

VALUE LINE INC  
Form 10-Q  
March 13, 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 January 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)

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

551 Fifth Avenue, New York, New York 10176-0001  
(Address of principal executive offices) (Zip Code)

(212) 907-1500

(Registrant's telephone number, including area code)

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

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

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

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

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

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

<u>Class</u>	<u>Outstanding at March 10, 2017</u>
<u>Common stock, \$0.10 par value</u>	<u>9,715,128 Shares</u>



## 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>January 31, 2017 (unaudited)</b>	<b>April 30, 2016</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (including short term investments of \$5,401 and \$12,037, respectively)	\$ 6,528	\$ 13,122
Securities available-for-sale	14,945	3,637
Accounts receivable, net of allowance for doubtful accounts of \$17 and \$22, respectively	2,022	1,254
Prepaid and refundable income taxes	65	126
Prepaid expenses and other current assets	1,653	1,381
Deferred income taxes	344	432
Total current assets	25,557	19,952
<b>Long term assets:</b>		
Investment in EAM Trust	58,197	57,942
Restricted money market investment	469	-
Property and equipment, net	898	3,621
Capitalized software and other intangible assets, net	1,845	4,992
Total long term assets	61,409	66,555
<b>Total assets</b>	<b>\$ 86,966</b>	<b>\$ 86,507</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,754	\$ 2,669
Accrued salaries	1,053	1,066
Dividends payable	1,651	1,659
Accrued taxes on income	650	388
Unearned revenue	18,947	20,516
Total current liabilities	24,055	26,298
<b>Long term liabilities:</b>		
Unearned revenue	5,292	4,926
Deferred income taxes	19,224	20,683
Total long term liabilities	24,516	25,609

<b>Total liabilities</b>	48,571	51,907
<b>Shareholders' Equity:</b>		
Common stock, \$0.10 par value; authorized 30,000,000 shares; issued 10,000,000 shares	1,000	1,000
Additional paid-in capital	991	991
Retained earnings	39,850	35,524
Treasury stock, at cost (284,872 and 243,411 shares, respectively)	(3,721 )	(3,040 )
Accumulated other comprehensive income, net of tax	275	125
Total shareholders' equity	38,395	34,600
<b>Total liabilities and shareholders' equity</b>	<b>\$ 86,966</b>	<b>\$86,507</b>

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

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

	<b>For the Three Months Ended January 31,</b>		<b>For the Nine Months Ended January 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>				
Investment periodicals and related publications	\$7,468	\$7,977	\$22,747	\$24,200
Copyright data fees	1,179	622	3,071	1,868
Total publishing revenues	8,647	8,599	25,818	26,068
Gain on sale of operating facility	-	-	8,123	-
Total revenues	8,647	8,599	33,941	26,068
<b>Expenses:</b>				
Advertising and promotion	908	1,036	2,436	2,768
Salaries and employee benefits	4,621	3,882	12,830	11,586
Production and distribution	2,134	2,003	6,958	6,033
Office and administration	1,196	1,121	3,769	3,339
Total expenses	8,859	8,042	25,993	23,726
<b>Income/(loss) from operations</b>	(212 )	557	7,948	2,342
Revenues and profits interests in EAM Trust	1,934	1,919	5,782	5,901
Income from securities transactions, net	132	133	226	215
<b>Income before income taxes</b>	1,854	2,609	13,956	8,458
Income tax provision	409	696	4,673	2,434
<b>Net income</b>	\$1,445	\$1,913	\$9,283	\$6,024
<b>Earnings per share, basic &amp; fully diluted</b>	\$0.15	\$0.20	\$0.96	\$0.62
Weighted average number of common shares	9,715,128	9,770,280	9,724,377	9,787,208

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



**Value Line, Inc.**  
**Consolidated Condensed Statements of Comprehensive Income**  
**(in thousands)**  
**(unaudited)**

	<b>For the Three Months Ended January 31, 2017</b>		<b>For the Nine Months Ended January 31, 2016</b>	
<b>Net income</b>	\$1,445	\$1,913	\$9,283	\$6,024
Other comprehensive income (loss), net of tax:				
Change in unrealized gains on securities, net of taxes	290	(127 )	150	(153 )
Other comprehensive income (loss)	290	(127 )	150	(153 )
<b>Comprehensive income</b>	<b>\$1,735</b>	<b>\$1,786</b>	<b>\$9,433</b>	<b>\$5,871</b>

