

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2009

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-11306



**VALUE LINE, INC.**

(Exact name of registrant as specified in its charter)

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

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

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

10017-5891  
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required 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 October 31, 2009</u>
<u>Common stock, \$.10 par value</u>	<u>9,981,600 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>Oct. 31, 2009</b>	<b>Apr. 30, 2009</b>
	<u>(unaudited)</u>	<u></u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (including short term investments of \$60,575 and \$42,068, respectively)	\$ 60,968	\$ 42,936
Trading securities	7,035	17,203
Securities available for sale	37,753	46,526
Accounts receivable, net of allowance for doubtful accounts of \$47 and \$47, respectively	2,317	2,353
Receivable from affiliates	1,670	1,312
Prepaid and refundable income taxes	1,920	-
Prepaid expenses and other current assets	804	1,047
Deferred income taxes	5,326	493
Total current assets	<u>117,793</u>	<u>111,870</u>
<b>Long term assets</b>		
Property and equipment, net	4,373	4,474
Capitalized software and other intangible assets, net	658	1,211
Deferred income taxes	4,847	-
Total long term assets	<u>9,878</u>	<u>5,685</u>
Total assets	<u>\$ 127,671</u>	<u>\$ 117,555</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 3,986	\$ 2,865
Accrued salaries	1,510	1,438
Dividends payable	1,996	2,994
Accrued taxes payable	-	392
Reserve for settlement	47,706	-
Unearned revenue	20,281	23,742
Total current liabilities	<u>75,479</u>	<u>31,431</u>
<b>Long term liabilities</b>		
Unearned revenue	4,556	5,255
Total long term liabilities	<u>4,556</u>	<u>5,255</u>
<b>Shareholders' Equity:</b>		
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	45,744	78,935
Treasury stock, at cost (18,400 shares on 10/31/09 and 4/30/09)	(354)	(354)
Accumulated other comprehensive income, net of tax	255	297
Total shareholders' equity	<u>47,636</u>	<u>80,869</u>
Total liabilities and shareholders' equity	<u>\$ 127,671</u>	<u>\$ 117,555</u>

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/(Loss)  
(in thousands, except share & per share amounts)  
(unaudited)

	Three months ended October 31,		Six months ended October 31,	
	2009	2008	2009	2008
<b>Revenues:</b>				
Investment periodicals and related publications	\$ 9,156	\$ 9,956	\$ 18,477	\$ 20,293
Copyright data fees	828	1,239	1,595	2,920
Investment management fees & services	4,882	7,132	9,582	15,327
<b>Total revenues</b>	<b>14,866</b>	<b>18,327</b>	<b>29,654</b>	<b>38,540</b>
<b>Expenses:</b>				
Advertising and promotion	2,412	3,328	4,492	6,569
Salaries and employee benefits	4,264	4,809	8,551	9,666
Production and distribution	1,389	1,459	2,566	2,989
Office and administration	3,366	2,465	5,690	5,585
Provision for settlement	-	-	47,706	-
<b>Total expenses</b>	<b>11,431</b>	<b>12,061</b>	<b>69,005</b>	<b>24,809</b>
Income/(loss) from operations	3,435	6,266	(39,351)	13,731
Income from securities transactions, net	151	10,084	369	10,716
Income/(loss) before income taxes	3,586	16,350	(38,982)	24,447
Provision for income taxes/(benefit)	1,205	5,808	(9,783)	8,843
<b>Net income/(loss)</b>	<b>\$ 2,381</b>	<b>\$ 10,542</b>	<b>\$ (29,199)</b>	<b>\$ 15,604</b>
<b>Earnings/(loss) per share, basic &amp; fully diluted</b>	<b>\$ 0.23</b>	<b>\$ 1.05</b>	<b>\$ (2.93)</b>	<b>\$ 1.56</b>
<b>Weighted average number of common shares</b>	<b>9,981,600</b>	<b>9,981,600</b>	<b>9,981,600</b>	<b>9,981,600</b>

