Item 5 Financial Statements

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

The following information should be read in conjunction with the accompanying 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 Fiscal Year ended October 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 October 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 51.5% and 57.3% of our consolidated revenues in the three months ended October 31, 2012 and 2011, respectively, and 51.5% and 56.87% in the Fiscal Year ended October 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 48.5% and 42.7% of our consolidated revenues in the three months ended October 31, 2012 and 2011, respectively, and 48.5% and 43.2% in the Fiscal Year ended October 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 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 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.

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 $274,000 and $231,000, respectively.

Bad Debt Expense. Bad debt expense decreased to approximately $21,000 and $79,000 during the three months and Fiscal Year ended October 31, 2012 from $61,000 and $91,000 during the same periods in 2011 due to seasonal and annual reserve experiences in the collections and aging of CTM segment trade receivables.

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

(in thousands)			Change	
Three months ended October 31,	**2012**	**2011**	**$**	**%**
Income from operations	**$ 1,079**	$ 943	$ 136	14.4%
Interest income, net	**12**	15	(3)	(20.0%)
Other income (expense), net	**15**	(33)	48	145.5%
Provision for income taxes	**(378)**	(285)	(93)	(32.6%)
Net income	**728**	640	88	13.8%
Less: Net income attributable to non controlling interest	**(123)**	(107)	(16)	(15.0%)
Net income attributable to CTM Media Holdings, Inc.	**$ 605**	$ 533	$ 72	13.5%

(in thousands)			Change	
Fiscal Year ended October 31,	**2012**	**2011**	**$**	**%**
Income from operations	**$ 2,907**	$ 1,954	$ 953	48.8%
Interest income, net	**50**	57	(7)	(12.3%)
Other income, net	**28**	32	(4)	(12.5%)
Benefit from income taxes	**11,964**	2,228	9,736	437.0%
Net income	**14,949**	4,271	10,678	250.0%
Less: Net income attributable to non controlling interest	**(509)**	(326)	(183)	(56.1%)
Net income attributable to CTM Media Holdings, Inc.	**$ 14,440**	$ 3,945	$ 10,495	266.0%

Income Taxes. Income tax (expense) benefit increased for the three months and fiscal year ended October 31, 2012 compared to 2011 by approximately $(93,000) and $9,736,000 respectively. The increase in expense for the three months ended October 31, 2012 is due primarily to increased taxable income. The increase for the fiscal year ended October 31, 2012 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)			Change	
Three months ended October 31,	**2012**	**2011**	**$**	**%**
Revenues	**$ 5,019**	$ 4,877	$ 142	2.9%
Direct cost of revenues	**1,549**	1,612	(63)	(3.9%)
Selling, general and administrative	**2,679**	2,545	134	5.3%
Depreciation and amortization	**218**	178	40	22.5%
Bad debt expense	**21**	61	(40)	(65.6%)
Income from operations	**$ 552**	$ 481	$ 71	14.7%

(in thousands)			Change	
Fiscal Year ended October 31,	**2012**	**2011**	**$**	**%**
Revenues	**$ 18,350**	$ 18,296	$ 54	0.3%
Direct cost of revenues	**6,058**	6,411	(353)	(5.5%)
Selling, general and administrative	**10,657**	10,444	213	2.0%
Depreciation and amortization	**835**	740	95	12.8%
Bad debt expense	**79**	99	(20)	(20.2%)
Income from operations	**$ 721**	$ 602	$ 119	19.7%

Revenues. The increase in CTM's revenues during the three months ended October 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 revenue for the fiscal year ended October 31, 2012 compared to 2011 was primarily flat 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. Revenue 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 months and Fiscal Year ended October 31, 2012 decreased by approximately $63,000 and $353,000 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 October 31, 2012 to 69.1% compared to 66.9% in 2011 and to 67.0% for the Fiscal Year ended October 31, 2012 compared to 65.0% 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 months and Fiscal Year ended October 31, 2012 as compared to the three months and Fiscal Year ended October 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 months and Fiscal Year ended October 31, 2012 was 53.4% and 58.1% compared to 52.2% and 57.1% in the three months and fiscal year ended October 31, 2011, respectively. 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) Three months ended October 31,	2012	2011	Change $	Change %
Revenues	$ **4,721**	$ 3,639	$ 1,082	29.7%
Direct cost of revenues	**3,035**	2,196	839	38.2%
Selling, general and administrative	**1,154**	976	178	18.2%
Depreciation and amortization	**5**	5	-	0.0%
Income from operations	$ **527**	$ 462	$ 65	14.1%

