

VALUE LINE INC
Form 10-Q
March 15, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to

Commission File Number: 0-11306

VALUE LINE, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

13-3139843

(I.R.S. Employer Identification No.)

220 East 42nd Street, New York, New York

(Address of principal executive offices)

10017-5891

(Zip Code)

(212) 907-1500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files)".

Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated
filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 14, 2012
Common stock, \$0.10 par value	9,896,381 Shares

VALUE LINE INC.
TABLE OF CONTENTS

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Consolidated Condensed Financial Statements	
Consolidated Condensed Balance Sheets as of January 31, 2012 and April 30, 2011	3
Consolidated Condensed Statements of Income for the three and nine months ended January 31, 2012 and 2011	4
Consolidated Condensed Statements of Cash Flows for the nine months ended January 31, 2012 and 2011	5
Consolidated Condensed Statement of Changes in Shareholders' Equity for the nine months ended January 31, 2012	6
Consolidated Condensed Statement of Changes in Shareholders' Equity for the nine months ended January 31, 2011	7
Notes to Consolidated Condensed Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	37
Item 4. Controls and Procedures	39
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	39
Item 1A. Risk Factors	39
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 5. Other Information	39
Item 6. Exhibits	39
Signatures	41

Part I - Financial Information
Item 1. Financial Statements

Value Line, Inc.

Consolidated Condensed Balance Sheets

(in thousands, except share amounts)

	January 31, 2012 (unaudited)	April 30, 2011
Assets		
Current Assets:		
Cash and cash equivalents (including short term investments of \$11,733 and \$6,158, respectively)	\$12,538	\$6,802
Securities available-for-sale	3,076	12,674
Accounts receivable, net of allowance for doubtful accounts of \$48 and \$45, respectively	713	1,599
Receivable from affiliates	-	38
Prepaid and refundable income taxes	-	59
Prepaid expenses and other current assets	984	1,028
Deferred income taxes	378	3,022
Total current assets	17,689	25,222
Long term assets:		
Investment in EAM Trust	56,312	56,367
Property and equipment, net	3,907	4,084
Capitalized software and other intangible assets, net	4,931	2,130
Total long term assets	65,150	62,581
Total assets	\$82,839	\$87,803
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$2,222	\$4,266
Accrued salaries	910	913
Dividends payable	1,484	1,995
Accrued taxes on income	211	336
Reserve for settlement expenses	301	1,464
Unearned revenue	20,800	22,442
Total current liabilities	25,928	31,416
Long term liabilities:		
Unearned revenue	4,939	4,559
Deferred income taxes	19,273	18,574
Total long term liabilities	24,212	23,133
Total liabilities	50,140	54,549
Shareholders' Equity:		
Common stock, \$0.10 par value; authorized 30,000,000 shares; issued 10,000,000 shares	1,000	1,000
Additional paid-in capital	991	991
Retained earnings	32,022	31,644

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Treasury stock, at cost (103,619 shares on January 31, 2012 and 25,119 shares on April 30, 2011)	(1,390)	(444)
Accumulated other comprehensive income, net of tax	76		63	
Total shareholders' equity	32,699		33,254	
Total liabilities and shareholders' equity	\$82,839		\$87,803	

The accompanying notes are an integral part of these consolidated condensed financial statements.

Value Line, Inc.
 Consolidated Condensed Statements of Income
 (in thousands, except share & per share amounts)
 (unaudited)

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2012	2011	2012	2011
Revenues:				
Investment periodicals and related publications	\$8,145	\$8,669	\$24,870	\$25,853
Copyright data fees	851	954	2,636	2,596
Investment management fees & services	-	2,412	-	10,693
Total revenues	8,996	12,035	27,506	39,142
Expenses:				
Advertising and promotion	622	1,366	2,731	5,443
Salaries and employee benefits	3,638	5,617	10,988	13,882
Production and distribution	1,143	1,238	3,530	3,518
Office and administration	1,770	2,283	5,278	6,970
Expenses related to restructuring	-	1,302	-	3,764
Total expenses	7,173	11,806	22,527	33,577
Income from operations	1,823	229	4,979	5,565
Gain on deconsolidation of subsidiaries	-	50,510	-	50,510
Revenues and profits interests in EAM Trust	1,456	724	4,371	724
Income from securities transactions, net	3	(40)	34	48
Income before income taxes	3,282	51,423	9,384	56,847
Income tax provision	1,438	19,986	3,549	22,006
Net income	\$1,844	\$31,437	\$5,835	\$34,841
Earnings per share, basic & fully diluted	\$0.19	\$3.15	\$0.59	\$3.49
Weighted average number of common shares	9,896,381	9,981,447	9,930,225	9,981,549

The accompanying notes are an integral part of these consolidated condensed financial statements.

Value Line, Inc.
Consolidated Condensed Statements of Cash Flows
(in thousands)
(unaudited)

	For the Nine Months Ended January 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$5,835	\$34,841
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	399	439
Amortization of bond premium	-	13
Gain on deconsolidation of subsidiaries	-	(50,510)
Postemployment non-cash compensation	-	1,770
Non-voting revenues interest in EAM Trust	(4,251)	(665)
Non-voting profits interest in EAM Trust	(120)	(59)
Realized and unrealized losses on securities available-for-sale	22	59
Deferred income taxes	3,262	22,006
Changes in operating assets and liabilities:		
Unearned revenue	(1,262)	(1,388)
Reserve for settlement	(1,163)	(764)
Operating lease exit obligation	(329)	-
Accounts payable & accrued expenses	(1,716)	(1,536)
Accrued salaries	(3)	(389)
Accrued taxes on income	35	161
Prepaid and refundable income taxes	59	1,598
Prepaid expenses and other current assets	44	139
Accounts receivable	886	252
Receivable from affiliates	38	1,358
Total adjustments	(4,099)	(27,516)
Net cash provided by operating activities	1,736	7,325
Cash flows from investing activities:		
Purchases/sales of securities classified as available-for-sale:		
Maturities and sales of fixed income securities	11,196	34,024
Purchases of fixed income securities	-	(21,314)
Purchases of equity securities	(1,598)	(790)
Cash contribution to deconsolidated subsidiary capital	-	(5,484)
Distributions received from EAM Trust	4,339	156
Acquisition of property and equipment	(31)	(98)
Expenditures for capitalized software	(2,992)	(662)
Net cash provided by investing activities	10,914	5,832
Cash flows from financing activities:		
Purchase of treasury		