>
Less - net income attributable to non-controlling interests	(107)	(87)
<b>Net income attributable to CTM Media Holdings, Inc.</b>	<u>\$ 533</u>	<u>\$ 710</u>
<b>Basic and diluted income per share attributable to CTM Media Holdings, Inc. common stockholders:</b>		
Net income per share	\$ 0.06	\$ 0.08
Weighted-average number of shares used in calculation of basic and diluted income per share:	8,323	8,323
Dividend declared per common share:	\$ 0.06	\$ 0.12
(i) Stock-based compensation included in selling, general and administrative expenses	\$ 69	\$ 112

See accompanying notes to condensed consolidated financial statements.

**CTM MEDIA HOLDINGS, INC.**

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

**Three Months ended October 31,**  
**(in thousands)**

	<b>2011</b>	<b>2010</b>
<b>Operating activities</b>		
Net income	\$ 640	\$ 797
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	183	171
Bad debts	61	46
Stock-based compensation	69	112
Change in assets and liabilities:		
Trade accounts receivable	494	(27)
Inventory, prepaid and other assets	(174)	(84)
Deferred taxes	216	-
Trade accounts payable, accrued expenses, and other current liabilities	(533)	(263)
Deferred revenue	(273)	(712)
Net cash provided by operating activities	<b>683</b>	<b>40</b>
<b>Investing activities:</b>		
Capital expenditures	(227)	(46)
Payments received from notes receivable on sale of assets	75	-
Net cash used in investing activities	(152)	(46)
<b>Financing activities:</b>		
Distributions to holders of non controlling interests	(154)	(12)
Dividends paid	(500)	-
Repayments of capital lease obligations	(61)	(63)
Cash used in by financing activities	(715)	(75)
Net decrease in cash and cash equivalents	(184)	(81)
Cash and cash equivalents at beginning of period	<b>7,001</b>	<b>6,516</b>
Cash and cash equivalents at end of period	<b>\$ 6,817</b>	<b>\$ 6,435</b>
<b>Supplemental schedule of non cash investing and financing activities</b>		
Cash paid for interest	\$ 4	\$ 8
Purchases of property and equipment through capital lease obligations	\$ 29	\$ 166
Dividends payable	\$ -	\$ 999

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 three months ended October 31, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2012. The balance sheet at July 31, 2011 has been derived from the Company’s audited financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, please refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report.

The Company’s fiscal year ends on July 31 of each calendar year. Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2011 refers to the fiscal year ending July 31, 2011).

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

CTM Media Group (“CTM”), the Company’s brochure distribution company 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 to the Company 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 of Class A common stock, 5,137,736 shares of Class B common stock and 1,090,775 shares of Class C common stock issued and outstanding.

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; (ii) Class B common stock was reduced from 65,000,000 shares to 12,000,000 shares; (iii) Class C common stock was reduced from 15,000,000 shares to 2,500,000 shares; and (iv) Preferred Stock was reduced from 10,000,000 shares to 500,000 shares, each par value \$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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

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

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 otherwise would hold 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 will be entitled to cash payments (without interest or deduction) in respect of such fractional shares. The Reverse Split became effective December 9, 2011. If the Reverse Split had been effective as of October 31, 2011, the approximate number of shares issued and outstanding of Class A common stock, Class B common stock and Class C common stock would have been 64,000 shares, 345,000 shares and 54,000 shares, respectively. All disclosures contained in this financial statement are based upon the number of shares and amounts before the Reverse Split, unless otherwise noted.

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 continues to provide to the Company, among other things, certain administrative and other services. In addition, pursuant to the Master Services Agreement, IDT Corporation provides certain additional services to the Company, on an interim basis. Such services include assistance with periodic reports 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, as well as 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.

**Note 2—Dividends**

The Company paid a cash dividend in the amount of \$0.06 per share (approximately \$500,000 in the aggregate) on each of July 7, 2011, and October 6, 2011 to stockholders of record as of June 28, 2011 and September 26, 2011, respectively, of our Class A common stock, Class B common stock and Class C common stock.

We also paid a cash dividend in the amount of \$0.12 per share (approximately \$1,000,000 in the aggregate) and \$0.06 per share (approximately \$500,000 in the aggregate) on November 9, 2010 and March 17, 2011, respectively to stockholders of record as of November 1, 2010 and March 8, 2011, respectively, of our Class A, Class B and Class C common stock.

While our Board of Directors has approved the payment of regularly quarterly dividends in the amount of approximately \$0.06 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.

