

VALUE LINE INC  
Form 10-Q  
September 13, 2011

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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 July 31, 2011

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

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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 August 31, 2011
Common stock, \$.10 par value	9,940,881 Shares

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Part I - Financial Information  
Item 1. Financial Statements

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

	July 31, 2011 (unaudited)	April 30, 2011
Assets		
Current Assets:		
Cash and cash equivalents (including short term investments of \$6,615 and \$6,158, respectively)	\$7,186	\$6,802
Securities available-for-sale	9,596	12,674
Accounts receivable, net of allowance for doubtful accounts of \$45 and \$45, respectively	1,298	1,599
Receivable from affiliates	1	38
Prepaid and refundable income taxes	217	59
Prepaid expenses and other current assets	992	1,028
Deferred income taxes	1,806	3,022
Total current assets	21,096	25,222
Long term assets:		
Investment in EAM Trust	56,226	56,367
Property and equipment, net	4,019	4,084
Capitalized software and other intangible assets, net	3,621	2,130
Total long term assets	63,866	62,581
Total assets	\$84,962	\$87,803
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$3,391	\$4,266
Accrued salaries	781	913
Dividends payable	1,993	1,995
Accrued taxes payable	336	336
Reserve for settlement expenses	1,384	1,464
Unearned revenue	21,103	22,442
Total current liabilities	28,988	31,416
Long term liabilities:		
Unearned revenue	4,296	4,559
Deferred income taxes	18,548	18,574
Total long term liabilities	22,844	23,133
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

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Retained earnings	31,727	31,644
Treasury stock, at cost (36,819 shares on 7/31/11 and 25,119 shares on 4/30/11)	(602 )	(444 )
Accumulated other comprehensive income, net of tax	14	63
Total shareholders' equity	33,130	33,254
Total liabilities and shareholders' equity	\$84,962	\$87,803

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 share &amp; per share amounts)

(unaudited)

	For the three months ended July 31,	
	2011	2010
Revenues:		
Investment periodicals and related publications	\$8,398	\$8,617
Copyright data fees	972	777
Investment management fees & services	-	4,215
Total revenues	9,370	13,609
Expenses:		
Advertising and promotion	1,121	1,718
Salaries and employee benefits	3,640	3,877
Production and distribution	1,229	1,138
Office and administration	1,742	3,330
Total expenses	7,732	10,063
Income from operations	1,638	3,546
Revenues and profits interests in EAM Trust	1,572	-
Income from securities transactions, net	11	37
Income before income taxes	3,221	3,583
Income tax provision	1,145	1,266
Net income	\$2,076	\$2,317
Earnings per share, basic & fully diluted	\$0.21	\$0.23
Weighted average number of common shares	9,965,021	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 three months ended	
	July 31, 2011	July 31, 2010
Cash flows from operating activities:		
Net income	\$2,076	\$2,317
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	135	152
Amortization of bond premium	-	13
Revenues and profits interests in EAM Trust	(1,572 )	-
Realized losses on sales of securities available for sale	5	-
Deferred income taxes	1,216	1,266
Changes in assets and liabilities:		
(Decrease) in unearned revenue	(1,602 )	(1,023 )
(Decrease) in reserve for settlement	(80 )	(229 )
(Decrease) in operating lease exit obligation	(145 )	-
(Decrease) in accounts payable & accrued expenses	(730 )	(1,096 )
(Decrease) in accrued salaries	(132 )	(196 )
(Increase)/decrease in prepaid and refundable income taxes	(70 )	1,598
(Increase)/decrease in prepaid expenses and other current assets	36	(28 )
Decrease in accounts receivable	301	452
Decrease in receivable from affiliates	36	141
Total adjustments	(2,602 )	1,050
Net cash (used in)/provided by operating activities	(526 )	3,367
Cash flows from investing activities:		
Purchases and sales of securities classified as available for sale:		
Proceeds from sales of fixed income securities	2,998	6,706
Purchase of fixed income securities	-	(12,011 )
Revenues and profits distributions received from EAM Trust	1,626	-
Acquisition of property and equipment	(4 )	(22 )
Expenditures for capitalized software	(1,557 )	(41 )
Net cash provided by /(used in) investing activities	3,063	(5,368 )
Cash flows from financing activities:		
Purchase of treasury stock at cost	(158 )	-



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Dividends paid	(1,995	) -
Net cash used in financing activities	(2,153	) -
Net increase /(decrease) in cash and cash equivalents	384	(2,001 )
Cash and cash equivalents at beginning of year	6,802	16,435
Cash and cash equivalents at end of period	\$7,186	\$14,434

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 Three Months Ended July 31, 2011

(in thousands, except share amounts)

(unaudited)

	Common stock Number of shares	Amount	Additional paid-in capital	Treasury Stock	Comprehensive income/(loss)	Retained earnings	Accumulated Other Comprehensive income	Total
Balance at April 30, 2011	9,974,881	\$1,000	\$ 991	\$(444 )		\$31,644	\$ 63	\$33,254
Comprehensive income								
Net income					\$ 2,076	2,076		2,076
Other comprehensive income/ (loss), net of tax:								
Change in unrealized gains/ (losses) on securities, net of taxes					(49 )		(49 )	(49 )
Comprehensive income					\$ 2,027			
Purchase of treasury stock	(11,700 )			(158 )				(158 )
Dividends declared						(1,993 )		(1,993 )
Balance at July 31, 2011	9,963,181	\$1,000	\$ 991	\$(602 )		\$31,727	\$ 14	\$33,130

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 Three Months Ended July 31, 2010

(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/(loss)	Total
Balance at April 30, 2010	9,981,600	\$1,000	\$ 991	\$(354 )		\$19,813	\$ (2 )	\$21,448
Comprehensive income								
Net income					\$ 2,317	2,317		2,317
Other comprehensive income/ (loss), net of tax: Change in unrealized gains/ (losses) on securities, net of taxes					(10 )		(10 )	(10 )
Comprehensive income					\$ 2,307			
Dividends declared						(1,996 )		(1,996 )
Balance at July 31, 2010	9,981,600	\$1,000	\$ 991	\$(354 )		\$20,134	\$ (12 )	\$21,759

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

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

Note 1-Organization and Summary of Significant Accounting Policies:

The interim consolidated condensed financial statements of Value Line, Inc., together with its subsidiaries (collectively referred to as the “Company”, “Value Line”, or “VLI”), are unaudited. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal recurring accruals except as noted below) considered necessary for a fair presentation. This report should be read in conjunction with the financial statements and footnotes contained in the Company’s annual report on Form 10-K, dated July 29, 2011 for the fiscal year ended April 30, 2011. Results of operations covered by this report may not be indicative of the results of operations for the entire year.

Value Line is incorporated in the State of New York. The Company’s primary business is producing investment related periodical publications and making available copyright data including certain Value Line trademarks and Value Line proprietary ranking system information to third parties under written agreements for use in third party managed and marketed investment products. Prior to December 23, 2010 (the “Restructuring Date”), VLI, through its direct subsidiary EULAV Asset Management LLC (“EAM LLC”), provided investment management services to the Value Line Mutual Funds (“Value Line Funds” or the “Funds”), institutions and individual accounts, and, through EAM LLC’s subsidiary EULAV Securities, Inc. (“ESI”), provided distribution, marketing, and administrative services to the Value Line Funds. On December 23, 2010, the Company deconsolidated the asset management and mutual fund distribution subsidiaries and exchanged its controlling interest in these subsidiaries for a non-voting revenues interest and a non-voting profits interest in EULAV Asset Management, a Delaware business trust (“EAM”), the successor to EAM LLC and the sole member of EULAV Securities LLC (“ES”), the successor to ESI, (the “Restructuring Transaction”). VLI also recorded as post-employment compensation expense the value of a voting profits interest in EAM granted to one of the Trustees of EAM, a former VLI employee. Pursuant to the EAM Declaration of Trust dated as of December 23, 2010 (the “EAM Trust Agreement”), VLI granted EAM the right to use the Value Line name for all existing Value Line Funds and agreed to supply, without charge or expense, the Value Line Proprietary Ranking information to EAM for use in managing the Value Line Funds. The name “Value Line” as used to describe the Company, its products, and its subsidiaries, is a registered trademark of the Company. Additional rights of the Company under the EAM Trust Agreement are discussed in Note 11 - Legal Proceedings and Restructuring.

Principles of consolidation: The Company follows the guidance in the Financial Accounting Standards Board’s (“FASB”) Topic 810 “Consolidation” to determine if it should consolidate its investment in a variable interest entity (“VIE”). A VIE is a legal entity in which either (i) equity investors do not have sufficient equity investment at risk to enable the entity to finance its activities independently or (ii) the equity holders at risk lack the obligation to absorb losses, the right to receive residual returns or the right to make decisions about the entity’s activities that most significantly affect the entity’s economic performance. A holder of a variable interest in a VIE is required to consolidate the entity if it is determined that it has a controlling financial interest in the VIE and is therefore the primary beneficiary. The determination of a controlling financial interest in a VIE is based on a qualitative assessment to indentify the variable interest holder, if any, that has (i) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance, and (ii) either the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The accounting guidance requires the Company to perform an ongoing assessment of whether the Company is the primary beneficiary of a variable interest entity. For fiscal 2012, the Company has determined it is not the primary beneficiary of a VIE.

In accordance with FASB’s Topic 810, the assets, liabilities, and results of operations of subsidiaries in which the Company has a controlling interest have been consolidated. All significant intercompany accounts and transactions have been eliminated in consolidation. On December 23, 2010, the Company completed the Restructuring Transaction

and deconsolidated the related affiliates in accordance with FASB's Topic 810. As part of the Restructuring Transaction, the Company received a significant non-voting revenues interest (excluding distribution revenues) and a non-voting profits interest in the new entity, EAM. The Company relied on the guidance in FASB's ASC Topics 323 and 810 in its determination not to consolidate its investment in EAM and to account for such investment under the equity method of accounting. The Company reports the amount it receives for its non-voting revenues and non-voting profits interests as a separate line item below operating income in the Consolidated Condensed Statement of Income.

Accounting Standards Codification:

During fiscal year 2010, the Company adopted the FASB's Accounting Standards Codification ("ASC"). The FASB's ASC is the source of authoritative U.S. accounting and reporting standards for nongovernmental entities, in addition to guidance issued by the SEC. The FASB's ASC reorganized the thousands of U.S. GAAP pronouncements into roughly 90 accounting topics and displays all topics using a consistent structure. Although not the official source, it also includes relevant portions of authoritative SEC guidance that follows the same topical structure in separate sections in the Codification. The financial statements of the Company have been updated to reflect the relevant references to the FASB's ASC.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

Revenue Recognition:

Depending upon the product, subscription fulfillment for Value Line publications is available in print, via internet access and CD-ROM. The length of a subscription varies by product and offer received by the subscriber. Generally, subscriptions are available as trial subscriptions, annual subscriptions and/or multi-year subscriptions. Subscription revenues are recognized on a straight line basis over the life of the subscription. Accordingly, the amount of subscription fees to be earned by fulfilling subscriptions after the date of the balance sheet is shown as unearned revenue within current and long-term liabilities.

Copyright data revenues are derived from providing certain Value Line trademarks and Value Line proprietary ranking system information to third parties under written agreements for use in selecting securities for third party marketed products, including unit investment trusts, annuities and exchange traded funds. The Company earns asset-based copyright data fees as specified in the individual agreements. Revenue is recognized monthly over the term of the agreement and, because it is asset-based, will fluctuate as the market value of the underlying portfolio increases or decreases in value.

