ANNUAL REPORT OF IDW MEDIA HOLDINGS, INC.
FOR THE THREE MONTHS AND FISCAL YEARS ENDED OCTOBER 31, 2016

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 notes thereto contained in this Quarterly Report.

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

Forward-Looking Statements

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

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

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

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

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

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

OVERVIEW

Our principal businesses consist of:

Idea and Design Works, LLC ("IDW"), an entertainment company that includes IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment, LLC ("IDW Entertainment"), television production company that develops, produces and distributes television series; and

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

IDW

On June 21, 2016, a wholly owned subsidiary of the Company acquired the 17% non-controlling interests in IDW for Class B Common Stock, further described below.

On December 12, 2014, IDW purchased principally all of the assets of Top Shelf Productions, a publisher of graphic novels. The purchase increased the properties and products of IDW.

IDW's revenues represented 40.0% and 58.5% of our consolidated revenues in the three months ended October 31, 2016 and 2015, respectively, and 42.7% and 57.7% in the fiscal years ended October 31, 2016 and 2015, respectively.

IDW Entertainment

IDW Entertainment was formed September 20, 2013 to leverage properties, principally those of IDW, into television productions and develops, produces and distributes the television series. IDW Entertainment is wholly owned by IDW and represented 35.2% and 0.4% of our consolidated revenues in the three months ended October 31, 2016 and 2015, respectively, and 24.5% and 0.4% in the fiscal years ended October 31, 2016 and 2015, respectively.

CTM

CTM develops and distributes print and digital-based advertising and information in targeted tourist markets. CTM operates four integrated and complimentary business lines: Brochure Distribution, Publishing, RightCard™, and Digital Distribution offering its customers a comprehensive media marketing approach through these business lines. CTM owns and services more than 14,000 display stations in over 32 states and provinces in the United States and Canada. CTM, through Ettractions, Inc., its digital operating company, sells its Ettractions ExploreBoard touchscreen advertising and information delivery system, and services and maintains content on systems sold to third parties.

On July 16, 2016, CTM acquired the assets of a brochure distribution company in Cape Cod, Massachusetts further expanding CTM network with the addition of over 190 distribution locations in Cape Cod.

On February 16, 2016, CTM acquired the assets of a publishing, digital web and distribution service company in Cape Cod, Massachusetts. This acquisition expanded CTM's network by 1,000 distribution locations, added four online digital properties and widened CTM's service area in New England.

On February 13, 2015, CTM acquired the assets of the brochure distribution network of a company in New England. This acquisition expanded CTM's network in the area and added over 1,200 display stations.

CTM's display stations and digital kiosks 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 24.8% and 41.1% of our consolidated revenues in the three months ended October 31, 2016 and 2015, respectively, and 32.8% and 41.9% in the fiscal years ended October 31, 2016 and 2015, respectively.

REPORTABLE SEGMENTS

We have the following three reportable business segments: IDW, IDW Entertainment and CTM.

PRESENTATION OF FINANCIAL INFORMATION

Basis of presentation

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

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are described in Note 1 to the consolidated financial statements. 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 July 20, 2016, the Company closed on the previously announced non-brokered private placement offering to certain existing stockholders at $21.38 per share. As a result of the offering there was an additional 190,597 shares of Class B Common Stock issued for a total of $4,074,963. As a result of the sale and issuance of these additional shares of Class B Common Stock there is now a total of 5,033,821 shares of Class B Common Stock (excluded from these numbers are 519,360 shares of Class B common stock held in treasury by the Company) and 545,360 shares of Class C Common Stock issued and outstanding. The proceeds from the Offering will be used by the Company to finance IDW Entertainment and for general working capital purposes. The shares are subject to a contractual restriction on transfer for six months following the closing of the offering, as well as any restrictions under applicable securities laws.

On June 21, 2016, our Chief Executive Officer and director and Executive Vice President of IDW, each exchanged 85 shares of IDW, Inc., which represented in total 17% of the issued and outstanding shares of IDW, Inc., for 366,392 shares of the Company's Class B common stock (the "Exchange") representing in total 13.6% of the issued and outstanding shares of the Company's common stock after taking into effect this Exchange. The Exchange was based on the relative values of IDW, Inc. and the Company as determined by an independent third party. The purpose of the exchange was to issue shares of the Company's Class B common stock to our Chief Executive Officer and to IDW's Executive Vice President in an effort to align the interests of management and our stockholders and to eliminate minority ownership in the Company's subsidiaries.

Effective July 27, 2015, the Company amended its Certificate of Incorporation to provide for the following changes:

- Conversion of each outstanding share of the Company's Class A Common Stock into one share of the Company's Class B Common Stock, thereby eliminating the Company's Class A Common Stock, and providing for the conversion of the Company's Class C Common Stock into Class B Common Stock instead of Class A Common Stock under certain conditions set forth therein.
- Effect a ten-for-one stock split of each share of the Company's Class B Common Stock and Class C Common Stock (the "Stock Split").
- Increase the number of the Company's authorized shares of: (i) Class B Common Stock from 600,000 shares to 12,000,000 shares, (ii) Class C Common Stock from 125,000 shares to 2,500,000 shares, and (iii) Preferred Stock from 25,000 shares to 500,000 shares.
- Change the Company's name from CTM Media Holdings, Inc. to IDW Media Holdings, Inc.

On October 31, 2013, the Company's Board of Directors granted the Company's Chairman of the Board of Directors/major stockholder, 38,796 restricted shares (387,960 restricted shares after giving effect to the ten for one Stock Split) of the Company's Class B common stock with a value of $2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 through December 31, 2019. Total unrecognized compensation cost on the date of grant was $2,277,760. The unrecognized compensation is recognized over the vesting period. The stock-based compensation related to this grant was approximately $99,000 and $93,000 for the three months ended October 31, 2016 and October 31, 2015, respectively, and $388,000 and $367,000 for the fiscal years ended October 31, 2016 and October 31, 2015, respectively.

The restricted shares vest as follows:

Date	Number of shares	Number of shares (after giving effect to the 10 for 1 Stock Split)
10/31/13	833	8,330
9/30/15	5,834	58,340
9/30/16	6,417	64,170
9/30/17	7,058	70,580
9/30/18	7,764	77,640
9/30/19	8,541	85,410
12/31/19	2,349	23,490

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

(in thousands) (unaudited)			Change	
Three months ended October 31,	2016	2015	$	%
Income from operations	**$ 3,228**	$ 2,104	$ 1,124	53.4%
Interest income (expense), net	**(18)**	(20)	2	10.0%
Other income (expense), net	**(1)**	2	(3)	(150.0%)
Provision for income taxes	**(1,244)**	(683)	(561)	(82.1%)
Net income	**1,965**	1,403	562	40.1%
Net income attributable to non-controlling interest	**-**	(217)	217	100.0%
Net income (loss) attributable to IDW Media Holdings, Inc.	**$ 1,965**	$ 1,186	$ 779	65.7%

(in thousands) (unaudited)			Change	
Fiscal years ended October 31,	2016	2015	$	%
Income from operations	**$ 6,240**	$ 4,831	$ 1,409	29.2%
Interest income (expense), net	**(75)**	(38)	(37)	(97.4%)
Other income (expense), net	**(23)**	(90)	67	74.4%
Provision for income taxes	**(2,473)**	(1,636)	(837)	(51.2%)
Net income	**3,669**	3,067	602	19.6%
Less: Net income attributable to non-controlling interest	**-**	(729)	729	100.0%
Net income attributable to IDW Media Holdings, Inc.	**$ 3,669**	$ 2,338	$ 1,331	56.9%

Income from operations. Income from operations increased by $1,124,000 for the three months ended October 31, 2016 as compared to the three months ended October 31, 2015, primarily due to IDW Entertainment which increased by $1,032,000. The increase resulted from gross profit from the release of IDW Entertainment television episodes, net of an increase in selling, general and administrative expenses due to increased operating costs and overhead allocations arising from its separation from the IDW segment. In addition, CTM provided about $112,000 in operating income, principally due to its acquisitions.