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

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

	<b>For the Nine Months Ended January 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Net income	\$9,283	\$6,024
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Depreciation and amortization	3,728	2,202
Non-voting revenues interest in EAM Trust	(5,389 )	(5,546 )
Non-voting profits interest in EAM Trust	(393 )	(355 )
Realized gain on sale of operating facility	(8,123 )	-
Realized losses on securities	-	15
Deferred rent	(167 )	(150 )
Deferred income taxes	(1,257 )	(671 )
Other, net	(45 )	(45 )
Changes in operating assets and liabilities:		
Unearned revenue	(1,203 )	(1,714 )
Accounts payable & accrued expenses	(748 )	257
Accrued salaries	(13 )	(265 )
Accrued taxes on income	65	229
Prepaid and refundable income taxes	61	(3 )
Prepaid expenses and other current assets	(272 )	279
Accounts receivable	(768 )	60
Total adjustments	(14,524)	(5,707 )
<b>Net cash used in/provided by operating activities</b>	<b>(5,241 )</b>	<b>317</b>
<b>Cash flows from investing activities:</b>		
Purchases of equity securities classified as available-for-sale	(4,954 )	(3,959 )
Purchases of fixed income securities classified as available-for-sale	(6,135 )	-
Proceeds from sales of securities available for sale	14	8,789
Distributions received from EAM Trust	5,572	5,915
Proceeds from sale of operating facility	11,555	-
Restricted money market investment	(469 )	-
Acquisition of property and equipment	(879 )	(36 )
Expenditures for capitalized software	(411 )	(1,337 )
<b>Net cash provided by investing activities</b>	<b>4,293</b>	<b>9,372</b>
<b>Cash flows from financing activities:</b>		
Purchase of treasury stock at cost	(681 )	(609 )
Dividends paid	(4,965 )	(4,603 )
<b>Net cash used in financing activities</b>	<b>(5,646 )</b>	<b>(5,212 )</b>
Net change in cash and cash equivalents	(6,594 )	4,477

<b>Cash and cash equivalents at beginning of year</b>	13,122	5,874
<b>Cash and cash equivalents at end of period</b>	\$6,528	\$10,351

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

**Value Line, Inc.**  
**Consolidated Condensed Statement of Changes in Shareholders' Equity**  
**For the Nine Months Ended January 31, 2017**  
**(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						9,283		9,283
Change in unrealized gains on securities, net of taxes							150	150
Purchase of treasury stock				(41,461)	(681)			(681)
Dividends declared						(4,957)		(4,957)
<b>Balance at January 31, 2017</b>	10,000,000	\$ 1,000	\$ 991	(284,872)	\$(3,721)	\$ 39,850	\$ 275	\$ 38,395

Dividends declared per share were \$0.17 for each of the three months ending July 31, 2016, October 31, 2016 and January 31, 2017.

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

**Value Line, Inc.**  
**Consolidated Condensed Statement of Changes in Shareholders' Equity**  
**For the Nine Months Ended January 31, 2016**  
**(in thousands, except share amounts)**  
**(unaudited)**

	<b>Common stock</b>		<b>Additional paid-in</b>	<b>Treasury Stock</b>		<b>Retained</b>	<b>Accumulated Other Comprehensive income/(loss) Total</b>	
	<b>Shares</b>	<b>Amount</b>	<b>capital</b>	<b>Shares</b>	<b>Amount</b>	<b>earnings</b>		<b>Total</b>
<b>Balance at April 30, 2015</b>	10,000,000	\$ 1,000	\$ 991	(190,504)	\$(2,244)	\$ 34,587	\$ 105	\$ 34,439
Net income						6,024		6,024
Change in unrealized gains on securities, net of taxes							(153)	(153)
Purchase of treasury stock				(41,453)	(609)			(609)
Dividends declared						(4,694)		(4,694)
<b>Balance at January 31, 2016</b>	10,000,000	\$ 1,000	\$ 991	(231,957)	\$(2,853)	\$ 35,917	\$ (48)	\$ 35,007

Dividends declared per share were \$0.16 for each of the three months ending July 31, 2015, October 31, 2015 and January 31, 2016.

