

VALUE LINE INC  
Form 10-Q  
December 11, 2017  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended October 31, 2017

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.)

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551 Fifth Avenue, New York, New York  
(Address of principal executive offices)  
(212) 907-1500

10176-0001  
(Zip Code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

Smaller reporting company  Emerging growth company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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

<u>Class</u>	<u>Outstanding at December 11, 2017</u>
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<u>Common stock, \$0.10 par value</u>	<u>9,700,515 shares</u>
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**VALUE LINE INC.**

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**Part I - Financial Information****Item 1. Financial Statements****Value Line, Inc.****Consolidated Condensed Balance Sheets****(in thousands, except share amounts)**

	<b>October 31,</b>	<b>April</b>
	<b>2017</b>	<b>30,</b>
	<b>(unaudited)</b>	<b>2017</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (including short term investments of \$3,909 and \$6,066, respectively)	\$ 4,360	\$6,557
Securities available-for-sale	17,964	16,576
Accounts receivable, net of allowance for doubtful accounts of \$19 and \$20, respectively	1,081	1,018
Prepaid and refundable income taxes	71	72
Prepaid expenses and other current assets	1,213	1,567
Total current assets	24,689	25,790
<b>Long term assets:</b>		
Investment in EAM Trust	58,588	58,223
Restricted money market investment	469	469
Property and equipment, net	1,503	1,239
Capitalized software and other intangible assets, net	678	1,003
Total long term assets	61,238	60,934
<b>Total assets</b>	<b>\$ 85,927</b>	<b>\$86,724</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 938	\$1,257
Accrued salaries	1,337	1,285
Dividends payable	1,747	1,748
Accrued taxes on income	72	112
Unearned revenue	18,531	20,188
Total current liabilities	22,625	24,590
<b>Long term liabilities:</b>		
Unearned revenue	5,180	5,471
Deferred charges	898	432
Deferred income taxes	18,471	18,377
Total long term liabilities	24,549	24,280
<b>Total liabilities</b>	<b>47,174</b>	<b>48,870</b>

**Shareholders' Equity:**

Common stock, \$0.10 par value; authorized 30,000,000 shares; issued 10,000,000 shares	1,000	1,000
Additional paid-in capital	991	991
Retained earnings	39,978	39,186
Treasury stock, at cost (297,200 and 288,335 shares, respectively)	(3,931 )	(3,781 )
Accumulated other comprehensive income, net of tax	715	458
Total shareholders' equity	38,753	37,854
<b>Total liabilities and shareholders' equity</b>	<b>\$ 85,927</b>	<b>\$86,724</b>

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 & per share amounts)  
(unaudited)

	<b>For the Three Months Ended October 31,</b>		<b>For the Six Months Ended October 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>				
Investment periodicals and related publications	\$7,426	\$7,629	\$14,866	\$15,279
Copyright data fees	1,563	1,021	3,037	1,892
Total publishing revenues	8,989	8,650	17,903	17,171
Gain on sale of operating facility	-	-	-	8,123
Total revenues	8,989	8,650	17,903	25,294
<b>Expenses:</b>				
Advertising and promotion	827	620	1,622	1,528
Salaries and employee benefits	4,574	4,301	9,074	8,209
Production and distribution	1,403	2,350	2,798	4,824
Office and administration	1,377	1,356	2,436	2,573
Total expenses	8,181	8,627	15,930	17,134
<b>Income from operations</b>	<b>808</b>	<b>23</b>	<b>1,973</b>	<b>8,160</b>
Revenues and profits interests in EAM Trust	2,237	1,932	4,373	3,848
Income from securities transactions, net	91	61	187	94
<b>Income before income taxes</b>	<b>3,136</b>	<b>2,016</b>	<b>6,533</b>	<b>12,102</b>
Income tax provision	1,064	536	2,246	4,264
<b>Net income</b>	<b>\$2,072</b>	<b>\$1,480</b>	<b>\$4,287</b>	<b>\$7,838</b>
<b>Earnings per share, basic &amp; fully diluted</b>	<b>\$0.21</b>	<b>\$0.15</b>	<b>\$0.44</b>	<b>\$0.81</b>
Weighted average number of common shares	9,705,585	9,718,650	9,707,583	9,729,002

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 Comprehensive Income**  
**(in thousands)**  
**(unaudited)**

	<b>For the Three Months Ended October 31,</b>		<b>For the Six Months Ended October 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Net income</b>	\$2,072	\$1,480	\$4,287	\$7,838
Other comprehensive income (loss), net of tax:				
Change in unrealized gains (losses) on securities, net of taxes	165	(294 )	257	(140 )
Other comprehensive income (loss)	165	(294 )	257	(140 )
<b>Comprehensive income</b>	<b>\$2,237</b>	<b>\$1,186</b>	<b>\$4,544</b>	<b>\$7,698</b>

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)**

	<b>For the Six Months Ended October 31, 2017      2016</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$4,287	\$7,838
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	454	2,747
Non-voting revenues interest in EAM Trust	(4,017)	(3,586 )
Non-voting profits interest in EAM Trust	(356 )	(262 )
Realized gain on sale of operating facility	-	(8,123 )
Unrealized gains on securities	(30 )	(30 )
Deferred rent	466	(100 )
Deferred income taxes	(461 )	(650 )
Changes in operating assets and liabilities:		
Unearned revenue	(1,948)	(2,645 )
Accounts payable & accrued expenses	(319 )	(1,088 )
Accrued salaries	52	80
Accrued taxes on income	376	1,207
Prepaid and refundable income taxes	1	68
Prepaid expenses and other current assets	354	(64 )
Accounts receivable	(63 )	(480 )
Total adjustments	(5,491)	(12,926)
<b>Net cash used in operating activities</b>	<b>(1,204)</b>	<b>(5,088 )</b>
<b>Cash flows from investing activities:</b>		
Purchases of equity securities classified as available-for-sale	-	(4,954 )
Purchases of fixed income securities classified as available-for-sale	(2,386)	(6,135 )
Proceeds from sales of fixed income securities classified as available-for-sale	1,394	-
Distributions received from EAM Trust	4,038	3,653
Proceeds from sale of operating facility	-	11,555
Restricted money market investment	-	(469 )
Acquisition of property and equipment	(393 )	(593 )
Expenditures for capitalized software	-	(360 )
<b>Net cash provided by investing activities</b>	<b>2,653</b>	<b>2,697</b>

**Cash flows from financing activities:**

Purchase of treasury stock at cost	(150 )	(681 )
Dividends paid	(3,496)	(3,313 )
<b>Net cash used in financing activities</b>	<b>(3,646)</b>	<b>(3,994 )</b>
Net change in cash and cash equivalents	(2,197)	(6,385 )
<b>Cash and cash equivalents at beginning of year</b>	<b>6,557</b>	<b>13,122</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$4,360</b>	<b>\$6,737</b>

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 Six Months Ended October 31, 2017**

**(in thousands, except share amounts)**

**(unaudited)**

	Common stock		Additional paid-in	Treasury Stock		Retained	Accumulated Other	
	Shares	Amount	capital	Shares	Amount	earnings	Comprehensive income/(loss)	Total
<b>Balance at April 30, 2017</b>	10,000,000	\$ 1,000	\$ 991	(288,335)	\$(3,781 )	\$ 39,186	\$ 458	\$ 37,854
Net income						4,287		4,287
Change in unrealized gains on securities, net of taxes							257	257
Purchase of treasury stock				(8,865 )	(150 )			(150 )
Dividends declared						(3,495 )		(3,495 )
<b>Balance at October 31, 2017</b>	10,000,000	\$ 1,000	\$ 991	(297,200)	\$(3,931 )	\$ 39,978	\$ 715	\$ 38,753

Dividends declared per share were \$0.18 for each of the three months ending July 31, 2017 and October 31, 2017.

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 Six Months Ended October 31, 2016**

**(in thousands, except share amounts)**

**(unaudited)**

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

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

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

**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**October 31, 2017**

(Unaudited)

**Note 1 - Organization and Summary of Significant Accounting Policies:**

Value Line, Inc. ("Value Line" or "VLI", and collectively with its subsidiaries, the "Company") is incorporated in the State of New York. 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 primary business is producing investment periodicals and related 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. The Company maintains a significant investment in Eulav Asset Management LLC ("EAM") from which it received a non-voting revenues interest and a non-voting profits interest. EAM was established to provide investment management services to the Value Line Mutual Funds ("Value Line Funds" or the "Funds").

The Consolidated Condensed Balance Sheets as of October 31, 2017 and April 30, 2017, which have been derived from the unaudited interim Consolidated Condensed Financial Statements and the audited Consolidated Financial Statements, respectively, were prepared following the interim reporting requirements of the Securities and Exchange Commission ("SEC"). In the opinion of management, the accompanying Unaudited Interim 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 audited financial statements and footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2017 filed with the SEC on July 26, 2017 (the "Form 10-K"). Results of operations covered by this report may not be indicative of the results of operations for the entire year.

**Use of Estimates:**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**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 identify 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 VIE and the Company has determined it is not the primary beneficiary of a VIE (see Note 3).

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 significant non-voting profits interest in the new entity, EULAV Asset Management, a Delaware statutory trust ("EAM" or "EAM Trust"). 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 Statements of Income.

**Revenue Recognition:**

Depending upon the product, subscription fulfillment for Value Line periodicals and related publications is available in print or digitally, via internet access. The length of a subscription varies by product and offer received by the subscriber. Generally, subscriptions are offered as annual subscriptions. Subscription revenues, net of discounts, are recognized ratably on a straight line basis when the product is served to the client over the life of the subscription. Accordingly, the amount of subscription fees to be earned by fulfilling subscriptions after the date of the balance sheets are 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 ("ETFs"). 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.

