

VALUE LINE INC
Form 10-Q
March 14, 2008

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, 2008

or

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

For the transition period from _____ to _____

Commission File Number: 0-11306

VALUE LINE, INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

13-3139843
(I.R.S. Employer Identification No.)

220 East 42nd Street, New York, New York
(Address of principal executive offices)

10017-5891
(Zip Code)

(212) 907-1500
(Registrant's telephone number, including area code)

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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 January 31, 2008</u> |
|--------------------------------------|--|
| <u>Common stock, \$.10 par value</u> | <u>9,981,600 Shares</u> |

Part I - Financial Information
Item 1. Financial Statements

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

| | Jan. 31, 2008 (unaudited) | Apr. 30, 2007 |
|---|--|--------------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents (including short term investments of \$15,837 and \$20,165, respectively) | \$ 18,033 | \$ 20,605 |
| Trading securities | 20,052 | 15,849 |
| Securities available for sale | 83,603 | 76,822 |
| Accounts receivable, net of allowance for doubtful accounts of \$104 and \$88, respectively | 3,875 | 3,929 |
| Receivable from affiliates | 2,311 | 2,794 |
| Prepaid expenses and other current assets | 1,216 | 1,588 |
| Prepaid and refundable income taxes | 0 | 510 |
| Deferred income taxes | 139 | 139 |
| Total current assets | 129,229 | 122,236 |
| Long term assets | | |
| Property and equipment, net | 4,818 | 4,923 |
| Capitalized software and other intangible assets, net | 970 | 1,804 |
| Total long term assets | 5,788 | 6,727 |
| Total assets | \$ 135,017 | \$ 128,963 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 4,571 | \$ 5,316 |
| Accrued salaries | 1,311 | 1,545 |
| Dividends payable | 2,995 | 2,995 |
| Accrued taxes payable | 390 | 0 |
| Unearned revenue | 25,971 | 28,552 |
| Deferred income taxes | 7,626 | 8,654 |
| Total current liabilities | 42,864 | 47,062 |
| Long term liabilities | | |
| Unearned revenue | 6,684 | 5,948 |
| Deferred charges | 0 | 381 |
| Total long term liabilities | 6,684 | 6,329 |

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| | | | |
|--|-----------|----------------|-------------------|
| Shareholders' Equity: | | | |
| Common stock, \$.10 par value; authorized 30,000,000 shares; issued 10,000,000 shares | | 1,000 | 1,000 |
| Additional paid-in capital | | 991 | 991 |
| Retained earnings | | 69,172 | 57,383 |
| Treasury stock, at cost (18,400 shares on 1/31/08 and 4/30/07) | | (354) | (354) |
| Accumulated other comprehensive income, net of tax | | 14,660 | 16,552 |
| Total shareholders' equity | | 85,469 | 75,572 |
| Total liabilities and shareholders' equity | \$ | 135,017 | \$ 128,963 |

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)

| | Three months ended | | Nine months ended | |
|--|--------------------|------------------|-------------------|------------------|
| | 2008 | Jan. 31, 2007 | 2008 | Jan. 31, 2007 |
| Revenues: | | | | |
| Investment periodicals and related publications | \$ 10,601 | \$ 11,547 | \$ 32,424 | \$ 34,462 |
| Licensing fees | 2,072 | 1,711 | 5,517 | 5,289 |
| Investment management fees & services | 8,407 | 7,803 | 25,050 | 23,446 |
| Total revenues | 21,080 | 21,061 | 62,991 | 63,197 |
| Expenses: | | | | |
| Advertising and promotion | 3,253 | 3,928 | 10,327 | 10,979 |
| Salaries and employee benefits | 4,535 | 4,755 | 13,668 | 13,921 |
| Production and distribution | 1,424 | 1,663 | 4,698 | 5,268 |
| Office and administration | 2,531 | 1,856 | 6,580 | 5,240 |
| Total expenses | 11,743 | 12,202 | 35,273 | 35,408 |
| Income from operations | 9,337 | 8,859 | 27,718 | 27,789 |
| Income from securities transactions, net | 4,097 | 2,909 | 5,683 | 4,147 |
| Income before income taxes | 13,434 | 11,768 | 33,401 | 31,936 |
| Provision for income taxes | 4,963 | 4,576 | 12,628 | 12,564 |
| Net income | \$ 8,471 | \$ 7,192 | \$ 20,773 | \$ 19,372 |
| Earnings per share, basic & fully diluted | \$ 0.85 | \$ 0.72 | \$ 2.08 | \$ 1.94 |
| Weighted average number of common shares | 9,981,600 | 9,981,600 | 9,981,600 | 9,981,600 |