Prior to the Restructuring Date, the Company earned investment management fees that consisted of management fees from the Value Line Funds and from asset management clients. Investment management fees for the Funds were earned on a monthly basis as services were performed. The fees were calculated based on average daily net assets of the Funds in accordance with each Fund's advisory agreement (see Notes 7 and 11).

The management fees and average daily net assets for the Value Line Funds are calculated by State Street Bank, which serves as the fund accountant, fund administrator, and custodian of the Value Line Funds.

The Value Line Funds are open-end management companies registered under the Investment Company Act of 1940 (the "1940 Act"). Shareholder transactions for the Value Line Funds are processed each business day by the third party transfer agent of the Funds. Shares can be redeemed without advance notice upon request of the shareowners each day that the New York Stock Exchange is open. Prior to December 1, 2010, EAM LLC, in addition to managing the Value Line Funds, separately managed accounts of institutions and high net worth individuals for which it was paid an advisory fee. EAM had no separately managed accounts as of July 31, 2011. Assets within the separately managed accounts were held at third party custodians and were subject to the terms of the applicable advisory agreement and did not have any advance notice requirement for withdrawals.

Also, prior to the Restructuring Date, service and distribution fees were received from the Value Line Funds in accordance with service and distribution plans under rule 12b-1 of the Investment Company Act of 1940. These plans are compensation plans, which means that the distributor's fees under the plans are payable without regard to actual expenses incurred by the distributor, and therefore the distributor may earn a profit under the plan. Expenses incurred by ESI, the distributor of the Value Line Funds prior to the Restructuring Date, included payments to securities dealers, banks, financial institutions and other organizations that provided distribution, marketing, and administrative services with respect to the Value Line Funds. Service and distribution fees are received by the distributor on a monthly basis and calculated based upon the average daily net assets of the respective Fund in accordance with each Fund prospectus (see Notes 7 and 11).

Investment in Unconsolidated Entities:

The Company accounts for its investments in unconsolidated entities (EAM) using the equity method of accounting in accordance with FASB's ASC 323. The equity method is an appropriate means of recognizing increases or decreases measured by generally accepted accounting principles ("GAAP") in the economic resources underlying the investments. Under the equity method, an investor recognizes its share of the earnings or losses of an investee in the periods for

which they are reported by the investee in its financial statements rather than in the period in which an investee declares a dividend or distribution. An investor adjusts the carrying amount of an investment for its share of the earnings or losses recognized by the investee.

The Company's "interests" in EAM, the investment adviser to and the sole member of the distributor of the Value Line Funds, consist of a "non-voting revenues interest" and a "non-voting profits interest" in EAM. The non-voting revenues interest entitles the Company to receive a range of 41% to 55% (depending on the amount of revenues) of EAM's adjusted gross revenues (excluding ES's distribution revenues). The non-voting profits interest entitles the Company to receive 50% (subject to certain limited adjustments) of the profits (as defined in the EAM Trust Agreement) of EAM. The revenues interest and at least 90% of the profits interest are to be distributed each quarter to all interest holders of EAM, including Value Line. Subsequent to December 23, 2010, the Company's revenues interest in EAM excludes participation in the service and distribution fees of EAM's subsidiary ES. The Company reflects its non-voting revenues and non-voting profits interests in EAM as non-operating income under the equity method of accounting subsequent to the Restructuring Transaction. Although the Company does not have control over the operating and financial policies of EAM, pursuant to the EAM Trust Agreement, it does have a contractual right to receive these revenues and profits.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

Valuation of Securities:

The Company's securities classified as cash equivalents and available-for-sale consist of shares of Money Market Funds that invest primarily in short-term U.S. Government securities, investments in exchange traded equity funds, shares of equity securities in various publicly traded companies, government debt securities, and FDIC insured commercial paper and are valued in accordance with the requirements of the Fair Value Measurements Topic of the FASB's ASC 820. The securities available-for-sale reflected in the Consolidated Condensed Balance Sheets are valued at market and unrealized gains and losses on securities classified as available-for-sale, net of applicable taxes, are reported as a separate component of Shareholders' Equity. Realized gains and losses on sales of the securities classified as available-for-sale are recorded in earnings on trade date and are determined on the identified cost method.

The Company classifies its securities available-for-sale as current assets. It does so to properly reflect its liquidity and to recognize the fact that it has liquid assets available-for-sale should the need arise.

Market valuation of securities listed on a securities exchange is based on the closing sales prices on the last business day of each month. Valuation of exchange traded funds shares is based upon the publicly quoted price of the shares listed on a securities exchange. The market value of the Company's fixed maturity government debt obligations is determined utilizing publicly quoted market prices. Cash equivalents consist of investments in Money Market Funds that invest primarily in U.S. Government securities valued at \$1 per share in accordance with rule 2a-7 under the 1940 Act.

The Fair Value Measurements Topic of FASB's ASC defines fair value as the price that the Company would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. The Fair Value Measurements Topic established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the information that market participants would use in pricing the asset or liability, including assumptions about risk. Examples of risks include those inherent in a particular valuation technique used to measure fair value such as the risk inherent in the inputs to the valuation technique. Inputs are classified as observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The valuation techniques used by the Company to measure fair value for Level 1 securities consisted of quoted prices in active markets for identical assets.

The following is a summary of the inputs used as of July 31, 2011 in valuing the Company's investments carried at fair value:

(in thousands)



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	Total	Cash	Investments in Securities Available-for-
Valuation Inputs	Investments	Equivalents	Sale
Level 1 - quoted prices	\$ 16,211	\$ 6,615	\$ 9,596
Level 2 - other significant observable inputs	-	-	-
Level 3 - significant unobservable inputs	-	-	-
Total	\$ 16,211	\$ 6,615	\$ 9,596

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

The following is a summary of the inputs used as of April 30, 2011 in valuing the Company's investments carried at fair value:

	(in thousands)			Investments in Securities Available-for-
	Total	Cash		Sale
Valuation Inputs	Investments	Equivalents		
Level 1 - quoted prices	\$ 18,832	\$ 6,158		\$ 12,674
Level 2 - other significant observable inputs	-	-		-
Level 3 - significant unobservable inputs	-	-		-
Total	\$ 18,832	\$ 6,158		\$ 12,674

The Company had no other financial instruments including futures, forwards and swap contracts. For the periods ended July 31, 2011 and April 30, 2011, there were no Level 2 nor Level 3 investments. The Company does not have any liabilities subject to Fair Value Measurement.

Advertising expenses: The Company expenses advertising costs as incurred.

Reclassification: Certain items in the prior year financial statements have been reclassified to conform to the current year presentation.

Income Taxes:

The Company computes its income tax provision in accordance with the Income Tax Topic of the FASB's ASC. Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been reflected in the Consolidated Condensed Financial Statements. Deferred tax liabilities and assets are determined based on the differences between the book values and the tax bases of particular assets and liabilities, using tax rates currently in effect for the years in which the differences are expected to reverse.

The Income Tax Topic of the FASB's ASC establishes for all entities, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. As of July 31, 2011, management has reviewed the tax positions for the years still subject to tax audit under the statute of limitations, evaluated the implications, and determined that there is no material impact to the Company's financial statements.

Earnings per share: Earnings per share are based on the weighted average number of shares of common stock and common stock equivalents outstanding during each period.

Cash and Cash Equivalents: For purposes of the Consolidated Condensed Statements of Cash Flows, the Company considers all cash held at banks and short term liquid investments with an original maturity of less than three months to be cash and cash equivalents. As of July 31, 2011 and April 30, 2011, cash equivalents included \$6,615,000 and \$6,158,000, respectively, invested in mutual funds that invest in U.S. Government Securities and bank certificates of deposits.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expenses Associated with Restructuring:

The Company expensed all costs associated with the Restructuring Transaction as incurred (see Note 11 - Legal Proceedings and Restructuring).

Note 2-Investments:

Securities Available-for-Sale:

Securities held by the Company and its subsidiaries are classified as available-for-sale securities in accordance with FASB's ASC 320, Investments - Debt and Equity Securities.

Equity Securities:

As of July 31, 2011 and April 30, 2011, the aggregate cost of the equity securities classified as available-for-sale, which consist of investments in the First Trust Value Line Dividend, PGF PowerShares preferred stock and S&P Dividend ETFs, and certain shares of equity securities was \$1,360,000 for both periods and the market value was \$1,392,000 and \$1,466,000, respectively. There were no sales or proceeds from sales of equity securities during the three months ended July 31, 2011 or July 31, 2010.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

The decrease in gross unrealized gains on equity securities classified as available-for-sale due to changes in market conditions of \$74,000, net of deferred taxes of \$26,000, was included in Shareholders' Equity at July 31, 2011. The increase in gross unrealized gains on equity securities classified as available-for-sale due to changes in market conditions of \$106,000, net of deferred taxes of \$37,000, was included in Shareholders' Equity at April 30, 2011.

Government Debt Securities (Fixed Income Securities):

Government debt securities consist of securities issued by the United States federal government. The aggregate cost and fair value at July 31, 2011 for government debt securities classified as available-for-sale were as follows:

Maturity	(in thousands)		Gross Unrealized Holding Gains/(Losses)
	Historical Cost	Fair Value	
Due within 1 year	\$ 8,214	\$ 8,204	\$ (10)
Total investment in government debt securities	\$ 8,214	\$ 8,204	\$ (10)

The aggregate cost and fair value at April 30, 2011 for government debt securities classified as available-for-sale were as follows:

Maturity	(in thousands)		Gross Unrealized Holding Gains/(Losses)
	Historical Cost	Fair Value	
Due within 1 year	\$ 11,217	\$ 11,208	\$ (9)
Total investment in government debt securities	\$ 11,217	\$ 11,208	\$ (9)

The increase in gross unrealized losses of \$6,000 and \$74,000 on fixed income securities classified as available-for-sale net of deferred income tax of \$2,000 and \$26,000, respectively, were included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheets as of July 31, 2011 and April 30, 2011, respectively.

Proceeds from sales of government debt securities classified as available-for-sale during the three months ended July 31, 2011 and July 31, 2010 were \$2,998,000 and \$6,706,000, respectively. During the three months ended July 31, 2011, losses on sales of fixed income securities of \$5,000 were reclassified from Accumulated Other Comprehensive Income in the Balance Sheet to the Consolidated Condensed Statement of Income. During the three months ended July 31, 2010 there were no realized gains or losses on fixed income securities.

The average yield on the Government debt securities classified as available-for-sale at July 31, 2011 and April 30, 2011 was 0.23% and 0.24%, respectively.

During the three months ended July 31, 2011 and 2010, income from securities transactions also included \$12,000 and \$0 of dividend income; \$8,000 and \$39,000 of interest income, respectively.