Income from operations increased by $1,409,000 for the fiscal year ended October 31, 2016 as compared to the fiscal year ended October 31, 2015 primarily due to offsetting amounts. An increase in operating income from IDW Entertainment in the net amount of $2,243,000, resulting from the gross profit from the release of television episodes in the fiscal 2016, offset by an increase in its selling, general and administrative expenses, along with an increase in the CTM segment operating income of $451,000, driven principally by acquisitions and ExploreBoard sales. These increases were offset by an IDW segment decrease in operating income of ($1,285,000), as a result of lower gross profit of ($397,000), that was driven primarily by overall industry softness, timing of publication releases and competitive pressures, and an increase in selling general and administrative expenses of ($661,000) and depreciation of ($112,000), primarily related to the occupancy of its new headquarters.

Income Taxes. Income tax expense increased for the three months and fiscal year ended October 31, 2016 as compared to the three months and fiscal year ended October 31, 2015 by approximately $561,000 and $837,000, respectively. The increases for the three months and fiscal years ending October 31, 2016 were principally due to changes in taxable income as well as the difference in rates in the jurisdictions in which the income was earned.

Income attributable to non-controlling interest. On April 1, 2015, the Company's newly formed corporation, IDW, Inc., acquired 100% of the ownership of IDW in exchange for IDW, Inc. stock. As a result of this transaction, the Company had increased its ownership in IDW to 83%. Minority stockholders owned the remaining 17% of the stock of IDW, Inc. Non-controlling interests arise from the previous 23.335% interest in IDW not held by the Company through March 31, 2015, and the 17% interest in IDW not held by the Company thereafter. On June 21, 2016, the Company acquired the 17% non-controlling interest of IDW Inc., and as a result owns 100% of IDW, Inc. at October 31, 2016.

IDW

(in thousands) (unaudited) Three months ended October 31,	2016	2015	Change $	Change %
Revenues	**$ 9,449**	$ 8,157	**$** 1,292	15.8%
Direct cost of revenues	**5,071**	4,298	773	18.0%
Selling, general and administrative	**3,034**	2,615	419	16.0%
Depreciation and amortization	**86**	80	6	7.5%
Bad debt expense	**125**	11	114	1036.4%
Income from operations	**$ 1,133**	$ 1,153	**$** (20)	(1.7%)

(in thousands) (unaudited) Fiscal years ended October 31,	2016	2015	Change $	Change %
Revenues	**$ 27,884**	$ 28,553	**$** (669)	(2.3%)
Direct cost of revenues	**15,183**	15,455	(272)	(1.8%)
Selling, general and administrative	**10,399**	9,738	661	6.8%
Depreciation and amortization	**343**	231	112	48.5%
Bad debt expense	**126**	11	115	1045.5%
Income from operations	**$ 1,833**	$ 3,118	**$** (1,285)	(41.2%)

Revenues. IDW's revenues increased by $1,292,000 in the three months ended October 31, 2016 compared to the three months ended October 31, 2015, respectively. Publishing revenue increased by $1,119,000 due to strong titles, which contributed to the growth in IDW's revenues in the three months ended October 31, 2016 compared to the three months ended October 31, 2015. IDW also experienced increases in licensing revenue of $262,000, due primarily to revenue from crossover with DC Comics and foreign licensing, offset by a decrease in creative services revenue, which is timing related, of ($82,000), and other net changes of ($7,000).

Softness in the comic book publishing industry, fewer "blockbuster" publishing titles, timing of when new titles are released and competitive pressure from the major publishers contributed to the decrease in IDW's revenues in the fiscal year ended October 31, 2016, compared to the fiscal year ended October 31, 2015 of ($669,000). IDW's direct and non-direct publishing revenue decreased by ($455,000), other publishing revenue by ($1,215,000), principally due to the timing of IDW's publication of specialty books, and digital revenue of ($210,000). These decreases were offset by growth in licensing revenue of $1,059,000, driven by crossover licensing with DC comics and foreign licensing resulting primarily from direct licensing by IDW, an increased in games revenue of $383,000, and a net decrease in other revenue categories of ($231,000).

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 ended October 31, 2016, compared to the three months ended October 31, 2015 by $773,000, and decreased by $272,000 in the fiscal year ended October 31, 2016 compared to the fiscal year ended October 31, 2015. The changes were principally due the effect of the related revenue changes for the periods, and for the three month periods, greater publishing revenue increases, which carry a higher cost.

IDW's gross margin for the three months ended October 31, 2016 and October 31, 2015 decreased to 46.3% from 47.3%. Gross profit is principally related to the mix of products and their associated costs and royalty arrangements, which affected gross profit for the periods.

IDW's gross margin for the fiscal year ended October 31, 2016 decreased slightly to 45.5% from 45.9% for the fiscal year ended October 31, 2015. Gross profit is based on product mix and remained relatively consistent year over year.

Selling, General and Administrative. Selling, general and administrative expenses increased by $419,000 in the three months ended October 31, 2016, compared to the three months ended October 31, 2015. Compensation and benefits increased by $244,000, principally related to added employees and compensation based on revenue/net income, increases in selling and distribution expenses of $55,000, related to game revenue, marketing expenses of $113,000, related to increased co-op advertising, occupancy of $31,000, due to the costs of IDW's new expanded headquarters, and other net changes of ($24,000).

Selling, general and administrative expenses increased by $661,000 in the fiscal year ended October 31, 2016, compared to the fiscal year ended October 31, 2015. The increase was primarily related to occupancy costs of its new headquarters of $245,000, compensation and related benefits of $121,000, related to an increase in employees, marketing of $151,000, principally due to to co-op advertising, and other net changes of ($98,000).

As a percentage of IDW's revenues, selling, general and administrative expenses in the three months and fiscal year ended October 31, 2016 were 32.1% and 37.3% compared to 32.1% and 34.1% in the three months and fiscal year ended October 31, 2015.

IDW Entertainment

(in thousands) (unaudited) Three months ended October 31,	2016	2015	Change $	Change %
Revenues	**$ 8,324**	$ 51	$ 8,273	16221.6%
Direct cost of revenues	**6,808**	-	6,808	100.0%
Selling, general and administrative	**696**	263	433	164.6%
Income from operations	**$ 820**	$ (212)	$ 1,032	486.8%

(in thousands) (unaudited) Fiscal years ended October 31,	2016	2015	Change $	Change %
Revenues	**$ 15,964**	$ 187	$ 15,777	8436.9%
Direct cost of revenues	**12,389**	-	12,389	100.0%
Selling, general and administrative	**1,977**	832	1,145	137.6%
Income from operations	**$ 1,598**	$ (645)	$ 2,243	347.8%

Revenues. Revenues increased by $8,273,000 and $15,777,000 in the three months and fiscal year ended October 31, 2016 as compared to the three months and fiscal year ended October 31, 2015, respectively, due to its transition into active production and the completion and delivery of television episodes during the fiscal year ended October 31, 2016.

Direct Cost of Revenues. Direct cost of revenues consists primarily of the amortization of production costs that were capitalized during the production of the television episodes and direct costs related to revenue. Direct costs of revenues in the three months and fiscal year ended October 31, 2016 increased by $6,808,000 and $12,389,000 compared to the three months and fiscal year ended October 31, 2015, respectively. These costs reflect revenue related participation costs and the amortization of capitalized production costs based on the delivery of completed television episodes that occurred during the three months and fiscal year ended October 31, 2016. No productions were delivered in the three months and fiscal year ended October 31, 2015.

IDW Entertainment’s gross margin for the three months and fiscal year ended October 31, 2016 decreased to 18.2% and 22.4% from 100% and 100% for the three months and fiscal year ended October 31, 2015, respectively. The decrease in gross profit reflects IDW Entertainment’s full operations as a producer and consequently, the costs related to the delivery of completed episodes of “Wynonna Earp” and “Dirk Gently” in fiscal 2016.

