

VALUE LINE INC  
Form 10-Q  
December 13, 2016  
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 October 31, 2016

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 13-3139843  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

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485 Lexington Avenue, New York, New York  
(Address of principal executive offices)

10017-2630  
(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

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 October 31, 2016

Common stock, \$0.10 par value 9,715,128 Shares

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## VALUE LINE INC.

## TABLE OF CONTENTS

	<b>Page No.</b>
<b>PART I. FINANCIAL INFORMATION</b>	
<b>Item 1.</b>	
Consolidated Condensed Financial Statements	
Consolidated Condensed Balance Sheets as of October 31, 2016 and April 30, 2016	3
Consolidated Condensed Statements of Income for the three and six months ended October 31, 2016 and October 31, 2015	4
Consolidated Condensed Statements of Comprehensive Income for the three and six months ended October 31, 2016 and October 31, 2015	5
Consolidated Condensed Statements of Cash Flows for the six months ended October 31, 2016 and October 31, 2015	6
Consolidated Condensed Statement of Changes in Shareholders' Equity for the six months ended October 31, 2016	7
Consolidated Condensed Statement of Changes in Shareholders' Equity for the six months ended October 31, 2015	8
Notes to Consolidated Condensed Financial Statements	9
<b>Item 2.</b>	
Management's Discussion and Analysis of Financial Condition and Results of Operations	24
<b>Item 3.</b>	
Quantitative and Qualitative Disclosures About Market Risk	37
<b>Item 4.</b>	
Controls and Procedures	39
<b>PART II. OTHER INFORMATION</b>	
<b>Item 1.</b>	
Legal Proceedings	39
<b>Item 1A.</b>	
Risk Factors	39
<b>Item 2.</b>	
Unregistered Sales of Equity Securities and Use of Proceeds	40
<b>Item 5.</b>	
Other Information	40
<b>Item 6.</b>	
Exhibits	41
Signatures	42



**Part I - Financial Information****Item 1. Financial Statements****Value Line, Inc.****Consolidated Condensed Balance Sheets**

(in thousands, except share amounts)

	<b>October 31, 2016 (unaudited)</b>	<b>April 30, 2016</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (including short term investments of \$5,321 and \$12,037, respectively)	\$ 6,737	\$13,122
Securities available-for-sale	14,509	3,637
Accounts receivable, net of allowance for doubtful accounts of \$17 and \$22, respectively	1,734	1,254
Prepaid and refundable income taxes	58	126
Prepaid expenses and other current assets	1,445	1,381
Deferred income taxes	232	432
Total current assets	24,715	19,952
<b>Long term assets:</b>		
Investment in EAM Trust	58,167	57,942
Restricted money market investment	469	-
Property and equipment, net	656	3,621
Capitalized software and other intangible assets, net	2,731	4,992
Total long term assets	62,023	66,555
<b>Total assets</b>	<b>\$ 86,738</b>	<b>\$86,507</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,481	\$2,669
Accrued salaries	1,146	1,066
Dividends payable	1,652	1,659
Accrued taxes on income	1,832	388
Unearned revenue	18,762	20,516
Total current liabilities	24,873	26,298
<b>Long term liabilities:</b>		

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Unearned revenue	4,035	4,926
Deferred income taxes	19,519	20,683
Total long term liabilities	23,554	25,609
<b>Total liabilities</b>	<b>48,427</b>	<b>51,907</b>
<b>Shareholders' Equity:</b>		
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	40,056	35,524
Treasury stock, at cost (284,872 and 243,411 shares, respectively)	(3,721 )	(3,040 )
Accumulated other comprehensive income, net of tax	(15 )	125
Total shareholders' equity	38,311	34,600
<b>Total liabilities and shareholders' equity</b>	<b>\$ 86,738</b>	<b>\$86,507</b>

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 &amp; per share amounts)

(unaudited)

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2016	2015	2016	2015
<b>Revenues:</b>				
Investment periodicals and related publications	\$7,629	\$8,039	\$15,279	\$16,223
Copyright data fees	1,021	598	1,892	1,246
Total publishing revenues	8,650	8,637	17,171	17,469
Gain on sale of operating facility	-	-	8,123	-
Total revenues	8,650	8,637	25,294	17,469
<b>Expenses:</b>				
Advertising and promotion	620	748	1,528	1,732
Salaries and employee benefits	4,301	3,925	8,209	7,704
Production and distribution	2,350	2,065	4,824	4,030
Office and administration	1,356	1,073	2,573	2,218
Total expenses	8,627	7,811	17,134	15,684
<b>Income from operations</b>	23	826	8,160	1,785
Revenues and profits interests in EAM Trust	1,932	1,940	3,848	3,982
Income from securities transactions, net	61	31	94	82
<b>Income before income taxes</b>	2,016	2,797	12,102	5,849
Income tax provision	536	805	4,264	1,738
<b>Net income</b>	\$1,480	\$1,992	\$7,838	\$4,111
<b>Earnings per share, basic &amp; fully diluted</b>	\$0.15	\$0.20	\$0.81	\$0.42
Weighted average number of common shares	9,718,650	9,787,610	9,729,002	9,795,672