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

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

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

	For the six months ended	
	October 31, 2009	October 31, 2008
<b>Cash flows from operating activities:</b>		
Net income/(loss)	\$ (29,199)	\$ 15,604
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	403	621
Amortization of bond premiums	605	-
Gains on sales of trading securities and securities available for sale	(74)	(9,389)
Unrealized losses on trading securities	200	197
Deferred income taxes	(9,658)	(69)
Writedown of software	720	-
Changes in assets and liabilities:		
Proceeds from sales of trading securities	9,894	9,026
Purchases of trading securities	-	(6,583)
Decrease in unearned revenue	(4,160)	(3,371)
Decrease in deferred charges	-	110
Increase in reserve for settlement	47,706	-
Increase/(decrease) in accounts payable and accrued expenses	1,121	(1,243)
(Decrease)/increase in accrued salaries	72	(10)
Decrease in accrued taxes payable	(392)	(103)
Increase in prepaid and refundable income taxes	(1,920)	-
Decrease in prepaid expenses and other current assets	243	125
Decrease in accounts receivable	36	206
Decrease/(increase) in receivable from affiliates	(358)	504
Total adjustments	44,438	(9,979)
<b>Net cash provided by operating activities</b>	<b>15,239</b>	<b>5,625</b>
<b>Cash flows from investing activities:</b>		
Purchases and sales of securities classified as available for sale:		
Proceeds from sales of fixed income securities	26,502	14,669
Proceeds from sales of equity securities	-	37,755
Purchase of fixed income securities	(18,250)	(20,598)
Purchases of equity securities	-	(9)
Acquisition of property and equipment	(50)	(150)
Expenditures for capitalized software	(419)	(177)
<b>Net cash provided by investing activities</b>	<b>7,783</b>	<b>31,490</b>
<b>Cash flows from financing activities:</b>		
Dividends paid	(4,990)	(6,988)
<b>Net cash used in financing activities</b>	<b>(4,990)</b>	<b>(6,988)</b>
Net increase in cash and cash equivalents	18,032	30,127
<b>Cash and cash equivalents at beginning of year</b>	<b>42,936</b>	<b>8,955</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 60,968</b>	<b>\$ 39,082</b>

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

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

**Value Line, Inc.**  
**Consolidated Condensed Statement of Changes in Shareholders' Equity**  
**For the Six Months Ended October 31, 2009**  
**(in thousands, except share amounts)**  
**(unaudited)**

	Common stock		Additional paid-in capital	Treasury Stock	Comprehensive income/(loss)	Retained earnings	Accumulated Other Comprehensive income	Total
	Number of shares	Amount						
Balance at April 30, 2009	9,981,600	\$ 1,000	\$ 991	\$ (354)		\$ 78,935	\$ 297	\$ 80,869
<b>Comprehensive income</b>								
Net loss					\$ (29,199)	(29,199)		(29,199)
<b>Other comprehensive income, net of tax:</b>								
Change in unrealized gains on securities, net of taxes					(42)		(42)	(42)
Comprehensive income					<u>\$ (29,241)</u>			
Dividends declared						(3,992)		(3,992)
Balance at October 31, 2009	<u>9,981,600</u>	<u>\$ 1,000</u>	<u>\$ 991</u>	<u>\$ (354)</u>		<u>\$ 45,744</u>	<u>\$ 255</u>	<u>\$ 47,636</u>

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

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

**Value Line, Inc.**  
**Consolidated Condensed Statement of Changes in Shareholders' Equity**  
**For the Six Months Ended October 31, 2008**  
**(in thousands, except share amounts)**  
**(unaudited)**

	Common stock		Additional paid-in capital	Treasury Stock	Comprehensive income/(loss)	Retained earnings	Accumulated Other Comprehensive income/(loss)	Total
	Number of shares	Amount						
Balance at April 30, 2008	9,981,600	\$ 1,000	\$ 991	\$ (354)		\$ 70,954	\$ 15,263	\$ 87,854
<b>Comprehensive income</b>								
Net income					\$ 15,604	15,604		15,604
<b>Other comprehensive income, net of tax:</b>								
Change in unrealized gains on securities, net of taxes					(15,709)		(15,709)	(15,709)
Comprehensive income					<u>\$ (105)</u>			
Dividends declared						(7,986)		(7,986)
Balance at October 31, 2008	<u>9,981,600</u>	<u>\$ 1,000</u>	<u>\$ 991</u>	<u>\$ (354)</u>		<u>\$ 78,572</u>	<u>\$ (446)</u>	<u>\$ 79,763</u>

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 16, 2009 for the fiscal year ended April 30, 2009. Results of operations covered by this report may not be indicative of the results of operations for the entire year.