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**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**October 31, 2017**

(Unaudited)

**Investment in Unconsolidated Entities:**

The Company accounts for its investment in its unconsolidated entity, 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 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 as defined in the EAM Trust Agreement. The non-voting revenues interest entitles the Company to receive a range of 41% to 55%, based on the amount of EAM's adjusted gross revenues, excluding EULAV Securities' distribution revenues ("Revenues Interest"). The non-voting profits interest entitles the Company to receive 50% of EAM's profits, subject to certain limited adjustments as defined in the EAM Trust Agreement ("Profits Interest"). 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 the Restructuring Date, the Company's Revenues Interest in EAM excludes participation in the service and distribution fees of EAM's subsidiary EULAV Securities. 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, the Company has a contractual right to receive its share of EAM's revenues and profits.

**Recent Accounting Pronouncements:**

In November 2015, the FASB issued ASU 2015-17, Income taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. Under existing standards, deferred taxes for each tax-paying jurisdiction are presented as a net current asset or liability and net long-term asset or liability. To simplify presentation, the new guidance requires that all deferred tax assets and liabilities, along with related valuation allowances, be classified as long-term on the balance sheet. As a result, each tax-paying jurisdiction will now only have one net long-term asset or liability. The new

guidance does not change the existing requirement that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. ASU 2015-17 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, which is our fiscal year 2018 beginning May 1, 2017. The Company implemented ASU 2015-17 in the first quarter of fiscal 2018 retroactively to include the results as of April 30, 2017 for comparative purposes. The adoption of ASU 2015-17 does not have a material impact on our consolidated condensed financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”). The core principle of Topic 842 requires that a lessee should recognize the assets and liabilities on the balance sheet and disclose key information about leasing arrangements. The amendments in ASU 2016-2 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The guidance is required to be adopted at the earliest period presented using a modified retrospective approach. The adoption of ASU 2016-02 will not have a material impact on our consolidated condensed financial statements and related disclosures.

In August, 2016, the FASB issued Accounting Standards Update No. 2016-15, Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) (“ASU 2016-15”). The amendments in ASU 2016-15 address eight specific cash flow issues and apply to all entities that are required to present a statement of cash flows under ASC Topic 230, Statement of Cash Flows. The amendments in ASU 2016-15 are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption during an interim period. The adoption of ASU 2016-15 will not have a material impact on our consolidated condensed financial statements and related disclosures. Cash flow change will not be significant.

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. In addition, ASU No. 2014-09 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU No. 2014-09 supersedes most existing U.S. GAAP revenue recognition principles, and it permits the use of either the retrospective or cumulative effect transition method. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual periods. The Company is evaluating the effect that ASU No. 2014-09 will have on its consolidated condensed financial statements and related disclosures, as well as the expected method of adoption. The Company plans to adopt ASU No. 2014-09 in the first quarter of fiscal 2019, and does not believe it will have a material impact on its consolidated condensed financial statements and related disclosures.

#### **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 and investments in equities including ETFs and

are valued in accordance with the requirements of the Fair Value Measurements Topic of the FASB's ASC 820. The securities classified as available-for-sale reflected in the Consolidated Condensed Balance Sheets are valued at market and unrealized gains and losses, 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 as of the trade date and are determined on the identified cost method.

**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**October 31, 2017**

(Unaudited)

Market valuations of securities listed on a securities exchange and ETF shares are based on the closing sales prices on the last business day of each month. The market value of the Company's fixed maturity U.S. Government debt securities 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 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 following summarizes the levels of fair value measurements of the Company's investments:

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As of October 31, 2017

(\$ in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents	\$3,909	\$ -	\$ -	\$3,909
Securities available-for-sale	17,964	-	-	17,964
	\$21,873	\$ -	\$ -	\$21,873

As of April 30, 2017

(\$ in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents	\$6,066	\$ -	\$ -	\$6,066
Securities available-for-sale	16,576	-	-	16,576
	\$22,642	\$ -	\$ -	\$22,642

The Company had no other financial instruments such as futures, forwards and swap contracts. For the periods ended October 31, 2017 and April 30, 2017, 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.

**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 Company adopted the provisions of ASU 2015-17, Income taxes (Topic 740) during the first quarter of fiscal 2018 and now classifies all deferred taxes as long term liabilities on the Consolidated Condensed Balance Sheets.

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 October 31, 2017, 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. Any shares that are reacquired during the period are weighted for the portion of the period that they are outstanding. The Company does not have any potentially dilutive common shares from outstanding stock options, warrants, restricted stock, or restricted stock units.

**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**October 31, 2017**

(Unaudited)

**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 October 31, 2017 and April 30, 2017, cash equivalents included \$3,909,000 and \$6,066,000, respectively, for amounts invested in money market mutual funds that invest in short term U.S. government securities.

**Note 2 - Investments:**

***Securities Available-for-Sale:***

Investments held by the Company and its subsidiaries are classified as securities available-for-sale in accordance with FASB's ASC 320, Investments - Debt and Equity Securities. All of the Company's securities classified as available-for-sale were readily marketable or had a maturity of twelve months or less and are classified as current assets on the Consolidated Condensed Balance Sheets.

***Equity Securities:***

Equity securities classified as available-for-sale on the Consolidated Condensed Balance Sheets, consist of ETFs held for dividend yield that attempt to replicate the performance of certain equity indexes and ETFs that hold preferred shares primarily of financial institutions.

As of October 31, 2017 and April 30, 2017, the aggregate cost of the equity securities classified as available-for-sale, which consist of investments in the SPDR Series Trust S&P Dividend ETF (SDY), First Trust Value Line Dividend

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Index ETF (FVD), PowerShares Financial Preferred ETF (PGF), Select Utilities Select Sector SPDR ETF (XLU), First Trust Value Line 100 ETF (FVL) and Proshares Trust S&P 500 Dividend Aristocrats ETF (NOBL) was \$8,385,000, and the fair value was \$9,494,000 and \$9,097,000, respectively.

There were no sales or proceeds from sales of equity securities during the six months ended October 31, 2017 or October 31, 2016. The increase in gross unrealized gains on equity securities classified as available-for-sale of \$398,000, net of deferred taxes of \$140,000 was included in Shareholders' Equity at October 31, 2017. The increase in gross unrealized gains on equity securities classified as available-for-sale of \$520,000, net of deferred taxes of \$183,000 was included in Shareholders' Equity at April 30, 2017. The decrease in gross unrealized gains on equity securities classified as available-for-sale of \$218,000, net of deferred taxes of \$77,000 was included in Shareholders' Equity at October 31, 2016.

The changes in the value of equity securities investments are recorded in Other Comprehensive Income in the Consolidated Condensed Financial Statements. Realized gains and losses are recorded as of the trade date in the Consolidated Condensed Statements of Income when securities are sold, mature or are redeemed. As of October 31, 2017 and April 30, 2017, accumulated other comprehensive income included unrealized gains of \$1,109,000 and \$712,000, net of deferred taxes of \$391,000 and \$251,000, respectively.

The carrying value and fair value of securities available-for-sale at October 31, 2017 were as follows:

(\$ in thousands)	Cost	Gross	Fair Value
		Unrealized Gains	
ETFs - equities	\$8,385	\$ 1,109	\$9,494

The carrying value and fair value of securities available-for-sale at April 30, 2017 were as follows:

(\$ in thousands)	Cost	Gross	Fair Value
		Unrealized Gains	
ETFs - equities	\$8,385	\$ 712	\$9,097

***Government Debt Securities (Fixed Income Securities):***



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Fixed income securities consist of certificates of deposits and securities issued by federal, state, and local governments within the United States. The aggregate cost and fair value at October 31, 2017 of fixed income securities classified as available-for-sale were as follows:

(\$ in thousands)	Amortized Historical Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Maturity				
Due within 1 year	\$ 7,126	\$ 3	\$ (8 )	\$7,121
Due 1 year through 5 years	1,350	-	(1 )	1,349
Total investment in government debt securities	\$ 8,476	\$ 3	\$ (9 )	\$8,470

**Value Line, Inc.****Notes to Consolidated Condensed Financial Statements****October 31, 2017**

(Unaudited)

The aggregate cost and fair value at April 30, 2017 of fixed income securities classified as available-for-sale were as follows:

(\$ in thousands)	Amortized Historical Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Maturity				
Due within 1 year	\$ 4,384	\$ 4	\$ (3 )	\$4,385
Due 1 year through 5 years	3,100	-	(6 )	3,094
Total investment in government debt securities	\$ 7,484	\$ 4	\$ (9 )	\$7,479

Proceeds from maturities and sales of government debt securities classified as available-for-sale during the six months ended October 31, 2017 were \$1,394,000. There were no sales or proceeds from sales of government debt securities in fiscal 2017. The increase in gross unrealized losses of \$1,000 on fixed income securities classified as available-for-sale net of deferred income tax of \$360, was included in Shareholders' Equity at October 31, 2017. The increase in gross unrealized losses of \$5,000 on fixed income securities classified as available-for-sale net of deferred income tax of \$1,000, was included in Shareholders' Equity at April 30, 2017. The increase in gross unrealized gains of \$2,000 on fixed income securities classified as available-for-sale net of deferred income tax of \$1,000, was included in Shareholders' Equity at October 31, 2016.

The changes in the value of government debt securities investments are recorded in Other Comprehensive Income in the Consolidated Condensed Financial Statements. Realized gains and losses are recorded as of the trade date in the Consolidated Condensed Statements of Income when securities are sold, mature or are redeemed. As of October 31, 2017 and April 30, 2017, accumulated other comprehensive income included unrealized losses of \$6,000 and \$5,000, net of deferred taxes of \$2,000 and \$2,000, respectively.