Investment in Unconsolidated Entities:

Equity Method Investment:

The Company recorded an asset, Investment in EAM, on its Consolidated Condensed Balance Sheet with an initial valuation as of December 23, 2010 of \$55,805,000 as a result of the deconsolidation of EAM LLC and ESI, the former asset management and mutual fund distribution subsidiaries. In accordance with the Consolidation Topic of the FASB's ASC, the Company recognized a pre-tax gain in net income of \$50,510,000 measured as the difference between the fair value of the consideration received, valued at \$51,690,000, and the carrying value of the former subsidiaries' assets and liabilities, which was comprised of \$1,180,000 of working capital (cash), transferred pursuant to the Restructuring Transaction. The value of VLI's investment in EAM at July 31, 2011 and April 30, 2011 reflects the fair value at December 23, 2010 of the non-voting revenues and profits interest received in the Restructuring Transaction, plus \$5,820,000 of cash and liquid securities in excess of working capital requirements contributed to EAM's capital account by VLI on December 23, 2010, plus earnings from EAM less earnings distributed to VLI by EAM, during the period from December 23, 2010 through the balance sheets dates.

In accordance with the EAM Trust Agreement and as mentioned above, EAM received \$7,000,000 in cash and liquid securities from VLI pursuant to the Restructuring Transaction which included \$1,180,000 of working capital deemed needed for operations and \$5,820,000 in excess of working capital needs. It is anticipated that EAM will have sufficient liquidity and earn enough profit to conduct its current and future operations so the management of EAM will not need additional funding. Although the distributor had historically received, from the Value Line Funds under the compensation plans it had in place with the Funds, amounts in excess of its actual expenditures, in more recent years the distributor has been spending amounts on promotion of the Value Line Funds in excess of the compensation received from the Funds. Over time, EAM anticipates that its total future expenditures on such promotion will equal or exceed its total future revenues under the Funds' distribution plans. However, if that should not occur, EAM has no obligation to reimburse the Value Line Funds.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

The Company monitors this asset for impairment to determine whether an event or change in circumstances has occurred that may have a significant adverse effect on the fair value of the investment. Impairment indicators include, but are not limited to the following: (a) a significant deterioration in the earnings performance, asset quality, or business prospects of the investee, (b) a significant adverse change in the regulatory, economic, or technological environment of the investee, (c) a significant adverse change in the general market condition of the industry in which the investee operates, or (d) factors that raise significant concerns about the investee's ability to continue as a going concern such as negative cash flows, working capital deficiencies, or noncompliance with statutory capital requirements. EAM did not record any impairment losses for its assets during the first quarter of fiscal year 2012.

The overall results of EAM's investment management operations during the three months ended July 31, 2011, before interest holder distributions, include total investment management fees earned from the Value Line Funds of \$3,301,000, 12b-1 fees of \$928,000 and other income of \$4,000. For the same period, total investment management fee waivers were \$230,000 and 12b-1 fee waivers were \$618,000. During the three months ended July 31, 2011, EAM's net income was \$162,000, after giving effect to Value Line's non-voting revenues interest of \$1,491,000, but before distributions to voting profits interest holders and to the Company in respect of its non-voting profits interest. During the three months ended July 31, 2011, the Company recorded income of \$1,491,000 and profits of \$81,000 from its non-voting revenues and its non-voting profits interests in EAM without incurring any directly related expenses. Operating expenses of EAM during the three months ended July 31, 2011, were \$2,580,000 and EAM's net income was \$162,000 available for distribution to profit interest holders. At July 31, 2011, EAM's total assets were \$58,091,000, total liabilities were \$1,471,000 and total equity was \$56,620,000.

### Note 3: Variable Interest Entity

As discussed in Note 11 - Legal Proceedings and Restructuring, as part of the Restructuring Transaction, the Company retained a non-voting revenues interest and a 50% non-voting profits interest in EAM, which was formed to carry on the asset management and mutual fund distribution businesses formerly conducted by Value Line and its subsidiaries. EAM is considered to be a variable interest entity. The Company makes its determination for consolidation of EAM as a variable interest entity based on a qualitative assessment of the purpose and design of EAM, the terms and characteristics of the variable interests in EAM, and the risks EAM is designed to originate and pass through to holders of variable interests. Other than EAM, the Company does not have an interest in any other variable interest entities.

Value Line has determined that it does not have a controlling financial interest in EAM because it does not have the power to direct the activities of EAM that most significantly impact its economic performance. Value Line does not hold any voting stock of EAM and it does not have any involvement in the day to day activities or operations of EAM. Although the EAM Trust Agreement provides Value Line with certain consent rights and contains certain restrictive covenants related to the activities of EAM, these are considered to be protective rights and therefore Value Line does not maintain control over EAM.

In addition, although EAM is expected to be profitable, there is a risk that it could operate at a loss. While all of the profit interest shareholders in EAM are subject to variability based on EAM's operations risk, Value Line's revenue interest in EAM is a preferred interest in the revenues of EAM, rather than a profits interest in EAM, and Value Line accordingly believes it is subject to proportionately less risk than other holders of the profits interests.

The Company has not provided any explicit or implicit financial or other support to EAM other than what was contractually agreed to in the EAM Trust Agreement. Value Line has no obligation to fund EAM in the future and as a

result has no exposure to loss beyond its initial investment and any undistributed revenues and profits interests retained in EAM. The following table presents the total assets of EAM, the maximum exposure to loss due to involvement with EAM, as well as the value of the assets and liabilities the Company has recorded for its interest in EAM.

		VIE Assets	Maximum Exposure to Loss	(In thousands) Investment (1) (2)	Liabilities
EAM Trust	at July 31, 2011	\$58,091	\$56,226	\$56,226	\$-
EAM Trust	at April 30, 2011	\$57,780	\$56,367	\$56,367	\$-

(1) Reported within Long Term Assets on Consolidated Condensed Balance Sheets.

(2) Revenues receivable from EAM of \$514,000 previously reported within Current Assets at April 30, 2011 on the Form 10-K, filed on July 29, 2011, were reclassified from Receivables from Affiliates to Investment in EAM Trust at July 31, 2011 on the Consolidated Condensed Balance Sheet.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

Note 4-Supplementary Cash Flow Information:

There were no income tax payments during the three months ended July 31, 2011. Cash payments for income taxes were \$10,000 for the three months ended July 31, 2010. The Company also received \$1,598,000 of federal income tax refunds during the first quarter of fiscal 2011.

Note 5-Employees' Profit Sharing and Savings Plan:

Substantially all employees of the Company and its subsidiaries are members of the Value Line, Inc. Profit Sharing and Savings Plan (the "Plan"). In general, this is a qualified, contributory plan which provides for a discretionary annual Company contribution which is determined by a formula based on the salaries of eligible employees and the amount of consolidated net operating income as defined in the Plan. The estimated profit sharing plan contribution, which is included as an expense in salaries and employee benefits in the Consolidated Condensed Statement of Income, was \$150,000 for the three months ended July 31, 2011.

Note 6-Comprehensive Income:

The FASB's ASC Comprehensive Income topic requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that otherwise would not be recognized in the calculation of net income. As of July 31, 2011, the Company held both equity and U.S. Government debt securities that are classified as available-for-sale on the Consolidated Condensed Balance Sheets. At July 31, 2010, the Company held U.S. Government debt securities that are classified as available-for-sale on the Consolidated Condensed Balance Sheets. The change in valuation of these securities, net of deferred income taxes, has been recorded in Accumulated Other Comprehensive Income in the Company's Consolidated Condensed Balance Sheets.

The components of comprehensive income that are included in the Statement of Changes in Shareholders' Equity are as follows:

	Before Tax Amount	(in thousands) Tax (Expense) or Benefit	Net of Tax Amount
Three months ended July 31, 2011			
Unrealized losses on securities:			
Unrealized holding losses arising during the period	\$ (80 )	\$ 28	\$ (52 )
Add: Reclassification adjustments for losses realized in net income	5	(2 )	3
Other comprehensive loss	\$ (75 )	\$ 26	\$ (49 )
Three months ended July 31, 2010			
Unrealized losses on securities:			
Unrealized holding losses arising during the			



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period	\$ (15 )	\$ 5	\$ (10 )
Other comprehensive loss	\$ (15 )	\$ 5	\$ (10 )

Note 7-Related Party Transactions:

Investment Management (overview):

As discussed previously in Note 1 - Organization and Summary of Significant Accounting Policies, prior to December 23, 2010, the Company's former direct subsidiary EAM LLC was the investment adviser and manager for the Value Line Funds, and EAM LLC's subsidiary ESI was the distributor for the Funds. EAM LLC earned investment management fees based upon the average daily net asset values of the respective Value Line Funds. Service and distribution fees were received by ESI from the Value Line Funds in accordance with service and distribution plans under rule 12b-1 of the Investment Company Act of 1940. These plans are compensation plans, which means that the distributor's fees under the plans are payable without regard to actual expenses incurred by the distributor, and therefore the distributor may earn a profit under the plans. Expenses incurred by ESI included payments to securities dealers, banks, financial institutions and other organizations which provided distribution, marketing, and administrative services (including payments by ESI to VLI for allocated compensation and administration expenses) with respect to the distribution of the Funds' shares. Service and distribution fees were received on a monthly basis and calculated based upon the average daily net assets of the respective Fund in accordance with each Fund's prospectus.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

As of the Restructuring Date, December 23, 2010, the Company deconsolidated its asset management and mutual fund distribution businesses and its interest in these businesses was restructured as a non-voting revenues and non-voting profits interest in EAM. Accordingly, the Company no longer reports this operation as a separate business segment, although it still maintains a significant interest in the cash flows generated by this business. Total assets in the Value Line Funds managed by EAM at July 31, 2011 were \$2.15 billion, 2% above total assets of \$2.1 billion in the Value Line Funds managed by EAM LLC, the predecessor of EAM, at July 31, 2010. Overall assets in the Value Line Funds at July 31, 2011 increased \$50 million, or 2% since July 31, 2010 as a result of market appreciation that more than offset net redemptions within the equity funds.

During the three months ended July 31, 2010, investment management fees and distribution service fees (which we sometimes refer to as "12b-1 fees") amounted to \$4,215,000, after giving effect to account fee waivers for certain of the Value Line Funds. These amounts included 12b-1 fees of \$910,000. For the same period total investment management fee waivers were \$186,000 and total 12b-1 fee waivers were \$620,000. With limited exceptions, the Company, EAM LLC and ESI had no right to recoup the previously waived amounts of investment management fees and 12b-1 fees. Any such recoupment of waived investment management fees is subject to the provisions of the applicable prospectus. During the three months ended July 31, 2010, separately managed accounts revenues were \$51,000. Separately managed accounts had \$44 million in assets as of July 31, 2010. Of the \$44 million, \$21 million was affiliated with Arnold Bernhard & Co., Inc. ("AB&Co." or the "Parent"). During the third quarter of fiscal 2011, the affiliated entities cancelled their separately managed account agreements with EAM LLC.

The non-voting revenues and profits distributions due from EAM to the Company for income earned through the balance sheet date, which is included in the Investment in EAM Trust on the Consolidated Condensed Balance Sheets were \$587,000 and \$514,000 at July 31, 2011 and April 30, 2011, respectively. The non-voting revenues and non-voting profits interests due from EAM are payable quarterly under the provisions of the EAM Trust Agreement.

EAM Trust - VLI's non-voting revenues and profits interests:

As a result of the Restructuring Transaction, the Company no longer engages, through subsidiaries, in the investment management or mutual fund distribution businesses. The Company does hold non-voting revenues and non-voting profits interests in EAM which entitle the Company to receive from EAM an amount ranging from 41% to 55% of EAM's investment management fee revenues from its mutual fund and separate accounts business. EAM currently has no separately managed account clients. During the three months ended July 31, 2011, the Company recorded revenues of \$1,491,000 and profits of \$81,000 from its non-voting interests in EAM without incurring any directly related expenses. During the period from December 23, 2010 until May 28, 2011, EAM and ES occupied a portion of the premises that the Company leases from a third party. The Company received \$44,000 for the month of May, 2011 for rent and certain accounting and other administrative support services provided to EAM and ES on a transitional basis during such period.