(in thousands) Fiscal Year ended October 31,	2012	2011	Change $	Change %
Revenues	$ **17,290**	$ 13,889	$ 3,401	24.5%
Direct cost of revenues	**10,591**	8,439	2,152	25.5%
Selling, general and administrative	**4,491**	4,074	417	10.2%
Depreciation and amortization	**21**	25	(4)	(16.0%)
Income from operations	$ **2,187**	$ 1,351	$ 836	61.9%

Revenues. The increase in IDW's revenues in the three months and fiscal year ended October 31, 2012 compared to the three months and fiscal year ended October 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 fiscal year 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 months and fiscal year ended October 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 months and fiscal year ended October 31, 2012 decreased to 35.7% and 38.7% from 39.7% and 39.2% in the three months and fiscal year ended October 31, 2011, respectively. The decreases in the three months and fiscal year ended October 31, 2012 were primarily due to the increase in publishing revenue along with its associated costs and mix of products compared to the three months and fiscal year ended October 31, 2011.

Selling, General and Administrative. Selling, general and administrative expenses increased in the three months ended October 31, 2012 compared to 2011 primarily due compensation costs based on net income. SG&A expenses increased in the fiscal year ended October 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 months and fiscal year ended October 31, 2012 to 24.4% and 26.0% from 26.8% and 29.3% in the three months and Fiscal Year ended October 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)	Fiscal Year ended October 31, 2012	2011
Cash flows provided by (used in):		
Operating activities	**$ 3,706**	$ 2,505
Investing activities	**173**	(395)
Financing activities	**(2,442)**	(1,728)
Increase in cash and cash equivalents	**$ 1,437**	$ 382

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 $3,706,000 and $2,505,000 for the Fiscal Year ended October 31, 2012 and 2011, respectively.

Investing Activities. Our capital expenditures were approximately $1,261,000 and $770,000 in the Fiscal Year ended October 31, 2012 and 2011, respectively. We currently anticipate that total capital expenditures for all of our divisions in fiscal 2013 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 Fiscal Year ended October 31, 2012 and 2011, we paid dividends in the amount of approximately $1,998,000 and $1,498,000 to our shareholders and distributed cash to the minority shareholders of IDW in the amount of $453,000 and $160,000, 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 $242,000 and $267,000 in the Fiscal Year ended October 31, 2012 and 2011, respectively.

CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable decreased to approximately $3,081,000 at October 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 3.6% at October 31, 2012 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.

We do not currently have any material debt obligations. We expect that our operations in fiscal 2013, the balance of cash and cash equivalents that we held as of October 31, 2012, and a $1.5 million line of credit established with our primary bank 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 6.8% and 8.4% of our consolidated revenues for the Fiscal Year ended October 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.

CTM MEDIA HOLDINGS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of CTM Media Holdings, Inc and Subsidiaries:

We have audited the accompanying consolidated balance sheet of CTM Media Holdings, Inc. and Subsidiaries as of October 31, 2012 and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the fiscal year ended October 31, 2012. These consolidated financial statements are the responsibility of the CTM Media Holdings, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts in the disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CTM Media Holdings, Inc. and Subsidiaries as of October 31, 2012, and the consolidated results of its operations, comprehensive income, stockholders' equity, and its cash flows for the fiscal year ended October 31, 2012, in conformity with generally accepted accounting principles in the United States of America.

/s/ Zwick & Banyai, PLLC
Zwick & Banyai, PLLC
Southfield, Michigan

January 29, 2013

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)		October 31, 2012		October 31, 2011 (Unaudited)
Assets				
Current assets:				
Cash and cash equivalents	**$**	**8,254**	$	6,817
Short term investment		**-**		1,034
Trade accounts receivable, net		**2,971**		2,621
Inventory – finished goods		**1,597**		1,926
Prepaid expenses		**936**		934
Note receivable – current portion		**310**		975
Deferred taxes – current portion		**101**		662
Total current assets		**14,169**		14,969
Property and equipment, net		**2,471**		2,066
Intangible assets, net		**19**		34
Trade accounts receivable – non-current portion		**-**		200
Note receivable – non-current portion		**1,615**		1,350
Deferred taxes – non-current portion		**13,811**		1,384
Other assets		**196**		179
Total assets	**$**	**32,281**	$	20,182
Liabilities and stockholders’ equity				
Current liabilities:				
Trade accounts payable	**$**	**1,013**	$	1,049
Accrued expenses		**1,633**		1,371
Deferred revenue		**1,228**		1,356
Income taxes payable		**169**		460
Capital lease obligations – current portion		**209**		224
Other current liabilities		**395**		596
Total current liabilities		**4,647**		5,056
Deferred revenue – long term portion		**-**		319
Capital lease obligations – long term portion		**473**		323
Other liabilities		**11**		-
Total non-current liabilities		**484**		642
Total liabilities		**5,131**		5,698
Stockholders’ Equity (see note 1):				
CTM Media Holdings, Inc. stockholders’ equity:				
Preferred stock, $.01 par value; authorized shares – 25 at October 31, 2012 and 2011; no shares issued at October 31, 2012 and 2011		-		-
Class A common stock, $0.01 par value; authorized shares – 300; 64 shares issued and outstanding at October 31, 2012 and 2011		**1**		1
Class B common stock, $0.01 par value; authorized shares – 600; 346 shares issued and outstanding at October 31, 2012 and 2011		**3**		3
Class C common stock, $0.01 par value; authorized shares – 125; 55 shares issued and outstanding at October 31, 2012 and 2011		**1**		1
Additional paid-in capital		**54,759**		56,483
Treasury stock, at cost, consisting of 9 shares of Class A, 43 and 40 shares of Class B at October 31, 2012 and 2011, respectively		**(1,196)**		(1,070)
Accumulated other comprehensive income		**206**		186
Accumulated deficit		**(27,141)**		(41,581)
Total CTM Media Holdings, Inc. stockholders’ equity		**26,633**		14,023
Non-controlling interests		**517**		461
Total stockholders' equity		**27,150**		14,484
Total liabilities and stockholders’ equity	**$**	**32,281**	$	20,182