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

Part I - Financial Information
Item 1. Financial Statements

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

| | For the nine months ended | |
|--|------------------------------|------------------|
| | Jan. 31, 2008 | Jan. 31, 2007 |
| Cash flows from operating activities: | | |
| Net income | \$ 20,773 | \$ 19,372 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,230 | 1,555 |
| (Gains) on sales of trading securities and securities classified as available for sale | (2,800) | (1,984) |
| Unrealized (gains) on trading securities | (277) | (105) |
| Deferred income taxes | (147) | (68) |
| Changes in assets and liabilities: | | |
| Purchase of trading securities | (3,926) | (1,757) |
| Decrease in unearned revenue | (1,845) | (2,641) |
| Decrease in deferred charges | (174) | (63) |
| Decrease in accounts payable and accrued expenses | (952) | (2,066) |
| Decrease in accrued salaries | (234) | (102) |
| Increase/(decrease) in accrued taxes payable | 634 | (455) |
| Decrease in prepaid expenses and other current assets | 275 | 36 |
| Decrease in prepaid and refundable income taxes | 510 | 0 |
| Decrease in accounts receivable | 54 | 404 |
| Decrease in receivable from affiliates | 483 | 265 |
| Total adjustments | (7,169) | (6,981) |
| Net cash provided by operations | 13,604 | 12,391 |
| Cash flows from investing activities: | | |
| Purchases and sales of securities classified as available for sale: | | |
| Proceeds from sales of equity securities | 2,793 | 2,061 |
| Purchases of equity securities | (4,228) | (2,272) |
| Proceeds from sales of fixed income securities | 5,137 | 10,825 |
| Purchases of fixed income securities | (10,603) | (12,775) |
| Acquisition of property and equipment | (251) | (38) |
| Expenditures for capitalized software | (40) | (241) |
| Net cash used in investing activities | (7,192) | (2,440) |

| | | | |
|---|----|----------------|------------------|
| Cash flows from financing activities: | | | |
| Dividends paid | | (8,984) | (7,985) |
| Net cash used in financing activities | | (8,984) | (7,985) |
| Net (decrease)/increase in cash and cash equivalents | \$ | (2,572) | \$ 1,966 |
| Cash and cash equivalents at beginning of year | | 20,605 | 15,331 |
| Cash and cash equivalents at end of period | \$ | 18,033 | \$ 17,297 |

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

Part I - Financial Information
Item 1. Financial Statements

VALUE LINE, INC.
CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JANUARY 31, 2008
(in thousands, except share amounts)
(unaudited)

| | Common stock | | | | Comprehensive income | Retained earnings | Accumulated Other Comprehensive income | Total |
|--|------------------|----------|----------------------------|----------------|----------------------|-------------------|--|-----------|
| | Number of shares | Amount | Additional paid-in capital | Treasury Stock | | | | |
| Balance at April 30, 2007 | 9,981,600 | \$ 1,000 | \$ 991 | \$ (354) | | \$ 57,383 | \$ 16,552 | \$ 75,572 |
| Comprehensive income | | | | | | | | |
| Net income | | | | | \$ 20,773 | 20,773 | | 20,773 |
| Other comprehensive income, net of tax: | | | | | | | | |
| Change in unrealized gains on securities, net of taxes | | | | | (1,892) | | (1,892) | (1,892) |
| Comprehensive income | | | | | | | | |
| Dividends declared | | | | | \$ 18,881 | (8,984) | | (8,984) |
| Balance at January 31, 2008 | 9,981,600 | \$ 1,000 | \$ 991 | \$ (354) | | \$ 69,172 | \$ 14,660 | \$ 85,469 |

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

Part I - Financial Information**Item 1. Financial Statements**

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

| | Common stock | | | | Comprehensive income | Retained earnings | Accumulated Other Comprehensive income | Total |
|--|------------------|----------|----------------------------|----------------|----------------------|-------------------|--|-----------|
| | Number of shares | Amount | Additional paid-in capital | Treasury Stock | | | | |
| Balance at April 30, 2006 | 9,981,600 | \$ 1,000 | \$ 991 | \$ (354) | | \$ 44,256 | \$ 16,042 | \$ 61,935 |
| Comprehensive income | | | | | | | | |
| Net income | | | | | \$ 19,372 | 19,372 | | 19,372 |
| Other comprehensive income, net of tax: | | | | | | | | |
| Change in unrealized gains on securities, net of taxes | | | | | (792) | | (792) | (792) |
| Comprehensive income | | | | | | | | |
| Dividends declared | | | | | \$ 18,580 | (8,485) | | (8,485) |
| Balance at January 31, 2007 | 9,981,600 | \$ 1,000 | \$ 991 | \$ (354) | | \$ 55,143 | \$ 15,250 | \$ 72,030 |

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

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

Note 1-Organization and Summary of Significant Accounting Policies:

The interim consolidated condensed financial statements of Value Line, Inc., together with its subsidiaries (collectively referred to as the "Company"), are unaudited. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal recurring accruals except as noted below) considered necessary for a fair presentation. This report should be read in conjunction with the financial statements and footnotes contained in the Company's annual report on Form 10-K, dated July 20, 2007 for the fiscal year ended April 30, 2007. Results of operations covered by this report may not be indicative of the results of operations for the entire year.

Value Line, Inc. ("VLI") is incorporated in the State of New York. The Company's primary businesses are producing investment related periodical publications, licensing 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, providing investment management services to the Value Line Funds, institutions and individual accounts and providing distribution, marketing, and administration services to the Value Line Funds. The name "Value Line" as used to describe the Company, its products, and its subsidiaries, is a registered trademark of the Company.

Principles of consolidation:

The consolidated condensed financial statements include the accounts of the Company and all of its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition:

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

Licensing revenues are derived from licensing 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, closed-end fund products and exchange traded funds. Value Line earns an asset based licensing fee as specified in the individual licensing agreements. Revenue is recognized monthly over the term of the agreement and will fluctuate as the market value of the underlying portfolio increases or decreases in value.

Investment management fees consist of management fees from the Value Line Mutual Funds ("Value Line Funds"), and from asset management clients. Investment management fees for the mutual funds are earned on a monthly basis as services are performed and the fee is calculated based on average daily net assets of the mutual funds in accordance with each fund's advisory agreement. Investment management fees for the asset management accounts are earned on a monthly basis as services are performed and the fee is calculated on assets in accordance with each of the management agreements (see note 6).