The average yield on the Government debt securities classified as available-for-sale at October 31, 2017 and April 30, 2017 was 1.16% and 0.69%, respectively.

***Income from Securities Transactions:***

Income from securities transactions was comprised of the following:

	Three Months Ended October 31,		Six Months Ended October 31,	
(\$ in thousands)	2017	2016	2017	2016
Dividend income	\$53	\$ 49	\$105	\$ 73
Interest income	25	2	51	2
Other	13	10	31	19
Total income from securities transactions, net	\$91	\$ 61	\$187	\$ 94

***Investment in Unconsolidated Entities:******Equity Method Investment:***

As of October 31, 2017 and April 30, 2017, the Company's investment in EAM Trust, on the Consolidated Condensed Balance Sheets was \$58,588,000 and \$58,223,000, respectively.

The value of VLI's investment in EAM at October 31, 2017 and April 30, 2017 reflects the fair value of contributed capital of \$55,805,000 at inception which included \$5,820,000 of cash and liquid securities in excess of working capital requirements contributed to EAM's capital account by VLI, plus VLI's share of non-voting revenues and non-voting profits from EAM less distributions, made quarterly to VLI by EAM, during the period subsequent to its initial investment through the dates of the Consolidated Condensed Balance Sheets.

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.

The Company monitors its Investment in EAM Trust 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 and regulatory requirements. EAM did not record any impairment losses for its assets during the fiscal years 2018 or 2017.

**Value Line, Inc.****Notes to Consolidated Condensed Financial Statements****October 31, 2017**

(Unaudited)

The components of EAM's investment management operations, provided to the Company by EAM, were as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
(\$ in thousands) (unaudited)	2017	2016	2017	2016
Investment management fees earned from the Value Line Funds, net of fee waivers 12b-1 fees and other fees, net of fee waivers	\$4,068	\$3,680	\$8,026	\$7,317
Other income	\$49	\$16	\$104	\$79
Investment management fee waivers (1)	\$107	\$95	\$261	\$176
12b-1 fee waivers (1)	\$179	\$232	\$414	\$465
Value Line's non-voting revenues interest	\$2,039	\$1,799	\$4,017	\$3,586
EAM's net income (2)	\$336	\$266	\$652	\$524

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(1) During fiscal 2018 and 2017 investment management fee waivers primarily related to the Value Line Core Bond Fund and the 12b-1 fee waivers related to four of the Value Line Mutual Funds.

(2) Represents EAM's net income, after giving effect to Value Line's non-voting revenues interest, but before distributions to voting profits interest holders and to the Company in respect of its 50% non-voting profits interest.

	October 31, 2017 (unaudited)	April 30, 2017
(\$ in thousands)		
EAM's total assets	\$ 61,204	\$60,432
EAM's total liabilities (1)	(3,569 )	(2,931 )
EAM's total equity	\$ 57,635	\$57,501

(1) At October 31, 2017 and April 30, 2017, EAM's total liabilities included a payable to VLI for its accrued non-voting revenues interest and the 90% distributable share of its non-voting profits interests of \$2,218,000 and \$1,919,000, respectively.

### Note 3 - Variable Interest Entity

The Company retained a non-voting revenues interest and a 50% non-voting profits interest in EAM, which was formed, as a result of the Restructuring Transaction on December 23, 2010, to carry on the asset management and mutual fund distribution businesses formerly conducted by the Company. EAM is considered to be a VIE. The Company makes its determination for consolidation of EAM as a VIE 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 VIEs.

The Company 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 profits interest shareholders in EAM are subject to variability based on EAM's operations risk, Value Line's non-voting revenues 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.

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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 on its Consolidated Condensed Balance Sheets for its interest in EAM.

(\$ in thousands)	VIE Assets	Value Line Investment in EAM		Maximum Exposure to Loss
		Trust (1)	Liabilities	
As of October 31, 2017 (unaudited)	\$61,204	\$58,588	\$ -	\$ 58,588
As of April 30, 2017	\$60,432	\$58,223	\$ -	\$ 58,223

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

**Value Line, Inc.****Notes to Consolidated Condensed Financial Statements****October 31, 2017**

(Unaudited)

**Note 4 - Supplementary Cash Flow Information:**

	Six months ended October 31,	
(\$ in thousands)	2017	2016
State and local income tax payments	\$166	\$422
Federal income tax payments to the Parent	\$2,200	\$3,218

**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. For the six months ended October 31, 2017 and October 31, 2016, the estimated profit sharing plan contributions, which are included as expenses in salaries and employee benefits in the Consolidated Condensed Statements of Income, were \$213,000 and 214,000, respectively.

**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 October 31, 2017 and October 31, 2016, the Company held equity securities consisting primarily of ETFs with high relative dividend yields that are classified as securities 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 included in the Consolidated Condensed Statements of Income and Changes in Shareholders' Equity for the six months ended October 31, 2017 are as follows:

(\$ in thousands)	Amount		Amount Net of
	Before	Tax Expense	
	Tax		Tax
Change in unrealized gains on securities	\$ 397	\$ (140 )	\$ 257
	\$ 397	\$ (140 )	\$ 257

The components of comprehensive income included in the Consolidated Condensed Statements of Income and Changes in Shareholders' Equity for the six months ended October 31, 2016 are as follows:

(\$ in thousands)	Amount		Amount Net of
	Before	Tax Expense	
	Tax		Tax
Change in unrealized losses on securities	\$ (216 )	\$ 76	\$ (140 )
	\$ (216 )	\$ 76	\$ (140 )

**Note 7 - Related Party Transactions:**

***Investment Management (overview):***

The Company has substantial non-voting revenues and non-voting profits interests in EAM, the asset manager to the Value Line Mutual Funds. Accordingly, the Company does not report this operation as a separate business segment, although it maintains a significant interest in the cash flows generated by this business and will receive ongoing payments in respect of its non-voting revenues and non-voting profits interests.

Total assets in the Value Line Funds managed and/or distributed by EAM at October 31, 2017, were \$2.5 billion, 13.6% above total assets of \$2.2 billion in the Value Line Funds managed and/or distributed by EAM at October 31, 2016.

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. Distribution is not less than 90% of EAM's profits payable each fiscal quarter under the provisions of the EAM Trust Agreement. Value Line's percent share of EAM's revenues calculated each fiscal quarter was 49.73% and 50.28% during the first and second quarters of fiscal 2018, respectively, and 49.45% and 49.14% during the first and second quarters of fiscal 2017, respectively.

**Value Line, Inc.****Notes to Consolidated Condensed Financial Statements****October 31, 2017**

(Unaudited)

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

The Company holds 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. The Company recorded income from its non-voting revenues interest and its non-voting profits interest in EAM as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
(\$ in thousands)	2017	2016	2017	2016
Non-voting revenues interest in EAM	\$2,039	\$1,799	\$4,017	\$3,586
Non-voting profits interest in EAM	198	133	356	262
	\$2,237	\$1,932	\$4,373	\$3,848

At October 31, 2017, the Company's investment in EAM includes a receivable of \$2,218,000 representing the quarterly distribution of 100% of the non-voting revenues share and 90% of its non-voting profits share. Such amount was timely paid subsequent to October 31, 2017.

***Transactions with Parent:***

During the six months ended October 31, 2017 and October 31, 2016, the Company was reimbursed \$179,000 and \$185,000, respectively, for payments it made on behalf of and for services the Company provided to the Parent Company, Arnold Bernhard and Co., Inc. ("Parent"). There were no receivables from the Parent on the Consolidated Condensed Balance Sheets at October 31, 2017 and April 30, 2017.

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 federal tax payments of \$2,200,000 and \$3,218,000 to the Parent during the six months ended October 31, 2017 and October 31, 2016, respectively.

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. As of October 31, 2017, the Parent owned 88.98% of the outstanding shares of common stock of the Company.

#### Note 8 - Federal, State and Local Income Taxes:

In accordance with the requirements of the Income Tax Topic of the FASB's ASC, the Company's provision for income taxes includes the following:

(\$ in thousands)	Three Months		Six Months	
	Ended October 31, 2017	2016	Ended October 31, 2017	2016
Current tax expense:				
Federal	\$1,140	\$996	\$2,459	\$4,573
State and local	169	15	248	340
Current tax expense	1,309	1,011	2,707	4,913
Deferred tax expense (benefit):				
Federal	(126 )	(399 )	(312 )	(588 )
State and local	(119 )	(76 )	(149 )	(61 )
Deferred tax expense (benefit):	(245 )	(475 )	(461 )	(649 )
Income tax provision	\$1,064	\$536	\$2,246	\$4,264

**Value Line, Inc.****Notes to Consolidated Condensed Financial Statements****October 31, 2017**

(Unaudited)

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 long-term deferred tax liability are as follows:

	October 31, 2017	April 30, 2017
(\$ in thousands)		
Federal tax liability (benefit):		
Deferred gain on deconsolidation of EAM	\$17,753	\$17,742
Deferred non-cash post-employment compensation	(619 )	(619 )
Depreciation and amortization	358	454

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Other	(124 )	(366 )
Total federal tax liability	17,368	17,211
State and local tax liabilities (benefits):		
Deferred gain on deconsolidation of EAM	1,161	1,206
Deferred non-cash post-employment compensation	(41 )	(42 )
Depreciation and amortization	23	31
Other	(40 )	(29 )
Total state and local tax liabilities	1,103	1,166
Deferred tax liability, long term	\$18,471	\$18,377

In November 2015, the FASB issued ASU 2015-17, Income taxes (Topic 740): Balance Sheet Classification of Deferred Taxes which requires that all deferred tax assets and liabilities, along with related valuation allowances, be classified as long-term on the balance sheet. As a result, each tax-paying jurisdiction will now only have one net long-term asset or liability. The new guidance does not change the existing requirement that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction. The Company implemented ASU 2015-17 in the first quarter of fiscal 2018 retroactively to include the results as of April 30, 2017 for comparative purposes. The adoption of ASU 2015-17 does not have a material impact on our consolidated condensed financial statements and related disclosures.