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Three Months Ended October 31, 2012 (Unaudited)	Three Months Ended October 31, 2011 (Unaudited)	Fiscal Year Ended October 31, 2012	Fiscal Year Ended October 31, 2011 (Unaudited)
Revenues	**$ 9,740**	$ 8,516	**$ 35,640**	$ 32,186
Costs and expenses:				
Direct cost of revenues	**4,584**	3,808	**16,649**	14,850
Selling, general and administrative (i)	**3,833**	3,521	**15,149**	14,518
Depreciation and amortization	**223**	183	**856**	765
Bad debt expense	**21**	61	**79**	99
Total costs and expenses	**8,661**	7,573	**32,733**	30,232
Income from operations	**1,079**	943	**2,907**	1,954
Interest income, net	**12**	15	**50**	57
Other income (expense), net	**15**	(33)	**28**	32
Income before income taxes	**1,106**	925	**2,985**	2,043
(Provision for) benefit from income taxes	**(378)**	(285)	**11,964**	2,228
Net income	**728**	640	**14,949**	4,271
Less: net income attributable to non-controlling interests	**(123)**	(107)	**(509)**	(326)
Net income attributable to CTM Media Holdings, Inc.	**$ 605**	$ 533	**$ 14,440**	$ 3,945
Basic and diluted income per share attributable to CTM Media Holdings, Inc. common stockholders (see notes 1 and 3):				
Net income per share	**$ 1.46**	$ 1.28	**$ 34.88**	$ 9.48
Weighted-average number of shares used in the calculation of basic and diluted income per share:	**413**	416	**414**	416
Dividend declared per common share:	**$ 1.20**	$ 1.20	**$ 4.80**	$ 3.60
Interest Expense	**$4**	$4	**$19**	$24
(i) Stock-based compensation included in selling, general and administrative expenses	**$ 69**	$ 69	**$ 274**	$ 231

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months Ended October 31, 2012 (Unaudited)	Three Months Ended October 31, 2011 (Unaudited)	Fiscal Year Ended October 31, 2012	Fiscal Year Ended October 31, 2011 (Unaudited)
	(in thousands)			
Net income	$ **728**	640	$ **14,949**	$ 4,271
Foreign currency translation adjustments	**13**	(22)	**20**	37
Comprehensive income	**741**	618	**14,969**	4,308
Comprehensive income attributable to non-controlling interests	**(123)**	(107)	**(509)**	(326)
Comprehensive income attributable to CTM Media Holdings, Inc.	$ **618**	511	$ **14,460**	$ 3,982