Transactions with Parent:

During the three months ended July 31, 2011 and 2010, the Company was reimbursed \$101,000 and \$75,000, respectively, for payments it made on behalf of and services it provided to the Parent. At July 31, 2011 and April 30, 2011, the Receivables from affiliates included receivables from the Parent of \$1,000 and \$38,000, respectively.

The Company is a party to a tax-sharing arrangement with the Parent which allocates the tax liabilities of the two Companies between them. The Company made no Federal tax payments to the Parent during the three months ended

July 31, 2011. For the three months ended July 31, 2010, the Company received \$1,598,000 from the Parent for prepaid Federal income taxes.

From time to time, the Parent has purchased additional shares of common stock of the Company in the market when and as the Parent has determined it to be appropriate. The Parent may make additional purchases of common stock of the Company from time to time in the future, although the Parent has suspended purchases of Value Line shares until Value Line's share repurchase program is concluded (see Note 10 - Treasury Stock and Repurchase Program). As at July 31, 2011, the Parent owns approximately 86.7% of the issued and outstanding shares of common stock of the Company.

Value Line, Inc.  
Notes to Consolidated Condensed Financial Statements

Note 8-Federal, State and Local Income Taxes:

The Company computes its income tax provision in accordance with the requirements of the Income Tax Topic of the FASB's ASC.

The provision for income taxes includes the following:

	Three months ended July 31,	
	2011	2010
	(in thousands)	
Current tax expense/(benefit):		
Federal	\$ 50	\$ 125
State and local	(92 )	-
	(42 )	125
Deferred tax expense:		
Federal	1,006	1,064
State and local	181	77
	1,187	1,141
Income tax provision:	\$ 1,145	\$ 1,266

Deferred income taxes are provided for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The tax effect of temporary differences giving rise to the Company's deferred tax asset and deferred tax liability are as follows:

	July 31, 2011	April 30, 2011
	(in thousands)	
Short term deferred tax asset		
Federal tax benefit from net operating loss	\$ 1,220	\$ 2,226
State and city tax benefit from net operating loss	87	268
Unrealized gains on securities held for sale	(34 )	(34 )
Depreciation and amortization	-	-
Tax benefit on operating lease exit obligation	182	211
Deferred professional fees	109	109
Deferred charges	192	192
Other, net	50	50
Deferred tax asset	\$ 1,806	\$ 3,022
	July 31, 2011	April 30, 2011
	(in thousands)	
Long term deferred tax liability		
Federal tax liability for deferred gain on EAM	\$ 17,679	\$ 17,679

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Federal tax benefit deferred non-cash compensation	(619 )	(619 )
Federal tax benefit on lease exit obligation	(108 )	(108 )
Federal tax benefit on depreciation and amortization	(390 )	(364 )
State and local tax liability for deferred gain on EAM	2,132	2,132
State and local tax benefit deferred non-cash compensation	(62 )	(62 )
State and local tax benefit on lease exit obligation	(25 )	(25 )
State and local tax benefit on depreciation and amortization	(45 )	(45 )
State and local tax benefit on deferred professional fees	(14 )	(14 )
Deferred tax liability	\$ 18,548	\$ 18,574

The Company's net operating loss carryforward of approximately \$6,361,000 is expected to be fully utilized during the fiscal year ending April 30, 2012. The tax effect of temporary differences giving rise to the Company's long-term deferred tax liability is primarily a result of the federal, state, and local taxes related to the \$50,510,000 gain from deconsolidation of the Company's asset management and mutual fund distribution subsidiaries partially offset by the long-term tax benefit related to the non-cash post-employment compensation of \$1,770,000 granted to VLI's former employee and the benefit related to the Company's exit lease obligation of \$914,000 all recognized in fiscal 2011.

Value Line, Inc.

Notes to Consolidated Condensed Financial Statements

At the end of each interim reporting period, the Company estimates the effective income tax rate to apply for the full year. The Company uses the effective income tax rate determined to provide for income taxes on a year-to-date basis and reflect the tax effect of any tax law changes and certain other discrete events in the period in which they occur.

The annual effective tax rate during fiscal 2012 changes due to a number of factors including but not limited to an increase or decrease in the ratio of income or loss to pre-tax income for items that do not have tax consequences, the Company's geographic profit mix between tax jurisdictions, new tax laws, new interpretations of existing tax law and rulings by and settlements with tax authorities.

The overall effective income tax rate, as a percentage of pre-tax income, during the three months ended July 31, 2011 and 2010, were 35.55% and 35.33%, respectively.

The Company believes that, as at July 31, 2011, there were no material uncertain tax positions that would require disclosure under GAAP.

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory income tax rate to pretax income as a result of the following:

	Three months ended July 31,			
	2011		2010	
U.S. statutory federal rate	35.00	%	35.00	%
Increase/(decrease) in tax rate from:				
State and local income taxes, net of federal income tax benefit	1.58	%	1.39	%
Effect of tax exempt income and dividend deductions	-0.09	%	0	%
Domestic production tax credit	-0.94	%	0	%
Other, net	0	%	-1.06	%
Effective income tax rate	35.55	%	35.33	%

The Company is included in the consolidated federal income tax return of the Parent. The Company has a tax sharing agreement which requires it to make tax payments to the Parent equal to the Company's liability/(benefit) as if it filed a separate return.

The Company's federal income tax returns (included in the Parent's consolidated returns) and state and city tax returns for fiscal years ended April 30, 2008, 2009, and 2010 are subject to examination by the tax authorities, generally for three years after they were filed. The IRS and New York State tax authorities have recently concluded an examination for the years ended through April 30, 2008, which resulted in no changes that had any adverse effect on the Company's financial statements. More recently, the IRS commenced an audit of the fiscal year 2010.

Note 9-Business Segments:

Prior to December 23, 2010, the Company operated two reportable business segments: (1) Investment Periodicals, Publishing & Copyright Data and (2) Investment Management. The Investment Periodicals, Publishing & Copyright Data segment produces investment related periodical publications (retail and institutional) in both print and electronic form, and includes copyright data fees for Value Line proprietary ranking system information and other proprietary

information. Prior to December 23, 2010, the Investment Management segment provided advisory services to the Value Line Funds, as well as institutional and individual accounts. The segments are differentiated by the products and services they offer. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

As more fully described in Note 1 - Organization and Summary of Significant Accounting Policies, the Company deconsolidated its investment management business on December 23, 2010 and therefore no longer reports the investment management operation as a separate business unit. Although VLI will continue to receive significant cash flows from these operations through its non-controlling investment in EAM, it no longer considers this to be a reportable business segment due to its lack of control over the operating and financial policies of EAM. Accordingly, the investment management segment reflects activity only through the date of the Restructuring Transaction.

Value Line, Inc.  
Notes to Consolidated Condensed Financial Statements

Disclosure of Reportable Segment information for the quarter ended July 31, 2010 is as follows:

	(in thousands)		
	Investment Periodicals, Publishing & Copyright Data	Investment Management	Total
Revenues from external customers	\$ 9,394	\$ 4,215	\$ 13,609
Intersegment revenues	2	-	2
Income/(loss) from securities transactions	-	3	3
Depreciation and amortization	146	6	152
Segment profit/(loss) from operations*	3,238	308	3,546
Segment assets	13,969	7,430	21,399
Expenditures for segment assets	63	-	63

A reconciliation of reportable segment revenues, operating profit and assets for the quarter ended July 31, 2010 is as follows:

(in thousands)	
	2010
Revenues	
Total revenues for reportable segments	\$ 13,611
Elimination of intersegment revenues	( 2 )
Total consolidated revenues	\$ 13,609
Profit/(loss) before income taxes *	
Total profit/(loss) for reportable segments	\$ 3,549
Add: Income from securities transactions related to corporate assets	34
Profit/(loss) before income taxes	\$ 3,583
Assets	
Total assets for reportable segments	\$ 21,399
Corporate assets	38,349
Consolidated total assets	\$ 59,748

Note 10 - Treasury Stock and Repurchase Program:

On January 20, 2011, the Company's Board of Directors approved the repurchase of shares of the Company's common stock, at such times and prices as management determined to be advisable up to an aggregate purchase price of



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\$3,200,000. During fiscal 2011, the Company repurchased an aggregate of 6,719 shares of the Company's common stock for \$89,812, at an average price of \$13.37 per share. During the three months ended July 31, 2011, the Company repurchased 11,700 shares of the Company's common stock for \$158,353, at an average price of \$13.53 per share. Under the January 20, 2011 authorization, \$2,951,835 remains available for additional share repurchases. The repurchase authorization extends through January 15, 2012, unless further extended or earlier terminated by the Board of Directors.

Treasury stock, at cost, consists of the following:  
(in thousands except for

shares and cost per share)	Shares	Total Average Cost Assigned	Average Cost per Share
Balance April 30, 2011	25,119	\$444	
Purchases effected in open market	11,700	158	\$13.53
Balance July 31, 2011	36,819	\$602	

Note 11-Legal Proceedings and Restructuring:

As more fully disclosed under the caption Legal Proceedings and Restructuring under Part I, item 3 in the Company's Form 10-K filed with the SEC on July 29, 2011, the Company concluded a negotiated settlement with the SEC as a result of an investigation into former brokerage practices (the "Settlement"). Value Line had voluntarily suspended the brokerage activity in 2004, five years prior to the Settlement, so the Settlement will not result in any change in such revenue compared to more recent fiscal years. As further described below, the Settlement also resulted in the investment adviser business (including the distributor) being transferred to EAM. Value Line continues to have both a non-voting revenues interest and a non-voting profits interest in EAM. As a result of the Restructuring Transaction, Value Line ceased to "control" (as that term is defined in the 1940 Act) the Adviser or the Distributor. Under the terms of the Settlement with the SEC, two individuals who participated in the Settlement were barred from association with any broker, dealer, or investment adviser and were prohibited from serving or acting in various capacities, including as an "affiliated person" (as that term is defined in the 1940 Act) of the Funds, the Adviser or the Distributor subject to a limited exception until December 24, 2010. The required "disassociation" was accomplished on December 23, 2010 upon the closing of the Restructuring Transaction whereby EAM, a Delaware business trust, succeeded to the regulated businesses and the Company transferred 100% of the voting control over the regulated investment adviser and broker-dealer subsidiaries formerly conducted by the Company to five individual voting profits interest holders of EAM, none of whom is under the control of the Company or its direct or indirect majority shareholder.

In connection with the Settlement, the Company without admitting or denying the SEC charges, paid \$43,706,000 to the SEC in November 2009. Subsequent to the Settlement and pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, the Company's disgorgement, interest and penalty payments were placed into a Fair Fund created by the SEC. The Fair Fund will be used to reimburse shareholders who owned shares in the affected Value Line Funds in the period covered by the Settlement. The Company is required to bear all costs associated with the Fair Fund distribution, including compensating a third party consultant appointed by the SEC to administer the Fair Fund distribution. During fiscal 2011, the SEC appointed A.B. Data, Ltd. as the Administrator of the Fair Fund. A.B. Data, Ltd. has no affiliation with the Company. In connection with its ongoing administration of the Fair Fund, A.B. Data, Ltd and the Company estimated that the costs of administration for settlement of the Fair Fund and other costs associated with the Settlement and the Restructuring Transaction would be approximately \$2,633,000 of which the unpaid amount of \$1,384,000 and \$1,464,000 are reflected as a liability in the consolidated condensed balance sheets as of and July 31, 2011 and April 30, 2011, respectively.