Service and distribution fees are received from the Value Line Funds in accordance with service and distribution plans under rule 12b-1 of the Investment Company Act of 1940. The plans are compensation plans, which means that the distributor's fees under the plans are payable without regard to actual expenses incurred by the distributor, which

means the distributor may earn a profit under the plan. Expenses incurred by Value Line Securities, Inc. ("VLS") include payments to securities dealers, banks, financial institutions and other organizations (including an allocation of VLI expenses), that provide distribution, marketing, and administrative services with respect to the distribution of the mutual funds' shares. Service and distribution fees are received on a monthly basis and calculated on the average daily net assets of the respective mutual fund in accordance with each fund prospectus.

Valuation of Securities:

The Company's securities classified as available for sale consist of shares of the Value Line Funds and government debt securities accounted for in accordance with Statement of Financial Accounting Standards No.115, "Accounting for Certain Investments in Debt and Equity Securities". The securities available for sale and trading securities reflected in the consolidated condensed financial statements at fair value are valued at market with unrealized gains and losses on these securities reported, net of applicable taxes, as a separate component of Shareholders' Equity. Realized gains and losses on sales of the securities available for sale are recorded in earnings on trade date and are determined on the identified cost method.

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

Market valuation of securities listed on a securities exchange is based on the closing sales prices on the last business day of each month. Valuation of open-ended mutual fund shares is based upon the publicly quoted net asset value of the shares. The market value of the Company's fixed maturity government debt obligations are determined utilizing publicly quoted market prices.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact the adoption of SFAS No. 157 will have on the Company's financial statement disclosures.

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

Advertising expenses:

The Company expenses advertising costs as incurred.

Reclassification:

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

Income Taxes:

The Company computes its income tax provision in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". 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.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" (the "Interpretation" or "FIN 48"). The Interpretation 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. The Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. As of January 31, 2008, management has reviewed the tax positions for the years still subject to tax audit under the statute of limitations, evaluated the implications of FIN 48, and determined that there is no impact to the Company's financial statements at this time.

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 year.

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, 2008 and April 30, 2007, cash equivalents included \$15,294,000 and \$19,868,000, respectively, invested in the Value Line Cash Fund.

Use of Estimates:

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

Note 2-Investments:

Securities held by the Company are classified as Trading Securities and Available-for-Sale Securities. All securities held by VLS, as a broker/dealer, are classified as trading securities. Securities held by the Company and its other subsidiaries, which are all held with the expectation that they may be sold in less than one year, are also classified as trading securities. All other investments not classified as trading securities are classified as available-for-sale securities.

Trading Securities:

Trading securities held by the Company at January 31, 2008 had an aggregate cost of \$20,042,000 and a market value of \$20,052,000. Trading securities held by the Company at April 30, 2007 had an aggregate cost of \$16,115,000 and a market value of \$15,849,000. There were no sales and no realized trading gains or losses during the first nine months of fiscal year 2008 or 2007. The net changes in unrealized gains of \$277,000 for the period ended January 31, 2008 and the net changes in unrealized gains of \$105,000 for the period ended January 31, 2007, respectively, were included in the Consolidated Condensed Statement of Income.

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

Securities Available for Sale:**Equity Securities:**

The aggregate cost of the equity securities classified as available for sale, which consist of investments in the Value Line Funds, was \$28,145,000 and the market value was \$50,542,000 at January 31, 2008. The aggregate cost of the equity securities classified as available for sale, which consist of investments in the Value Line Funds, was \$23,917,000 and the market value was \$49,719,000 at April 30, 2007. The total gains for equity securities with net gains included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheet are \$22,683,000 and \$25,859,000, net of deferred taxes of \$7,984,000 and \$9,102,000, as of January 31, 2008 and April 30, 2007, respectively. The total losses for equity securities with net losses included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheet are \$287,000 and \$58,000, net of deferred tax benefit of \$101,000 and \$20,000, as of January 31, 2008 and April 30, 2007, respectively.

The proceeds and realized capital gains from sales of equity securities classified as available for sale during the first nine months of fiscal 2008 and 2007 were \$2,793,000 and \$2,061,000, respectively, of which \$2,793,000 and \$2,061,000 representing capital gain distributions from the Value Line Funds were reclassified to earnings from Accumulated Other Comprehensive Income. The decrease in gross unrealized losses on equity securities classified as available for sale of \$3,405,000 and the decrease in gross unrealized gains of \$1,260,000, net of deferred taxes of \$1,199,000 and \$443,000 at January 31, 2008 and 2007, respectively were included in Shareholders' Equity.

Government Debt Securities:

Government debt securities consist of federal, state, and local government securities within the United States. The Company's investments in debt securities are classified as available for sale and valued at market value. The aggregate cost and fair value at January 31, 2008 for government debt securities classified as available for sale were as follows:

| Maturity | (In Thousands) | | |
|-------------------------------------|--------------------|------------|------------------------------------|
| | Historical Cost | Fair Value | Gross Unrealized Holding Losses |
| Due in less than 2 years | \$ 11,755 | \$ 11,577 | \$ (178) |
| Due in 2 years or more | 21,079 | 21,485 | 406 |
| Total investment in debt securities | \$ 32,834 | \$ 33,062 | \$ 228 |

The aggregate cost and fair value at April 30, 2007 for government debt securities classified as available for sale were as follows:

| Maturity | (In Thousands) | | |
|-------------------------------------|--------------------|------------|------------------------------------|
| | Historical Cost | Fair Value | Gross Unrealized Holding Losses |
| Due in less than 2 years | \$ 9,504 | \$ 9,324 | \$ (180) |
| Due in 2 years or more | 17,857 | 17,779 | (78) |
| Total investment in debt securities | \$ 27,361 | \$ 27,103 | \$ (258) |

The unrealized gains of \$228,000 net of deferred income tax losses of \$80,000 in government debt securities and unrealized losses of \$258,000 net of income tax benefits of \$91,000 were included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheets as of January 31, 2008 and April 30, 2007, respectively.