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE FISCAL YEARS ENDED OCTOBER 31, 2012 AND OCTOBER 31, 2011 (Unaudited)
(in thousands)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Accumulated Deficit	Non-controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount						
BALANCE AT October 31, 2010 (Unaudited)	**64**	**$ 1**	**346**	**$ 3**	**55**	**$ 1**	**$ 57,750**	**$ (1,070)**	**$ 149**	**$ (45,526)**	**$ 295**	**$ 11,603**
Stock-based compensation on restricted stock	—	—	—	—	—	—	231	—	—	—	—	231
Dividends ($3.60 per common share)	—	—	—	—	—	—	(1,498)	—	—	—	—	(1,498)
Distributions	—	—	—	—	—	—	—	—	—	—	(160)	(160)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	37	—	—	37
Net income for the year ended October 31, 2011	—	—	—	—	—	—	—	—	—	3,945	326	4,271
Comprehensive income	—	—	—	—	—	—	—	—	37	3,945	326	4,308
BALANCE AT October 31, 2011 (Unaudited)	**64**	**$ 1**	**346**	**$ 3**	**55**	**$ 1**	**$ 56,483**	**$ (1,070)**	**$ 186**	**$ (41,581)**	**$ 461**	**$ 14,484**
Stock-based compensation on restricted stock	—	—	—	—	—	—	274	—	—	—	—	274
Dividends ($4.80 per common share)	—	—	—	—	—	—	(1,998)	—	—	—	—	(1,998)
Distributions	—	—	—	—	—	—	—	—	—	—	(453)	(453)
Repurchase of Class A common stock and Class B common stock	—		—	—	—	—	—	(126)	—	—	—	(126)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	20	—		20
Net income for the year ended October 31, 2012	—	—	—	—	—	—	—	—	—	14,440	509	14,949
Comprehensive income	—	—	—	—	—	—	—	—	20	14,440	509	14,969
BALANCE AT October 31, 2012	**64**	**$ 1**	**346**	**$ 3**	**55**	**$ 1**	**$ 54,759**	**$ (1,196)**	**$ 206**	**$ (27,141)**	**$ 517**	**$ 27,150**

See accompanying notes to consolidated financial statements.

CTM MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Year ended October 31, (in thousands)	**2012**	**2011 (Unaudited)**
Operating activities:		
Net income	**$ 14,949**	$ 4,271
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**856**	765
Bad debt expense	**79**	99
Stock based compensation	**274**	231
Changes in assets and liabilities:		
Trade accounts receivable	**(229)**	634
Inventory, prepaid and other assets	**325**	(398)
Deferred taxes	**(11,866)**	(2,046)
Trade accounts payable, accrued expenses and other current liabilities	**(235)**	(1,403)
Deferred revenue	**(447)**	352
Net cash provided by operating activities	**3,706**	2,505
Investing activities:		
Proceeds from maturity of short term investment	**1,034**	-
Capital expenditures	**(1,261)**	(770)
Payments received from notes receivable on sale of assets	**400**	375
Net cash provided by (used in) investing activities	**173**	(395)
Financing activities:		
Distributions to holders of non-controlling interests	**(453)**	(160)
Repurchase of Class B common stock	**(126)**	-
Dividends paid	**(1,998)**	(1,498)
Financing under capital leases	**377**	197
Repayments of capital lease obligations	**(242)**	(267)
Cash used in financing activities	**(2,442)**	(1,728)
Net increase in cash and cash equivalents	**1,437**	382
Cash and cash equivalents at beginning of period	**6,817**	6,435
Cash and cash equivalents at end of period	$ **8,254**	$ 6,817
Supplemental schedule of investing and financing activities		
Cash paid for interest	$ **19**	**$** 24
Purchases of property and equipment through capital lease obligations	$ **377**	$ 197

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

See accompanying notes to consolidated financial statements.

Note 1—Basis of Presentation

The accompanying unaudited 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. The unaudited balance sheet at October 31, 2011 has been derived from the Company's quarterly financial statements at that date. Any information pertaining to the fiscal year ended October 31, 2011 is unaudited.

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. 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 year ended October 31, 2012.

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

Reverse stock split

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.

All Common Stock and related per share amounts in these Consolidated Financial Statements and Notes to Consolidated Financial Statements are reflected on an after-Reverse-Split basis for all periods presented.

Non-controlling Interests

On August 1, 2009, the Company adopted the accounting standard relating to non-controlling interests in consolidated financial statements. This standard clarifies that a non-controlling interest in a subsidiary, which was previously referred to as a minority interest, is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Also, this standard requires consolidated net income (loss) to include the amounts attributable to both the parent and the non-controlling interest, and it requires disclosure of the amounts of net income (loss) attributable to the parent and to the non-controlling interest. Finally, this standard requires increases and decreases in the non-controlling ownership interest amount to be accounted for as equity transactions, and the gain or loss on the deconsolidation of a subsidiary will be measured using the fair value of any non-controlling equity investment rather than the carrying amount of the retained investment. As required by this standard, the Company retrospectively changed the classification and presentation of non-controlling interests in its financial statements for all prior periods. The adoption of this standard did not have a material impact on the Company's financial position, results of operations or cash flows. In January 2010, the Financial Accounting Standards Board ("FASB") amended the accounting standard relating to non-controlling interests in consolidated financial statements (1) to address implementation issues related to the changes in ownership provisions of the standard and (2) to expand the disclosures about the deconsolidation of a subsidiary or de-recognition of a group of assets within the scope of the standard. These amendments were effective for the Company when they were issued by the FASB. The adoption of the amendments to this standard did not have a material impact on the Company's financial position, results of operations or cash flows.