In connection with the Restructuring Transaction, in accordance with the requirements of the 1940 Act, at the time of the Restructuring Transaction, each Fund's prior investment advisory agreement terminated and EAM entered into a new investment advisory agreement with each Fund. The services provided by EAM under each new agreement and the rates at which fees are paid by each Fund under its new agreement are the same as under that Fund's prior investment advisory agreement. In addition, the other terms of each Fund's new investment advisory agreement are the same as that Fund's prior investment advisory agreement, except for the date of execution, the two-year initial term, immaterial updating changes and immaterial changes in form.

Each Fund had a distribution agreement with ESI (the "Distributor"), a wholly-owned subsidiary of EAM LLC, pursuant to which the Distributor acted as principal underwriter and distributor of the Funds. As part of the Restructuring Transaction ESI was restructured as a Delaware limited liability company and changed its name to EULAV Securities LLC (which we sometimes refer to as "ES"). No other changes were made to the Distributor's organization, including its operations and personnel. For its services under the agreements, the Distributor is not entitled to receive any compensation, although it is entitled to receive fees under each Fund's Service and Distribution Plan.

As part of the Restructuring Transaction, EAM's capital structure was revised so that Value Line owns only a non-voting revenues interest and a non-voting profits interest in EAM and five individuals each own 20% of the

voting profits interests of the Adviser (“EAM”). The holders of EAM’s voting profits interests elect five individual trustees and a Delaware resident trustee of EAM. The trustees of EAM other than the Delaware trustee manage the combined company consisting of the Adviser and the Distributor much like a board of directors. EAM’s holders of the voting profits interests elected themselves as the five initial individual trustees of the Adviser and the Corporation Trust Company as the Delaware resident trustee. The Trustees initially delegated the authority to manage the day-to-day business of the Adviser and the Distributor to the Adviser’s senior executive, Mitchell E. Appel, who is one of the Trustees and is also a Director of the Funds.

Each of the five individuals holding voting profits interests in EAM was granted 20% of the voting power for the election of trustees and other matters submitted for approval by the holders of the profits interests of the Adviser in exchange for the agreement by such individual to act as an initial voting profits interest holder and, in the case of Mr. Appel, as the initial senior executive officer, of EAM in order to enable Value Line to complete the required disassociation from the Company’s regulated entities. Collectively, the holders of the voting profits interests are entitled to receive 50% of the residual profits of the business, in which the share of Mr. Appel is 45% and the others each 1.25%, subject to temporary adjustments in certain circumstances. Value Line retains a non-voting profits interest representing 50% of residual profits, subject to temporary adjustments in certain circumstances and has no power to vote for the election, removal or replacement of the trustees of EAM. Value Line also has a non-voting revenues interest in EAM pursuant to which it is entitled to receive a portion of the non-distribution revenues of the business ranging from 41% at non-distribution fee revenue levels of \$9 million or less to 55% at such revenue levels of \$35 million or more. In the event the business is sold or liquidated, the first \$56.1 million of net proceeds (the value of the business at the time the Restructuring Transaction was approved as determined by the directors of Value Line after reviewing a valuation report by the directors’ financial advisors) plus any additional capital contributions (Value Line or any holder of a voting profits interest, at its discretion, may make future contributions to its capital account in EAM), which contributions would increase its capital account but not its percentage interest in operating profits, will be distributed in accordance with capital accounts; 20% of the next \$56.1 million will be distributed to the holders of the voting profits interests and 80% to the holders of the non-voting profits interests (initially Value Line); and the excess will be distributed 45% to the holders of the voting profits interests and 55% to the holders of the non-voting profits interests.

In connection with the Restructuring Transaction, Value Line (1) granted the Adviser, the Distributor and each Fund use of the name “Value Line” so long as the Adviser remains the Fund’s adviser and on the condition that the Fund does not alter its investment objectives or fundamental policies as they exist on the date of the investment advisory agreement, provided also the Funds do not use leverage for investment purposes, short selling or other complex or unusual investment strategies that create a risk profile similar to that of so-called hedge funds, (2) agreed to provide the Adviser its ranking information without charge on as favorable a basis as to its best institutional customers and (3) agreed to capitalize the business with \$7 million of cash and cash equivalents.

The EAM trust entity has no fixed term, but in the event that control of the Company’s majority shareholder changes, or in the event that the majority shareholder no longer beneficially owns 5% or more of the voting securities of the Company, then the Company has the right, but not the obligation, to buy the voting profits interests in EAM at a fair market value to be determined by an independent valuation firm in accordance with the terms of the EAM Trust Agreement.

Value Line also has certain consent rights with respect to extraordinary events involving EAM, such as a proposed sale of all or a significant part of EAM, material acquisitions, entering into businesses other than asset management and fund distribution, paying compensation in excess of the mandated limit of 22.5%-30% of non-distribution fee revenues (depending on the level of such revenues), declaring voluntary bankruptcy, making material changes in tax or accounting policies or making substantial borrowings, and entering into related party transactions. These rights were established to protect Value Line’s non-voting revenues and non-voting profits interests in EAM.

On a short-term transitional basis, EAM and the Distributor occupied a portion of the premises that the Company leases from a third party. The Company received rental payments from EAM and provided certain accounting and other administrative support services to EAM on a transitional basis. In accordance with the terms of the Restructuring Transaction, EAM vacated the Company’s premises before June 1, 2011.

On September 3, 2008, the Company was served with a derivative shareholder’s suit filed in New York County Supreme Court (the “Court”) naming certain current and former directors of the Company and alleging breach of fiduciary duty and related allegations, most of which arise from the SEC matter. The complaint sought return of remuneration by the directors and other remedies. A second derivative shareholder’s suit was filed in New York County Supreme Court on or about November 9, 2009, naming certain current and former Value Line Directors and the Parent as defendants. This suit primarily restates the same or similar allegations and seeks similar remedies as were sought in the earlier derivative shareholder’s suit served in September 2008. By order dated January 8, 2010, the Court granted plaintiffs’ motion to consolidate the two cases. The Company has advised its insurance carriers of these developments. It is not possible to estimate accurately an amount or range of loss on the Company’s financial statements.

The present and former directors who are defendants in the consolidated cases filed in 2008 and 2009 are Howard A. Brecher, Edgar A. Buttner, Jean B. Buttner and David T. Henigson. The complaints do not specify a basis for calculating remuneration that the actions seek to have returned to the Company, nor do the original or amended complaints state a total of such remuneration.

Following mediation under the auspices of the Court, on March 22, 2011, an agreement in principle was reached by the parties to settle the litigation. The settlement in principle is subject to the parties’ execution of a settlement agreement and Court approval. Provided the settlement agreement is consummated and approved, the settlement in principle calls for payment of settlement funds in an aggregate sum of \$2.9 million for the benefit of the Company’s minority shareholders (the Company’s shareholders other than AB&Co., all other named defendants and members of their immediate families). That sum is inclusive of any and all costs and expenses of the plaintiffs in relation to the case, including but not limited to legal fees and other charges and court costs. Since the settlement in principle calls

for payment of settlement funds by parties other than the Company, the settlement of these cases on the terms contemplated by the settlement in principle, if completed, will have no material effect on the financial condition, results of operations or cash flows of the Company.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This report contains statements that are predictive in nature, depend upon or refer to future events or conditions (including certain projections and business trends) accompanied by such phrases as "believe", "estimate", "expect", "anticipate", "will", "intend" and other similar or negative expressions, that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Actual results for Value Line, Inc. ("Value Line" or "the Company") may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to the following:

- dependence on key personnel;
- maintaining revenue from subscriptions for the Company's published products;
- protection of intellectual property rights;
- changes in market and economic conditions, including global financial issues;
- dependence on non-voting revenues and non-voting profits interests in EULAV Asset Management Trust, a Delaware business trust ("EAM"), which provides investment management and distribution, marketing and administrative services to the Value Line branded mutual funds;
- fluctuations in EAM's assets under management due to broadly based changes in the values of equity and debt securities, redemptions by investors and other factors;
- competition in the fields of publishing, copyright data and investment management;
- the impact of government regulation on the Company's and EAM's business and the uncertainties of litigation and regulatory proceedings;
- availability of free or low cost investment data through discount brokers or generally over the internet;
- the risk that, while the Company believes that the restructuring transaction that closed on December 23, 2010, achieved compliance with the requirements of the order issued by the Securities and Exchange Commission on November 4, 2009, the Company might be required to take additional steps which could adversely affect the Company's results of operations or the Company's financial condition;
- terrorist attacks and natural disasters; and
- other risks and uncertainties, including but not limited to the risks described in Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended April 30, 2011 and in Part II, Item 1A of this Quarterly Report on Form 10-Q for the period ended July 31, 2011, and
- other risks and uncertainties arising from time to time.

Any forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary of the Business

Value Line is a New York corporation. The Company's primary business is producing investment related periodical publications and making available copyright data including certain Value Line trademarks and Value Line proprietary ranking system information to third parties under written agreements for use in third party managed and marketed investment products. Prior to December 23, 2010, the date of the completion of the Restructuring Transaction (see "Restructuring of Asset Management and Mutual Fund Distribution Businesses" below), the Company provided investment management services to the Value Mutual Funds ("Value Line Funds"), institutions and individual accounts and provided distribution, marketing, and administrative services to the Value Line Funds. Value Line markets under well known brands including The Value Line Investment Survey, The Value Line Research Center, and The Most Trusted Name in Investment Research. The name "Value Line" as used to describe the Company, its products, and its

subsidiaries, is a registered trademark of the Company.

The Company's target audiences within the investment related periodical publications field are individual investors, colleges, libraries, and investment management professionals. Individuals come to Value Line for complete research in one package. Institutional subscribers, such as libraries and universities, offer the Company's detailed research to their patrons and students. Investment management professionals use the research and historical information in their day to day businesses.

Depending upon the product, the Company offers three months or less, annual and/or multi-year subscriptions. Generally, all subscriptions are paid for in advance of fulfillment. Renewal orders for the retail market are solicited primarily through a series of efforts that include letters, emails, and telemarketing. New orders are generated primarily from targeted direct mail campaigns for specific products. Other sales channels used by the Company include advertising in media publications, the Internet, cross selling via telesales efforts and Internet promotions through third parties.

Institutional subscribers consist of corporations, financial professionals, colleges, and municipal libraries. The Company has a dedicated department that solicits institutional subscriptions. Fees for institutional services vary by the university or college enrollment, number of users, and the number of products purchased.

Cash received and the value of receivables for amounts billed to retail and institutional customers is recorded as unearned revenue until the order is fulfilled. As the subscriptions are fulfilled, the Company recognizes revenue in equal installments over the life of the particular subscription. Accordingly, the amount of subscription fees to be earned by fulfilling subscriptions after the date of the balance sheet is shown as unearned revenue within current and long-term liabilities.