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

The overall effective income tax rates, as a percentage of pre-tax ordinary income for the six months ended October 31, 2017 and October 31, 2016 were 34.40% and 35.23%, respectively. The Company's annual effective tax rate will change due to a number of factors including but not limited to an increase or decrease in the ratio of items that do not have tax consequences to pre-tax income, the Company's geographic profit mix between tax jurisdictions, taxation method adopted by each locality, new tax laws, new interpretations of existing tax laws and rulings and settlements with tax authorities. The fluctuation in the effective income tax rate during fiscal 2018 is primarily attributable to lower state and local income taxes as a result of the attribution of 100% of the gain on the sale of the Company's operating facility to one tax jurisdiction in fiscal 2017 and by the effect of the scheduled reduction in the allocation factors mandated by the local government on the state and local current and deferred tax liability (primarily associated with the gain on deconsolidation of EAM), the dividend received deduction, and domestic production tax deduction.

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:

Six Months  
 Ended October  
 31,

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	2017	2016
U.S. statutory federal tax rate	35.00%	35.00%
Increase (decrease) in tax rate from:		
State and local income taxes, net of federal income tax benefit	0.17 %	1.15 %
Effect of dividends received deductions	-0.39 %	-0.15 %
Domestic production tax credit	-0.51 %	0.00 %
Other, net	0.13 %	-0.77 %
Effective income tax rate	34.40%	35.23%

The Company believes that, as of October 31, 2017, there were no material uncertain tax positions that would require disclosure under GAAP.

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. Beginning with the fiscal year ended April 30, 2017, the Company files combined income tax returns with the Parent on a unitary basis in certain states as a result of changes in state tax regulations. The Company does not anticipate any significant tax implications from the change to unitary state tax filing.

**Value Line, Inc.****Notes to Consolidated Condensed Financial Statements****October 31, 2017**

(Unaudited)

The Company's federal income tax returns (included in the Parent's consolidated returns) and state and city tax returns for fiscal years ended 2014 through 2017, are subject to examination by the tax authorities, generally for three years after they are filed with the tax authorities. The Company favorably concluded certain tax audits during the third quarter of fiscal 2016 that provided the recognition of tax benefits resulting from a favorable outcome. The Company is presently engaged in a federal tax audit for the fiscal year ended April 30, 2015 and does not expect it to have a material effect on the financial statements.

**Note 9 - Property and Equipment:**

Property and equipment are carried at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, or in the case of leasehold improvements, over the remaining terms of the leases. For income tax purposes, depreciation of furniture and equipment is computed using accelerated methods and buildings and leasehold improvements are depreciated over prescribed extended tax lives. Property and equipment, net, on the Consolidated Condensed Balance Sheets was comprised of the following:

	October 31, 2017	April 30, 2017
(\$ in thousands)		
Building and leasehold improvements	\$1,013	\$789
Furniture and equipment	4,032	3,865
	5,045	4,654
Accumulated depreciation and amortization	(3,542)	(3,415)
Total property and equipment, net	\$1,503	\$1,239

**Note 10 - Accounting for the Costs of Computer Software Developed for Internal Use:**

The Company has adopted the provisions of the Statement of Position 98-1 (SOP 98-1), "Accounting for the Costs of Computer Software Developed for Internal Use". SOP 98-1 requires companies to capitalize as long-lived assets many of the costs associated with developing or obtaining software for internal use and amortize those costs over the



software's estimated useful life in a systematic and rational manner.

The Company did not incur and did not capitalize expenditures related to the development of software for internal use during the six months ended October 31, 2017. The Company capitalized \$360,000 related to the development of software for internal use during the six months ended October 31, 2016. Capitalized software included \$215,000 of internal costs to develop software and \$145,000 of third party programmers' costs during the six months ended October 31, 2016. Such costs were capitalized and amortized over the expected useful life of the asset which is 3 to 5 years. Total amortization expenses during the six months ended October 31, 2017 and October 31, 2016, were \$325,000 and \$2,621,000, respectively. Additional amortization expense in fiscal 2017 was primarily attributable to the re-evaluation of the useful life of internally developed software costs related to digital security and product production software.

#### Note 11 - Treasury Stock and Repurchase Program:

On September 19, 2012, the Company's Board of Directors approved a share repurchase program authorizing the repurchase of shares of the Company's common stock up to an aggregate purchase price of \$3,000,000. The repurchases may be made from time to time on the open market at prevailing market prices, in negotiated transactions off the market, in block purchases or otherwise. The repurchase program may be suspended or discontinued at any time at the Company's discretion and has no set expiration date.

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	Aggregate Purchase Price Remaining Under the Program
Balance as of April 30, 2017 (1)(2)	288,335	\$ 3,781	\$ 13.11	\$ 609
Purchases effected in open market during the quarters ended:				
July 31, 2017	2,353	40	17.29	569
October 31, 2017	6,512	110	16.90	459
Balance as of October 31, 2017	297,200	\$ 3,931	\$ 13.23	\$ 459

(1) Includes 85,219 shares with a total average cost of \$1,036,000 that were acquired during the former repurchase program, which was authorized in January 2011 and expired in January 2012; 18,400 shares were acquired prior to January 2011.

(2) Were acquired during the \$3 million repurchase program authorized in September 2012.

**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**October 31, 2017**

(Unaudited)

**Note 12 - Lease Commitments:**

In February 2017 the Company's headquarters and offices moved to a new location. On November 30, 2016, Value Line, Inc., received consent from the landlord at 551 Fifth Avenue, New York, NY to the terms of a new sublease agreement between Value Line, Inc. ("Value Line" or "Company") and ABM Industries, Incorporated ("ABM" or the "Sublandlord") commencing on December 1, 2016. Pursuant to the agreement Value Line leased from ABM 24,726 square feet of office space located on the second and third floors at 551 Fifth Avenue, New York, NY ("Building" or "Premises") beginning on December 1, 2016 and ending on November 29, 2027. Base rent under the sublease agreement is \$1,126,000 per annum during the first year with an annual increase in base rent of 2.25% scheduled for each subsequent year, payable in equal monthly installments on the first day of each month, subject to customary concessions in the Company's favor and pass-through of certain increases in utility costs and real estate taxes over the base year. The Company provided a security deposit represented by a letter of credit in the amount of \$469,000 in October 2016, which is scheduled to be reduced to \$305,000 on September 30, 2021 and fully refunded after the sublease ends. This Building became the Company's new corporate office facility. The Company is required to pay for certain operating expenses associated with the Premises as well as utilities supplied to the Premises. The sublease terms provide for a significant decrease (23% initially) in the Company's annual rental expenditure taking into account free rent for the first six months of the sublease. Sublandlord provided Value Line a work allowance of \$417,000 which accompanied with the six months free rent worth \$563,000 was applied against the Company's obligation to pay rent at our NYC headquarters, delaying the actual rent payments until November 2017.

On February 29, 2016, the Company's subsidiary Value Line Distribution Center ("VLDC") and Seagis Property Group LP (the "Landlord") entered into a lease agreement, pursuant to which VLDC has leased 24,110 square feet of warehouse and appurtenant office space located at 205 Chubb Ave., Lyndhurst, NJ ("Warehouse") beginning on May 1, 2016 and ending on April 30, 2024 ("Lease"). Base rent under the Lease is \$192,880 per annum payable in equal monthly installments on the first day of each month, in advance during fiscal 2017 and will gradually increase to \$237,218 in fiscal 2024, subject to customary increases based on operating costs and real estate taxes. The Company provided a security deposit in cash in the amount of \$32,146, which will be fully refunded after the lease term expires. The lease is a net lease requiring the Company to pay for certain operating expenses associated with the Warehouse as well as utilities supplied to the Warehouse.

The total amount of the base rent payments is being charged to expense on the straight-line method over the term of the lease.

Future minimum payments, exclusive of potential increases in real estate taxes and operating cost escalations, under operating leases for office space, with remaining terms of one year or more, are as follows:

Fiscal Years Ended April 30,	(\$ in thousands)
2019	\$ 1,366
2020	1,399
2021	1,432
2022	1,506
2023 and thereafter	8,496
	\$ 14,199

For the six months ended October 31, 2017 and 2016, rental expenses were \$618,000 and \$730,000, respectively.

**Note 13 - Restricted Cash and Deposits:**

Restricted Money Market Investment in the noncurrent assets on the Consolidated Condensed Balance Sheet at October 31, 2017, includes \$469,000, which represents cash invested in a bank money market fund securing a letter of credit ("LOC") in the amount of \$469,000 issued to the sublandlord as a security deposit for the Company's NYC leased corporate office facility.

**Note 14 - Gain on Sale of Operating Facility:**

On July 29, 2016, Value Line closed the sale of its 85,000 sq. ft. distribution, fulfillment and warehouse operating facility located at 125 East Union Avenue, East Rutherford, NJ, received net proceeds of \$11,555,000 and reported an increment to net profits after tax during the first quarter of fiscal 2017 of approximately \$5.28 million. The distribution, fulfillment and warehouse operations were relocated to an alternative 24,110 sq. ft. leased facility (See Note 12).