Use of Estimates

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

Revenue Recognition

Revenues from CTM brochure distribution services are recognized on a straight-line basis over the services arrangement, which is typically between six months and one year. Brochure distribution services include distribution of marketing materials to display stations and straightening and refilling of the stations. Revenues from CTM printing services are recognized based on payment by customer to print vendor. Revenues from CTM publication guides are recognized based on the publication release date of guides, which is the same date as

Note 1—Basis of Presentation (continued)

distribution. IDW's primary revenue is recognized, net of an allowance for estimated sales returns, at the time of shipment of its graphic novels and comic books by IDW's distributor to its customers, and when all of the conditions specified by 'ASC 605-15-25'- *Revenue Recognition*

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

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

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

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

Property and Equipment
Equipment, vehicles and computer software are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, which range as follows: equipment—5, 7 & 20 years; vehicles—5 years; and computer software—2, 3 & 5 years. Leasehold improvements are recorded at cost and are depreciated on a straight-line basis over the term of the lease or their estimated useful lives, whichever is shorter.

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

Advertising Expense
Non-direct response advertising is expensed as incurred. In fiscal 2012 and fiscal 2011, advertising expense was $322,000 and $388,000, respectively.

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

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

Note 1—Basis of Presentation (continued)

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

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

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

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

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

Fiscal Year ended October 31 (in thousands)	2012	2011
Basic weighted-average number of shares	**414**	416
Effect of dilutive securities:		
Non-vested restricted common stock	**-**	-
Diluted weighted-average number of shares	**414**	416

Stock-Based Compensation
The Company accounted for stock-based compensation granted to its employees by IDT Corporation in accordance with the fair value recognition provisions of 'ASC' 718 *Share-Based Payment*. Under 'ASC' 718, compensation costs recognized based on the grant-date fair value. Stock-based compensation is included in selling, general and administrative expense. During the fiscal year ended October 31, 2011, the Company began recognizing the compensation on a straight-line basis in accordance with ASC 718-10-35-8.

Note 1—Basis of Presentation (continued)

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

IDW has one major customer, Diamond Comic Distributors, Inc., which is the major distributor of comic books in the United States. Revenues from this customer represented approximately 46.7% and 46.0% of the total consolidated revenues for the years ended October 31, 2012 and 2011, respectively. No other single customer accounted for more than 10% of consolidated revenues in fiscal 2012 or fiscal 2011. The receivable balances from this customer represented approximately 41.6% and 33.8% of the total consolidated trade accounts receivable at October 31, 2012 and 2011, respectively. This concentration of customers increases the Company's risk associated with nonpayment by those customers. For CTM, concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers in various geographic regions comprising CTM's customer base.

Sales Returns and Allowances
IDW offers its sole distributor, Diamond Comic Distributors, a right of return with no expiration date. Diamond Comic Distributors then offers this same right of return to its largest chain retailers. IDW records an estimate for sales return reserves from such retailers based on historical sales and return experience and current trends that are expected to continue. In fiscal 2012 and 2011, estimated returns exceeded actual returns by approximately $26,000 and 135,000, respectively.

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

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to revenues	Actual returns	Balance at end of year
2012				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 304	$ 2,132	$ (2,220)	$ 216
2011				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 593	$ 3,167	$ (3,456)	$ 304

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

Note 1—Basis of Presentation (continued)

The change in the allowance for doubtful accounts is as follows:

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to costs and expenses	Deductions(2)	Balance at end of year
2012				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 739	$ 79	$ (708)	$ 110
2011				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 805	$ 99	$ (165)	$ 739

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

Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting this data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. At October 31, 2012 and 2011, the carrying value of the Company’s trade accounts receivable, inventory, prepaid expenses, trade accounts payable, accrued expenses, deferred revenue, capital lease obligations-current portion, and other current liabilities approximate fair value because of the short period of time to maturity. At October 31, 2012 and 2011, the carrying value of the long term portion of the Company’s capital lease obligations approximate fair value as their contractual interest rates approximate market yields for similar debt instruments.

Note 2—Dividends

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, June 28, 2012 and October 12, 2012 to stockholders of record as of January 6, 2012, March 5, 2012, June 20, 2012 and September 24, 2012, respectively, of our Class A, Class B and Class C common stock.

The Company also paid cash dividends in the amount of $0.06 per share ($1.20 per share after 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 paid a cash dividend in the amount of $0.12 per share ($2.40 per share after the Reverse Split) (approximately $1,000,000 in the aggregate) on November 9, 2010 and $0.06 per share ($1.20 per share after 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.