Value Line, Inc. (the "Company", "VLI") is incorporated in the State of New York. The Company's primary businesses are producing investment related periodical publications and making available copyright data including certain Value Line trademarks and Value Line proprietary ranking system information to third parties under written agreements for use in third party managed and marketed investment products, providing investment management services to the Value Line Funds, institutions and individual accounts and providing distribution, marketing, and administrative 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.

**Accounting Standards Codification (ASC):**

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

**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. Changes in unearned revenue generally indicate the trend for subscription revenues over the following year as the current portion of deferred revenue is expected to be recognized as revenue within 12 months.

Copyright data revenues are derived from providing certain Value Line trademarks and Value Line proprietary ranking system information to third parties under written agreements for use in selecting securities for third party marketed products, including unit investment trusts, annuities and exchange traded funds. Value Line earns asset based copyright data fees as specified in the individual 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).

The management fees and average daily net assets for the Value Line Funds are calculated by State Street Bank, which serves as the fund accountant, fund administrator, and custodian of the Value Line Funds. The management fees for the non-mutual fund asset management clients are calculated by the Company based on the asset valuations provided by third party custodians.

The Value Line Funds are open-end management companies registered under the Investment Company Act of 1940. Shareholder transactions for the Value Line Mutual Funds are processed each business day by the third party transfer agent of the Funds. Shares can be redeemed without advance notice upon request of the shareowners each day that the New York Stock Exchange is open. Assets within the separately managed accounts are held at third party custodians, are subject to the terms of each advisory agreement and do not have any advance notice requirement for withdrawals, although they generally have a 30 day advance notice requirement for termination of the account.

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, and therefore the distributor may earn a profit under the plan. Expenses incurred by EULAV Securities, Inc. ("ESI") (formerly, Value Line Securities, Inc. ("VLS")), the distributor of the Value Line Funds, 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 Value Line Funds. 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 (see Note 6).

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

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 the requirements of the "Fair Value Measurements Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC)". The securities available for sale and trading securities reflected in the consolidated condensed financial statements are valued at market and unrealized gains and losses on securities classified as available for sale, net of applicable taxes, are reported as a separate component of Shareholders' Equity. Unrealized gains and losses on trading securities are included in the Statement of Income. Realized gains and losses on sales of the securities classified as available for sale are recorded in earnings on the 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-end 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 or other observable inputs.

Effective for fiscal 2009, the Company adopted the Fair Value Measurements Topic of the FASB Accounting Standards Codification that defines fair value as the price that the Company would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. The Fair Value Measurements Topic established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the information that market participants would use in pricing the asset or liability, including assumptions about risk. Examples of risks include those inherent in a particular valuation technique used to measure fair value such as the risk inherent in the inputs to the valuation technique. Inputs are classified as observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical investments

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

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

The valuation techniques used by the Company to measure fair value during the six months ended October 31, 2009 for Level 1 securities consisted exclusively of quoted prices.

The securities valued as Level 2 investments consist of municipal bonds (that are pre-refunded by U.S. Treasury securities) and other U.S. Treasury securities.

Valuation techniques used by the Company to measure fair value for government securities during the period consisted primarily of third party pricing services that utilized actual market data such as trades of comparable bond issues, broker/dealer quotations for the same or similar investments in active markets and other observable inputs. When necessary, the third party services use discounted future cash flows to calculate the net present value.

The following is a summary of the inputs used as of October 31, 2009 in valuing the Company's investments carried at fair value:

	(in thousands)			
Valuation Inputs	Total Investments	Cash Equivalents	Investments in Trading Securities	Investments in Securities Available for Sale
Level 1 - Quoted Prices	\$ 60,575	\$ 60,575	-	-
Level 2 - Other Significant Observable Inputs	\$ 44,788	-	\$ 7,035	\$ 37,753
Level 3 - Significant Unobservable Inputs	-	-	-	-
Total	<u>\$ 105,363</u>	<u>\$ 60,575</u>	<u>\$ 7,035</u>	<u>\$ 37,753</u>

The Company had no other financial instruments including futures, forwards and swap contracts. For the period ended October 31, 2009, there were no Level 3 investments. The Company does not have any liabilities subject to Fair Value Measurement.

Advertising expenses: The Company expenses advertising costs as incurred.