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

**Cautionary Statement Regarding Forward-Looking Information**

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, as amended. 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:

- maintaining revenue from subscriptions for the Company's digital and print published products;
- changes in market and economic conditions, including global financial issues;
- protection of intellectual property rights;
- dependence on non-voting revenues and non-voting profits interests in EULAV Asset Management, a Delaware statutory trust (“EAM” or “EAM Trust”), which serves as the investment advisor to the Value Line Funds and engages in related distribution, marketing and administrative services;
- 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, and the effect these changes may have on the valuation of EAM's intangible assets;
- dependence on key personnel;
- competition in the fields of publishing, copyright data and investment management;
- the impact of government regulation on the Company's and EAM's businesses;
- availability of free or low cost investment data through discount brokers or generally over the internet;
- terrorist attacks, cyber attacks and natural disasters;
- 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, 2017 and in Part II, Item 1A of this Quarterly Report on Form 10-Q for the period ended October 31, 2017; and other risks and uncertainties arising from time to time.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors which may involve external factors over which we may have no control or changes in our plans, strategies, objectives, expectations or intentions, which may happen at any time at our discretion, could also have material adverse effects on future results. Except as otherwise required to be disclosed in periodic reports required to be filed by public companies with the SEC pursuant to the SEC's rules, we have no duty to update these statements, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, current plans, anticipated actions, and future financial conditions and results may differ from those expressed in any forward-looking information contained herein.

In this report, “Value Line,” “we,” “us,” “our” refers to Value Line, Inc. and the “Company” refers to Value Line and its subsidiaries unless the context otherwise requires.

## **Executive Summary of the Business**

The Company's core business is producing investment periodicals and their underlying research and making available copyright data, including certain proprietary Ranking System and other proprietary information, to third parties under written agreements for use in third-party managed and marketed investment products and for other purposes. Value Line markets under well-known brands including *Value Line*®, *the Value Line logo*®, *The Value Line Investment Survey*®, *Smart Research*, *Smarter Investing*™ 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. Effective December 23, 2010, EULAV Asset Management Trust ("EAM") was established to provide the investment management services to the Value Line Funds, institutional and individual accounts and provide distribution, marketing, and administrative services to the Value Line® Mutual Funds ("Value Line Funds"). The Company maintains a significant investment in EAM from which it receives payments in respect of its non-voting revenues and non-voting profits interests.

The Company's target audiences within the investment research field are individual investors, colleges, libraries, and investment management professionals. Individuals come to Value Line for complete research in one package. Institutional licensees consist of corporations, financial professionals, colleges, and municipal libraries. 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. The Company has a dedicated department that solicits institutional subscriptions.

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

The investment periodicals and related publications (retail and institutional) and fees from copyright data including the proprietary Ranking System information and other proprietary information consolidate into one segment called Publishing.

The Company's move to new headquarters in February 2017 resulted in lower rent expense over the term of the sublease.

## **Asset Management and Mutual Fund Distribution Businesses**

The business of EAM is managed by its trustees each owning 20% of the voting profits interest in EAM and by its officers subject to the direction of the trustees. 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. Distribution is not less than 90% of EAM's profits payable each fiscal quarter under the provisions of the EAM Trust Agreement. Value Line's percent share of EAM's revenues calculated each fiscal quarter was 49.73% and 50.28% during the first and second quarters of fiscal 2018, respectively, and 49.45% and 49.14% during the first and second quarters of fiscal 2017, respectively.

Pursuant to the EAM Declaration of Trust, 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 System information to EAM without charge or expense.



## Business Environment

The nation's long business expansion, now well into its ninth year, continues to press forward. In fact, as we head into 2018, there seems to be some solid momentum being built up. Gross domestic product gained better than 3% in both the second and third quarters of 2017. And now, given strong trends in personal income, consumer confidence, manufacturing, homebuilding, and housing sales, our sense is that growth in the fast-concluding final quarter of 2017 again will surpass 3%.

Encouragingly, this latest buildup in economic momentum seems likely to continue in 2018. There could be some hiccups in the opening quarter, most likely of a weather-related nature, as there often are early in a new year, leading to a somewhat more deliberate growth pace. However, once spring arrives, GDP should resume its spirited climb and sustain that 3%, or so, level of improvement over the course of the year, boosted by likely increases in infrastructure spending, further gains in industrial activity, durability in housing, and a credible spending performance by the public, which has seen its wealth increase from a historic bull market and rising real estate values.

Of course, few up cycles continue without issues, and this one is no exception. And although we do not see the makings of a new recession on the horizon--with the current expansion likely to last into the early years of the next decade given the absence of growth or inflation excesses--there are risks that should be noted. Chief among these would be the failure of fiscal and monetary policy initiatives (including likely changes in the tax code) to keep the economic ball rolling without inviting major overheating. Other risks would be serious political headwinds at home or sizable global flare-ups overseas.

For now, though, the business outlook continues to be relatively bright and this is helping to keep the stock market on the rise, even as price-earnings ratios climb to the upper end of their historic range.

## Results of Operations for the Three and Six Months Ended October 31, 2017 and October 31, 2016

The following table illustrates the Company's key components of revenues and expenses.

(\$ in thousands, except earnings per share)	Three Months Ended October 31,			Six Months Ended October 31,		
	2017	2016	Change	2017	2016	Change

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Income from operations including gain on sale of operating facility in fiscal 2017	\$808	\$23	3,413.0%	\$1,973	\$8,160	-75.8 %
Non-voting revenues and non-voting profits interests from EAM Trust	\$2,237	\$1,932	15.8 %	4,373	3,848	13.6 %
Income from operations plus non-voting revenues and non-voting profits interests from EAM Trust	\$3,045	\$1,955	55.8 %	\$6,346	\$12,008	-47.2 %
Operating expenses	\$8,181	\$8,627	-5.2 %	\$15,930	\$17,134	-7.0 %
Income from securities transactions, net	\$91	\$61	49.2 %	\$187	\$94	98.9 %
Income before income taxes	\$3,136	\$2,016	55.6 %	\$6,533	\$12,102	-46.0 %
Net income	\$2,072	\$1,480	40.0 %	\$4,287	\$7,838	-45.3 %
Earnings per share	\$0.21	\$0.15	40.0 %	\$0.44	\$0.81	-45.7 %

During the six months ended October 31, 2017, the Company's net income of \$4,287,000, or \$0.44 per share, was \$3,551,000 or 45.3% below net income of \$7,838,000, or \$0.81 per share, for the six months ended October 31, 2016. During the six months ended October 31, 2017 there were 9,707,583 average common shares outstanding as compared to 9,729,002 average common shares outstanding during the six months ended October 31, 2016. Income from operations of \$1,973,000 during the six months ended October 31, 2017 was \$6,187,000 or 75.8% below income from operations of \$8,160,000 during the six months ended October 31, 2016. During the three months ended October 31, 2017, the Company's net income of \$2,072,000, or \$0.21 per share, was \$1,120,000 or 40.0% above net income of \$1,480,000, or \$0.15 per share, for the three months ended October 31, 2016. During the first half of fiscal 2017 both net income and income from operations included a pre-tax gain of \$8,123,000 from the sale of the Company's operating facility for which it received net proceeds of \$11,555,000 on July 29, 2016. The fulfillment and mailing operations housed within the facility were relocated to a leased facility within close proximity. The decrease in income from operations during the six months ended October 31, 2017, was partially offset by a \$2,293,000 decrease in depreciation and amortization expense in fiscal year 2018.

Total operating revenues

(\$ in thousands)	Three Months Ended October 31,			Six Months Ended October 31,			Change	
	2017	2016	Change	2017	2016	Change		
Investment periodicals and related publications:								
Print	\$3,466	\$3,553	-2.4 %	\$6,926	\$7,155	-3.2 %		
Digital	3,960	4,076	-2.8 %	7,940	8,124	-2.3 %		
Total investment periodicals and related publications	7,426	7,629	-2.7 %	14,866	15,279	-2.7 %		
Copyright data fees	1,563	1,021	53.1 %	3,037	1,892	60.5 %		
Total publishing revenues	8,989	8,650	3.9 %	17,903	17,171	4.3 %		
Gain on sale of operating facility	-	-	n/a	-	8,123	n/a		
Total revenues	\$8,989	\$8,650	3.9 %	\$17,903	\$25,294	-29.2 %		

During the six months ended October 31, 2017 total publishing revenues from investment periodicals and related publications excluding copyright data fees were \$14,866,000, which is 2.7% below the total publishing revenues excluding copyright data fees of \$15,279,000 during the six months ended October 31, 2016 primarily a result of a 5.0% decrease in total circulation at October 31, 2017.

Within investment periodicals and related publications, subscription sales orders are derived from print and digital products. The following chart illustrates the changes in the sales orders associated with print and digital subscriptions.

Sources of subscription sales

	Three Months Ended October 31,				Six Months Ended October 31,			
	2017		2016		2017		2016	
	Print	Digital	Print	Digital	Print	Digital	Print	Digital
New Sales	17.1 %	15.5 %	14.9 %	17.3 %	16.6 %	15.7 %	14.9 %	17.7 %
Conversion and Renewal Sales	82.9 %	84.5 %	85.1 %	82.7 %	83.4 %	84.3 %	85.1 %	82.3 %
Total Gross Sales	100.0%	100.0 %	100.0%	100.0 %	100.0%	100.0 %	100.0%	100.0 %

During the six months ended October 31, 2017 new sales of print publications increased as a percent of the total gross print sales as a result of an increase in new print retail sales orders while conversion and renewal sales of print orders decreased from the prior fiscal year. New sales of digital publications decreased as a percent of the total gross digital sales as a result of a decrease in new digital retail sales orders, related to a two-year trend of lower advertising expenditures. Conversion and renewal sales of digital services increased as a percent of the total gross digital sales over the prior fiscal year as a result of a slower decline than the decline in new sales due to efforts by our in-house Retail and Institutional Sales departments.