On October 18, 2011, the Board of Directors of CTM Media Holdings, Inc. in light of the Registrant's cash position, determined to declare the payment of a cash dividend in the aggregate amount of approximately \$500,000. The per share amount of the dividend is to be \$1.20 per share after giving effect to the Reverse Split. The dividend will be paid on or about January 16, 2012 to stockholders of record as of January 6, 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 pre-Reverse Split amount of approximately \$0.06 per share. The payment of future quarterly dividends is subject to confirmation by the Registrant's management that there is sufficient surplus as of the proposed future payment dates and other circumstances existing at the relevant times.

In addition, on February 22, 2011 the Board of Directors approved the buyback of up to 50,000 shares (as adjusted for the Reverse Split, see Note 1) 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 since the buyback was approved.

**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 quarter ended October 31, 2011, there were no shares that were potentially dilutive. As a result basic earnings per share and diluted earnings per share were the same.

On December 9, 2011, as a result of a reverse stock-split, whereby 20 outstanding shares were combined into one validly issued, fully paid, and non-assessable share for each of the Company's Class A common stock, Class B common stock and Class C common stock. The holders of fractional shares will receive cash in lieu of fractional shares, and the final number of shares outstanding necessary for calculating Basic and Diluted Earnings Per Share, will be determined after completion of the Reverse Split. Consequently, the Company has calculated the Basic and Diluted Earnings per share based on shares outstanding as of the balance sheet date.

**Note 4—Equity**

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

	<b>Three Months Ended October 31, 2011</b>		
	<b>Attributable to CTM Media Holdings, Inc.</b>	<b>Non-controlling Interests</b>	<b>Total</b>
		<b>(in thousands)</b>	
Balance, July 31, 2011	\$ 13,943	\$ 508	\$ 14,451
Stock based compensation	69	—	69
Cash distributions	—	(154)	(154)
Cash dividends	(500)	-	(500)
Comprehensive income:			
Net income	533	107	640
Other comprehensive income	(22)	—	(22)
Comprehensive income	511	107	618
Balance, October 31, 2011	\$ 14,023	\$ 461	\$ 14,484

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 of Class A unvested restricted stock and approximately 500,000 shares of Class B unvested restricted stock.

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

**Note 4—Equity(continued)**

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, 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 (Pre 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.

On October 14, 2009, the Company’s Board of Directors granted its Chairman and founder, Howard S. Jonas, 1,785,714 (Pre Split) restricted shares 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 the tender offer that expired on December 22, 2009.

**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.

	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(in thousands)</b>	
Net income	\$ <b>640</b>	\$ 797
Foreign currency translation adjustments	<b>(22)</b>	32
Comprehensive income	<b>618</b>	829
Comprehensive income attributable to non-controlling interests	<b>(107)</b>	(87)
Comprehensive income attributable to CTM Media Holdings, Inc.	<b>\$ 511</b>	<b>\$ 742</b>



**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 new product initiatives focused on small to medium sized businesses. IDW is a comic book and graphic novel publisher that creates and licenses original 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)	<u>CTM</u>	<u>IDW</u>	<u>Total</u>
<b>Three months ended October 31, 2011</b>			
Revenues	\$ 4,878	\$ 3,638	\$ 8,516
Operating income	481	462	943
Depreciation and amortization	178	5	183
Total assets at October 31, 2011	<u>\$ 17,419</u>	<u>\$ 2,763</u>	<u>\$ 20,182</u>
<b>Three months ended October 31, 2010</b>			
Revenues	\$ 5,029	\$ 3,620	\$ 8,649
Operating income	495	362	857
Depreciation and amortization	159	12	171
Total assets at October 31, 2010	<u>\$ 17,522</u>	<u>\$ 937</u>	<u>\$ 18,459</u>

**Note 7—Provision for Income Taxes**

Provision for income taxes for the three months ended October 31, 2011 and 2010 was approximately \$285,000 and \$68,000 respectively. The increase is due to the prior period utilization of tax benefits to reduce expense, and the utilization of state net operating losses. In addition, foreign tax expense was \$0 and \$50,000 for the three months ended October 31, 2011 and 2010, respectively, reflecting a reduction in the current period foreign earnings.

## CTM MEDIA HOLDINGS, INC.

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

#### 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 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. This 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 are effective for interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. Early application is not permitted. We do not expect the adoption of ASU 2011-04 will 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. The new guidance will be effective for us beginning July 1, 2012 and will have presentation changes only.

#### 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 the following subsequent events should be disclosed:

On October 18, 2011 the Company's Board of Directors approved the Reverse Split. Stockholders who otherwise hold 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 will be entitled to cash payments (without interest or deduction) in respect of such fractional shares. The Reverse Split became effective December 9, 2011.

