

VALUE LINE INC
Form 10-Q
March 16, 2007

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, 2007

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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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.

<u>Class</u>	<u>Outstanding at January 31,</u> <u>2007</u>
Common stock, \$.10 par value	9,981,600 Shares

Part I - Financial Information
Item 1. Financial Statements

Value Line, Inc.
Consolidated Condensed Balance Sheets
(in thousands, except share amounts)

	Jan. 31, 2007	Apr. 30, 2006
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents (including short term investments of \$16,840 and \$14,885, respectively)	\$ 17,297	\$ 15,331
Trading securities	24,176	22,314
Securities available for sale	68,838	65,915
Accounts receivable, net of allowance for doubtful accounts of \$87 and \$72, respectively	2,633	3,037
Receivable from affiliates	2,652	2,917
Prepaid expenses and other current assets	1,544	1,617
Deferred income taxes	88	88
Total current assets	117,228	111,219
Long term assets		
Property and equipment, net	5,032	5,406
Capitalized software and other intangible assets, net	1,687	2,589
Total long term assets	6,719	7,995
Total assets	\$ 123,947	\$ 119,214
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 4,057	\$ 6,186
Accrued salaries	1,393	1,495
Dividends payable	2,995	2,495
Accrued taxes payable	0	560
Unearned revenue	28,853	28,224
Deferred income taxes	8,006	8,436
Total current liabilities	45,304	47,396
Long term liabilities		
Unearned revenue	6,232	9,502
Deferred charges	381	381
Total long term liabilities	6,613	9,883

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Shareholders' Equity:

Common stock, \$.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	55,143	44,256
Treasury stock, at cost (18,400 shares on 1/31/07 and 4/30/06)	(354)	(354)
Accumulated other comprehensive income, net of tax	15,250	16,042
Total shareholders' equity	72,030	61,935
Total liabilities and shareholders' equity	\$ 123,947	\$ 119,214

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

Part I - Financial Information
Item 1. Financial Statements

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

	Three months ended		Nine months ended	
	2007	Jan. 31, 2006	2007	Jan. 31, 2006
Revenues:				
Investment periodicals and related publications	\$ 11,547	\$ 11,890	\$ 34,462	\$ 35,963
Licensing fees	1,711	1,442	5,289	3,335
Investment management fees & services	7,803	8,250	23,446	24,160
Total revenues	21,061	21,582	63,197	63,458
Expenses:				
Advertising and promotion	3,928	3,826	10,979	9,902
Salaries and employee benefits	4,755	4,747	13,921	14,605
Production and distribution	1,663	1,712	5,268	5,314
Office and administration	1,856	3,260	5,240	7,967
Total expenses	12,202	13,545	35,408	37,788
Income from operations	8,859	8,037	27,789	25,670
Income from securities transactions, net	2,909	2,858	4,147	3,571
Income before income taxes	11,768	10,895	31,936	29,241
Provision for income taxes	4,576	4,201	12,564	11,514
Net income	\$ 7,192	\$ 6,694	\$ 19,372	\$ 17,727
Earnings per share, basic & fully diluted	\$ 0.72	\$ 0.67	\$ 1.94	\$ 1.78
Weighted average number of common shares	9,981,600	9,981,600	9,981,600	9,981,600

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

Part I - Financial Information
Item 1. Financial Statements

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

	For the nine months ended	
	Jan. 31, 2007	Jan. 31, 2006
Cash flows from operating activities:		
Net income	\$ 19,372	\$ 17,727
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,555	1,659
Gains on sales of securities available for sale	(1,984)	(2,430)
Unrealized (gains)/losses on trading securities	(105)	125
Deferred income taxes	37	(44)
Changes in assets and liabilities:		
Purchases of trading securities	(1,757)	(4,365)
(Decrease) in unearned revenue	(2,641)	(2,621)
(Decrease) in deferred charges	(63)	(63)
(Decrease)/increase in accounts payable and accrued expenses	(2,066)	706
(Decrease)/increase in accrued salaries	(102)	88
(Decrease) in accrued taxes payable	(560)	0
Decrease in prepaid expenses and other current assets	36	43
Decrease in accounts receivable	404	499
Decrease/(increase) in receivable from affiliates	265	(277)
Total adjustments	(6,981)	(6,680)
Net cash provided by operating activities	12,391	11,047
Cash flows from investing activities:		
Proceeds from sales of equity securities	2,061	2,430
Purchases of equity securities	(2,272)	(2,463)
Proceeds from sales of fixed income securities	10,825	9,650
Purchases of fixed income securities	(12,775)	(8,249)
Acquisition of property and equipment	(38)	(64)
Expenditures for capitalized software	(241)	(163)
Net cash (used in)/provided by investing activities	(2,440)	1,141
Cash flows from financing activities:		
Dividends paid	(7,985)	(7,485)

Net cash used in financing activities	(7,985)	(7,485)
Net increase in cash and cash equivalents	1,966	4,703
Cash and cash equivalents at beginning of year	15,331	5,971
Cash and cash equivalents at end of period	\$ 17,297	\$ 10,674

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

Part I - Financial Information

Item 1. Financial Statements

VALUE LINE, INC.
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JANUARY 31, 2007
(in thousands, except share amounts)
(unaudited)

	Common stock Number of shares	Amount	Additional paid-in capital	Treasury Stock	Comprehensive income	Retained earnings	Accumulated Other Comprehensive income	Total
Balance at April 30, 2006	9,981,600	\$ 1,000	\$ 991	(\$354)		\$ 44,256	\$ 16,042	\$ 61,935