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

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

**Income Taxes:**

The Company computes its income tax provision in accordance with the Income Tax Topic of the FASB 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 ASC establishes for all entities, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. As of October 31, 2009, 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 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 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 October 31, and April 30, 2009 cash equivalents included \$60,575,000 and \$42,068,000, respectively, invested in the Value Line U.S. Government Money Market Fund. The Value Line Cash Fund was renamed the U.S. Government Money Market Fund in August 2009.

**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 in ESI, as a broker/dealer, are classified as trading securities. Securities held by the Company and its other subsidiaries, are classified as available-for-sale securities.

*Trading Securities:*

Trading securities held by the Company at October 31, 2009 that consisted entirely of government debt securities had an amortized cost of \$6,928,000 and a market value of \$7,035,000. Trading securities held by the Company at April 30, 2009 had an aggregate cost of \$17,133,000 and a market value of \$17,203,000. The proceeds from sales of trading securities during the six months ended October 31, 2009 were \$9,894,000 and the related net realized trading gains amounted to \$94,000. The proceeds from sales of trading securities during the six months ended October 31, 2008 were \$9,026,000 and the related net realized trading losses amounted to \$126,000. The net change in unrealized losses for the period ended October 31, 2009, and October 31, 2008, of \$200,000 and \$197,000, respectively, were included in the Consolidated Condensed Statement of Income.

*Securities Available for Sale*

*Equity Securities:*

The Company sold its portfolio of equity securities during the second quarter ended October 31, 2008 and did not hold any equity securities as of October 31, 2009, and April 30, 2009.

During the six months ended October 31, 2008, proceeds of \$37,755,000 were received from sales of equity securities. During the second quarter of fiscal 2009, \$9,600,000 of net capital gains were reclassified from Accumulated Other Comprehensive Income to the Consolidated Condensed Statement of Income.

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

*Government Debt Securities (Fixed Income Securities):*

Government debt securities consist of federal, state, and local government securities within the United States. The aggregate cost and fair value at October 31, 2009 for government debt securities classified as available for sale were as follows:

Maturity	(in thousands)		
	Amortized Historical Cost	Fair Value	Gross Unrealized Holding Gains
Due within 1 year	\$ 17,367	\$ 17,424	\$ 57
Due 1 year through 5 years	19,992	20,329	337
<b>Total investment in government debt securities</b>	<b>\$ 37,359</b>	<b>\$ 37,753</b>	<b>\$ 394</b>

The aggregate cost and fair value at April 30, 2009 for government debt securities classified as available for sale were as follows:

Maturity	(in thousands)		
	Amortized Historical Cost	Fair Value	Gross Unrealized Holding Gains
Due within 1 year	\$ 8,593	\$ 8,599	\$ 6
Due 1 year through 5 years	37,474	37,927	453
<b>Total investment in government debt securities</b>	<b>\$ 46,067</b>	<b>\$ 46,526</b>	<b>\$ 459</b>

The decrease in gross unrealized gain on fixed income securities classified as available for sale of \$65,000 net of deferred income tax of \$23,000, was included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheets as of October 31, 2009. The increase in gross unrealized gain on fixed income securities classified as available for sale of \$625,000 net of deferred income tax of \$220,000, was included in Accumulated Other Comprehensive Income on the Consolidated Condensed Balance Sheets as of April 30, 2009.

The average yield on the Government debt securities classified as available for sale at October 31, 2009 and April 30, 2009 was 2.29% and 2.52%, respectively. Proceeds from sales of government debt securities classified as available for sale during the six months ended October 31, 2009 and 2008 were \$26,502,000 and \$14,669,000, respectively. During the six months ended October 31, 2009 and 2008, losses on sales of fixed income securities of \$20,000 and \$85,000, respectively, were reclassified from Accumulated Other Comprehensive Income in the Balance Sheet to the Consolidated Condensed Statement of Income.

For the six months ended October 31, 2009 and 2008, income from securities transactions also included \$3,000 and \$156,000 of dividend income; \$526,000 and \$1,388,000 of interest income, net of bond amortization.

**Note 3-Supplementary Cash Flow Information:**

Cash payments for income taxes were \$2,400,000 and \$8,946,000 for the six months ended October 31, 2009 and 2008, respectively.

**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 that provides for a discretionary annual Company contribution.

**Note 5-Comprehensive Income:**

The Financial Accounting Standards Board ASC Comprehensive Income topic requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that otherwise would not be recognized in the calculation of net income.

At October 31, 2009 and 2008, 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 Balance Sheets.