On October 18, 2011 the Company announced its intent to suspend its registration under the Securities Exchange of 1934, as amended (the "Exchange Act"), thus suspending its filing of periodic reports with the Securities and Exchange Commission (the "SEC"). On December 13, 2011, the Company filed the Form 15 with the SEC suspending its registration under the Exchange Act. Following such suspension, the Company expects that its Class A Common Stock and Class B Common Stock will continue to trade on the OTC Pink Sheets, but on the Pink tier. The Company will continue 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.

## **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 three months ended October 31, 2011 and 2010, our selling, general and administrative expenses were approximately \$0 and \$100,000, respectively, for all services and allocated expenses charged by IDT Corporation to us. At October 31, 2011 and 2010 the amount owed to IDT Corporation was approximately \$0 and \$100,000, respectively.

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 is owed pursuant to a two-year promissory note, which is extendable in part to three years at the option of the buyer, with the extension provision expiring March 5, 2012. The sale met the criteria to be reported as a discontinued operation in the third quarter of fiscal 2010 and accordingly, WMET's results were classified as part of discontinued operations during the fiscal year 2010.

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 of Class A common stock and 794,128 shares 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 new 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 mobile-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 had operated its Design & Print business, which it exited at the beginning of the fourth quarter of fiscal 2010. 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 57.3% and 58.1% of our consolidated revenues in the three months ended October 31, 2011 and 2010, respectively.

## **IDW**

IDW is a comic book and graphic novel publisher that creates and licenses intellectual property. IDW’s revenues represented 42.7% and 41.9% of our consolidated revenues in the three months ended October 31, 2011 and 2010, 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, we own 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, goodwill 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 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 we terminate 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 us 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 in the first quarter of fiscal 2012 and 2011 was approximately \$69,000 and 112,000, respectively.

*Bad Debt Expense.* Bad debt expense increased to approximately \$61,000 during the three months ended October 31, 2011 from \$46,000 during the same period in 2010 due to increases in write-offs and reserves.

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

(in thousands) Three months ended October 31,	2011	2010	Change	
			\$	%
Income from operations	\$ 943	\$ 857	\$ 86	10.0
Interest income, net	15	15	-	0.0
Other expense, net	(33)	(7)	(26)	371.4
Provision for income taxes	(285)	(68)	(217)	319.1
Net income	640	797	(157)	(19.7)
Less: Net income attributable to non controlling interest	(107)	(87)	(20)	23.0
Net income attributable to CTM Media Holdings, Inc.	\$ 533	\$ 710	\$ (177)	(24.9)

*Income Taxes.* Provision for income tax for the three months ended October 31, 2011 compared to 2010 increased by approximately \$217,000. This increase is due to the utilization of tax benefits and net operating losses in the prior period that were not available in the current period, offset in part by a reduction of foreign income tax expense of approximately \$50,000.

We 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 us. Finally, we and our 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 October 31,	2011	2010	Change	
			\$	%
Revenues	\$ 4,878	\$ 5,029	\$ (151)	(3.0)
Direct cost of revenues	1,613	1,581	32	2.0
Selling, general and administrative	2,546	2,748	(202)	(7.4)
Depreciation and amortization	178	159	19	11.9
Bad debt expense	61	46	15	32.6
Income from operations	\$ 480	\$ 495	\$ (15)	(3.0)

*Revenues.* The decrease in CTM's revenues during the three months ended October 31, 2011 compared to the three months ended October 31, 2010 was primarily due to decreases in distribution revenues, publishing revenues, RightCard™ revenues, which were partially offset by an increase in digital revenues. Revenues decreased primarily due to a decline in sales at our Canadian market, which were partially offset by an increase in digital revenues in our US market. Revenues from our Canadian operations decreased primarily economic conditions, including decreased government spending in the Canadian tourism industry.

*Direct Cost of Revenues.* Direct cost of revenues consists primarily of distribution and fulfillment payroll, warehouse, vehicle distribution, and print and design expenses. Direct cost of revenues for the three months ended October 31, 2011 marginally increased from approximately \$1,581,000 in fiscal 2011 to \$1,613,000 in fiscal 2012. Direct cost of sales increased primarily due to the increase in direct costs of new digital products.

CTM's gross margin decreased in the three months ended October 31, 2011 to 66.9% compared to 68.6% in the three months ended October 31, 2010. The decrease was primarily due to a marginal decline in revenues and an increase in direct cost of 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 ended October 31, 2011 as compared to the three months ended October 31, 2010 primarily due to a decrease in professional fees.