The average yield on the Government debt securities classified as available for sale at January 31, 2008 and April 30, 2007 was 3.29% and 3.54%, respectively.

Proceeds from sales of government debt securities classified as available for sale during the nine months ended January 31, 2008 and 2007 were \$5,137,000 and \$10,825,000, respectively. The company recognized a gain of \$7,000 on the sales of government debt securities during the first nine months of fiscal 2008. A loss of \$77,000 on sales of government debt securities was recognized during the nine months ended January 31, 2007.

For the nine months ended January 31, 2008 and 2007, income from securities transactions also included \$834,000 and \$715,000 of dividend income and \$1,770,000 and \$1,379,000 of interest income. There was a \$36,000 interest expense during the nine months ended January 31, 2007.

Note 3-Supplementary Cash Flow Information:

Cash payments for income taxes were \$12,239,000 and \$13,115,000 for the nine months ended January 31, 2008 and 2007, respectively.

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

Note 4-Employees' Profit Sharing and Savings Plan:

Substantially all employees of the Company and its subsidiaries are members of the Value Line, Inc. Profit Sharing and Savings Plan (the "Plan"). In general, this is a qualified, contributory plan which provides for a discretionary annual Company contribution which is determined by a formula based on the salaries of eligible employees and the amount of consolidated net operating income as defined in the Plan. The estimated profit sharing plan contribution, which is included as an expense in salaries and employee benefits in the Consolidated Condensed Statement of Income, was \$690,000 and \$963,000 for the nine months ended January 31, 2008 and 2007, respectively.

Note 5-Comprehensive Income:

The Company has adopted Financial Accounting Standards No. 130, "Reporting Comprehensive Income". Statement No. 130 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 historically has not been recognized in the calculation of net income.

At January 31, 2008 and April 30, 2007, the Company held both equity securities and U.S. Government debt securities that are classified as Available for Sale on the Consolidated Condensed Balance Sheets. The change in valuation of these securities, net of deferred income taxes, has been recorded in Accumulated Other Comprehensive Income in the Company's Consolidated Condensed Balance Sheets.

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

| | (in thousands) | | |
|--|-------------------------|--------------------------------|-------------------------|
| | Before Tax Amount | Tax (Expense) or Benefit | Net of Tax Amount |
| Nine months ended January 31, 2008 | | | |
| Unrealized Gains on Securities: | | | |
| Change in Unrealized Holding Gains | | | |
| Arising during the period | \$ (119) | \$ 41 | \$ (78) |
| Less: Reclassification adjustments for gains realized in net income | (2,800) | 986 | (1,814) |
| Change in Other Comprehensive Income | \$ (2,919) | \$ 1,027 | \$ (1,892) |
| Nine months ended January 31, 2007 | | | |
| Unrealized Losses on Securities: | | | |
| Change in Unrealized Holding Losses | | | |
| Arising during the period | \$ 761 | \$ (268) | \$ 493 |
| Add: Reclassification of losses realized in net income | 77 | (27) | 50 |
| Less: Reclassification of adjustments for gains realized in net income | (2,061) | 726 | (1,335) |
| Change in Other Comprehensive Income | \$ (1,223) | \$ 431 | \$ (792) |

Note 6-Related Party Transactions:

The Company acts as investment adviser and manager for fourteen open-ended investment companies, the Value Line Funds. The Company earns investment management fees based upon the average daily net asset values of the respective Value Line Funds. Service and distribution fees are received from the Value Line Funds in accordance with service and distribution plans under rule 12b-1 of the Investment Company Act of 1940. The plans are compensation plans, which means that the distributor's fees under the plans are payable without regard to actual expenses incurred by the distributor, which means the distributor may earn a profit under the plan. Expenses incurred by VLS include payments to securities dealers, banks, financial institutions and other organizations which provide distribution, marketing, and administrative services (including payments by VLS to VLI for allocated compensation and administration expenses) with respect to the distribution of the mutual funds' shares. Service and distribution fees are received on a monthly basis and calculated on the average daily net assets of the respective mutual fund in accordance with each fund's prospectus.

For the nine months ended January 31, 2008 and 2007, investment management fees and 12b-1 service and distribution fees amounted to \$24,139,000 and \$22,608,000, respectively, which included fee waivers for certain of the Value Line Funds. These amounts included service and distribution fees of \$5,397,000 and \$5,603,000 earned by VLS in fiscal years 2008 and 2007, respectively. The related receivables from the funds for investment management fees and service and distribution fees included in Receivables from affiliates were \$2,616,000 and \$2,534,000 at January 31, 2008 and April 30, 2007, respectively.

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

For the nine months ended January 31, 2008 and 2007, total management fee waivers were \$174,000 and \$191,000 respectively, and service and distribution fee waivers were \$2,943,000 and \$2,229,000, respectively. The Company and its subsidiary, VLS, have no right to recoup the previously waived amounts of management fees and 12b-1 fees.