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

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

	Before	(in thousands) Tax (Expense)	Net of
Six months ended October 31, 2009	<u>Tax Amount</u>	<u>or Benefit</u>	<u>Tax Amount</u>
<b>Unrealized Gains/(Losses) on Securities:</b>			
Unrealized Holding Gains/(Losses)	\$ (84)	30	\$ (54)
Add: Reclassification adjustments for losses realized in net income	20	(8)	12
Other Comprehensive income	<u>\$ (64)</u>	<u>\$ 22</u>	<u>\$ (42)</u>

	Before	(in thousands) Tax (Expense)	Net of
Six months ended October 31, 2008	<u>Tax Amount</u>	<u>or Benefit</u>	<u>Tax Amount</u>
<b>Unrealized Gains/(Losses) on Securities:</b>			
Unrealized Holding Gains/(Losses)	\$ (14,637)	\$ 5,153	\$ (9,484)
Add: Reclassification adjustments for losses realized in net income	99	(35)	64
Less: Reclassification adjustments for gains realized in net income	(9,614)	3,325	(6,289)
Other Comprehensive income	<u>\$ (24,152)</u>	<u>\$ 8,443</u>	<u>\$ (15,709)</u>

**Note 6-Related Party Transactions:**

The Company's subsidiary, EULAV Asset Management, LLC ("EULAV") acts as investment adviser and manager for fourteen open-end investment companies, the Value Line Funds. EULAV earns investment management fees based upon the average daily net asset values of the respective Value Line Funds. As discussed in Note 1, service and distribution fees are received by ESI from the Value Line Funds in accordance with service and distribution plans under rule 12b-1 of the Investment Company Act of 1940. 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, and therefore the distributor may earn a profit under the plans. Expenses incurred by ESI include payments to securities dealers, banks, financial institutions and other organizations which provide distribution, marketing, and administrative services (including payments by ESI 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 daily net assets of the respective mutual fund in accordance with each fund's prospectus.

For the six months ended October 31, 2009 and 2008, investment management fees and 12b-1 service and distribution fees amounted to \$9,468,000 and \$14,825,000, respectively, which took into account fee waivers for certain of the Value Line Funds. These amounts included service and distribution fees of \$2,083,000 and \$3,362,000 earned by ESI during the six months ended October 31, 2009 and 2008, respectively. The related receivables from the funds for investment management fees and service and distribution fees included in Receivables from affiliates were \$1,656,000 and \$1,475,000 at October 31 and April 30, 2009, respectively.

For the six months ended October 31, 2009 and 2008, total management fee waivers were \$436,000 and \$101,000, respectively, and service and distribution fee waivers were \$1,361,000 and \$1,658,000, respectively. The Company and its subsidiary, ESI, have no right to recoup the previously waived amounts of management fees and 12b-1 fees, excluding waived management fees for the U.S. Government Money Market Fund. Any recoupment is subject to the provisions of the prospectus.

As of October 31, 2009, the Company had \$60,575,000 invested in the Value Line U.S. Government Money Market Fund representing 31% of the fund's assets and 2% of all Value Line Funds assets. Purchases and redemptions routinely occur in the Value Line U.S. Government Money Market Fund as part of business operations of the Company.

For the six months ended October 31, 2009 and 2008, the Company was reimbursed \$339,000 and \$653,000, respectively, for payments it made on behalf of and services it provided to the Parent. At October 31, 2009, the Receivables from the Parent amounted to \$63,000. At April 30, 2009, Receivables from affiliates were reduced by the Payables to the Parent in the amount of \$164,000. These transactions are in accordance with the expense sharing agreement with the parent and tax sharing arrangement as described in Note 7.

From time to time, Arnold Bernhard & Co., Inc. (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. The Parent owns approximately 86.5% of the issued and outstanding common stock of the Company.

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

**Note 7-Federal, State and Local Income Taxes:**

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

The provision for income taxes includes the following:

	Six months ended October 31,	
	2009	2008
	(in thousands)	
<b>Current Tax Expense:</b>		
Federal	\$ -	\$ 7,945
State and local	-	1,048
	-	8,993
<b>Deferred Tax Expense (Benefit):</b>		
Federal	(7,787)	(126)
State and local	(1,996)	(24)
	(9,783)	(150)
<b>Provision for income taxes</b>	<b>\$ (9,783)</b>	<b>\$ 8,843</b>

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 assets is primarily the result of the tax benefit from its net operating loss to be utilized within the next year.