Selling, General and Administrative. Selling, general and administrative expenses increased by $433,000 and $1,145,000 in the three months and fiscal year ended October 31, 2016 as compared to the three months and fiscal year ended October 31, 2015, respectively. The increases reflect overhead and salary allocations of $324,000 and $879,000, marketing expenses for IDW Entertainment’s new television productions of $76,000 and $249,000, and other net expense increases of $33,000 and $17,000, respectively.

As a percentage of IDW Entertainment’s revenues, selling, general and administrative expenses in the three months and fiscal year ended October 31, 2016 were 8.4% and 12.4% as compared to 515.7% and 444.9% in the three months and fiscal year ended October 31, 2015. This decrease in percentage is due to IDW Entertainment’s transition to full operations and along with significantly higher revenue in fiscal 2016 as compared to fiscal 2015.

CTM

(in thousands) (unaudited) Three months ended October 31,	2016	2015	Change $	Change %
Revenues	**$ 5,859**	$ 5,728	$ 131	2.3%
Direct cost of revenues	**1,812**	1,548	264	17.1%
Selling, general and administrative	**2,386**	2,651	(265)	(10.0%)
Depreciation and amortization	**315**	291	24	8.2%
Bad debt expense	**71**	75	(4)	(5.3%)
Income from operations	**$ 1,275**	$ 1,163	$ 112	9.6%

(in thousands) (unaudited) Fiscal years ended October 31,	2016	2015	Change $	%
Revenues	**$ 21,419**	$ 20,716	$ 703	3.4%
Direct cost of revenues	**6,873**	6,304	569	9.0%
Selling, general and administrative	**10,351**	10,569	(218)	(2.1%)
Depreciation and amortization	**1,195**	1,395	(200)	(14.3%)
Bad debt expense	**191**	90	101	112.2%
Income from operations	**$ 2,809**	$ 2,358	$ 451	19.1%

Revenues. The increase in CTM's revenues of $131,000 during the three months ended October 31, 2016 compared to the three months ended October 31, 2015 was primarily due to increased publishing and printing revenue of $232,000, due primarily to the new Cape Cod division's "Best Read Guide" publication, an increase in digital revenue of $37,000, and a decrease in net distribution revenue of ($120,000), primarily related to Canadian foreign exchange, along with other net decreases of ($11,000).

The increase in CTM's revenues of $703,000 for the fiscal year ended October 31, 2016 compared to the fiscal year ended October 31, 2015 was primarily due to sales and service of the Ettractions ExploreBoard digital touchscreens along with the newly acquired Cape Cod division digital revenue of $403,000, an increase in publishing revenue of $554,000 due primarily to the new Cape Cod division's "Best Read Guide" publication, in addition to an increase in CTM's map publication revenue. These increases were offset by a decrease in distribution revenue of ($307,000), as a result of foreign exchange and revenue decreases related to market softness in the New York area and the Midwest, and other net revenue increases of $53,000.

Direct Cost of Revenues. Direct cost of revenues consists of distribution and fulfillment payroll, warehouse and distribution vehicle expenses, print and design expenses and the cost of ExploreBoard sales.

Direct cost of revenues for the three months ended October 31, 2016 increased by $264,000 compared to the three months ended October 31, 2015 principally due to the increased costs of publication revenue of $56,000, increased payroll costs of $123,000 and digital product costs of $50,000, principally related to CTM's recently acquired New England divisions, along with other net changes of $35,000.

Direct cost of revenues for the fiscal year ended October 31, 2016 increased by $569,000 as compared to the fiscal year ended October 31, 2015 principally due to the increased costs of publication revenue of $155,000, increased payroll costs of $300,000, principally related to CTM's recently acquired New England divisions, increased costs of digital products of $200,000, offset by reduced distribution fees of ($67,000), and other net expense increases of $19,000. The increase in the cost of digital products was due to greater ExploreBoard Sales that carry higher costs.

CTM's gross margin percentage changed in the three months and fiscal year ended October 31, 2016 to 69.1% and 67.9% compared to 73.0% and 69.6% in the three months and fiscal year ended October 31, 2015. The changes were due primarily to seasonal factors and changes in the mix of distribution and digital product revenues.

Selling, General and Administrative. Selling, general and administrative expenses consist primarily of payroll and related benefits, facilities costs and insurance. Selling, general and administrative expenses decreased in the three months ended October 31, 2016 compared to the three months ended October 31, 2015 by $265,000 principally due to a lower overhead expense allocation in 2016 of ($271,000), offset by other net changes of $6,000.

Selling, general and administrative expenses decreased by $218,000 in the fiscal year ended October 31, 2016 compared to the fiscal year ended October 31, 2015. The decrease was due to CTM's overhead allocation decrease for the year to date of ($217,000). Increases were experienced in compensation and bonus accruals of $50,000 and travel of $53,000 related to CTM's new acquisitions. These increases were offset by lower benefit costs of ($89,000), lower software licensing costs of ($43,000), related to the ExploreBoard, and other net increases of $29,000.

As a percentage of CTM's revenue, selling, general and administrative expenses for the three months and fiscal year ended October 31, 2016 were 40.7% and 48.3% compared to 46.3% and 51.0% in the three months and fiscal year ended October 31, 2015.

Depreciation and Amortization. Depreciation and amortization changed by $24,000 and ($200,000) for the three months and fiscal year ended October 31, 2016 compared to the three months and fiscal year ended October 31, 2015. The decrease for the fiscal year was due primarily to reductions related to items that became fully amortized, that were included in CTM's recent acquisitions in the Southeast and New England.

Bad Debt Expense. Bad debt expense for the three months ended and fiscal year ended October 31, 2016 changed by ($4,000) and $101,000 compared to the three months and fiscal year ended October 31, 2015, reflecting increased expenses due to collection experience, principally New York division bad debts.

LIQUIDITY AND CAPITAL RESOURCES

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

(in thousands) (unaudited)	Fiscal years ended October 31,	
	2016	**2015**
Cash flows provided by (used in):		
Operating activities	**$ (1,738)**	$ 2,373
Investing activities	**(1,819)**	(3,396)
Financing activities	**3,164**	(3,808)
Net increase (decrease) in cash and cash equivalents	**$ (393)**	$ (4,831)

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 were provided by (used in) operating activities based on these factors amounting to approximately ($1,738,000) and $2,373,000 for the fiscal years ended October 31, 2016 and 2015, respectively.

Investing Activities. Our capital expenditures were approximately $1,509,000 and $2,073,000 in the fiscal years ended October 31, 2016 and 2015, respectively. Our business acquisitions were $682,000 and $1,763,000 for the fiscal years ended October 31, 2016 and 2015, respectively. We currently anticipate that total capital expenditures for all of our segments in fiscal 2017 will be approximately $2,000,000. We expect to fund our capital expenditures with our cash and cash equivalents on hand.

Financing Activities. In July 2016, we issued Class B Common Stock for cash proceeds in the amount of $4,075,000. During the fiscal years ended October 31, 2016 and October 31, 2015, we paid cash dividends in the amounts of $844,000 and $3,031,000 and distributed cash to non-controlling interests of IDW in the amounts of $0 and $1,118,000, respectively. In addition, during the fiscal years ended October 31, 2016 and October 31, 2015, we repaid capital lease obligations in the amounts of $316,000 and $282,000 and repaid bank term loans in the amounts of $455,000 and $345,000, respectively.

CHANGES IN TRADE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Gross trade accounts receivable increased to approximately $14,171,000 at October 31, 2016 compared to $6,036,000 at October 31, 2015 principally due to IDW Entertainment revenue as well as the timing of receipts of payments in receivable balances. The allowance for doubtful accounts as a percentage of gross trade accounts receivable was 0.71% at October 31, 2016 compared to 2.0% at October 31, 2015, reflecting the increase in receivable balances and our collectible receivable experience, principally related to CTM segment receivables.