	As of October 31, 2017	As of April 30, 2017	As of October 31, 2016	Change Oct-17 vs. Apr-17	Oct-17 vs. Oct-16
(\$ in thousands)					
Unearned subscription revenue (current and long term liabilities)	\$23,711	\$25,659	\$22,797	-7.6%	4.0%

Unearned subscription revenue as of October 31, 2017 is 4.0% above October 31, 2016 and is 7.6% below April 30, 2017. The decline from April 30, 2017, reflects both the timing of advertising for order generation and the fact that April 30<sup>th</sup> is the usual annual peak. A certain amount of variation is to be expected due to the volume of new orders and timing of renewal orders, direct mail campaigns and large Institutional Sales orders.

#### Investment periodicals and related publications revenues

Investment periodicals and related publications revenues of \$14,866,000 decreased \$413,000, or 2.7%, for the six months ended October 31, 2017, as compared to the prior fiscal year. The Company continued its efforts to attract new subscribers through various marketing channels, primarily direct mail, e-mail, and by the efforts of our sales personnel. Total product line circulation at October 31, 2017 was 5.0% below total product line circulation at October 31, 2016. The Company has been successful in growing revenues from digitally-delivered investment periodicals within the institutional market. Institutional Sales generated total sales orders of \$6,156,000 for the six months ended October 31, 2017 which were 3.9%, below comparable total sales orders of \$6,407,000 for the six months ended October 31, 2016. Revenues from institutional subscribers increased 1.8% above the prior fiscal year. This revenue growth continues a positive trend for Institutional Sales, but is not sufficient to wholly offset the lost revenues from retail subscribers. We have also benefited from the ability to realize modest price increases as well as “converting” an increased volume of customers from lower cost retail to the more robust professional priced services. The retail telemarketing sales team generated total sales orders of \$3,863,000 for the six months ended October 31, 2017 which compares to \$3,960,000 in the prior fiscal year.

Digital publications revenues of \$7,940,000 during the six months ended October 31, 2017 were \$184,000 or 2.3% below the prior fiscal year. Revenues from institutional digital publications increased less than 1% as compared to the prior fiscal year. Digital publications revenues from retail subscribers decreased \$215,000 or 9.6% as compared to the prior fiscal year. Total digital circulation at October 31, 2017 was 12.3% below total digital circulation at October 31, 2016.

Print publication revenues of \$6,926,000 decreased \$229,000 or 3.2% for the six months ended October 31, 2017 as compared to the prior fiscal year. Revenues from institutional print publications increased \$92,000 or 8.1% while print publications revenues from retail subscribers decreased \$321,000 or 5.3% for the six months ended October 31, 2017,

as compared to the prior fiscal year. Total print circulation at October 31, 2017 was 0.7% above total print circulation at October 31, 2016.

The Company has relied more on its personnel selling efforts in both the institutional segment and retail retention and sales, as the ability to obtain orders profitably through traditional direct marketing plateaus. 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. Individual investors interested in digitally-delivered investment information have access to both free and subscription equity research from many sources. Continuing factors that have contributed to the decline in the retail digital 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. Further, there appears to be a relative decline in individuals' interest in holding specific stocks as compared with ETFs, mutual funds and participation in retirement plans. In order to address competition the Company has emphasized its lower-priced "starter" levels of service in attracting new customers. Also many of the professional subscribers to the Company's digital and print retail products have been successfully converted to a higher priced Institutional product, with the peak impact of such movement behind us.

Value Line serves primarily individual and professional investors in stocks, who pay, primarily on annual subscription plans, for basic services or as much as \$100,000 or more annually for comprehensive premium quality research, not obtainable elsewhere. The ongoing goal of adding new subscribers has led us to experiment with varying terms for our reliable, proprietary research including periods of intensive promotion of “starter” services and publications.

Copyright data fees

The Value Line proprietary Ranking System information (the “Ranking System”), a component of the Company’s flagship product, *The Value Line Investment Survey*, is also utilized in the Company’s copyright data business. The Ranking System is made available to EAM for specific uses without charge. The Ranking System is designed to be predictive over a six to twelve month period. For the six month period ended October 31, 2017, the combined Ranking System “Rank 1 & 2” stocks’ increase of 8.4% outperformed the S&P 500 Index’s increase of 8.0% during the comparable period. For the twelve month period ended October 31, 2017, the combined Ranking System “Rank 1 & 2” stocks’ increase of 23.4% outperformed the S&P 500 Index’s increase of 21.1% during the comparable period.

During the three and six months ended October 31, 2017, copyright data fees of \$1,563,000 and \$3,037,000, respectively, were 53.1% and 60.5%, respectively, above the prior fiscal year. As of October 31, 2017, total third party sponsored assets were attributable to three contracts for copyright data representing \$4.2 billion in various products, as compared to three contracts for copyright data representing \$2.6 billion in assets at October 31, 2016.

The Company believes 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, on competition and on fluctuations in segments of the equity markets. Our quantitative specialists are seeking to develop and confirm reliable models for additional copyright data products.

Gain on sale of operating facility

On July 29, 2016, Value Line closed the sale of its 85,000 sq. ft. distribution, fulfillment and warehouse operating facility located at 125 East Union Avenue, East Rutherford, NJ, received net proceeds of \$11,555,000 and reported an increment to net profits after tax during the first quarter of fiscal 2017 of approximately \$5.2 million. The distribution, fulfillment and warehouse operations were relocated to an alternative 24,110 sq. ft. leased facility.

Investment management fees and services – (unconsolidated)

The Company has a substantial non-voting revenues and non-voting profits interests in EAM, the asset manager to the Value Line Mutual Funds. Accordingly, the Company does not report this operation as a separate business segment, although it maintains a significant interest in the cash flows generated by this business and will receive ongoing payments in respect of its non-voting revenues and non-voting profits interests.

Total assets in the Value Line Funds managed and/or distributed by EAM at October 31, 2017, were \$2.5 billion, which is \$300 million, or 13.6%, above total assets of \$2.2 billion in the Value Line Funds managed and/or distributed by EAM at October 31, 2016. The increase reflects successful investment selection capturing market appreciation, offset by net redemptions in ten of the twelve Value Line Funds over the twelve month period ended October 31, 2017.

Shares of Value Line Strategic Asset Management Trust (“SAM”) and Value Line Centurion Fund (“Centurion”) are within certain variable annuity and variable life insurance contracts issued by The Guardian Insurance & Annuity Company, Inc. (“GIAC”); new contracts of this type are no longer sold.



Value Line Mutual Funds

(\$ in millions)	As of October 31,			
	2017	2016	Change	
Variable annuity assets ("GIAC")	\$406	\$397	2.3	%
All other open end equity and hybrid fund assets	1,985	1,705	16.4	%
Total equity and hybrid funds	2,391	2,102	13.7	%
Fixed income funds	119	135	-11.9	%
Total EAM managed net assets	\$2,510	\$2,237	12.2	%

The Daily Income Fund managed by Reich & Tang Asset Management LLC was liquidated on July 29, 2015. Since then the Value Line Fund shareholders have been provided a money market fund alternative investment managed by Federated Government Obligations Fund.

EAM has successfully broadened distribution, particularly within the Adviser/Independent Broker Dealer ("IBD") channel. Assets in that channel are up \$114 million or 20% year over year, as a result of market appreciation. The channel accounts for approximately 65% of gross sales for the year. Due to stronger gross annual sales than that of the prior year, the Adviser/IBD channel continues to be positive and the leading channel for net sales for the period. The marketing efforts have led to clients of over 4,000 financial advisers (individual reps or RIAs) owning a Value Line fund as of October 31, 2017. The largest distribution channel for the Value Line Funds remains the fund supermarket platforms such as Charles Schwab & Co., Inc., Fidelity, Pershing and E-Trade.

As of October 31, 2017, four of six Value Line equity and hybrid mutual funds, excluding SAM and Centurion, held an overall four or five star rating by Morningstar, Inc. However, as of October 31, 2017, only one of the six equity and hybrid funds was in the top quintile of their respective peer groups for the one year period, although four of the six funds were in the top quintile for the three year period according to Morningstar.

Several of the Value Line Funds have received national recognition. The Value Line Small Cap Opportunities Fund is recognized on a select list at Lincoln Financial. Since June 30, 2015, Fidelity has listed the Value Line Small Cap Opportunities Fund as a Fidelity Fund Pick and in June 2017, Fidelity listed the Value Line Income and Growth Fund as a Fidelity Fund Pick. The Value Line Small Cap Opportunities Fund and the Value Line Mid-Cap Focused Fund were named "Category Kings" in *The Wall Street Journal* in calendar 2017. The Value Line Income & Growth Fund has been named a "Category King" for balanced funds. In November 2015, four funds: the Small Cap Opportunities Fund, the Larger Companies Focused Fund, the Asset Allocation Fund, and the Income and Growth Fund launched a new Institutional Class of shares. With the creation of institutional shares, EAM has the opportunity to place the Value Line Mutual Funds on distribution platforms that offer exclusively those funds shares that have eliminated all 12b-1 fees from their fee structure.

EAM Trust - Results of operations before distribution to interest holders

The overall results of EAM's investment management operations during the six months ended October 31, 2017, before interest holder distributions, included total investment management fees earned from the Value Line Funds of \$8,026,000, 12b-1 fees and other fees of \$3,168,000 and other income of \$104,000 which included dividend, interest and licensing fees income. For the same period, total investment management fee waivers were \$261,000 and 12b-1 fee waivers for four Value Line Funds were \$414,000. During the six months ended October 31, 2017, EAM's net income was \$712,000 after giving effect to Value Line's non-voting revenues interest of \$4,017,000, but before distributions to voting profits interest holders and to the Company in respect of its 50% non-voting profits interest.