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

The overall effective income tax rate, as a percentage of pre-tax ordinary income, for the six months ended October 31, 2009 and 2008 was 25.11% and 36.17%, respectively. The fluctuation in the effective income tax rate is attributable to the non-deductible portion of the provision for settlement and non-taxable investment income, events that do not have tax consequences, recorded during the six months ended October 31, 2009.

The annual effective tax rate for fiscal 2010 could change due to a number of factors including but not limited to an increase or decrease in the ratio of income or loss to pre-tax items that does not have tax consequences, our geographic profit mix between tax jurisdictions, new tax laws, new interpretations of existing tax law and rulings by and settlements with tax authorities. For the six months ended October 31, 2009, there were no new material uncertain positions.

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

	Six months ended October 31,	
	2009	2008
U.S. statutory federal rate	35.00%	35.00%
Increase/(decrease) in tax rate from:		
Tax effect of non-deductible portion of provision for settlement	-12.57%	0.00%
State and local income taxes, net of federal income tax benefit	3.33%	2.72%
Effect of tax exempt income and dividend deductions	0.96%	-1.57%
Other, net	-1.61%	0.02%
<b>Effective income tax rate</b>	<b>25.11%</b>	<b>36.17%</b>

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: (1) Investment Periodicals, Publishing & Copyright Data and (2) Investment Management. The Investment Periodicals, Publishing & Copyright Data segment produces investment related periodical publications (retail and institutional) in both print and electronic form, and includes copyright data fees for Value Line proprietary ranking system information and other proprietary information. 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/(Loss) and Segment Assets (in thousands)

	Six months ended October 31, 2009		
	Investment Periodicals, Publishing & Copyright Data	Investment Management	Total
Revenues from external customers	\$ 20,072	\$ 9,582	\$ 29,654
Intersegment revenues	10	-	10
Income/(loss) from securities transactions	(43)	118	75
Depreciation and amortization	389	14	403
Segment profit/(loss) from operations *	5,726	(45,077)	(39,351)
Segment assets	11,965	16,384	28,349
Expenditures for segment assets	467	2	469

	Six months ended October 31, 2008		
	Investment Periodicals, Publishing & Copyright Data	Investment Management	Total
Revenues from external customers	\$ 23,213	\$ 15,327	\$ 38,540
Intersegment revenues	8	-	8
Income/(loss) from securities transactions	(11)	175	164
Depreciation and amortization	594	23	617
Segment profit from operations	8,535	5,200	13,735
Segment assets	9,881	26,681	36,562
Expenditures for segment assets	327	-	327

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

Reconciliation of Reportable Segment Revenues, Operating Profit/(Loss) and Assets

	(in thousands)	
	Six months ended October 31,	
	2009	2008
<b>Revenues</b>		
Total revenues for reportable segments	\$ 29,664	\$ 38,548
Elimination of intersegment revenues	(10)	(8)
Total consolidated revenues	<u>\$ 29,654</u>	<u>\$ 38,540</u>
<b>Segment profit/(loss) *</b>		
Total profit/(loss) for reportable segments	\$ (39,276)	\$ 13,899
Add: Income from securities transactions related to corporate assets	294	10,552
Less: Depreciation related to corporate assets	-	(4)
Income/(loss) before income taxes	<u>\$ (38,982)</u>	<u>\$ 24,447</u>
<b>Assets</b>		
Total assets for reportable segments	\$ 28,349	\$ 36,562
Corporate assets	99,322	81,842
Consolidated total assets	<u>\$ 127,671</u>	<u>\$ 118,404</u>

\* Fiscal 2010 includes a charge of \$720,000 related to the writedown of development software and a provision for settlement of approximately \$48 million included in the Investment Periodicals, Publishing and Copyright Data and Investment Management segments, respectively.

**Note 9-Writedown of Software Development Costs:**

During the second quarter of fiscal 2010, the Company expensed \$720,000 of capitalized development costs related to a production software project that was determined to be no longer viable.

**Note 10-Contingencies:**

On September 3, 2008, the Company was served with a derivative shareholder's suit filed in New York County Supreme Court naming the Company's Directors and alleging breach of fiduciary duty and related allegations, all arising from the SEC matter. The complaint seeks return of remuneration by the Directors and other remedies. Plaintiff's counsel has agreed from time to time, most recently until February 1, 2010, to extend the defendants' time to answer, move, or otherwise respond to the complaint. Based on an evaluation of the case at this early stage, including communications with the Company's insurance carrier, it is not possible to estimate an amount or range of loss on the Company's financial statements.