Until December 23, 2010, the Company's businesses consolidated into two business segments. The investment related periodical publications (retail and institutional) and fees from copyright data including proprietary ranking system information and other proprietary information consolidate into one segment entitled Investment Periodicals, Publications and Copyright Data. Until December 23, 2010, the investment management services to the Value Line Funds and other managed accounts were consolidated into a second business segment entitled Investment Management. As of July 31, 2011, the Investment Periodicals, Publications and Copyright Data segment constitutes the Company's only reportable business segment.

#### Restructuring of Asset Management and Mutual Fund Distribution Businesses

As more fully discussed in the Company's Form 10-K for the fiscal year ended April 30, 2011 as filed with the SEC on July 31, 2011, the Company completed the restructuring of its asset management and mutual fund distribution businesses (the "Restructuring Transaction") on December 23, 2010. As part of the Restructuring Transaction: (1) EULAV Securities, Inc. ("ESI", a New York corporation and wholly-owned subsidiary of the Company that acted as the distributor of the fourteen Value Line Funds was restructured into EULAV Securities LLC ("ES"), a Delaware limited liability company; (2) the Company transferred 100% of its interest in ES to EULAV Asset Management LLC ("EAM LLC"), a wholly-owned subsidiary of the Company that acted as the investment adviser to the Value Line Funds and certain separate accounts; (3) EAM LLC was converted into EULAV Asset Management ("EAM"), a Delaware statutory trust; and (4) EAM admitted five individuals (the "Voting Profits Interest Holders"), as the initial holders of voting profits interests in EAM, with each of such individuals owning 20% of the voting profits interests of EAM, and (5) pursuant to the EAM Trust Agreement, the Company received an interest in certain revenues of EAM and a portion of the residual profits of EAM but has no voting authority with respect to the election or removal of the trustees of EAM. The Voting Profits Interest Holders, who were selected by the independent directors of the Company, paid no consideration in exchange for their interests in EAM.



The business of EAM is managed by the five individual trustees and a Delaware resident trustee (collectively, the “Trustees”) and by its officers subject to the direction of the Trustees. The initial Trustees were elected by the Voting Profits Interest Holders, who elected themselves as the individual trustees and The Corporation Trust Company as Delaware resident trustee. The Company’s non-voting revenues and non-voting profits interests in EAM entitle it to receive a range of 41% to 55% of EAM’s revenues (excluding distribution revenues) from EAM’s mutual fund and separate account business and 50% of the residual profits of EAM (subject to temporary increase in certain limited circumstances). The Voting Profits Interest Holders will receive the other 50% of residual profits of EAM. EAM has elected to be taxed as a pass-through entity similar to a partnership. The EAM Trust Agreement also provides for distribution of proceeds in the event of a full or partial sale of EAM in accordance with capital accounts (\$56 million held entirely by the Company on December 23, 2010) and then in accordance with a sharing formula set forth in the EAM Trust Agreement.

Pursuant to the EAM Trust Agreement, the Company granted EAM the right to use the Value Line name for all existing Value Line Funds and agreed to supply the Value Line Proprietary Ranking information to EAM without charge or expense.

Mitchell Appel, formerly the Chief Financial Officer of the Company and a director of the Company, as well as president of ESI and EAM LLC and each of the Value Line Funds, is one of the Voting Profits Interest Holders of EAM and, effective December 23, 2010, was appointed by the Trustees of EAM as the first Chief Executive Officer of EAM.

#### Business Environment

During the Company's first quarter ended July 31, 2011, the global financial markets had negative performance. For the three months ended July 31, 2011, the NASDAQ and Dow Jones Industrial Average were down 4% and 5%, respectively. The NASDAQ and the Dow Jones Industrial Average declined 39.1% and 38.6% respectively from the end of September 2008 to March 9, 2009. From March 9, 2009 to July 31, 2011, those indices have increased 117% and 85%, respectively, with the NASDAQ 32% and the Dow Jones Industrial Average 12% above their respective September 2008 levels. Nevertheless, the severe downturn experienced in the September 2008 to March 2009 period and continued volatility in the financial markets have resulted in many individual investors withdrawing money from equity investments, including equity mutual funds. This risk averse temperament of investors continues to negatively impact both the Company's revenues from its research periodicals and publications and the Company's cash flows derived from its non-voting revenues and non-voting profits interests in EAM. In response, the Company continues to be diligent in operational and marketing execution, and in expense management.

#### Results of Operations for the Three Months Ended July 31, 2011 and 2010.

The operating results of the Company for the first quarter of fiscal year 2012 deteriorated from the previous year. The following table illustrates the key earnings figures for the three months ended July 31, 2011 and 2010.

	Three Months Ended July 31,		Percentage	
	2011	2010	Change	
(in thousands, except earnings per share)			FY 12 vs. 11	
Earnings per share	\$ 0.21	\$ 0.23	-8.7	%
Net income	\$ 2,076	\$ 2,317	-10.4	%
Operating income	\$ 1,638	\$ 3,546	-53.8	%
Operating expenses	\$ 7,732	\$ 10,063	-23.2	%
Revenues and profits interests from EAM Trust	\$ 1,572	-	#N/A	
Income from securities transactions, net	\$ 11	\$ 37	-70.3	%



During the three months ended July 31, 2011, the Company's net income of \$2,076,000, or \$0.21 per share, was \$241,000 or 10% below net income of \$2,317,000, or \$0.23 per share, for the three months ended July 31, 2010. Operating income of \$1,638,000 for the first quarter of fiscal 2012 was \$1,908,000 or 54% below operating income of \$3,546,000 for the first quarter of fiscal 2011. Operating income for the three months ended July 31, 2011, does not include the non-voting revenues and profits interests from EAM of \$1,572,000, while operating income for the first three months of fiscal 2011 includes \$4,215,000 of operating revenues and \$308,000 of operating profit from the former Value Line subsidiaries, EULAV Asset Management LLC and EULAV Securities, Inc., that performed the operations of the investment management business prior to deconsolidation of these subsidiaries on December 23, 2010. Income before income taxes, which is inclusive of the non-voting revenues and profits interest from EAM through July 31, 2011, was \$3,221,000 as compared to \$3,583,000 for the three months ended July 31, 2010, a decrease of \$362,000 or 10%.

#### Operating revenues

	Three Months Ended July 31,		Percentage	
	2011	2010	Change	
(in thousands)			FY 12 vs. 11	
Investment periodicals and related publications	\$ 8,398	\$ 8,617	-2.5	%
Copyright data fees	972	777	25.1	%
Operating revenues from investment periodicals, related publications and copyright data	\$ 9,370	\$ 9,394	-0.3	%
Investment management fees and services	-	4,215	-100.0	%
Total operating revenues	\$ 9,370	\$ 13,609	-31.1	%

Operating revenues from investment periodicals and related publications including copyright data fees were slightly below the operating revenues from the previous fiscal year. Investment management fees and services for the three months ended July 31, 2011, are no longer considered operating revenues as a result of the EAM Restructuring Transaction completed on December 23, 2010.

#### Investment periodicals and related publications revenues

Investment periodicals and related publications revenues were down \$219,000, or 3%, for the three months ended July 31, 2011, as compared to the prior fiscal year. While the Company continued its efforts to attract new subscribers through various marketing channels, primarily direct mail and the internet for retail users, and by the efforts of our sales personnel in the institutional market, total product line circulation remains lower than in past years. Factors that have contributed to the decline in the investment periodicals and related publications revenues include competition in the form of free or low cost investment research on the Internet and research provided by brokerage firms at no direct cost to their clients. As of July 31, 2011, total company-wide circulation has declined 2% compared to total circulation at July 31, 2010. Although renewal rates for the flagship product, The Value Line

Investment Survey, are 78%, up from 70% for the prior fiscal year, the Company is not adding enough new subscribers to offset the subscribers that choose not to renew the flagship product and other Value Line products. The Company has been successful in growing revenues from electronic investment periodicals within institutional sales, with earned revenues increasing \$106,000 or 5% for the three months ended July 31, 2011, as compared to the first quarter of fiscal 2011. This increase continues a positive growth trend for Institutional Sales, but is not sufficient to wholly offset the lost revenues from retail subscribers.

Within investment periodicals and related publications are subscription revenues derived from print and electronic products. The following chart illustrates the year-to-year change in the revenues associated with print and electronic subscriptions.

#### Subscription Revenues

(in thousands)	Three Months Ended July 31,		Percentage Change	
	2011	2010	FY 12 vs. 11	
Print publication revenues	\$5,195	\$5,502	-5.6	%
Electronic publication revenues	3,203	3,115	2.8	%
Total investment periodicals and related publications revenues	\$8,398	\$8,617	-2.5	%

#### Sources of Subscription Revenues

	Three Months Ended July 31,			
	2011		2010	
	Print	Electronic	Print	Electronic
New Subscribers	11.4 %	27.8 %	11.1 %	32.5 %
Renewals	88.6 %	72.2 %	88.9 %	67.5 %
Total Subscribers	100.0 %	100.0 %	100.0 %	100.0 %

(in thousands)	At July 31,		Percentage Change	
	2011	2010	FY 12 vs. 11	
Unearned revenues (short and long term)	\$ 25,399	\$ 26,154	-2.9	%

For the three months ended July 31, 2011, print publication revenues decreased \$307,000, or 6%, from fiscal 2011 for the reasons described earlier. Print circulation, which has always dominated the Company's subscription base, has fallen 4% as of July 31, 2011 as compared to print circulation at July 31, 2010. For the three months ended July 31, 2011, electronic publications revenues were 3% higher than for the first quarter of fiscal 2011. The electronic publication revenues are broken down into institutional accounts and retail subscribers. For the three months ended July 31, 2011, earned revenues from institutional electronic publications increased \$106,000, or 5%, as compared to the first quarter of fiscal 2011. However, gross institutional sales of \$2,001,000 for the three months ended July 31, 2011, were \$200,000 or 9% below gross sales of \$2,201,000 during the first quarter of fiscal 2011. For the three months ended July 31, 2011, electronic publications revenues from retail subscribers were down \$18,000, or 2%, as compared to the first quarter of fiscal 2011. The Company has relied more on its institutional sales marketing efforts, and the increase in institutional revenues is a direct result of a focused effort to sell to colleges, libraries and corporate

accounts. The decrease in electronic retail publications revenues is primarily attributable to the decrease in circulation within the Company's software products, which have not had a major update recently.

The majority of the Company's subscribers have traditionally been individual investors who generally receive printed publications via U.S. Mail on a weekly basis. Consistent with the experience of other print publishers in many fields, the Company found that its universe of customers has been declining as individuals migrate to online delivered services. Investors interested in online investment information have access to free equity research from many sources. For example, most retail broker-dealers with online trading capabilities offer their customers free or low cost research services that directly compete with the Company's services. Revenues from retail online services have also declined because many competing online products offer more dynamic features.

The Company believes that the volatility of the equity market and the severe economic recession, which economics authorities say ended during the second quarter of calendar 2009, have to some extent eroded retail investor interest in equities. The Company also believes that the negative trend in overall subscription revenue is likely to continue, albeit at a slower rate than the decline experienced in recent years, until new products have been developed and marketed.

The Company has established the goal of developing competitive electronic products and marketing them effectively through traditional and electronic channels. Towards that end, the Company has been modernizing legacy information technology systems. The Company is not able to predict when these efforts will result in the launch of new services or whether they will be successful in reversing the trend of declining retail publishing revenues.