The overall results of EAM's investment management operations during the six months ended October 31, 2016, before interest holder distributions, included total investment management fees earned from the Value Line Funds of \$7,317,000, 12b-1 fees and other fees of \$2,919,000 and other income of \$79,000 which includes, dividend, interest and licensing fees income. For the same period, total investment management fee waivers were \$176,000 and 12b-1 fee waivers for four Value Line Funds were \$465,000. During the six months ended October 31, 2016, EAM's net income was \$524,000 after giving effect to Value Line's non-voting revenues interest of \$3,586,000, but before distributions to voting profits interest holders and to the Company in respect of its 50% non-voting profits interest.

As of October 31, 2017, four of the Value Line Funds have all or a portion of the 12b-1 fees being waived, and one fund has partial investment management fee waivers in place. Although, under the terms of the EAM Declaration of Trust, 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.

The Value Line equity and hybrid funds assets represent 79.1%, variable annuity funds issued by GIAC represent 16.2%, and fixed income fund assets represent 4.7%, respectively, of total fund assets under management (“AUM”) as of October 31, 2017. At October 31, 2017, equity, hybrid and GIAC variable annuities AUM increased by 13.7% and fixed income AUM decreased by 11.9% as compared to the prior fiscal year.

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

The Company holds 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, and 50% of EAM's net profits, not less than 90% of which is distributed in cash every fiscal quarter.

The Company recorded income from its non-voting revenues interest and its non-voting profits interest in EAM as follows:

(\$ in thousands)	Three Months Ended			Six Months Ended		
	October 31, 2017	October 31, 2016	Change	October 31, 2017	October 31, 2016	Change
Non-voting revenues interest	\$2,039	\$1,799	13.3 %	\$4,017	\$3,586	12.0 %
Non-voting profits interest	198	133	48.9 %	356	262	35.9 %
	\$2,237	\$1,932	15.8 %	\$4,373	\$3,848	13.6 %

During the six months ended October 31, 2017 and October 31, 2016, the Company recorded revenues of \$4,373,000 and \$3,848,000, respectively, consisting of \$4,017,000 and \$3,586,000, from its non-voting revenues interest in EAM and \$356,000 and \$262,000, from its non-voting profits interest in EAM without incurring any directly related expenses.

Operating expenses

(\$ in thousands)	Three Months Ended October 31,			Six Months Ended October 31,		
	2017	2016	Change	2017	2016	Change
Advertising and promotion	\$827	\$620	33.4 %	\$1,622	\$1,528	6.2 %
Salaries and employee benefits	4,574	4,301	6.3 %	9,074	8,209	10.5 %
Production and distribution	1,403	2,350	-40.3 %	2,798	4,824	-42.0 %
Office and administration	1,377	1,356	1.5 %	2,436	2,573	-5.3 %
Total expenses	\$8,181	\$8,627	-5.2 %	\$15,930	\$17,134	-7.0 %

Expenses within the Company are categorized into advertising and promotion, salaries and benefits, production and distribution, office and administration.

Operating expenses of \$15,930,000 for the six months ended October 31, 2017 decreased \$1,204,000, or 7.0%, as compared to the six months ended October 31, 2016 primarily due to a \$2,293,000 decrease in depreciation and amortization expense partially offset by a \$94,000 increase in advertising expenses and an \$865,000 increase in salaries and employee benefits in fiscal 2018. During the three months ended October 31, 2017 operating expenses of \$8,181,000 decreased \$446,000, or 5.2%, as compared to the three months ended October 31, 2016 primarily due to a \$1,072,000 decrease in depreciation and amortization expense partially offset by a \$207,000 increase in advertising expenses and a \$273,000 increase in salaries and employee benefits during the second quarter of fiscal 2018.

Advertising and promotion

During the three months ended October 31, 2017 advertising and promotion expenses of \$827,000 increased \$207,000 or 33.4% as compared to the prior fiscal year primarily due to a \$165,000 increase in direct mail expenses. There were two direct mail campaigns for *The Value Line 600* during the three months ended October 31, 2017 as compared to one direct mail campaign for *The Value Line 600* during the second quarter in the prior fiscal year. There was a \$100,000 increase in outside marketing strategy services during the three and six months ended October 31, 2017.

Advertising and promotion expenses of \$1,622,000 during the six months ended October 31, 2017 increased \$94,000 or 6.2%, as compared to the six months ended October 31, 2016. Direct mail expenses of \$456,000 during the six months ended October 31, 2017 increased \$87,000 or 23.5% as compared to the prior fiscal year. The increases in direct mail expenses for *The Value Line Investment Survey*, *The Value Line 600* and *The Value Line Special Situations* in fiscal 2018 were partially offset by a decrease in direct marketing for *Value Line Select* and *Value Line Select: Dividend Income & Growth*. During the six months ended October 31, 2017 institutional sales commissions decreased \$19,000 and telemarketing sales commissions decreased \$61,000 as compared to fiscal 2017. The decrease in

telemarketing commissions is due to reduced sales, temporary staff reduction and a restructuring of incentive compensation. Total telemarketing sales were \$3.86 million in fiscal 2018 vs. \$3.96 million in fiscal 2017. Total institutional sales were \$6.16 million in fiscal 2018 vs. \$6.4 million in fiscal 2017. Commissions vary based on the type of customer, size of sale, and whether a sale is new or renewal.

Salaries and employee benefits

During the three and six months ended October 31, 2017 salaries and employee benefits of \$4,574,000 and \$9,074,000, respectively, increased \$273,000 and \$865,000 or 6.3% and 10.5%, respectively, above those of the prior fiscal year's which included the effect of decreases of \$60,000 and \$215,000, respectively, in the capitalization of internal salaries and benefits expenses for digital project development during the three and six months ended October 31, 2017, as compared to the prior fiscal year. The remaining increases in salaries and employee benefits, primarily in the Information Technology department ("IT") related to the Company's digital infrastructure and production processes, and Institutional Sales and Quantitative Research departments, partially offset by a \$127,000 decrease in employee recruitment costs during the six months ended October 31, 2017.

Production and distribution

During the three and six months ended October 31, 2017 production and distribution expenses of \$1,403,000 and \$2,798,000, respectively, decreased \$947,000 and \$2,026,000 or 40.3% and 42.0%, respectively, as compared to the prior fiscal year. During the six months ended October 31, 2017 a decrease of \$2,296,000 was attributable to a decline in amortization of internally developed software costs related to digital security and product production software. During the six months ended October 31, 2017 the decrease in production costs was partially offset by a \$115,000 increase in production support of the Company's website, maintenance of the Company's publishing and application software and operating systems and web "framework". Additional increase of \$93,000 is related to maintaining *The Value Line Investment Analyzer* code and testing it for PCI compliance to ensure that it works with PCI required Operating Systems.

Office and administration

During the three months ended October 31, 2017 office and administration expenses of \$1,377,000 increased 1.5%, as compared to the prior fiscal year. During the six months ended October 31, 2017 office and administration expenses of \$2,436,000 decreased \$137,000 or 5.3%, as compared to the prior fiscal year primarily as a result of a \$113,000 decrease in the cost of space rental due to lower rent payments resulting from the sub-lease agreement with American Building Maintenance ("ABM" or the "Sublandlord"). In accordance with GAAP, we allocate the benefit of the free rent period and other concessions over the term of our new NYC sublease, commencing on December 1, 2016. In fact, however, the Company was not paying cash rent for the new New York City office facility from December 2016 through October 2017. Additional decreases include \$117,000 savings in VLDC utilities and a decrease in real estate taxes due to the relocation of VLDC operations to a new leased NJ facility upon the sale of the operating facility in July 2016. A decrease of \$212,000 in moving expenses is attributed to relocation of VLDC operations to a new leased NJ facility and relocation of the NYC office to a new facility at 551 Fifth Ave., NY in fiscal 2017. Professional costs increased \$329,000 during the six months ended October 31, 2017 as compared to the prior fiscal year.

Income from Securities Transactions, net

During the three and six months ended October 31, 2017 and October 31, 2016 the Company's income from securities transactions, net, primarily derived from dividend income, was \$91,000 and \$187,000, respectively. There were no sales, or gains or losses from sales of equity securities during the six months ended October 31, 2017 or October 31, 2016.

Lease Commitments

In February 2017 the Company's headquarters and offices moved to a new location. On November 30, 2016, Value Line, Inc., received consent from the landlord at 551 Fifth Avenue, New York, NY to the terms of a new sublease agreement between Value Line, Inc. ("Value Line" or "Company") and ABM Industries, Incorporated ("ABM" or the "Sublandlord") commencing on December 1, 2016. Pursuant to the agreement Value Line leased from ABM 24,726 square feet of office space located on the second and third floors at 551 Fifth Avenue, New York, NY ("Building" or "Premises") beginning on December 1, 2016 and ending on November 29, 2027. Base rent under the sublease agreement is \$1,126,000 per annum during the first year with an annual increase in base rent of 2.25% scheduled for each subsequent year, payable in equal monthly installments on the first day of each month, subject to customary concessions in the Company's favor and pass-through of certain increases in utility costs and real estate taxes over the base year. The Company provided a security deposit represented by a letter of credit in the amount of \$469,000 in October 2016, which is scheduled to be reduced to \$305,000 on September 30, 2021 and fully refunded after the sublease ends. This Building became the Company's new corporate office facility. The Company is required to pay for certain operating expenses associated with the Premises as well as utilities supplied to the Premises. The sublease terms provide for a significant decrease (23% initially) in the Company's annual rental expenditure taking into account free rent for the first six months of the sublease. Sublandlord provided Value Line a work allowance of \$417,000 which accompanied with the six months free rent worth \$563,000 was applied against the Company's obligation to pay rent at our NYC headquarters, delaying the actual rent payments until November 2017.