A second derivative shareholder's suit was filed in New York County Supreme Court on or about November 9, 2009, naming certain current and former Company Directors and the Company's Parent as defendants. This suit primarily restates the same or similar allegations and seeks similar remedies as were sought in the earlier derivative shareholder's suit served in September 2008. Counsel for both Plaintiffs have since filed a motion to consolidate both cases. The Company has advised its insurance carriers of these developments.

**Note 11-Subsequent Events:**

On November 4, 2009, the Company and its subsidiary settled the Securities and Exchange Commission investigation that has been previously reported in public filings back to 2005. The settlement, in which the Company neither admits nor denies the investigation's findings, primarily relates to commissions paid by nine Value Line equity mutual funds to an affiliated brokerage subsidiary from 1986 through November 2004. The Company agreed to pay disgorgement in the amount of \$24,168,979 (representing disgorgement of commissions received), prejudgment interest of \$9,536,786, and a civil penalty in the amount of \$10,000,000. The former CEO and the former CCO each agreed to pay a civil penalty. In addition, under the settlement, the former CEO and the former CCO are barred from serving as officers or directors of a public company and from association with an investment adviser, broker-dealer or registered investment company subject, in the case of the former CEO, to a limited exception from the associational bar for a period of one year from the entry of the settlement Order to enable steps to be taken that will terminate her association with the Value Line mutual funds, asset management and distribution businesses.

Company management ended the mutual funds' use of affiliated brokerage in 2004. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a fund will be created for VLI's disgorgement, interest and penalty ("Fair Fund"). The Company will bear the costs associated with the Fair Fund distribution.

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

This report contains statements that are predictive in nature, depend upon or refer to future events or conditions (including certain projections and business trends) accompanied by such phrases as "believe", "estimate", "expect", "anticipate", "will", "intend" and other similar or negative expressions, that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Actual results 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, copyright data 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 the year ended April 30, 2009, 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.

**Business Environment**

During the Company's second quarter ended October 31, 2009, the global financial markets continued to rise from the March 2009 market lows. The NASDAQ and the Dow Jones Industrial Average declined 39.1% and 38.6% respectively from the end of September 2008 to March 9, 2009. From that point to October 31, 2009, those indexes have rallied nearly 61% and 51% respectively. For the calendar year ended October 31, 2009 the NASDAQ and the Dow Jones Industrial Average were up 18.8% and 7.7% respectively. With the recent market rally, our revenues associated with the asset management and copyright data businesses increased over the first quarter of fiscal year 2009, but the severe downturn and volatility in the financial markets throughout the prior fiscal year continue to negatively impact the Company's revenues, assets under management and the assets attributable to third party copyright data partners as compared to the second quarter and six months of the previous fiscal year. Although we have not suffered a fundamental change in our business model, the environment remains challenging for our business. In response, we continue to be diligent about our expense control. The Company remains debt free with liquidity sufficient to endure the current economic recession in terms of anticipated liquidity needs.

**Results of Operations**

For the six months ended October 31, 2009 the Company's net loss of \$29,199,000 or \$2.93 per share was \$44,803,000 below net income of \$15,604,000 or \$1.56 per share for the six months ended October 31, 2008. Net income for the second quarter ended October 31, 2009 of \$2,381,000 or \$0.23 per share was \$8,161,000 or 77% below net income of \$10,542,000 or \$1.05 per share for the second quarter of the prior fiscal year. The operating loss of \$39,351,000 for the six months ended October 31, 2009 was \$53,082,000 below the operating income of \$13,731,000 last fiscal year. The operating and net losses of the Company were a result of the Company recording a provision for settlement of \$47,706,000 for settlement and related costs associated with the Securities and Exchange Commission ("SEC") investigation. Please refer to Note 11 – Subsequent Events within the Notes to the Consolidated Condensed Financial Statements. Excluding the provision for settlement, operating income for the six months ended October 31, 2009 of \$8,355,000 was \$5,376,000 or 39% below last fiscal year and operating income of \$3,435,000 for the second quarter ended October 31, 2009 was \$2,831,000 or 45% below operating income of \$6,266,000 for the second quarter of the prior fiscal year. Inclusive of the \$47,706,000 provision for settlement, shareholders' equity of \$47,636,000 at October 31, 2009 was 40% lower than shareholders' equity of \$79,763,000 at October 31, 2008.