As of January 31, 2008, the Company had \$50,538,000 invested in the Value Line equity funds and \$15,294,000 in the Value Line Cash Fund. Combined, this represents approximately 1.8% of total fund assets at January 31, 2008. Purchases and redemptions routinely occur in the Value Line Cash Fund as part of business operations.

For the nine months ended January 31, 2008 and 2007, the Company was reimbursed \$739,000 and \$807,000, respectively, for payments it made on behalf of and services it provided to the Parent. At January 31, 2008, accrued taxes payable included a federal tax liability owed to the Parent in the amount of \$314,000. At April 30, 2007, Receivables from affiliates included a Receivable from the Parent of \$243,000. These transactions are in accordance with the tax sharing arrangement described in Note 7.

From time to time, the Parent has purchased additional shares of the Company in the market when and as the Parent has determined it to be appropriate. As stated several times in the past, the public is reminded that the Parent may make additional purchases from time to time in the future. For the three months ended January 31, 2008, the Parent purchased 2,701 shares in the market at an average cost of \$39.88 per share.

Note 7-Federal, State and Local Income Taxes:

The Company computes its income tax provision in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes".

The provision for income taxes includes the following:

| | Nine months ended January 31, | |
|-----------------------------------|-------------------------------|------------------|
| | 2008 | 2007 |
| | (in thousands) | |
| Current: | | |
| Federal | \$ 10,142 | \$ 9,985 |
| State and local | 2,633 | 2,647 |
| | 12,775 | 12,632 |
| Deferred: | | |
| Federal | (78) | (38) |
| State and local | (69) | (30) |
| | (147) | (68) |
| Provision for income taxes | \$ 12,628 | \$ 12,564 |

Deferred income taxes are provided for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The tax effect of temporary differences giving rise to the Company's deferred tax (liability)/assets are primarily a result of unrealized gains on the Company's available for sale securities portfolios.

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:

Nine months ended January 31,

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2008 2007
(in thousands)

| | | | | |
|---|----|--------|----|--------|
| Tax expense at the U.S. statutory rate | \$ | 11,690 | \$ | 11,178 |
| Increase (decrease) in tax expense from: | | | | |
| State and local income taxes, net of federal income tax benefit | | 1,667 | | 1,701 |
| Effect of tax exempt income and dividend exclusion | | (616) | | (267) |
| Other, net | | (113) | | (48) |
| Provision for income taxes | \$ | 12,628 | \$ | 12,564 |

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

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

Note 8-Business Segments:

The Company operates two reportable business segments: Investment Periodicals, Publishing & Licensing and Investment Management. The Investment Periodicals, Publishing & Licensing segment produces investment related periodical publications (retail and institutional) in both print and electronic form, and receives licensing fees for Value Line proprietary ranking system information and Value Line trademarks. The Investment Management segment provides advisory services to the Value Line Funds, as well as institutional and individual accounts. The segments are differentiated by the products and services they offer. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company allocates all revenues and expenses, except for depreciation and income from securities transactions related to corporate assets, between the two reportable segments.

Disclosure of Reportable Segment Profit and Segment Assets (in thousands)

| | Nine months ended January 31, 2008 | | |
|-------------------------------------|---|--------------------------|-----------|
| | Investment Periodicals, Publishing & Licensing | Investment Management | Total |
| Revenues from external customers | \$ 37,941 | \$ 25,050 | \$ 62,991 |
| Intersegment revenues | 74 | - | 74 |
| Income from securities transactions | 205 | 4,088 | 4,293 |
| Depreciation and amortization | 1,170 | 48 | 1,218 |
| Segment operating profit | 15,622 | 12,108 | 27,730 |
| Segment assets | 16,439 | 81,652 | 98,091 |
| Expenditures for segment assets | 291 | - | 291 |

| | Nine months ended January 31, 2007 | | |
|-------------------------------------|---|--------------------------|-----------|
| | Investment Periodicals, Publishing & Licensing | Investment Management | Total |
| Revenues from external customers | \$ 39,751 | \$ 23,446 | \$ 63,197 |
| Intersegment revenues | 83 | - | 83 |
| Income from securities transactions | 131 | 2,992 | 3,123 |
| Depreciation and amortization | 1,490 | 55 | 1,545 |
| Segment operating profit | 15,831 | 11,969 | 27,800 |
| Segment assets | 18,304 | 77,784 | 96,088 |
| Expenditures for segment assets | 275 | 4 | 279 |

Reconciliation of Reportable Segment Revenues, Operating Profit and Assets

| | (in thousands) | |
|---|----------------|------------|
| | 2008 | 2007 |
| Revenues | | |
| Total revenues for reportable segments | \$ 63,065 | \$ 63,280 |
| Elimination of intersegment revenues | (74) | (83) |
| Total consolidated revenues | \$ 62,991 | \$ 63,197 |
| Segment profit | | |
| Total profit for reportable segments | 32,023 | 30,923 |
| Add: Income from securities transactions related to corporate assets | 1,390 | 1,024 |
| Less: Depreciation related to corporate assets | (12) | (11) |
| Income before income taxes | \$ 33,401 | \$ 31,936 |
| Assets | | |
| Total assets for reportable segments | 98,091 | 96,088 |
| Corporate assets | 36,926 | 27,859 |
| Consolidated total assets | \$ 135,017 | \$ 123,947 |

Value Line, Inc.
Notes to Consolidated Condensed Financial Statements

Note 9-Contingencies:

By letter dated June 15, 2005, the staff of the Securities and Exchange Commission informed the Company that it was conducting an informal inquiry. Thereafter, the staff has requested documents and information related to, among other things, trades for the Company's and its affiliates' proprietary accounts, execution of trades through VLS for the Value Line Funds and the fees collected by VLS from the Value Line Funds pursuant to a Service and Distribution Plan. The Company and its subsidiaries are cooperating with the inquiry. Management cannot determine the effect, if any, that the inquiry will have on the results of operations and financial condition.