OTHER SOURCES AND USES OF RESOURCES

Where appropriate, we evaluate strategic investments and acquisitions to complement, expand, and/or enter into new businesses. In considering acquisitions and investments, we search for opportunities to profitably grow our existing businesses, to add qualitatively to the range of businesses in our portfolio and to achieve operational synergies. Historically, such acquisitions have not exceeded $500,000, however, in the fiscal year ended October 31, 2014, CTM purchased its Southeast distribution network, and in the fiscal year ended October 31, 2015, IDW purchased Top Shelf Productions. In the fiscal year ended October 31, 2016 CTM purchased the New England distribution network, as discussed in the Overviews above. Subsequent to CTM's transactions, CTM secured bank term loans of $2,000,000, which replaced a portion of the cash used for its purchases. If we were to pursue additional acquisitions in excess of $500,000, we would likely need to secure financing arrangements. At this time, we cannot guarantee that we will be presented with acquisition opportunities that meet our return on investment criteria, or that our efforts to make acquisitions that meet our criteria will be successful.

With the exception of IDW Entertainment's shows currently in production, we expect that our fiscal 2016 operations, the balance of cash and cash equivalents that we held as of October 31, 2016, a portion of which was provided by the $2,000,000 bank term loans described above, a $2,000,000 IDW line of credit and a $1,000,000 CTM line of credit with our primary bank, and a portion of the proceeds of the issuance of Class B Common Stock in the amount of $4,075,000 will be sufficient to meet our currently anticipated working capital and capital expenditure requirements, pay capital lease obligations, make limited acquisitions and investments, and fund any potential operating cash flow deficits within any of our segments for at least the next twelve months.

IDW Entertainment. During the third quarter of the fiscal year ended October 31, 2016, proceeds of the issue of Class B Common Stock in the amount of $4,075,000 provided a portion of the funding for IDW Entertainment's operations, in addition to the Company's other working capital needs. We believe that additional sources of financing could be needed to assist IDW Entertainment in achieving its long-term strategic plan.

While our expected cash balances, as well as cash flows from our operations, will be sufficient to meet our long-term operational liquidity needs, additional sources of financing, as mentioned above, could be needed to meet the production plans of IDW Entertainment. 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.

Dividends. Beginning in the second quarter of fiscal 2016, and in light of the current growth initiatives of the Company, particularly the television property development of IDW Entertainment, the Board of Directors determined to suspend the payment of cash dividends. Projects that have already been approved and commenced are placing demands on the Company's resources, and management and the Board determined that it was in the best interests of the stockholders to utilize available cash resources for investment in these promising and exciting growth opportunities. This position may continue depending on the timing of projects, the cash generation of the Company's operations and any financing that the Company may consummate. Decisions as to the payment of dividends in future periods will depend on the financial position, results of operations, prospects and current and projected competing demands for cash resources at the relevant time. The Company continues its position of prudent and conservative cash management, and is committed to using all of its resources to maximize shareholder value, balancing short, medium and long term interests.

FOREIGN CURRENCY RISK

Revenues from our international operations located in Canada represented 2.8% and 3.9% of our consolidated revenues for the fiscal years ended October 31, 2016 and October 31, 2015, respectively. Our Canadian dollar 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. In addition, we have foreign currency exchange risk from receivables from sales denominated in GBP (Great Britain Pound) and have contracts for future sales denominated in GBP. 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.

IDW MEDIA HOLDINGS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated financial statements of IDW Media Holdings, Inc., which comprise the consolidated balance sheets as of October 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the fiscal years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IDW Media Holdings, Inc. as of October 31, 2016 and 2015, and the consolidated results of its operations, comprehensive income, stockholders' equity and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ZWICK & BANYAI, PLLC

Southfield, Michigan
January 27, 2017

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)	October 31, 2016	October 31, 2015 (as reclassified – see note 13)
Assets		
Current assets:		
Cash and cash equivalents	**$ 6,203**	$ 6,596
Trade accounts receivable, net	**11,592**	5,915
Inventory – print and production costs	**13,652**	5,688
Prepaid expenses	**1,738**	2,015
Note receivable – current portion	**310**	372
Total current assets	**33,495**	20,586
Property and equipment, net	**3,394**	3,039
Non-current assets		
Trade accounts receivable – non-current portion	**2,478**	-
Note receivable – non-current portion	**-**	310
Deferred taxes	**10,413**	12,264
Intangible Assets, net	**1,539**	1,769
Goodwill	**2,227**	1,700
Other assets	**392**	498
Total non-current assets	**17,049**	16,541
Total assets	**$ 53,938**	$ 40,166
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	**2,412**	$ 1,302
Accrued expenses	**8,730**	3,907
Deferred revenue	**1,809**	2,131
Income taxes payable	**1,037**	736
Capital lease obligations – current portion	**365**	257
Bank loans payable – current portion	**426**	431
Other current liabilities	**421**	359
Total current liabilities	**15,200**	9,123
Non-current liabilities		
Accrued liabilities – non-current	**470**	-
Capital lease obligations – long term portion	**807**	527
Bank loans payable – long term portion	**749**	1,199
Total non-current liabilities	**2,026**	1,726
Total liabilities	**17,226**	10,849
Commitments and contingencies (see notes 1 and 14)	**-**	-
Stockholders' equity (see note 1):		
IDW Media Holdings, Inc. stockholders' equity:		
Preferred stock, $.01 par value; authorized shares – 500; no shares issued at October 31, 2016 and October 31, 2015	**-**	-
Class B common stock, $0.01 par value; authorized shares – 12,000; 5,553 shares and 4,623 shares issued and outstanding at October 31, 2016 and October 31, 2015, respectively	**56**	46
Class C common stock, $0.01 par value; authorized shares – 2,500; 545 shares issued and outstanding at October 31, 2016 and October 31, 2015	**5**	5
Additional paid-in capital	**53,208**	47,419
Accumulated other comprehensive loss	**(250)**	(153)
Accumulated deficit	**(15,111)**	(18,780)
Treasury stock, at cost, consisting of 519 shares of Class B common stock at October 31, 2016 and October 31, 2015	**(1,196)**	(1,196)
Total IDW Media Holdings, Inc. stockholders' equity	**36,712**	27,341
Non-controlling interests	**-**	1,976
Total stockholders' equity	**36,712**	29,317
Total liabilities and stockholders' equity	**$ 53,938**	$ 40,166

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Three Months Ended October 31, (unaudited) 2016	2015	Fiscal Years Ended October 31, 2016	2015
Revenues	**$ 23,632**	$ 13,936	**$ 65,267**	$ 49,456
Costs and expenses:				
Direct cost of revenues	**13,691**	5,847	**34,444**	21,759
Selling, general and administrative (i)	**6,116**	5,529	**22,727**	21,138
Depreciation and amortization	**401**	370	**1,538**	1,627
Bad debt expense	**196**	86	**318**	101
Total costs and expenses	**20,404**	11,832	**59,027**	44,625
Income from operations	**3,228**	2,104	**6,240**	4,831
Interest expense, net	**(18)**	(20)	**(75)**	(38)
Other income (expense), net	**(1)**	2	**(23)**	(90)
Income before income taxes	**3,209**	2,086	**6,142**	4,703
Provision for income taxes	**(1,244)**	(683)	**(2,473)**	(1,636)
Net income	**1,965**	1,403	**3,669**	3,067
Net income attributable to non-controlling interests	**-**	(217)	**-**	(729)
Net income attributable to IDW Media Holdings, Inc.	**$ 1,965**	$ 1,186	**$ 3,669**	$ 2,338
Basic and diluted income per share attributable to IDW Media Holdings, Inc. common stockholders (see notes 1 and 3):				
Net income per share	**$ 0.35**	$ .26	**$ 0.74**	$ .50
Weighted-average number of shares used in the calculation of basic and diluted income per share:	**5,579**	4,649	**4,976**	4,640
Dividend declared per common share:	**$ 0.00**	$ 0.163	**$ 0.163**	$ 0.652
Interest Expense	**$ 21**	$ 22	**$ 86**	$ 79
(i) Stock-based compensation included in selling, general and administrative expenses	**$ 99**	$ 93	**$ 388**	$ 367