On December 11, 2012, the Board of Directors of CTM Media Holdings, Inc. determined to declare the payment of a cash dividend in the aggregate amount of approximately $2,500,000. The amount of the dividend was $6.00 per share. The dividend was paid on December 21, 2012 to stockholders of record as of December 17, 2012 of the Registrant’s Class A common stock, Class B common stock and Class C common stock. In connection with the declaration of the payment of the special dividend, the Company also suspended its regularly quarterly dividends for 2013.

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 months and fiscal year ended October 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 are presented after giving effect to the Reverse Split for fiscal years 2012 and 2011.

Note 4—Equity

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

	Fiscal Year Ended October 31, 2012		
	Attributable to CTM Media Holdings, Inc.	**Non-controlling Interests**	**Total**
		(in thousands)	
Balance, October 31, 2011	$ 14,023	$ 461	$ 14,484
Stock based compensation	274	-	274
Cash distributions	-	(453)	(453)
Cash dividends	(1,998)	-	(1,998)
Repurchase of Class B common stock	(126)		(126)
Comprehensive income:			
Net income	14,440	509	14,949
Other comprehensive income	20	-	20
Total comprehensive income	14,460	509	14,969
Balance, October 31, 2012	$ 26,633	$ 517	$ 27,150

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.

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

Note 5—Line of Credit

On July 28, 2012, CTM Media Group Inc., a subsidiary of the Company, entered into a loan agreement with its primary bank that provides for a $1.5 million revolving line of credit, expiring June 30, 2013, renewable annually, with interest payable monthly. Any outstanding balance of interest and principal is payable no later than the expiration date of the agreement. The Company has pledged substantially all of its CTM Segment assets in guarantee of the loan and the Company's CTM Segment subsidiaries have also provided guarantees under the agreement. The agreement requires the company to maintain certain ratios related to liquidity and profitability, among other provisions. At October 31, 2012 no amounts were outstanding under the line of credit.

Note 6—Business Segment Information

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

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

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

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

(in thousands)	CTM	IDW	Total
Three months ended October 31, 2012			
Revenues	**$ 5,019**	**$ 4,721**	**$ 9,740**
Operating income	**$ 551**	**$ 528**	**$ 1,079**
Depreciation and amortization	**$ 218**	**$ 5**	**$ 223**
Total assets at October 31, 2012	**$ 24,788**	**$ 7,493**	**$ 32,281**
Three months ended October 31, 2011			
Revenues	$ 4,877	$ 3639	$ 8,516
Operating income	$ 481	$ 462	$ 943
Depreciation and amortization	$ 178	$ 5	$ 183
Total assets at October 31, 2011	$ 12,500	$ 7,682	$ 20,182

(in thousands)	CTM	IDW	Total
Fiscal Year ended October 31, 2012			
Revenues	**$ 18,350**	**$ 17,290**	**$ 35,640**
Operating income	**$ 720**	**$ 2,187**	**$ 2,907**
Depreciation and amortization	**$ 835**	**$ 21**	**$ 856**
Total assets at October 31, 2012	**$ 24,788**	**$ 7,493**	**$ 32,281**
Fiscal Year ended October 31, 2011			
Revenues	$ 18,297	$ 13,889	$ 32,186
Operating income	$ 602	$ 1,352	$ 1,954
Depreciation and amortization	$ 740	$ 25	$ 765
Total assets at October 31, 2011	$ 12,500	$ 7,682	$ 20,182

Note 7—Provision for Income Taxes

The Company began recognizing part of its deferred tax assets in the third quarter of fiscal 2011 and recorded the corresponding tax benefits. Prior to this recognition of deferred tax assets, tax expense was offset by the benefit of the deferred items that were utilized within the period. In fiscal 2012, all of the Company's earnings had a tax provision calculated based upon the Company's effective tax rate and the benefit of our deferred tax assets are reflected in the amount of tax that is currently payable.

Income tax (expense) benefit increased for the three months and fiscal year ended October 31, 2012 compared to 2011 by approximately $(93,000) and $9,736,000 respectively. The increase in expense for the three months ended October 31, 2012 is due primarily to increased taxable income. The increase for the fiscal year ended October 31, 2012 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—Trade Accounts Receivable

Trade accounts receivable consists of the following:

October 31 (in thousands)	2012	2011
Trade accounts receivable	**$ 3,297**	$ 3,864
Less allowance for sales returns	**(216)**	(304)
Less allowance for doubtful accounts	**(110)**	(739)
Non-current portion	**—**	(200)
Trade accounts receivable, net	**$ 2,971**	$ 2,621

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

Note 9—Accrued Expenses

Accrued expenses consists of the following:

October 31 (in thousands)	2012	2011
Royalty	**$ 227**	$ 280
Payroll	**529**	435
Bonus	**338**	219
Other	**539**	437
Total	**$ 1,633**	$ 1,371