As a percentage of CTM's revenue, selling, general and administrative expenses decreased in the three months ended October 31, 2011 to 52.2% from 54.6% in the three months ended October 31, 2010

## IDW

(in thousands)

Three months ended October 31,	2011	2010	Change	
			\$	%
Revenues	\$ 3,638	\$ 3,620	\$ 18	0.5
Direct cost of revenues	2,195	2,180	15	0.69
Selling, general and administrative	975	1,066	(91)	(8.5)
Depreciation and amortization	5	12	(7)	(58.3)
Income from operations	\$ 463	\$ 362	\$ 101	27.9

*Revenues.* The increase in IDW's revenues in the three months ended October 31, 2011 as compared to the three months ended October 31, 2010 was due to an increase in Digital Publishing revenues, and Licensing revenues which were partially offset by a decline in Creative Services, Publishing revenues, and Royalty Services revenues.

In an effort to increase availability of versions of its content at retail outlets, IDW has entered into a number of digital distribution agreements over the past calendar year, and IDW's publications are currently available for purchase via mobile phones, primarily iPhones/iPod Touch. 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 marginally primarily due to an increase in direct costs of licensing and digital publishing services, which were partially offset by a decline direct cost of publishing revenues, direct cost of creative services, and royalty expenses. The increase in direct cost of licensing revenues and digital publishing revenues were directly attributable to the increase in related revenues. Direct costs of publishing revenues, creative services, and royalty expenses decreased in the three months ended October 31, 2011 as compared to the three months ended October 31, 2010 primarily due to a decrease in related revenues.

IDW's aggregate gross margin for the three months ended October 31, 2011 and 2010 decreased to 39.6% from 39.8% in the three months ended October 31, 2010. The slight decrease in the three months ended October 31, 2011 was primarily due to the mix of products in the three months ended October 31, 2011.

*Selling, General and Administrative.* Selling, general and administrative expenses decreased in the three months ended October 31, 2011 as compared to the three months ended October 31, 2010 primarily due to a decrease in personnel costs and marketing expenses which were partially offset by an increase in occupancy costs and selling and distribution costs.

As a percentage of IDW's aggregate revenues, selling, general and administrative expenses declined in the three months ended October 31, 2011 to 26.8% from 29.4% compared to the three months ended October 31, 2010.

## LIQUIDITY AND CAPITAL RESOURCES

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

(in thousands)	Three months ended October 31,	
	2011	2010
<b>Cash flows provided by (used in):</b>		
Operating activities	\$ 683	\$ 40
Investing activities	(152)	(46)
Financing activities	(715)	(75)
<b>Decrease in cash and cash equivalents</b>	<b>\$ (184)</b>	<b>\$ (81)</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 \$683,000 and \$40,000 for the three months ended October 31, 2011 and 2010, respectively.

*Investing Activities.* Our capital expenditures were approximately \$226,000 and \$46,000 in the three months ended October 31, 2011 and 2010, respectively. We currently anticipate that total capital expenditures for all of our divisions in fiscal 2012 will be approximately \$1,300,000. We expect to fund our capital expenditures with our cash, cash equivalents and short term investments on hand.

*Financing Activities.* During the three months ended October 31, 2011, we paid dividends in the amount of approximately \$500,000 to our shareholders and distributed cash to the minority shareholders of IDW in the amount of \$154,000 and \$12,000, in the three months ended October 31, 2011 and 2010, respectively. We also repaid capital lease obligations of approximately \$61,000 and \$63,000 in the three months ended October 31, 2011 and 2010, respectively.

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

Gross trade accounts receivable decreased marginally to approximately \$3,865,000 at October 31, 2011 compared to \$4,336,000 at July 31, 2011. The allowance for doubtful accounts as a percentage of gross trade accounts receivable marginally increased to 19.1% at October 31, 2011 compared from 17.2% at July 31, 2011.

### 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, with the average acquisition being less than \$1,000,000. 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 \$0.06 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, cash equivalents and short term investment that we held as of October 31, 2011, 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 economic situation and overall decline in consumer demand. 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 9.1% and 9.6% of our consolidated revenues for the three months ended October 31, 2011 and 2010, respectively. These revenues are in Canadian dollars. Our foreign currency exchange risk is somewhat mitigated by our ability to offset the majority of non-U.S. Dollar-denominated revenues with operating expenses that are paid in the same currencies. While the impact from fluctuations in foreign exchange rates affects our revenues and expenses denominated in foreign currencies, 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. This 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 are effective for interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. Early application is not permitted. We do not expect the adoption of ASU 2011-04 will 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. The new guidance will be effective for us beginning July 1, 2012 and will have presentation changes only.

### **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.**

None.

### **Item 8 Exhibits.**

1. Amendment No. 2 to the Second Restated Certificate of Incorporation.



**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: December 15, 2011

/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: December 15, 2011

/s/ Leslie B. Rozner

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Chief Financial Officer