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

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

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

- dependence on key personnel;
- maintaining revenue from subscriptions for the Company's products;
- protection of intellectual property rights;
- changes in market and economic conditions;
- fluctuations in the Company's assets under management due to broadly based changes in the values of equity and debt securities, redemptions by investors and other factors;
- dependence on Value Line Funds for investment management and related fees;
- competition in the fields of publishing, licensing and investment management;
- the impact of government regulation on the Company's business and the uncertainties of litigation and regulatory proceedings;
- terrorist attacks; and
- other risks and uncertainties, including but not limited to the risks described in Item 1A, "Risk Factors" of the Company's annual report on Form 10-K for year ended April 30, 2007, and other risks and uncertainties from time to time.

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

Results of Operations

Net income for the nine months ended January 31, 2008 of \$20,773,000 or \$2.08 per share was \$1,401,000 or 7% above net income of \$19,372,000 or \$1.94 per share for the nine months of the prior fiscal year. Net income of \$8,471,000 for the third quarter of fiscal 2008 was 18% above net income of \$7,192,000 for the third quarter last fiscal year. Operating income of \$27,718,000 for the nine months ended January 31, 2008 was \$71,000 below operating income of \$27,789,000 last fiscal year. Operating income of \$9,337,000 for the third quarter of fiscal 2008 was 5% above operating income of \$8,859,000 for the third quarter last fiscal year. The Company's income from securities transactions of \$5,683,000 for the nine months ended January 31, 2008 was 37% above last year's. Shareholders' equity of \$85,469,000 at January 31, 2008 was 19% higher than shareholders' equity of \$72,030,000 at January 31, 2007.

Operating revenues

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|---|-----------|-----------|--------------------------------------|
| Investment periodicals and related publications | \$ 32,424 | \$ 34,462 | -5.9% |
| Licensing Fees | \$ 5,517 | \$ 5,289 | 4.3% |
| Investment management fees and services | \$ 25,050 | \$ 23,446 | 6.8% |
| Total Operating Revenues | \$ 62,991 | \$ 63,197 | -0.33% |

Investment periodicals and related publications revenues

The investment periodicals and related publications revenues were down \$2,038,000 or 6% for the nine months ended January 31, 2008 as compared to the nine months ended January 31, 2007. As a percentage of total operating revenues, investment periodicals and related publications revenues have decreased from 55% during the first nine months of fiscal 2007 to 51% during the first nine months of fiscal 2008. While the Company continues to bring in new subscribers through various marketing channels, primarily direct mail and the Internet, total product line circulation continues to decline. Factors that have contributed to the decline in the investment periodicals and related publications revenues include the increasing amount of competition in the form of free and paid investment research on the Internet and research provided by brokerage firms at no cost to their clients.

Within investment periodicals and related publications are subscription revenues to print and electronic products.

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|--|-----------|-----------|--------------------------------------|
| Print publication revenues | \$ 23,393 | \$ 25,827 | -9.4% |
| Electronic publication revenues * | \$ 9,031 | \$ 8,635 | 4.6% |
| Total Investment periodicals and related publications revenue | \$ 32,424 | \$ 34,462 | -5.9% |
| Unearned Revenues (Short and Long Term) | \$ 32,655 | \$ 33,482 | -2.5% |

* Retail business is down, Institutional Sales are up.

Value Line's electronic publications revenues derive 46% from institutional accounts and 54% from retail subscribers. For the nine months ended January 31, 2008, institutional revenues increased \$743,000 or 22%, while revenues from retail subscribers were down \$347,000 or 7% as compared to the nine months ended January 31, 2007. The decrease in electronic retail publications revenues is attributable to the decrease in circulation within the Company's software products. Circulation of *The Value Line Investment Analyzer* decreased 19%, which resulted in a \$411,000 decline in revenues from this product, partially offset by an increase in the circulation and revenues from online subscriptions to *The Value Line Investment Survey*. For the nine months ended January 31, 2008 print publication revenues decreased \$2,434,000 or 9% below last fiscal year.

Licensing revenues

Licensing fee revenues have increased \$228,000 or 4% for the nine months ended January 31, 2008 as compared to the nine months ended January 31, 2007. The slow growth in licensing fees revenues is primarily due to the volatility in the equity markets and the conversion of three closed-end funds traded on the American Stock Exchange, to open-end Exchange Traded Funds during the second half of calendar 2006 through the first half of 2007. These three conversions, initiated in part as a result of the actions of companies that invest in closed-end funds for the purpose of encouraging trust action to eliminate discount NAV pricing, resulted in the withdrawal of assets that in turn, lowered the Company's asset based licensing fees for the nine months of fiscal 2008. As of January 31, 2008, total third party sponsored assets attributable to the licensing business represent \$6.1 billion in various products. The Company believes the growth of the business is dependent upon the desire of third party marketers to use the Value Line trademarks and proprietary research for their products, signing new licensing agreements, and the marketplace's acceptance of new products. Value Line believes it was an early entrant into this new market seven years ago and today the market has matured and the Company and its third party sponsors face more competition in the marketplace.