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months Ended October 31, (unaudited) 2016	2015	Fiscal Years Ended October 31, 2016	2015
Net income	**$ 1,965**	1,403	**$ 3,669**	$ 3,067
Foreign currency translation adjustments	**(53)**	(84)	**(97)**	(204)
Comprehensive income	**1,912**	1,319	**3,572**	2,863
Comprehensive income attributable to non-controlling interests	**-**	(217)	**-**	(729)
Comprehensive income attributable to IDW Media Holdings, Inc.	**$ 1,912**	1,102	$ **3,572**	$ 2,134

See accompanying notes to consolidated financial statements

IDW MEDIA HOLDINGS, INC

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE FISCAL YEARS ENDED OCTOBER 31, 2016 and 2015
(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, 2014	**64**	**$ 1**	**394**	**$ 4**	**55**	**$ 1**	**$ 49,752**	**$ (1,196)**	**$ 51**	**$ (19,620)**	**$ 867**	**$ 29,860**
Stock-based compensation	—	—	4	—	—	—	744	—	—	—	—	744
Conversion of Class A Common Stock to Class B Common Stock	(64)	(1)	64	1	—	—	—	—	—	—	—	—
10 for 1 Stock Dividend	—	—	4,162	41	490	4	(45)	—	—	—	—	—
Dividends ($0.65 per common share)	—	—	—	—	—	—	(3,032)	—	—	—	—	(3,032)
Non-controlling interests in subsidiary										(1,498)	1,498	—
Distributions	—	—	—	—	—	—	—	—	—	—	(1,118)	(1,118)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(204)	—	—	(106)
Net income for the year ended October 31, 2015	—	—	—	—	—	—	—	—	—	2,338	729	3,067
Comprehensive income	—	—	—	—	—	—	—	—	(204)	2,338	729	2,863
BALANCE AT October 31, 2015	—	**$ —**	**4,624**	**$ 46**	**545**	**$ 5**	**$ 47,419**	**$ (1,196)**	**$ (153)**	**$ (18,780)**	**$ 1,976**	**$ 29,317**
Stock-based compensation	—	—	7	—	—	—	592	—	—	—	—	592
Exchange of Common Stock for non-controlling interests	—	—	732	8	—	—	1,968	—	—	—	(1,976)	—
Issuance of Common Stock	—	—	190	2	—	—	4,073	—	—	—	—	4,075
Dividends ($0.163 per common share)	—	—	—	—	—	—	(844)	—	—	—	—	(844)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(97)	—	—	(97)
Net income for the year ended October 31, 2016	—	—	—	—	—	—	—	—	—	3,669	—	3,669
Comprehensive income	—	—	—	—	—	—	—	—	(97)	3,669	—	3,572
BALANCE AT October 31, 2016	**—**	**$ —**	**5,553**	**$ 56**	**545**	**$ 5**	**$ 53,208**	**$ (1,196)**	**$ (250)**	**$ (15,111)**	**$ —**	**$ 36,712**

See accompanying notes to consolidated financial statements.

IDW MEDIA HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended October 31, (in thousands)	2016	2015
Operating activities:		
Net income	**$ 3,669**	$ 3,067
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,538**	1,627
Bad debt expense	**318**	101
Stock based compensation	**592**	367
Exchange of common stock for non-controlling interests	**1,976**	-
Changes in assets and liabilities:		
Trade accounts receivable	**(8,473)**	(1,213)
Inventory, prepaid expenses and other current assets	**(7,580)**	(3,758)
Deferred taxes	**1,851**	1,180
Notes receivable – current portion	**-**	153
Trade accounts payable, accrued expenses and other current liabilities	**4,693**	328
Deferred revenue	**(322)**	521
Net cash provided by (used in) operating activities	**(1,738)**	2,373
Investing activities:		
Business acquisitions	**(682)**	(1,763)
Capital expenditures	**(1,509)**	(2,073)
Payments received from notes receivable on sale of assets	**372**	440
Net cash used in investing activities	**(1,819)**	(3,396)
Financing activities:		
Proceeds of common stock issue	**4,075**	-
Distributions to holders of non-controlling interests	**-**	(1,118)
Dividends paid	**(844)**	(3,031)
Financing under capital leases	**704**	468
Repayments of capital lease obligations	**(316)**	(282)
Proceeds from bank loans	**-**	500
Repayments of bank loans	**(455)**	(345)
Net cash provided by (used in) financing activities	**3,164**	(3,808)
Net decrease in cash and cash equivalents	**(393)**	(4,831)
Cash and cash equivalents at beginning of period	**6,596**	11,427
Cash and cash equivalents at end of period	**$ 6,203**	$ 6,596
Supplemental schedule of investing and financing activities		
Cash paid for interest	**$ 86**	**$** 79
Cash paid for income taxes	**$ 248**	**$** 203
Purchases of property and equipment through capital lease obligations	$ **704**	$ 468

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 consolidated financial statements of IDW 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. Any reference to quarterly information is unaudited.

Each reference below to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., fiscal 2016 refers to the fiscal year ending October 31, 2016).

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

IDW, Inc., owner of Idea and Design Works, LLC ("IDW"), an entertainment company that includes IDW Publishing, IDW Games and Top Shelf;

IDW Entertainment, a television production company wholly owned by IDW that develops, produces and distributes television series; and

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

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") incorporated in the state of Delaware. 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: IDT Internet Mobile Group, Inc. ("IIMG"). IIMG previously owned approximately 76.665% of the equity interests in IDW; CTM; Beltway Acquisition Corporation; IDT Local Media, Inc. (which conducted certain operations related to CTM that are no longer active). All indebtedness owed by any of these entities to IDT Corporation or its affiliates was converted into a capital contribution.

On April 1, 2015, the Company's newly formed corporation, IDW, Inc., acquired 100% of the ownership of IDW in exchange for IDW, Inc. stock. At the time of this transaction, the Company had increased its ownership in IDW to 83%. On June 21, 2016, the Company increased its ownership in IDW to 100% through its acquisition of the remaining 17% non-controlling interest in IDW, Inc. in exchange for 732,784 shares of Class B Common Stock of the Company.

Effective July 27, 2015, the Company amended its Certificate of Incorporation to provide for the following changes:

- Conversion of each outstanding share of the Company's Class A Common Stock into one share of the Company's Class B Common Stock, thereby eliminating the Company's Class A Common Stock, and providing for the conversion of the Company's Class C Common Stock into Class B Common Stock instead of Class A Common Stock under certain conditions set forth therein.

- Effect a ten-for-one stock split of each share of the Company's Class B Common Stock and Class C Common Stock (the "Stock Split").

- Increase the number of the Company's authorized shares of: (i) Class B Common Stock from 600,000 shares to 12,000,000 shares, (ii) Class C Common Stock from 125,000 shares to 2,500,000 shares, and (iii) Preferred Stock from 25,000 shares to 500,000 shares.

- Change the Company's name from CTM Media Holdings, Inc. to IDW Media Holdings, Inc.

Note 1—Basis of Presentation (continued)

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

Revenue Recognition
Revenues from CTM brochure and digital 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. Digital distribution services include electronic distribution of marketing materials to video touchscreen displays. Revenues from CTM printing services are recognized based on payment by customer to print vendor. Revenues from CTM publication guides are recognized based on the publication release date of guides, which is the same date as distribution. IDW's primary revenue is recognized, net of an allowance for estimated sales returns, at the time of shipment of its graphic novels and comic books by IDW's distributor to its customers, and when all of the conditions specified by 'ASC 605-15-25' are met. IDW Entertainment's revenue is recognized when evidence of a sale or licensing arrangement exists, the product is complete, has been delivered or is available for immediate and unconditional delivery, the license period has begun, the fee is fixed or determinable, and collection is reasonably assured. In the event of a rights buy-out IDW Entertainment recognizes 100% of revenue related to the transaction at the time rights are relinquished.