Note 10—Property and Equipment

Property and equipment consists of the following:

October 31 (in thousands)	2012	2011
Equipment	**$ 7,393**	$ 6,606
Vehicles	**2,600**	2,330
Leasehold improvements	**305**	294
Computer software	**1,025**	951
	11,323	10,181
Less accumulated depreciation and amortization	**(8,852)**	(8,115)
Property and equipment, net	**$ 2,471**	$ 2,066

Property and equipment under capital leases were $1,683,000 and $1,405,000 at October 31, 2012 and 2011, respectively. The accumulated depreciation related to these assets under capital leases was $1,040,000 and $864,000 at October 31, 2012 and 2011, respectively. Depreciation of fixed assets under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. Depreciation and amortization expense of property and equipment was $856,000 and $765,000 in fiscal 2012 and 2011, respectively.

Note 11— Intangible Assets

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

(in thousands)	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
As of October 31, 2012:				
Amortized intangible assets:				
Customer lists	**5 years**	**$ 25**	**$ (25)**	$ —
Non-compete covenant	**3 years**	**45**	**(26)**	**19**
Total intangible assets		**$ 70**	**$ (51)**	**$ 19**
As of October 31, 2011:				
Amortized intangible assets:				
Customer lists	**5 years**	$ 25	$ (25)	$ 0
Non-compete covenant intangible assets	**3 years**	45	(11)	34
Total intangible assets		$ 70	$ (36)	$ 34

Amortization expense of licenses and other intangible assets was $15,000 and $16,000 in fiscal 2012 and 2011, respectively.

Note 12—Income Taxes

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

Fiscal Year Ended October 31 (in thousands)	2012	2011
Deferred tax assets:		
Bad debt reserve	**$ 51**	$ 57
Accrued expenses	**157**	119
Exercise of stock options and lapsing of restrictions on restricted stock	**(27)**	(138)
Impairment	**12,609**	12,609
Net operating loss	**1,122**	2,093
Total deferred tax assets	**13,912**	14,740
Valuation allowance	—	(12,964)
NET DEFERRED TAX ASSETS	**13,912**	$ 2,046

The provision for income taxes consists of the following:

Fiscal Year ended October 31 (in thousands)	2012	2011
Current:		
Federal	**$ 855**	$ 233
State and local	**(136)**	(214)
Foreign	**(28)**	30
	$ 691	$ 49
Deferred:		
Federal	**$ (10,219)**	$ (1,828)
State and local	**(2,436)**	(449)
	$ (12,655)	$ (2,277)
Provision for (benefit from) income taxes	**$ (11,964)**	$ (2,228)

Note 12—Income Taxes (continued)

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

Fiscal year ended October 31 (in thousands)	2012	2011
U.S. federal income tax at statutory rate	**$ 1,045**	$ 715
Change in valuation allowance	**(12,977)**	(2,895)
Foreign tax rate differential	**37**	74
State and local income tax, net of federal benefit	**(88)**	(139)
Other	**19**	17
PROVISION FOR INCOME TAXES	**$ (11,964)**	$ (2,228)

At October 31, 2012, the Company had federal and state net operating loss carry-forwards of approximately $3,200,000. This carry-forward loss is available to offset future U.S. federal and state taxable income. The net operating loss carry-forwards will start to expire in fiscal 2026. The Company has no foreign net operating losses. The utilization of the net operating loss carry-forwards may be subject to certain limitations as a result of the Spin-Off. The Company determined that it was more likely than not that a portion of its deferred income tax assets will be realized based on its income from continuing operations in the United States in fiscal 2012 and fiscal 2011 combined with projections of taxable income for the foreseeable future. Therefore, the Company reversed $12,694,000 and $2,250,000 of its valuation allowance in fiscal 2012 and 2011.

The Company has not recorded U.S. income tax expense for foreign earnings as such earnings are permanently reinvested outside the U.S. The cumulative undistributed foreign earnings are included in accumulated deficit in the Company's consolidated balance sheets, and consisted of approximately $1,291,000 at October 31, 2012. Upon distribution of these foreign earnings, the Company may be subject to U.S. income taxes and foreign withholding taxes, however, it is not practicable to determine the amount, if any, which would be paid.

The table below summarizes the change in the balance of unrecognized income tax benefits:

Fiscal Year ended October 31 (in thousands)	2012	2011
Balance at the beginning of the year (excludes interest)	**$ 340**	$ 625
Additions based on tax positions related to the current year	—	—
Additions for tax positions of prior years	—	45
Reductions for tax positions of prior years	—	—
Settlements	—	—
Lapses of statutes of limitations	**(340)**	(330)
Balance at the end of the year	**$ —**	$ 340

The Company classifies interest and penalties on income taxes as a component of income tax expense. In fiscal 2012 and fiscal 2011, the Company recorded additional interest expense of $0 and $45,000, respectively. As of October 31, 2012 and 2011, accrued interest expense included in current income taxes payable was $0 and $109,000, respectively.