On February 29, 2016, the Company's subsidiary Value Line Distribution Center ("VLDC") and Seagis Property Group LP (the "Landlord") entered into a lease agreement, pursuant to which VLDC has leased 24,110 square feet of warehouse and appurtenant office space located at 205 Chubb Ave., Lyndhurst, NJ ("Warehouse") beginning on May 1, 2016 and ending on April 30, 2024 ("Lease"). Base rent under the Lease is \$192,880 per annum payable in equal monthly installments on the first day of each month, in advance during fiscal 2017 and will gradually increase to \$237,218 in fiscal 2024, subject to customary increases based on operating costs and real estate taxes. The Company provided a security deposit in cash in the amount of \$32,146, which will be fully refunded after the lease term expires. The lease is a net lease requiring the Company to pay for certain operating expenses associated with the Warehouse as well as utilities supplied to the Warehouse.

#### Effective income tax rate

The overall effective income tax rates, as a percentage of pre-tax ordinary income for the six months ended October 31, 2017 and October 31, 2016 were 34.40% and 35.23%, respectively. The Company's annual effective tax rate will change due to a number of factors including but not limited to an increase or decrease in the ratio of items that do not have tax consequences to pre-tax income, the Company's geographic profit mix between tax jurisdictions, taxation method adopted by each locality, new tax laws, new interpretations of existing tax laws and rulings and settlements with tax authorities. The fluctuation in the effective income tax rate during fiscal 2018 is primarily attributable to lower state and local income taxes as a result of the attribution of 100% of the gain on the sale of the Company's operating facility to one tax jurisdiction in fiscal 2017 and by the effect of the scheduled reduction in the allocation factors mandated by the local government on the state and local current and deferred tax liability (primarily associated with the gain on deconsolidation of EAM), the dividend received deduction, and domestic production tax credit.

#### **Liquidity and Capital Resources**

The Company had working capital, defined as current assets less current liabilities, of \$2,064,000 as of October 31, 2017 and working capital of \$1,200,000 as of April 30, 2017. These amounts include short term unearned revenue of \$18,531,000 and \$20,188,000 reflected in total current liabilities at October 31, 2017 and April 30, 2017, respectively. Cash and short term securities were \$22,324,000 and \$23,133,000 as of October 31, 2017 and April 30, 2017, respectively.

The Company's cash and cash equivalents include \$3,909,000 and \$6,066,000 at October 31, 2017 and April 30, 2017, respectively, invested primarily in Money Market Funds at brokers, which operate under Rule 2a-7 of the 1940 Securities and Exchange Act and invest primarily in short term U.S. government securities.

#### *Cash from operating activities*



The Company had cash outflows from operating activities of \$1,204,000 during the six months ended October 31, 2017 compared to cash outflows from operations of \$5,088,000 during the six months ended October 31, 2016. The decrease in cash outflows from fiscal 2017 to fiscal 2018 was primarily attributable to an increase in unearned revenues from prepaid subscription orders compared to the six months ended October 31, 2016, the timing of receipts from accounts receivable, payments of invoices to vendors and the timing of federal, state and local income taxes payments during the prior fiscal year related to the sale of the Company's NJ operating facility.

*Cash from investing activities*

The Company's cash inflows from investing activities of \$2,653,000 during the six months ended October 31, 2017, compared to cash inflows from investing activities of \$2,697,000 for the six months ended October 31, 2016. During the six months ended October 31, 2016, the Company invested \$11,089,000 in fixed income and equity securities from the net proceeds of \$11,555,000 received from sale of the Company's operating facility and invested \$469,000 in a bank money market fund and pledged this investment to represent cash securing a Bank Letter of Credit issued to the sublandlord as a security deposit for the Company's new leased corporate office facility.

*Cash from financing activities*

During the six months ended October 31, 2017, the Company's cash outflows from financing activities were \$3,646,000 and compared to cash outflows from financing activities of \$3,994,000 for the six months ended October 31, 2016. Cash outflows for financing activities included \$150,000 and \$681,000 for the repurchase of 8,865 and 41,461 shares of the Company's common stock under the September 19, 2012 board approved common stock repurchase program, during fiscal years 2018 and 2017, respectively. Quarterly dividend payments of \$0.18 per share in the first half of fiscal 2018 aggregated \$3,496,000 as compared to \$3,313,000 aggregated quarterly dividend payments of \$0.17 per share during the first half of the prior fiscal year.

On October 20, 2017, the Board of Directors of Value Line declared a quarterly dividend of \$0.18 per share. At October 31, 2017 there were 9,702,800 common shares outstanding as compared to 9,715,128 common shares outstanding at October 31, 2016. The Company expects financing activities to continue to include use of cash for dividend payments and common share repurchases for the foreseeable future.

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 during the next twelve months. As of October 31, 2017, retained earnings and liquid assets were \$39,978,000 and \$22,324,000, respectively.

**Seasonality**

Our publishing revenues are comprised of subscriptions which are generally annual subscriptions, paid in advance. Our cash flows from operating activities are minimally seasonal in nature, primarily due to the timing of customer payments made for orders and subscription renewals.

**Off-balance sheet arrangements**

We are not a party to any off-balance sheet arrangements, other than operating leases entered into in the ordinary course of business.

### **Recent Accounting Pronouncements**

None.

### **Critical Accounting Estimates and Policies**

The Company prepares its Consolidated Condensed Financial Statements in accordance with accepted accounting principles as in effect in the United States (U.S. "GAAP"). The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent, and the Company evaluates its estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies reflect the significant judgments and estimates used in the preparation of its Consolidated Condensed Financial Statements.

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 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 investment activities.

**Interest Rate Risk**

The Company's strategy has been to acquire debt securities with low credit risk. Despite this strategy 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 within 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.

Fixed income securities consist of certificates of deposits and securities issued by federal, state and local governments within the United States. As of October 31, 2017 and April 30, 2017 the aggregate cost of fixed income securities classified as available-for-sale were \$8,476,000 and \$7,484,000, respectively, and fair value was \$8,470,000 and \$7,479,000, respectively.

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

Estimated Fair Value after

Hypothetical Change in Interest Rates  
(in thousands)

(bp = basis points)

		6 mos.	6 mos.	1 yr.	1 yr.
	Fair Value	50bp increase	50bp decrease	100bp increase	100bp decrease
As of October 31, 2017					
Investments in securities with fixed maturities	\$8,470	\$8,519	\$8,535	\$8,615	\$8,563
As of April 30, 2017					
Investments in securities with fixed maturities	\$7,479	\$7,473	\$7,504	\$7,473	\$7,500

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.

The Company's equity investment strategy has been to acquire equity securities across a diverse industry group. The portfolio consists primarily of ETFs and select common stock holdings of blue chip companies with a concentration on large capitalization companies with high relative dividend yields. In order to maintain liquidity in these securities, the Company's policy has been to invest in and hold in its portfolio, no more than 5% of the approximate average daily trading volume in any one issue. Additionally, the Company may purchase and hold non-leveraged ETFs whose performance inversely corresponds to the market value changes of investments in other ETF securities held in the equity portfolio for dividend yield.

As of October 31, 2017 and April 30, 2017, the aggregate cost of the equity securities classified as available-for-sale, which consist of investments in the SPDR Series Trust S&P Dividend ETF (SDY), First Trust Value Line Dividend Index ETF (FVD), PowerShares Financial Preferred ETF (PGF), Select Utilities Select Sector SPDR ETF (XLU), First Trust Value Line 100 ETF (FVL) and Proshares Trust S&P 500 Dividend Aristocrats ETF (NOBL) was \$8,385,000 and the fair value was \$9,494,000 and \$9,097,000, respectively.

## 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 October 31, 2017	Equity Securities and ETFs held for dividend yield	\$9,494	30% increase	\$ 12,343	4.78	%
				\$ 6,646	-4.78	%

30%  
decrease

Equity Securities

			Hypothetical	Estimated	Hypothetical	
			Price Change	Fair	Value after	Percentage
		Fair Value			Hypothetical	Increase
(\$ in thousands)					Change in	(Decrease)
					Prices	in
						Shareholders'
						Equity
As of April 30, 2017	Equity Securities and ETFs held for dividend yield	\$9,097	30% increase	\$ 11,826	4.69	%
			30% decrease	\$ 6,368	-4.69	%

#### Item 4. CONTROLS AND PROCEDURES

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 (a) 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 Principal 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 Principal 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 Principal 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.

The registrant's Principal Executive Officer and Principal Financial Officer have determined that there have been (b) 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

None.

##### 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, 2017 filed with the SEC on July 26, 2017.



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 October 31, 2017. All purchases listed below were made in the open market at prevailing market prices.

ISSUER PURCHASES OF EQUITY  
SECURITIES

	(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
August 1 - 31, 2017	2,736	\$ 16.72	2,736	\$ 523,000
September 1 - 30, 2017	2,948	16.76	2,948	474,000
October 1 - 31, 2017	828	17.98	828	459,000
Total	6,512	\$ 16.90	6,512	\$ 459,000

All shares represent shares repurchased pursuant to authorization of the Board of Directors. On September 19, 2012, 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 \$3,000,000.

## Item 5. Other Information

None.

Item 6. Exhibits

31.1 Certificate of Principal 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.

32.1 Joint Principal Executive Officer/Principal Financial Officer Certificate Required Under Section 906 of the Sarbanes-Oxley Act of 2002.

101.INSXBRL Instance Document

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.PREXBRL 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)

By: /s/ Howard A. Brecher

Howard A. Brecher  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Stephen R. Anastasio

Stephen R. Anastasio  
Vice President & Treasurer  
(Principal Financial Officer)

Date: December 11, 2017

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