The Value Line Timeliness Ranking System™ (“the Ranking System”), a component in the Company's flagship product, The Value Line Investment Survey, is also an important part of the Company's copyright data business. The Ranking System is designed to be predictive over a six to twelve month period. During the twelve months, six months and three months ended July 31, 2011, the combined Ranking System “Rank 1 & 2” stock performance of 27.1%, 4.9% and -5.5%, allowing for weekly changes in Ranks, compares favorably to the S&P 500 index performance of 14.3%, 0.1% and -5.5%, respectively. The Ranking System is also required to be made available to EAM for specific uses.

#### Copyright data fees

Copyright data fees have increased \$195,000, or 25%, during the three months ended July 31, 2011, as compared to the first quarter of fiscal 2011. As of July 31, 2011, total third party sponsored assets were attributable to four contracts for copyright data representing \$3.4 billion in various products, as compared to four contracts and \$2.4 billion in assets at July 31, 2010, representing a 41% increase in assets. The Company believes the growth of this part of the business is dependent upon the desire of third parties to use the Value Line trademarks and proprietary research for their products. This market has become significantly more competitive as a result of product diversification and increased use of indices by portfolio managers. One account was added and one lost during the first quarter of fiscal 2011, and there was no net change in the number of revenue-producing accounts during the first quarter of fiscal 2012.

#### Investment management (overview)

As of the Restructuring Date, December 23, 2010, the Company deconsolidated its asset management and mutual fund distribution businesses and its interest in these businesses was restructured as a non-voting revenues and non-voting profits interest in EAM. Accordingly, the Company no longer reports this operation as a separate business segment, although it still maintains a significant interest in the cash flows generated by this business. Total assets in the Value Line Funds managed by EAM at July 31, 2011 were \$2.15 billion, 2% above total assets of \$2.1 billion in the Value Line Funds managed by EAM LLC, the predecessor of EAM, at July 31, 2010. Overall assets in the Value Line Funds at July 31, 2011 increased \$50 million, or 2% since July 31, 2010 as a result of market appreciation that more than offset net redemptions within the equity funds.





## Value Line Mutual Funds

## Total Net Assets

At July 31,	2011	2010	Percentage Change	
(in thousands)			FY 12 vs. 11	
Equity funds	\$ 1,838,756	\$ 1,734,426	6.0	%
Fixed income funds	235,242	246,891	-4.7	%
U.S. Government Money Market Fund	77,393	120,223	-35.6	%
Total net assets	\$ 2,151,391	\$ 2,101,540	2.4	%

Of the fourteen funds, shares of Value Line Strategic Asset Management Trust (“SAM”) and Value Line Centurion Fund (“Centurion”) are available to the public only through the purchase of certain variable annuity and variable life insurance contracts issued by The Guardian Insurance & Annuity Company, Inc. (“GIAC”). The next table provides a breakdown of the major distribution channels for the Value Line Funds.

At July 31,	2011	2010	Percentage Change	
(in thousands)			FY 12 vs. 11	
Variable annuity assets (GIAC)	\$ 491,769	\$ 461,032	6.7	%
All other open end equity fund assets	1,346,987	1,273,394	5.8	%
Total equity fund net assets	\$ 1,838,756	\$ 1,734,426	6.0	%

During the three months ended July 31, 2010, investment management fees and distribution service fees (which we sometimes refer to as “12b-1 fees”) amounted to \$4,215,000, after giving effect to account fee waivers for certain of the Value Line Funds. These amounts included 12b-1 fees of \$910,000. For the same period total investment management fee waivers were \$186,000 and total 12b-1 fee waivers were \$620,000. With limited exceptions, the Company, EAM LLC and ESI had no right to recoup the previously waived amounts of investment management fees and 12b-1 fees. Any such recoupment of waived investment management fees is subject to the provisions of the applicable prospectus. During the three months ended July 31, 2010, separately managed accounts revenues were \$51,000. Separately managed accounts had \$44 million in assets as of July 31, 2010. Of the \$44 million, \$21 million was affiliated with AB&Co. During the third quarter of fiscal 2011, the affiliated entities cancelled their separately managed account agreements with EAM LLC.

## EAM - Results of operations before distribution to interest holders

The overall results of EAM’s investment management operations during the three months ended July 31, 2011, before interest holder distributions, include total investment management fees earned from the Value Line Funds of

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\$3,301,000, 12b-1 fees of \$928,000 and other income of \$4,000. For the same period, total investment management fee waivers were \$230,000 and 12b-1 fee waivers were \$618,000. During the three months ended July 31, 2011, EAM's net income was \$162,000, after giving effect to Value Line's non-voting revenues interest of \$1,491,000, but before distributions to voting interest holders and to the Company in respect of its non-voting profits interest.

As of July 31, 2011 twelve of the fourteen Value Line Funds have all or a portion of the 12b-1 fees being waived and five of the fourteen funds have partial investment management fee waivers in place. Although, under the terms of the EAM Trust Agreement, the Company no longer receives or shares in the revenues from 12b-1 distribution fees, the Company could benefit from the fee waivers to the extent that the resulting reduction of expense ratios and enhancement of the performance of the Value Line Funds attracts new assets.

As of July 31, 2011, three of the six Value Line equity mutual funds, excluding SAM and Centurion, had an overall four star rating by Morningstar, Inc. The largest distribution channel for the Value Line Funds remains the fund supermarket platforms such as Charles Schwab & Co., Inc., TD Ameritrade and Fidelity.

The Value Line fixed income Fund assets (excluding the Value Line U.S. Government Money Market Fund (“USGMMF”)), represent approximately 11% of total mutual fund assets under management (“AUM”) at July 31, 2011, a decrease from 12% of total mutual fund assets at July 31, 2010. The USGMMF assets represent 4% of the total Fund AUM at July 31, 2011, a decrease from 6% of the total Fund AUM at July 31, 2010. Fixed income assets decreased by 5% and there was a decrease of 36% in USGMMF AUM. The main reason for the decline in USGMMF AUM was due to redemptions by the Company, and the Value Line Profit Sharing Plan liquidating its account of approximately \$12 million during May 2011. Management fees from the USGMMF were zero with EAM having waived all fees for the Fund since the end of November 2009, and because of the historically low interest rate environment and new regulations restricting investments, substantially subsidizing the USGMMF expenses.

EAM - The Company’s non-voting revenues and profits interests

As a result of the Restructuring Transaction, the Company no longer engages, through subsidiaries, in the investment management or mutual fund distribution businesses. The Company does hold non-voting revenues and non-voting profits interests in EAM which entitle the Company to receive from EAM an amount ranging from 41% to 55% of EAM’s investment management fee revenues from its mutual fund and separate accounts business. EAM currently has no separately managed account clients. During the three months ended July 31, 2011, the Company recorded revenues of \$1,491,000 and profits of \$81,000 from its non-voting interests in EAM without incurring any directly related expenses.

Expenses

Expenses within the Company are categorized into advertising and promotion, salaries and employee benefits, production and distribution, office and administration. Operating expenses of \$7,732,000 during the three months ended July 31, 2011 were \$2,331,000, or 23%, below operating expenses of \$10,063,000 for the first quarter of fiscal 2011. During the three months ended July 31, 2010, expenses included costs of \$1,300,000 associated with the Restructuring Transaction.

Advertising and promotion

	Three Months Ended July 31,		
	2011	2010	Percentage Change
(in thousands)			FY 12 vs. 11
Advertising and promotion	\$ 1,121	\$ 1,718	-34.7 %



Advertising and promotion expenses during the three months ended July 31 2011, decreased \$597,000, or 35%, as compared to the first quarter of fiscal 2011. As a result of the disassociation and deconsolidation of the investment management business on December 23, 2010, the Company discontinued advertising expenses associated with the distribution of the Value Line Funds, resulting in a decline in expenses of \$974,000, or 100%, during the first quarter of fiscal 2012 as compared to the prior fiscal year. Within the publishing segment, costs for the three months ended July 2011 associated with direct mail increased \$151,000 or 59% above the first quarter of fiscal 2011. Media print advertising and promotional costs during the first quarter of fiscal 2012 increased \$334,000 as compared to the first quarter of fiscal 2011, with the increase relating to the digital product and software promotion project, which was partially offset by a \$67,000 decrease in public relations costs.

#### Salaries and employee benefits

	Three Months Ended July 31,		
	2011	2010	Percentage Change
(in thousands)			FY 12 vs. 11
Salaries and employee benefits	\$ 3,640	\$ 3,877	-6.1 %

Salaries and employee benefits decreased by \$237,000 during the three months ended July 31, 2011, as compared to the first quarter of fiscal 2011, as a result of the elimination of approximately \$262,000 related to the deconsolidation of the investment management business. The decrease in expenses was partially offset by the recording of \$150,000 of accrued profit sharing expense. The increase of \$208,000 to support upgrades to the Company's digital and software products and fulfillment system was offset by \$270,000 capitalization of the development costs during the three months ended July 31, 2011. Over the past several years, the Company has saved money by combining the roles and responsibilities of various personnel and by selective outsourcing.

#### Production and distribution

	Three Months Ended July 31,		
	2011	2010	Percentage Change
(in thousands)			FY 12 vs. 11
Production and distribution	\$ 1,229	\$ 1,138	8.0 %

Production and distribution expenses during the three months ended July 31, 2011, were \$91,000, or 8%, above the first quarter of fiscal 2011 primarily due to an increase in printing, distribution and service mailers costs.

#### Office and administration

	Three Months Ended July 31,		
	2011	2010	Percentage Change

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(in thousands)				FY 12 vs. 11
Office and administration	\$	1,742	\$	3,330
				-47.7 %

Office and administration expenses during the three months ended July 31, 2011, were \$1,588,000, or 48%, below expenses for the first quarter of fiscal 2011. Professional fees associated with the restructuring of the Company's assets management business segment decreased approximately \$1,300,000 and were the largest component of the change in expenses during the first quarter of fiscal 2012 as compared to the first quarter of fiscal 2011. Additionally, office and administration expenses declined by \$353,000 during the first quarter of fiscal 2012 as a result of the elimination of funds accounting support expenses related to the deconsolidation of the investment management business. Professional fees fluctuate year to year based on the level of operations, litigation or regulatory activity requiring the use of outside professionals. During the period from December 23, 2010 until May 28, 2011, EAM and ES occupied a portion of the premises that the Company leases from a third party. The Company received \$44,000 for the month of May, 2011 for rent and a payment for certain accounting and other administrative support services provided to EAM and ES on a transitional basis during such period.

## Provision for Settlement

On November 4, 2009, the Company, its former Chief Executive Officer and another former officer of the Company concluded a Settlement with the SEC as a result of an investigation regarding the execution of portfolio transactions on behalf of the Value Line Funds (see Part II, Item 1, "Legal Proceedings"). During fiscal 2011, the SEC appointed A.B. Data, Ltd as the Administrator of the Fair Fund. In connection with its ongoing administration of the Fair Fund, A.B. Data, Ltd estimated that the remaining costs of administration would be \$1,767,000 which the company has reflected as a liability in its Consolidated Condensed Balance Sheets at July 31, 2011 and April 30, 2011, respectively. Subsequent to the Settlement and pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, the Company's disgorgement, interest and penalty payments to the SEC in the aggregate amount of \$43,706,000 were to be placed into a Fair Fund created by the SEC. The Fair Fund will be used to reimburse shareholders who owned shares in the affected Value Line Funds in the period covered by the Settlement and to complete prescribed claims procedures. The Company is required to bear all the costs associated with the Fair Fund distribution, including retaining a third party consultant appointed by the SEC to administer the Fair Fund administration and distribution.