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





**Value Line, Inc.**

**Consolidated Condensed Statements of Comprehensive Income**

(in thousands)

(unaudited)

	<b>For the Three Months Ended October 31, 2016</b>		<b>For the Six Months Ended October 31, 2015</b>	
<b>Net income</b>	\$1,480	\$1,992	\$7,838	\$4,111
Other comprehensive income (loss), net of tax:				
Change in unrealized gains on securities, net of taxes	(294 )	66	(140 )	(26 )
Other comprehensive income (loss)	(294 )	66	(140 )	(26 )
<b>Comprehensive income</b>	\$1,186	\$2,058	\$7,698	\$4,085

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)**

	<b>For the Six Months Ended October 31, 2016      2015</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$7,838	\$4,111
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,747	1,430
Non-voting revenues interest in EAM Trust	(3,586 )	(3,721 )
Non-voting profits interest in EAM Trust	(262 )	(261 )
Realized gain on sale of operating facility	(8,123 )	-
Realized losses on securities	-	15
Unrealized gains on securities	(30 )	(30 )
Deferred rent	(100 )	(100 )
Deferred income taxes	(650 )	(399 )
Changes in operating assets and liabilities:		
Unearned revenue	(2,645 )	(2,000 )
Reserve for settlement	-	(5 )
Accounts payable & accrued expenses	(1,088 )	(157 )
Accrued salaries	80	(148 )
Accrued taxes on income	1,207	(19 )
Prepaid and refundable income taxes	68	11
Prepaid expenses and other current assets	(64 )	200
Accounts receivable	(480 )	238
Total adjustments	(12,926)	(4,946 )
<b>Net cash used in operating activities</b>	<b>(5,088 )</b>	<b>(835 )</b>
<b>Cash flows from investing activities:</b>		
Purchases of equity securities classified as available-for-sale	(4,954 )	(1,611 )
Purchases of fixed income securities classified as available-for-sale	(6,135 )	-
Proceeds from sales of securities available for sale	-	8,684
Distributions received from EAM Trust	3,653	3,989
Proceeds from sale of operating facility	11,555	-
Restricted money market investment	(469 )	-
Acquisition of property and equipment	(593 )	-
Expenditures for capitalized software	(360 )	(931 )
<b>Net cash provided by investing activities</b>	<b>2,697</b>	<b>10,131</b>

**Cash flows from financing activities:**

Purchase of treasury stock at cost	(681 )	(548 )
Dividends paid	(3,313 )	(3,039 )
<b>Net cash used in financing activities</b>	<b>(3,994 )</b>	<b>(3,587 )</b>
Net change in cash and cash equivalents	(6,385 )	5,709
<b>Cash and cash equivalents at beginning of year</b>	<b>13,122</b>	<b>5,874</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$6,737</b>	<b>\$11,583</b>

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

## Value Line, Inc.

## Consolidated Condensed Statement of Changes in Shareholders' Equity

For the Six Months Ended October 31, 2016

(in thousands, except share amounts)

(unaudited)

	Common stock		Additional	Treasury Stock		Retained	Accumulated	Other Comprehensive income/(loss) Total
	Shares	Amount	paid-in capital	Shares	Amount	earnings		
<b>Balance at April 30, 2016</b>	10,000,000	\$ 1,000	\$ 991	(243,411)	\$(3,040)	\$ 35,524	\$ 125	\$ 34,600
Net income						7,838		7,838
Change in unrealized gains on securities, net of taxes							(140)	(140)
Purchase of treasury stock				(41,461)	(681)			(681)
Dividends declared						(3,306)		(3,306)
<b>Balance at October 31, 2016</b>	10,000,000	\$ 1,000	\$ 991	(284,872)	\$(3,721)	\$ 40,056	\$ (15)	\$ 38,311

Dividends declared per share were \$0.17 for each of the three months ending July 31, 2016 and October 31, 2016.

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

Value Line, Inc.

**Consolidated Condensed Statement of Changes in Shareholders' Equity**

**For the Six Months Ended October 31, 2015**

(in thousands, except share amounts)

(unaudited)

	Common stock		Additional	Treasury Stock		Retained	Accumulated	Total
	Shares	Amount	paid-in capital	Shares	Amount	earnings	Other Comprehensive income/(loss)	
<b>Balance at April 30, 2015</b>	10,000,000	\$ 1,000	\$ 991	(190,504)	\$(2,244 )	\$ 34,587	\$ 105	\$ 34,439