The Company currently remains subject to examinations of its tax returns as follows: U.S. federal tax returns for fiscal 2009 to fiscal 2011, state and local tax returns generally for fiscal 2008 to fiscal 2011 and foreign tax returns generally for fiscal 2008 to fiscal 2011. The IRS audited IDT Corporation's federal tax returns (of which the Company was a part of the consolidated group), for fiscal years 2005, 2006 and 2007. No changes to the Company resulted from this audit.

Note 13— 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. 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 included in the accompanying consolidated financial statements.

Note 14—Commitments and Contingencies

Legal Proceedings
None.

Lease Commitments
The future minimum payments for capital and operating leases as of October 31, 2012 are as follows:

(in thousands)	Operating Leases	Capital Leases
Year ending October 31:		
2013	$ 1,085	$ 215
2014	1,007	168
2015	797	141
2016	637	95
2017	466	71
Thereafter	337	—
Total payments	$ 4,329	690
Less amount representing interest		(8)
Less current portion principal		(209)
Capital lease obligations—long-term portion principal		$ 473

Rental expense under operating leases was $1,134,000 in fiscal 2012 and $1,094,000 in fiscal 2011.

Note 15—Related Party Transactions

IDT Corporation, the Company's former parent company, charged the Company for certain transactions and allocated routine expenses based on company specific items in fiscal 2011. No charges occurred in fiscal 2012. The Company's liability to IDT Corporation was as follows:

	Fiscal Years ended October 31,	
(in thousands)	2012	2011
Opening Balance	$ —	$ 44
Payments and credits	—	(44)
Billings and Expenses paid by IDT Corporation on behalf of the Company	—	—
Ending Balance	—	—

CTM distributes brochures for ETR Brochures, Inc., a brochure distribution firm controlled by Howard S. Jonas. ETR Brochures, Inc. also distributes brochures for CTM. In fiscal 2012, CTM billed ETR Brochures, Inc. approximately $7,000 for distribution services and ETR Brochures, Inc. billed CTM approximately $72,000 for distribution services. In fiscal 2011, CTM billed ETR Brochures, Inc. approximately $8,000 for distribution services and ETR Brochures, Inc. billed CTM approximately $91,000 for distribution services. The balance owed to ETR Brochures, Inc. by CTM was approximately $4,000 and $5,000 as of October 31, 2012 and 2011, respectively. The balance owed by ETR Brochures, Inc. to CTM was approximately $1,000 and $0 as of October 31, 2012 and 2011, respectively. These transactions were approved in accordance with Related Person Transaction policy described in its 2010 Proxy Statement. The Company intends for the relationship between CTM and ETR Brochures, Inc. to continue in the future.

On August 31, 2011, the Company paid $35,000 to Jan Buchsbaum, a member of the Board of Directors of the Company, for consulting services rendered.

Note 16—Defined Contribution Plans

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

In January 2011 the Company adopted a 401(k) matching plan, to be payable at the end of the calendar year 2011. The terms of this matching plan are for the Company to add $0.25 to employees' 401(k) accounts for every dollar they contribute, based on a maximum employee deferral rate of 6% of calendar year total compensation, as reported on year end W-2's.

Funds will be added to accounts of employees that are actively employed as of December 31 of a given calendar year. Although CTM is fully committed to this plan, the company's match and the terms of the match are subject to cancellation and/or change, at any time, without notice.

In fiscal 2012 and fiscal 2011, the Company expensed $123,000 and $114,000 for 401(k) matching, respectively.

Note 17— Subsequent events

Management has evaluated subsequent events through January 29, 2013, the date on which the consolidated financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosures in these consolidated financial statements other than as shown below:

On December 11, 2012, the Board of Directors of CTM Media Holdings, Inc. determined to declare the payment of a cash dividend in the aggregate amount of approximately $2,500,000. The amount of the dividend was $6.00 per share. The dividend was paid on December 21, 2012 to stockholders of record as of December 17, 2012 of the Registrant's Class A common stock, Class B common stock and Class C common stock. In connection with the declaration of the payment of the special dividend, the Company also suspended its regularly quarterly dividends for 2013.

Item 9 Certifications.

I, Marc E. Knoller, certify that:

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

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

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

Date: January 29, 2013

/s/ Marc E. Knoller

Chief Executive Officer

I, Leslie B. Rozner, certify that:

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

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

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

Date: January 29, 2013

/s/ Leslie B. Rozner

Chief Financial Officer