Investment management fees and distribution services revenues

The investment management fees and distribution services revenues were up \$1,604,000 or 7% for the nine months ended January 31, 2008 as compared to the nine months ended January 31, 2007. While management fees for the first nine months of fiscal year 2008 were up \$1,737,000 or 10% as compared to the first nine months of fiscal year 2007 there was a net decrease of \$206,000 or 4% in distribution services revenues due to 12b-1 fee waivers for certain of the Value Line Funds. For the nine months ended January 31, 2008 and 2007, 12b-1 fee waivers were \$2,943,000 and \$2,229,000, respectively. For the nine months ended January 31, 2008 and 2007, total management fee waivers were \$174,000 and \$191,000, respectively. The Company and its subsidiary, VLS, have no right to recoup the previously waived amounts of management fees and 12b-1 fees.

The table below illustrates the total fund assets for the nine months ended January 31, 2008 as compared to the nine months last fiscal year. The second table shows the two channels through which the equity funds are available. Shares of Value Line Strategic Asset Management Trust ("SAM") and Value Line Centurion Fund are available to the public only through the purchase of certain variable annuity and variable life insurance contracts issued by The Guardian Insurance & Annuity Company, Inc. ("GIAC").

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|---|--------------|--------------|--------------------------------------|
| Equity funds | \$ 3,221,732 | \$ 3,203,167 | 0.6% |
| Fixed income funds | \$ 271,562 | \$ 293,707 | -7.5% |
| Money Market funds | \$ 167,625 | \$ 179,668 | -6.7% |
| Total net assets | \$ 3,660,919 | \$ 3,676,542 | -0.4% |
| Equity fund assets sold through GIAC | \$ 812,361 | \$ 925,515 | -12.2% |
| All other equity fund assets | \$ 2,409,371 | \$ 2,277,652 | 5.8% |
| Total Equity fund net assets | \$ 3,221,732 | \$ 3,203,167 | 0.6% |

The Company believes that the 5.8% growth in equity funds for the nine months of fiscal 2008, excluding SAM and Centurion Funds sold through GIAC, has been in large part due to the good performance for certain Value Line Funds at various intervals in terms of short, mid and long-term returns. As of January 31, 2008, 80% of the equity funds, excluding SAM and Centurion, had four or five star ratings by Morningstar, Inc. The largest distribution channel for the Value Line Funds remains the fund supermarket platforms including, but not limited to, Charles Schwab & Co., Inc., TD Ameritrade, Inc., and National City Bank.

*Expenses**Advertising and promotion*

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|---|-----------|-----------|--------------------------------------|
| Advertising and promotion | \$ 10,327 | \$ 10,979 | -5.9% |

Advertising and promotion expenses for the nine months ended January 31, 2008 decreased \$652,000 as compared to the nine months ended January 31, 2007. Costs associated with direct mail decreased \$1,173,000 or 30% below last fiscal year, due to a reduction in the overall number of pieces mailed year to year. Promotion expense for the three months and nine months ended January 31, 2008 declined by \$381,000 as a result of the reversal of deferred advertising charges related to two of Value Line Mutual Funds. Expenditures for print media promoting the Value

Line Mutual Funds in select markets increased by \$512,000 for the nine months ended January 31, 2008. The major increase of \$992,000 is due to fees paid to third party intermediaries, such as, Charles Schwab & Co., Inc. to market the Value Line Funds. This expense will fluctuate based on assets invested in the Value Line Funds by clients of the intermediaries, the change in

market value of such assets, and the addition of any new intermediary selling agreements. The Company anticipates third party intermediary expenses will continue to increase as assets grow and more shareholders come into the Value Line Funds through intermediaries rather than direct accounts.

Salary and employee benefits

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|---|-----------|-----------|--------------------------------------|
| Salaries and employee benefits | \$ 13,668 | \$ 13,921 | -1.8% |

Over the past several years, the Company has increased productivity by the combination of roles and responsibilities along with selective outsourcing. Some duplication of effort has been eliminated and certain tasks, such as data entry, have been outsourced to third party vendors that the Company believes can provide better controls and results at a favorable cost.

Production and distribution

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|---|----------|----------|--------------------------------------|
| Production and distribution | \$ 4,698 | \$ 5,268 | -10.8% |

Production and distribution expenses for the nine months ended January 31, 2008 were \$570,000 below expenses for the nine months ended January 31, 2007. Amortized software costs decreased \$367,000 below last fiscal year due to a decrease of capitalized projects and costs. In addition, the decline in expenses was due to volume reductions in paper, printing and mailing costs that resulted primarily from a decrease in circulation of the print products. Partially offsetting the savings during the nine months of fiscal 2008 was an 8% increase in the cost of paper (since July 2006) and an 11% increase in postage rates (since May 2007).

Office and administration

| Nine Months Ended January 31, (in thousands) | 2008 | 2007 | Percentage Change FY 08 vs. 07 |
|---|----------|----------|--------------------------------------|
| Office and administration | \$ 6,580 | \$ 5,240 | 25.6% |

Office and administration expenses for the nine months ended January 31, 2008 were \$1,340,000 above expenses for the nine months ended January 31, 2007. During the first nine months of fiscal year 2008 professional fees significantly increased as compared to the first nine months of fiscal year 2007. Professional fees can fluctuate year to year based on the level of operations, such as litigation or regulatory activity requiring the use of outside professional consultants. Within Occupancy, during the last fiscal quarter of fiscal 2007, the Company amended its lease in midtown New York extending the lease expiration date to May 2013 on negotiated terms in place of the Company's renewal option at market rate, which resulted in significantly higher rent as a result of market conditions. Under the terms of its original lease, the Company began receiving a rent concession in the amount of \$767,950 credited equally during the six months beginning December 2007.