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

Deferred Revenue
The Company records deferred revenue upon invoicing for contracted commitments for products and services. Revenue is recognized on the date such product or service is provided or delivered in accordance with the contract.

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. Direct cost of revenues for IDW Entertainment consists primarily of the amortization of production costs that were capitalized during the production of the television episodes, accrued third party participation, and distribution fees directly related to revenue.

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 (print), and costs related to IDW Entertainment productions (production costs). Inventory is stated at the lower of cost or market determined by the first in, first out method for print. Inventory for IDW Entertainment production costs is stated at the lower of cost or market and amortized over a ten year forecasted revenue stream.

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

Intangible Assets
Customer lists, non-compete covenants, location lists and other intangible assets are recorded at cost and are amortized on a straight-line basis over their contractual or estimated useful lives, whichever is shorter, which range as follows: customer lists, non-compete covenant, location lists and acquisition costs, 5 - 7 years, purchased contract and licensing rights, 1 - 5 years.

Note 1—Basis of Presentation (continued)

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 2016 and fiscal 2015, advertising expenses were approximately $247,000 and $321,000, 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.

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.

Note 1—Basis of Presentation (continued)

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)	2016	2015
Basic weighted-average number of shares	**4,976**	4,640
Effect of dilutive securities:		
Non-vested restricted common stock	**-**	-
Diluted weighted-average number of shares	**4,976**	4,640

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

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

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 29.1% and 40.4% of the total consolidated revenues for the fiscal years ended October 31, 2016 and October 31, 2015, respectively. The receivable balances from this customer represented approximately 22.0% and 43.6% of the total consolidated trade accounts receivable at October 31, 2016 and October 31, 2015, respectively. Diamond in turn sells to its customers with right of return. No other single customer accounted for more than 10% of consolidated revenues in fiscal 2016 or fiscal 2015 or in the three months ended October 31, 2016 and 2015. 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 and major customer, 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 2016 estimated returns exceeded actual returns by approximately $40,000 and in fiscal 2015, actual returns exceeded estimated returns by approximately $67,000.

Collaborative Agreements
IDW Entertainment regularly enters into agreements for the production of its television shows. The agreements provide for the rights and obligations of the parties to the agreement including timing, delivery and payments. IDW Entertainment capitalizes the resulting production costs under the agreements in production cost inventory as payments are made or when the products or services are delivered.

Note 1—Basis of Presentation (continued)

Sales Returns and Allowances (continued)
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
2016				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 270	$ 2,313	$ (2,273)	$ 310
2015				
Reserves deducted from accounts receivable:				
Allowance for sales returns	$ 337	$ 2,509	$ (2,576)	$ 270

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

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

Fiscal Year ended October 31 (in thousands)	Balance at beginning of year	Additions charged to costs and expenses	Deductions (1)	Balance at end of year
2016				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 121	$ 318	$ (338)	$ 101
2015				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts	$ 80	$ 101	$ (60)	$ 121

(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, 2016 and 2015, 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, 2016 and 2015, 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.

Principles of Consolidation
All significant intercompany accounts and transactions have been eliminated in consolidation. All amounts in these Consolidated Financial Statements and notes to the Consolidated Financial Statements are reflected on a consolidated basis for all periods presented.

Note 2—Dividends

On February 6, 2016 and October 2, 2015, the Company paid cash dividends in the amount of $0.163 per share (approximately $758,000 in the aggregate) to stockholders of record as of January 30, 2016 and September 22, 2015 of the Company's Class B common stock and Class C common stock, respectively.

On June 30, 2015, March 31, 2015 and February 19, 2015 the Company, paid cash dividends in the amount of $1.63 per share ($0.163 per share after giving effect to the Stock Split) on each date (approximately $758,000 each date in the aggregate) to stockholders of record as of June 22, 2015, March 23, 2015 and February 6, 2015, respectively, of the Company's Class A common stock, Class B common stock and Class C common stock.

On September 29, 2014 the Company paid cash dividends in the amount of $1.63 per share ($0.163 per share after giving effect to the Stock Split) (approximately $750,000 in the aggregate) to stockholders of record as of September 20, 2014 of the Company's Class A common stock, Class B common stock and Class C common stock.

The Company's Board of Directors decided to temporarily suspend the Company's quarterly dividend to provide additional cash for the Company's acquisition initiatives and its production schedule commitments further discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's quarterly report to the OTC Markets Group Pink Tier for the three months and fiscal year ended October 31, 2016.

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

Note 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 has been increased to include unvested restricted Class B stock issued to the Company's founder and Chairman of the Board. 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 years ended October 31, 2016 and October 31, 2015, there were no shares that were potentially dilutive. As a result, basic earnings per share and diluted earnings per share were the same. Per share values reflect the Company's ten-for-one Stock Split.

Note 4—Equity

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

(in thousands)	Fiscal Year Ended October 31, 2016 Attributable to IDW Media Holdings, Inc.	Non-controlling Interests	Total
Balance, October 31, 2015	27,341	1,976	29,317
Stock based compensation	592	-	592
Issuance of common stock	4,075	-	4,075
Exchange of common stock to non-controlling interests	1,976	(1,976)	-
Dividends	(844)	-	(844)
Comprehensive income (loss):			
Net income	3,669	-	3,669
Other comprehensive (loss)	(97)	-	(97)
Total comprehensive income	3,572	-	3,572
Balance, October 31, 2016	$ 36,712	$ -	$ 36,712

On July 20, 2016, the Company closed on the previously announced non-brokered private placement offering to certain existing stockholders at $21.38 per share. As a result of the offering there was an additional 190,597 shares of Class B Common Stock issued for a total of $4,074,963. As a result of the sale and issuance of these additional shares of Class B Common Stock there is now a total of 5,033,821 shares of Class B Common Stock (excluded from these numbers are 519,360 shares of Class B common stock held in treasury by IDW Media Holdings, Inc.) and 545,360 shares of Class C Common Stock issued and outstanding. The proceeds from the Offering were used by the Company to finance the Company's IDW Entertainment division, and for general working capital purposes. The shares are subject to a contractual restriction on transfer for six months following the closing of the offering.

On June 21, 2016, our Chief Executive Officer and director, and Executive Vice President of IDW, each exchanged 85 shares of IDW, Inc., which represented in total 17% of the issued and outstanding shares of IDW, Inc., for 366,392 shares of the Company's Class B common stock (the "Exchange", 732,784 shares in the aggregate) which, in total represented 13.6% of the issued and outstanding shares of the Company's common stock at the time, after taking into effect this Exchange. The Exchange was based on the relative values of IDW, Inc. and the Company as determined by an independent third party. The purpose of the exchange was to issue shares of the Company's Class B common stock to our Chief Executive Officer and to IDW's Executive Vice President in an effort to align the interests of management and our stockholders and to eliminate minority ownership in the Company's subsidiaries.

Note 4—Equity (continued)

On October 31, 2013, the Company's Board of Directors granted its major stockholder, 38,796 (387,960 shares after the Stock Split) restricted shares of the Company's Class B common stock with a value of $2,327,760 on the date of grant in lieu of a bonus for fiscal 2013 and a cash base salary for the period October 14, 2014 to December 31, 2019. Total unrecognized compensation cost on the date of grant was $2,277,760. The unrecognized compensation is recognized over the vesting period. The restricted shares vest as follows:

Date	Number of shares	Number of shares (after giving effect to the 10 for 1 Stock Split)
10/31/13	833	8,330
9/30/15	5,834	58,340
9/30/16	6,417	64,170
9/30/17	7,058	70,580
9/30/18	7,764	77,640
9/30/19	8,541	85,410
12/31/19	2,349	23,490

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 191,510 shares after giving effect to the 1 for 20 Reverse Split and 10 for 1 Stock 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 through October 31, 2016 (see Note 17).

Note 5—Asset Purchases

During the fiscal year ended October 31, 2016, CTM acquired the assets of two brochure distribution companies, which included publishing and digital web services in Massachusetts. The acquisitions further expanded CTM's its distribution network in its New England service area.