## Segment Operating Profit

The Company's primary business is producing investment related periodical publications and making available copyright data including certain Value Line trademarks and Value Line marketed investment products. Prior to December 23, 2010, the date of the completion of the Restructuring Transaction (see Note 11 - Legal Proceeding and Restructuring of the Consolidated Condensed Financial Statements), the Company provided investment management services to the Value Line Funds, institutions and individual accounts and provided distribution, marketing and administrative services to the Value Line Funds.

	Investment Periodicals, Publishing & Copyright Data Three Months Ended July 31,			Investment Management Three Months Ended July 31,			
	2011	2010	Percentage Change FY 11 vs. 10	2011	2010	Percentage Change FY 11 vs. 10	(1)
(in thousands)							
Segment revenues from external customers	\$9,370	\$9,394	-0.3 %	n/a	\$4,215	-100 %	
Segment profit from operations	\$1,638	\$3,238	-49.4 %	n/a	\$308	-100 %	
Segment profit margin from operations	17.5 %	34.5 %	-49.3 %	n/a	7.3 %	-100 %	

- (1) From December 23, 2010, the date of the Restructuring Transaction, described in Note 11 - Legal Proceedings and Restructuring of the Consolidated Condensed Financial Statements, the Company no longer considers Investment Management a reportable business segment. See EAM - The Company's non-voting revenues and profits interests, above under Results of Operations.

## Investment Periodicals, Publishing &amp; Copyright Data

Segment revenues, operating profit and operating profit margins from the Company's Investment Periodicals, Publishing & Copyright Data segment declined significantly from the previous fiscal year primarily due to the



continued deterioration in circulation of the total product line. As previously mentioned, the ranking system performance is sometimes inconsistent and competition in the form of free or low cost investment research on the Internet and research provided by brokerage firms at no cost to their clients contributed to the decline in revenue. The recession and turmoil in the markets have also contributed to the decline in subscriptions as individuals reduced many forms of discretionary spending, or have shifted investments to fixed income, for which the Company only provides research on mutual fund and ETF vehicles. Investment Periodicals, Publishing & Copyright Data segment profit margin from operations decreased as a direct result of the decline in revenue.

## Investment Management

Revenues and profits from the Company's former Investment Management business segment declined from the previous fiscal year as a result of the completion of the Restructuring Transaction and the Company no longer operates the Investment Management segment. In fiscal 2011, the Company waived management fees of \$130,000 in the U.S. Government Money Market Fund due to the low interest rate environment which resulted in the fund's generating insufficient portfolio income to cover its normalized expenses.

## Income from Securities Transactions, net

During the three months ended July 31, 2011, the Company's income from securities transactions, net, of \$11,000 was \$26,000 or 70% below income from securities transactions, net, of \$37,000 during the first quarter of fiscal 2011. Income from securities transactions, net, includes dividend and interest income of \$20,000 and \$39,000 earned during the three months ended July 31, 2011 and 2010, respectively. Capital losses during the three months ended July 31, 2011, were \$5,000 primarily from the sale of fixed income obligations. There were no capital gains or losses, during the three months ended July 31, 2010.

## Effective income tax rate

The overall effective income tax rate, as a percentage of pre-tax ordinary income for the three months ended July 31, 2011 and July 31, 2010 was 35.53% and 35.33%, respectively.

## Liquidity and Capital Resources

The Company had negative working capital of \$7,892,000 as of July 31, 2011 and working capital of \$20,884,000 as of July 31, 2010. These amounts include short-term unearned revenue of \$21,103,000 and \$22,069,000 reflected in total current liabilities at July 31, 2011 and July 31, 2010, respectively. The decrease in working capital for fiscal 2012 resulted primarily from the payment in November 2010 of a special \$2.00 per share dividend, aggregating approximately \$20 million, in lieu of the Company's regularly scheduled \$0.20 per share dividend. Also in fiscal 2011, in connection with the Restructuring Transaction, the Company transferred cash and marketable securities of \$7,000,000 to EAM, and incurred restructuring related expenses of \$3,764,000.

## Cash from operating activities

The Company had cash outflows from operations of \$526,000 during the three months ended July 31, 2011, as compared to cash inflows from operations of \$3,367,000 during the three months ended July 31, 2010. The change in cash flows from fiscal 2011 to fiscal 2012 was primarily due to the restructuring of the investment management business that resulted in the cessation of this operating activity and the inclusion of the Company's non-voting revenues and non-voting profits interest in EAM Trust as investing activities in fiscal 2012. Fiscal 2011 included cash inflows from the receipt of \$1,598,000 in federal income tax refunds.

## Cash from investing activities

The Company's cash inflow from investing activities of \$3,063,000 during the three months ended July 31, 2011, compared to cash outflows from investing activities of \$5,368,000 for the three months ended July 31, 2010. Cash inflows for the three months ended July 31, 2011, were higher due to the Company's lower level of invested cash assets in fiscal 2012, the receipt of \$1,626,000 of non-voting revenues interest and non-voting profits interest distributions from EAM Trust, offset by the Company's investment of \$1.6 million in capitalized software costs for upgrading its product capabilities. Cash outflows in fiscal 2011 resulted from cash redeployment into fixed income

government debt securities during the first quarter of fiscal year 2011.

#### Cash from financing activities

The Company's fiscal 2012 net cash outflow for financing activities was \$2,153,000. There was no cash flow from financing activities in the first quarter of fiscal 2011. During fiscal 2012, cash outflows for financing activities consisted of \$158,000 for the repurchase of the Company's common stock under the board approved repurchase program and dividend payments of \$0.20 per share.

Management believes that the Company's cash and other liquid asset resources used in its business together with the future cash flows from operations and from the Company's non-voting revenues and non-voting profits interests in EAM will be sufficient to finance current and forecasted liquidity needs for the next twelve months. Management does not anticipate making any borrowings in fiscal 2012. Retained earnings were about \$32 million and liquid assets approximately \$17 million at July 31, 2011.

#### Critical Accounting Estimates and Policies

The Company's Critical Accounting Estimates and Policies have not changed from those reported in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Form 10-K for the fiscal year ended April 30, 2011.

#### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

##### Market Risk Disclosures

The Company's Consolidated Condensed Balance Sheet includes a substantial amount of assets whose fair values are subject to market risks. The Company's significant market risks are primarily associated with interest rates and equity price risk. The following sections address the significant market risks associated with the Company's business activities.

##### Interest Rate Risk

The Company's strategy has been to acquire debt securities with low credit risk. Despite this objective, management recognizes and accepts the possibility that losses may occur. To limit the price fluctuation in these securities from interest rate changes, the Company's management invests primarily in short-term obligations maturing in six months to one year.

The fair values of the Company's fixed maturity investments will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by prepayment options, relative values of alternative investments, and other general market conditions.

The following table summarizes the estimated effects of hypothetical increases and decreases in interest rates on assets that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risks. The hypothetical changes in market interest rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes in the timing of repayments due to prepayment options available. For these reasons, actual results might differ from those reflected in the table.



Fixed Income Securities	Fair Value	Estimated Fair Value after Hypothetical Change in Interest Rates (\$ in thousands)			
		6 mos. 50bp increase	6 mos. 50bp decrease	1 yr. 100bp increase	1 yr. 100bp decrease
As of July 31, 2011					
Investments in securities with fixed maturities	\$8,204	\$8,200	\$ 8,200	\$ 8,200	\$8,200
As of April 30, 2011					
Investments in securities with fixed maturities	\$11,208.0	\$11,199.6	\$ 11,199.7	\$ 11,199.5	\$11,199.7

Management regularly monitors the maturity structure of the Company's investments in debt securities in order to maintain an acceptable price risk associated with changes in interest rates.

#### Equity Price Risk

The carrying values of investments subject to equity price risks are based on quoted market prices as of the balance sheet dates. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the issuer, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

As of July 31, 2011, the aggregate cost of the equity securities classified as available-for-sale, which consist of investments in the First Trust Value Line Dividend (ticker symbol FVD), S&P Dividend (ticker symbol SDY) and Powershares Preferred stock (ticker symbol PGF) ETFs and other equity securities was \$1,360,000 and the market value was \$1,392,000. The Company did not hold any equity securities as of July 31, 2010.

Equity Securities (\$ in thousands)	Fair Value	Hypothetical Price Change	Estimated Fair Value after Hypothetical Change in Prices	Hypothetical Percentage Increase (Decrease) in Shareholders' Equity
As of July 31, 2011	\$ 1,392	30% increase	\$ 1,809	0.82%
		30% decrease	\$ 974	(0.82)%

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As of April 30, 2011	\$	1,466	30% increase	\$	1,906	0.86%
			30% decrease	\$	1,026	(0.86)%

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Credit Worthiness of Issuer

The Company's fixed income investments consist primarily of U.S. Treasury Bills and FDIC insured commercial paper.

Item 4. CONTROLS AND PROCEDURES

- (a) The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Acting Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

The Company's management has evaluated, with the participation of the Company's Acting Chief Executive Officer and Principal Financial Officer, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the Acting Chief Executive Officer and Principal Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

- (b) The registrant's principal executive officer and principal financial officer have determined that there have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 11 - Legal Proceedings and Restructuring of the Consolidated Condensed Financial Statements for discussion of legal proceedings and restructuring, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A – Risk Factors in the Company's Annual Report on Form 10-K for the year ended April 30, 2011 filed with the SEC on July 29, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities by the Company

The following table provides information with respect to all repurchases of common stock made by or on behalf of the Company during the fiscal quarter ended July 31, 2011. All purchases listed below were made in the open market at prevailing market prices.



## ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
May 1, 2011 through May 31, 2011	11,700	\$13.53	11,700	\$2,951,835
June 1, 2011 through June 30, 2011	0	0	0	0
July 1, 2011 through July 31, 2011	0	0	0	0
Total	11,700	\$13.53	11,700	\$2,951,835

- (1) All shares represent shares repurchased pursuant to authorization of the Board of Directors. In January 2011 the Company's Board of Directors authorized the repurchase of shares of the Company's common stock, at such times and prices as management determined to be advisable, up to an aggregate purchase price of \$3,200,000. The repurchase authorization extends through January 15, 2012 unless extended by the Board of Directors.

## Item 5. Other Information

None.

## Item 6. Exhibits

- 31.1 Certificate of Acting Chief Executive Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certificate of Principal Financial Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.3 Certificate of Principal Accounting Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Joint Acting Chief Executive Officer/Principal Financial Officer/Principal Accounting Officer Certificate Required Under Section 906 of the Sarbanes-Oxley Act of 2002.

101.SCHXBRL Taxonomy Extension Schema Document

101.CALXBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LABXBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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VALUE LINE, INC.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Value Line, Inc.  
(Registrant)

Date: September 13, 2011

By: /s/ Howard A. Brecher  
Howard A. Brecher  
Acting Chief Executive Officer  
(Principal Executive Officer)

Date: September 13, 2011

By: /s/ John A. McKay  
John A. McKay  
Chief Financial Officer  
(Principal Financial Officer)

Date: September 13, 2011

By: /s/ Stephen R. Anastasio  
Stephen R. Anastasio  
Vice President and Treasurer  
(Principal Accounting Officer)