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

**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**January 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 the 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"). 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.

The Consolidated Condensed Balance Sheets as of January 31, 2017 and April 30, 2016, 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, 2016 filed with the SEC on July 15, 2016 (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 deconsolidation of the investment management related affiliates (the "Restructuring Transaction") 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, subscriptions to Value Line periodicals and related publications are 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 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.



**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**January 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 distribution revenues from EULAV Securities, wholly-owned subsidiary of EAM ("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"). 100% of the Revenues Interest and not less than 90% of the Profits Interest are to be distributed each quarter to all interest holders of EAM, including Value Line. The Company's Revenues Interest in EAM excludes participation in the service and distribution fees of EAM's wholly-owned subsidiary. The Company reflects its non-voting revenues and non-voting profits interests in EAM as non-operating income under the equity method of accounting. 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.

**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 equity securities including Exchange traded funds ("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.

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

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. 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 Securities and Exchange Act.

The Fair Value Measurements Topic of FASB's ASC 820 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:

	As of January 31, 2017	
(\$ in thousands)	Level 1	Total

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		Level 2	Level 3	
Cash equivalents	\$5,401	\$ -	\$ -	\$5,401
Securities available-for-sale	14,945	-	-	14,945
	\$20,346	\$ -	\$ -	\$20,346

As of April 30, 2016

(\$ in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents	\$12,037	\$ -	\$ -	\$12,037
Securities available-for-sale	3,637	-	-	3,637
	\$15,674	\$ -	\$ -	\$15,674

**Value Line, Inc.**

**Notes to Consolidated Condensed Financial Statements**

**January 31, 2017**

(Unaudited)

The Company had no other financial instruments such as futures, forwards and swap contracts. For the periods ended January 31, 2017 and April 30, 2016, 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 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 January 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.

**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 January 31, 2017 and April 30, 2016, cash equivalents included \$5,401,000 and \$12,037,000, 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 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 are readily marketable and have a maturity of twelve months or less and are included 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 January 31, 2017 and April 30, 2016, 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 (NOBL) was \$8,385,000 and \$3,445,000, and the fair value was \$8,816,000 and \$3,637,000, respectively.

During the nine months ended January 31, 2017, the Company received \$14,000 of proceeds from sales of equity securities with no gain or loss on these sales. During the nine months ended January 31, 2016, the Company received \$8,789,000 of proceeds from sales of equity securities and reclassified \$15,000 of losses from these sales into Consolidated Condensed Statement of Income. The increase in gross unrealized gains on equity securities classified as available-for-sale of \$238,000, net of deferred taxes of \$84,000 was included in Shareholders' Equity at January 31, 2017. The increase in gross unrealized losses on equity securities classified as available-for-sale of \$237,000, net of deferred taxes of \$84,000 was included in Shareholders' Equity at January 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 January 31, 2017, accumulated other comprehensive income included unrealized gain of \$431,000, net of deferred taxes of \$152,000. As of April 30, 2016, accumulated other comprehensive income included unrealized gains of \$192,000, net of deferred taxes of \$67,000.

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

(Unaudited)

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

(\$ in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
ETFs - equities	\$8,385	\$ 431	\$ -	\$8,816

The carrying value and fair value of securities available-for-sale at April 30, 2016 were as follows:

(\$ in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
ETFs - equities	\$3,445	\$ 194	\$ (2 )	\$3,637

***Fixed Income Securities:***

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 January 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	\$ 3,635	\$ 2	\$ -	\$3,637

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Due 1 year through 5 years	2,500	-	(8	)	2,492
Total investment in government debt securities	\$ 6,135	\$ 2	\$ (8	)	\$6,129

There were no fixed income securities at April 30, 2016.

The increase in gross unrealized losses of \$6,000 on fixed income securities classified as available-for-sale net of deferred income tax of \$2,000, was included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheet as of January 31, 2017.

The average yield on the Government debt securities classified as available-for-sale at January 31, 2017 was 0.69%.

***Income from Securities Transactions:***

Income from securities transactions was comprised of the following:

	Three Months Ended January 31,		Nine months ended January 31,	
(\$ in thousands)	2017	2016	2017	2016
Dividend income	\$74	\$31	\$147	\$111
Interest income	4	-	6	-
Capital gain distributions	39	105	39	105
Capital loss	-			