Income from securities transactions, net

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For the nine months ended January 31, 2008 the Company's income from securities transactions, net, is \$1,536,000 higher than income for the nine months ended January 31, 2007. Income from securities transactions, net, includes dividend and interest income of \$2,604,000 at January 31, 2008 that is \$510,000 or 24% higher than income of \$2,094,000 for the nine months ended January 31, 2007 due to an increase in interest rates. Realized capital gains, net of realized capital losses during the first nine months of fiscal 2008 are \$2,800,000, of which \$2,793,000 represents

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distributions from the Value Line Mutual Funds. This compares to capital gains of \$1,984,000, net of realized capital losses in fiscal 2007, of which \$2,061,000 represented distributions from the Value Line Mutual Funds.

Liquidity and Capital Resources

The Company had working capital of \$86,365,000 as of January 31, 2008 and \$71,924,000 as of January 31, 2007. Cash and short-term securities totaled \$121,688,000 as of January 31, 2008 and \$110,311,000 as of January 31, 2007.

Cash from operating activities

The Company's cash flow from operations of \$13,604,000 for the nine months ended January 31, 2008 was 10% above cash flow from operations of \$12,391,000 for the nine months ended January 31, 2007. The primary change was the slowing decline in unearned revenues and the timing of payments of accounts payable and accrued expenses, which was partially offset by the purchase of additional fixed income government debt securities within the company's trading portfolio. In addition, prepaid expenses decreased \$510,000 as a result of a refund of prepaid income taxes and as stated under the terms of its lease, beginning December 2007, the Company is receiving a six month rent concession from its landlord that amounted to \$256,000 during the quarter ended January 31, 2008.

Cash from investing activities

The Company's cash outflow from investing activities of \$7,192,000 for the nine months ended January 31, 2008 was 195% above cash outflow from investing activities of \$2,440,000 for the nine months ended January 31, 2007 due to the maturity of fixed income securities during the prior fiscal year and the redeployment of cash holdings to equity securities and fixed income during the nine months of fiscal 2008.

Cash from financing activities

The Company's net cash outflow from financing activities of \$8,984,000 for the nine months ended January 31, 2008 increased 13% as compared to the nine months of the prior fiscal year due to the payment of a higher quarterly dividend per common share of \$0.30 in fiscal 2008 as compared to \$0.25 paid during the first two quarters and \$0.30 during the third quarter of fiscal 2007.

Management believes that the Company's cash and other liquid asset resources used in its business together with the future cash flows from operations will be sufficient to finance current and forecasted operations. Management does not anticipate any borrowing in fiscal 2008.

Critical Accounting Estimates and Policies

The Company's Critical Accounting Estimates and Policies have not changed from those reported in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Form 10-K for the fiscal year ended April 30, 2007.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market Risk Disclosures

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

Interest Rate Risk

The Company's strategy has been to acquire highly liquid debt securities with extremely 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 in 1 to 5 years.

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

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

Estimated Fair Value after
Hypothetical Change in Interest Rates

(bp = basis points)

| | Fair Value | 6 mos. 50bp increase | 6 mos. 50bp decrease | 1 yr. 100bp increase | 1 yr. 100bp decrease |
|---|------------|----------------------------|----------------------------|----------------------------|----------------------------|
| As of January 31, 2008 | | | | | |
| Investments in securities with fixed maturities | \$ 53,114 | \$ 52,202 | \$ 53,082 | \$ 51,473 | \$ 52,813 |
| As of April 30, 2007 | | | | | |
| Investments in securities with fixed maturities | \$ 42,952 | \$ 42,357 | \$ 43,074 | \$ 41,900 | \$ 43,054 |

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 or management's estimates of fair value 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.

Value Line invests a significant amount of its assets in equity securities, primarily the Value Line Funds. Each mutual fund invests in a variety of equity positions.

The table below summarizes Value Line's equity price risks as of January 31, 2008 and April 30, 2007 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as of those dates. The selected hypothetical changes do not reflect what could be considered the best or worst case scenarios. Dollars are in thousands.

| Equity Securities | Fair Value | Hypothetical Price Change | Estimated Fair Value after Hypothetical Change in Price | Hypothetical Percentage Increase (Decrease) in Shareholders' Equity |
|------------------------|------------|---------------------------|---|---|
| As of January 31, 2008 | 50,542 | 30% increase | \$ 65,704 | 11.53% |
| | | 30% decrease | \$ 35,379 | (11.53)% |
| As of April 30, 2007 | 49,719 | 30% increase | \$ 64,635 | 12.83% |
| | | 30% decrease | \$ 34,803 | (12.83)% |

Item 4. CONTROLS AND PROCEDURES

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

The Company's management has evaluated, with the participation of the Company's Chief Executive Officer and Principal Accounting 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 Chief Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

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

Part II - Other Information

Item 1. Legal Proceedings

Refer to Note 9 (Contingencies) of the consolidated condensed financial statements for discussion of legal proceedings.

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, 2007.

Item 6. Exhibits

31.1 Certificate of Chief Executive Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certificate of Principal Accounting Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.

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

VALUE LINE, INC.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q report for the period ended January 31, 2008 to be signed on its behalf by the undersigned thereunto duly authorized.

Value Line, Inc.

(Registrant)

Date: March 14, 2008

By:

s/Jean Bernhard Buttner

Jean Bernhard Buttner
Chairman & Chief Executive Officer

Date: March 14, 2008

By:

s/Stephen R. Anastasio

Stephen R. Anastasio
Treasurer, Principal Accounting Officer