On February 13, 2015, CTM acquired a 1,200 display station distribution network and assets of a company in New England that expanded its network throughout New England.

On December 12, 2014, IDW, purchased principally all of the assets of Top Shelf Productions, a publisher of graphic novels.

Note 6—Notes Payable and Lines of Credit

On July 31, 2015, IDW entered into a loan agreement with the Company's primary bank that provides for a $2,000,000 revolving line of credit, renewable annually, with interest payable monthly. IDW has pledged its fixed assets, inventory and receivables as collateral under the agreement. Any outstanding balance of interest and principal is payable no later than the expiration date of the agreement. The agreement requires IDW to maintain certain ratios related to liquidity and net worth, among other provisions. An amendment dated April 30, 2016, renewed and extended the line of credit through April 30, 2017. At October 31, 2016 and 2015 no balance was outstanding under this line of credit.

On July 28, 2012, CTM entered into a loan agreement with the Company's primary bank that provided for a $1.5 million revolving line of credit, renewable annually, with interest payable monthly. In conjunction with the October 3, 2014 term loan described below, the revolving line of credit was reduced to $1,000,000. Amendments dated through April 30, 2016 renewed and extended the line of credit to April 30, 2017. 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, 2016 and 2015 no balance was outstanding under this line of credit.

On March 4, 2015, CTM entered into a term loan agreement with the Company's primary bank for $500,000 payable in equal monthly installments of $11,256 including principal and interest at 3.81%, with the final payment due on February 28, 2019.

On October 3, 2014, CTM entered into a term loan agreement with the Company's primary bank for $1,500,000 payable in equal monthly installments of $25,000, plus interest at 3.76%, with the final balance of principal payable on August 31, 2018.

The Company has pledged substantially all of its CTM Segment assets in guarantee of the loans and the Company's CTM Segment subsidiaries have also provided guarantees under the agreement. The agreement requires the company to maintain certain ratios related to liquidity and profitability, among other provisions. On October 31, 2016, $1,316,000 was outstanding under the term loans.

Future maturities under the term loans are as follows:

Date		**Amount**
10/31/17	$	426,000
10/31/18		706,000
10/31/19		43,000
Total	**$**	**1,175,000**

Note 7—Business Segment Information

The Company has the following three reportable business segments: IDW, IDW Entertainment and CTM.

IDW is an entertainment company that includes IDW Publishing, IDW Games and Top Shelf.

IDW Entertainment develops, produces and distributes television series.

CTM consists of the Company's brochure and digital advertising distribution company and other advertising-based product initiatives focused on small to medium sized businesses.

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) (unaudited)	IDW	IDW Entertainment	CTM	Total
Three months ended October 31, 2016				
Revenues	**$ 9,449**	**$ 8,324**	**$ 5,859**	**$ 23,632**
Income from operations	**$ 1,133**	**$ 820**	**$ 1,275**	**$ 3,228**
Depreciation and amortization	**$ 86**	**$ -**	**$ 315**	**$ 401**
Net income	**$ 530**	**$ 641**	**$ 794**	**$ 1,965**
Total assets at October 31, 2016	**$ 12,445**	**$ 18,218**	**$ 23,275**	**$ 53,938**
Three months ended October 31, 2015				
Revenues	$ 8,157	$ 51	$ 5,728	$ 13,936
Income (loss) from operations	$ 1,153	$ (212)	$ 1,163	$ 2,104
Depreciation and amortization	$ 80	$ -	$ 290	$ 370
Net income (loss)	$ 915	$ (212)	$ 700	$ 1,403
Total assets at October 31, 2015	$ 13,112	$ 2,849	$ 24,205	$ 40,166

(in thousands)	IDW	IDW Entertainment	CTM	Total
Fiscal year ended October 31, 2016				
Revenues	**$ 27,884**	**$ 15,964**	**$ 21,419**	**$ 65,267**
Income from operations	**$ 1,833**	**$ 1,598**	**$ 2,809**	**$ 6,240**
Depreciation and amortization	**$ 343**	**$ -**	**$ 1,195**	**$ 1,538**
Net income	**$ 1,017**	**$ 1,016**	**$ 1,636**	**$ 3,669**
Total assets at October 31, 2016	**$ 12,445**	**$ 18,218**	**$ 23,275**	**$ 53,938**
Fiscal year ended October 31, 2015				
Revenues	$ 28,553	$ 187	$ 20,716	$ 49,456
Income (loss) from operations	$ 3,118	$ (645)	$ 2,358	$ 4,831
Depreciation and amortization	$ 231	$ -	$ 1,396	$ 1,627
Net income (loss)	$ 2,425	$ (645)	$ 1,287	$ 3,067
Total assets at October 31, 2015	$ 13,112	$ 2,849	$ 24,205	$ 40,166

Note 8—Trade Accounts Receivable

Trade accounts receivable consists of the following:

October 31 (in thousands)	2016	2015
Trade accounts receivable	**$ 12,003**	$ 6,306
Less allowance for sales returns	**(310)**	(270)
Less allowance for doubtful accounts	**(101)**	(121)
Trade accounts receivable, net	**$ 11,592**	$ 5,915

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—Inventory

Inventory consists of the following:

(in thousands)	October 31, 2016	October 31, 2015
Print	**$ 3,669**	$ 3,053
Production and pre-production costs	**9,983**	2,635
Total	**$ 13,652**	$ 5,688

Note 10—Accrued Expenses

Accrued expenses consist of the following:

October 31 (in thousands)	2016	2015
Royalties	**$ 1,541**	$ 1,181
Payroll & payroll taxes	**782**	627
Bonus	**1,467**	1,525
Production costs and participation	**4,889**	-
Other	**51**	574
Total	**$ 8,730**	$ 3,907

Note 11—Property and Equipment

Property and equipment consists of the following:

October 31 (in thousands)	2016	2015
Equipment	**$ 9,249**	$ 8,782
Vehicles	**2,817**	2,483
Leasehold improvements	**1,094**	1,122
Computer software	**1,373**	1,239
	14,533	13,626
Less accumulated depreciation and amortization	**(11,139)**	(10,587)
Property and equipment, net	**$ 3,394**	$ 3,039

Property and equipment under capital leases was $2,165,000 and $1,587,000 at October 31, 2016 and 2015, respectively. Accumulated depreciation related to assets under capital leases was $1,025,000 and $810,000 at October 31, 2016 and 2015, respectively. Depreciation of assets under capital leases is included in depreciation and amortization expense in the accompanying consolidated statements of operations. Depreciation and amortization expense of all property and equipment was $1,154,000 and $1,112,000 in fiscal 2016 and 2015, respectively.

Note 12— Intangible Assets

The tables below presents information on the Company's intangible assets and goodwill:

(in thousands)	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
As of October 31, 2016:				
Amortized intangible assets:				
Customer lists	**7years**	**$ 191**	**$ (54)**	**$ 137**
Non-compete covenant	**5-7 years**	**760**	**(246)**	**514**
Location lists	**7 years**	**382**	**(109)**	**273**
Licensing Contracts	**7 years**	**893**	**(327)**	**566**
Acquisition costs	**7 years**	**58**	**(9)**	**49**
Total intangible assets		**$ 2,284**	**$ (745)**	**$ 1,539**
As of October 31, 2015:				
Amortized intangible assets:				
Customer lists	7years	$ 150	$ (25)	$ 125
Non-compete covenant	5-7 years	760	(136)	624
Location lists	7 years	300	(51)	249
Purchasing Contracts	1 year	250	(250)	0
Licensing Contracts	7 years	893	(149)	744
Acquisition costs	7 years	32	(5)	27
Total intangible assets		$ 2,385	$ (616)	$ 1,769

Amortization expense of intangible assets was $384,000 and $515,000 in fiscal 2016 and 2015, respectively.

Future estimated amortization expense as of October 31, 2016 is as follows:

2017	366,000
2018	366,000
2019	291,000
2020	213,000
2021	167,000
Thereafter	136,000
Total	$ 1,539,000

The Company's Goodwill is summarized as follows:

Fiscal Year Ended October 31 (in thousands)	2016	2015
Beginning balance	**$ 1,700**	$ 1,000
Additions – business acquisitions	**527**	700
Impairments	**-**	-
Total goodwill	**$ 2,227**	$ 1,700

Note 13—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)	2016	2015
Deferred tax assets:		
Bad debt reserve	**$ 40**	$ 48
Accrued expenses	**469**	449
Exercise of stock options and lapsing of restrictions on restricted stock	**(521)**	(676)
Impairment	**7,218**	12,407
Amortization	**627**	-
Net operating loss	**2,580**	36
Total deferred tax assets	**10,413**	12,264
Valuation allowance	—	—
Net Deferred Tax Assets	**$ 10,413**	$ 12,264

The provision for income taxes consists of the following:

Fiscal Year ended October 31 (in thousands)	2016	2015
Current:		
Federal	**$ 194**	$ -
State and local	**428**	327
Foreign	**-**	-
	$ 622	$ 327
Deferred:		
Federal	**$ 1,800**	$ 1,314
State and local	**51**	(5)
	$ 1,851	$ 1,309
Provision for income taxes	**$ 2,473**	$ 1,636

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)	2016	2015
U.S. federal income tax at statutory rate	**$ 2,149**	$ 1,641
Change in valuation allowance	**-**	-
Foreign tax rate differential	**(29)**	-
State and local income tax, net of federal benefit	**317**	213
Prior Year	**-**	-
Non-deductible expenses	**36**	(218)
Provision for income taxes	**$ 2,473**	$ 1,636

Note 13—Income Taxes (continued)

At October 31, 2016, the Company had federal and state net operating loss carry-forwards of approximately $7,300,000. 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 foreign net operating losses of approximately $200,000 that will start to expire in fiscal 2036.

The Company has not recorded U.S. income tax expense for foreign earnings as such earnings are permanently reinvested outside the U.S. The cumulative undistributed foreign earnings are included in accumulated deficit in the Company's consolidated balance sheets and amounted to approximately $677,000 at October 31, 2016. Upon distribution of these foreign earnings, the Company may be subject to U.S. income taxes and foreign withholding taxes, however, it is not practicable to determine the amount, if any, which would be paid.

The Company classifies interest and penalties on income taxes as a component of income tax expense. In fiscal 2016 and fiscal 2015, the Company recorded no additional interest expense in either year. As of October 31, 2016 and 2015, accrued interest expense included in current income taxes payable was $0 in both years.

The Company currently remains subject to examinations of its tax returns as follows: U.S. federal tax returns for fiscal 2013 to fiscal 2016, state and local tax returns generally for fiscal 2012 to fiscal 2016 and foreign tax returns generally for fiscal 2012 to fiscal 2016.

Income tax expense increased for the three months (unaudited) and fiscal year ended October 31, 2016 compared to the three months (unaudited) and fiscal year ended October 31, 2015 by approximately $561,000 and 837,000, respectively. The increases for the three months (unaudited) and fiscal years ending October 31, 2016 were principally due to changes in taxable income as well as the difference in rates in the jurisdictions in which the income was earned.

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-17 ("ASU") to simplify the presentation of deferred income taxes, as well as align the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards ("IFRS"). The amendments in the ASU require that deferred tax assets and liabilities be classified as noncurrent in a classified balance sheet instead of separated into current and noncurrent amounts. The Company adopted the ASU for the fiscal year ended October 31, 2016 and retrospectively applied the change to the fiscal year ended October 31, 2015. As a result of this retrospective application, $200,000 of deferred income tax assets that were included in current assets, and $441,000 of deferred taxes payable that were included in current liabilities at October 31, 2015 were reclassified to Deferred taxes – non-current in the accompanying consolidated balance sheet. There was no change to the Statement of Operations for the period.

Note 14—Commitments

Lease Commitments
The future minimum payments for capital and operating leases as of October 31, 2016 are as follows:

(in thousands)	Operating Leases	Capital Leases
Fiscal years ending October 31:		
2017	$ 1,587	$ 365
2018	1,341	300
2019	976	259
2020	890	167
2021	736	83
Thereafter	62	-
Total payments	$ 5,592	1,174
Less amount representing interest		(2)
Less current portion principal		(365)
Capital lease obligations—long-term portion principal		$ 807

Other Commitments
The Company, through a subsidiary, has entered into an agreement to co-develop, co-produce, and co-finance a scripted television series based on IDW Publications properties. Net of the Company's contracted pre-sales pursuant to distribution agreements the Company does not have any net financial obligations related to the projects.

The Company is committed through a subsidiary to guaranteed minimum payments, but such payments are conditioned upon delivery and are net of the Company's contracted pre-sales pursuant to an agreement, which has been assigned by a vendor to a third party bank. In accordance with the delivery schedule set forth in the agreement, all payments under the guarantee are scheduled to be made by January 26, 2018.

Note 15—Related Party Transactions

On October 15, 2016, CTM donated a website domain to the IDW Media Charitable Foundation, Inc., an IRS Section 501(c)(3) non-profit corporation (the "Foundation"). The Company is the sole member of the Foundation, and the Company's COO and CFO are the directors and officers of the Foundation. There were no balances outstanding between the Company and the Foundation as of October 31, 2016 and 2015.

On August 1, 2016, CTM commenced an arrangement with ETR Brochure Distributors ("ETR") to manage all aspects of its brochure distribution operations, principally located in the Washington D.C area. ETR is a company owned by the Company's major stockholder. The arrangement provides for a split of revenue and costs of brochure and advertising media distribution in the areas presently serviced by ETR and expands both the CTM and ETR distribution networks. In fiscal 2016 and 2015, there was no billing to ETR and ETR billed CTM approximately $80,000 and $132,000 for distribution services in 2016 and 2015, respectively. ETR purchased management services from CTM for the fiscal year ended October 31, 2016 in the amount of approximately $37,000. The balance owed to ETR by CTM was approximately $32,000 and $6,800 as of October 31, 2016 and 2015, respectively. The balance owed by ETR to CTM was approximately $102,000 and $0 as of October 31, 2016 and 2015, respectively. These transactions were approved in accordance with Related Person Transaction policy described in the Company's 2010 Proxy Statement.

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

Note 16—Defined Contribution Plans

The Company has 401(k) Plans that are available to all its employees meeting certain eligibility criteria. The 401(k) Plans permit 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 Plans provide for discretionary matching contributions as determined in the Company's sole discretion, which vest either immediately or over six years, depending upon the specific plan's documents. All contributions made by participants vest immediately into the participant's account.

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

The Company expensed approximately $336,000 and $341,000 for the fiscal years ended October 31, 2016 and October 31, 2015 respectively.

Note 17— Subsequent events

Management has evaluated subsequent events through January 27, 2017, 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:

Effective November 7, 2016, the Company granted 116,458 shares of Restricted Stock of its Class B Common Stock under Restricted Stock Agreements pursuant to the Company's 2009 Stock Option and Incentive Plan, as amended, to the Company's Chief Operating Officer, Chief Financial Officer and selected management employees. The shares under the grants vest equally on June 20, 2017, June 20, 2018 and September 20, 2019.

Effective January 10, 2017, the Company granted 57,532 shares of Restricted Stock of its Class B Common Stock under a Restricted Stock Agreement pursuant to the Company's 2009 Stock Option and Incentive Plan, as amended, to its Chief Executive Officer. The shares under the grant vest equally on March 31, 2018, March 31, 2019 and March 31, 2020.

Item 10 Certifications.

I, Theodore B. Adams, certify that:

1. I have reviewed this annual disclosure statement of IDW 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 27, 2017

/s/ Theodore B. Adams

Chief Executive Officer

I, Leslie B. Rozner, certify that:

1. I have reviewed this annual disclosure statement of IDW 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 27, 2017

/s/ Leslie B. Rozner

Chief Financial Officer