The following table illustrates the key earnings figures for the three and six months ended October 31, 2009 and 2008.

	Three Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change FY 10 vs.09
(in thousands, except earnings per share)						
Earnings/(loss) per share	\$ 0.23	\$ 1.05	-78.1%	\$ (2.93)	\$ 1.56	-287.8%
Net income/(loss)	\$ 2,381	\$ 10,542	-77.4%	\$ (29,199)	\$ 15,604	-287.1%
Operating income/(loss)	\$ 3,435	\$ 6,266	-45.2%	\$ (39,351)	\$ 13,731	-386.6%
Operating expenses	\$ 11,431	\$ 12,061	-5.2%	\$ 69,005	\$ 24,809	178.1%
Income from securities transactions, net	\$ 151	\$ 10,084	-98.5%	\$ 369	\$ 10,716	-96.6%

Operating revenues which consist of investment periodicals and related publications revenues, copyright data fees, and investment management fees and services declined for the quarter and fiscal year to date compared to the previous year.

	Operating Revenues					
	Three Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change FY 10 vs. 09
(in thousands)						
Investment periodicals and related publications	\$ 9,156	\$ 9,956	-8.0%	\$ 18,477	\$ 20,293	-8.9%
Copyright data fees	\$ 828	\$ 1,239	-33.2%	\$ 1,595	\$ 2,920	-45.4%
Investment management fees and services	\$ 4,882	\$ 7,132	-31.5%	\$ 9,582	\$ 15,327	-37.5%
Total operating revenues	\$ 14,866	\$ 18,327	-18.9%	\$ 29,654	\$ 38,540	-23.1%

*Investment periodicals and related publications revenues*

Investment periodicals and related publications revenues were down \$1,816,000 or 9% for the six months ended October 31, 2009 as compared to the first six months of the prior fiscal year. While the Company continues to attract 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 competition in the form of free or low cost investment research on the Internet and research provided by brokerage firms at no cost to their clients. As of October 31, 2009, total company-wide circulation has dropped more than 16% compared to the previous fiscal year. Overall renewal rates for the flagship product, *The Value Line Investment Survey* are 71%, up slightly from 70% a year earlier. Even so, the Company is not adding enough new subscribers to offset the subscribers that choose not to renew. The Company has been fortunate that electronic investment periodicals revenues from institutional sales have increased \$327,000 or 10% from the previous year. Fiscal year gross institutional sales through October 31, 2009 were \$4,013,000, up \$359,000 or 10% from the previous fiscal year.

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

Six Months Ended October 31, (in thousands)	Subscription Revenues		Percentage Change FY 10 vs. 09
	2009	2008	
Print publication revenues	\$ 12,075	\$ 13,917	-13.2%
Electronic publication revenues	\$ 6,402	\$ 6,376	0.4%
Total investment periodicals and related publications revenues	\$ 18,477	\$ 20,293	-8.9%
Unearned revenues (short and long term)	\$ 24,837	\$ 29,159	-14.8%

For the six months ended October 31, 2009 print publication revenues decreased \$1,842,000 or 13% from the last fiscal year for the reasons described earlier. Print circulation, which has always dominated our subscription base, has fallen 16% from the last fiscal year. Electronic publications revenues were up \$26,000 for the six months ended October 31, 2009. All the retail electronic services continued to decline in circulation from the prior fiscal year.

The electronic publication revenues are broken down into institutional accounts and retail subscribers. For the six months ended October 31, 2009, institutional revenues increased \$327,000 or 10%, while revenues from retail subscribers were down \$301,000 or 10% as compared to the six months ended October 31, 2008. The Company has relied more on its institutional sales marketing efforts, and the increase in institutional revenues is a direct result of a focused effort to boost sales to colleges, libraries and money managers. The decrease in electronic retail publications revenues is primarily attributable to the decrease in circulation within the Company's software products.

The Value Line Timeliness Ranking System™ ("the Ranking System") has historically been a prominent component in the Company's flagship product, *The Value Line Investment Survey*, and is also the foundation on which much of the Company's copyright data business is derived. Unfortunately, in the volatile market of the past year the Ranking System has not performed up to historical standards. As stated in other recent quarterly filings, while the Ranking System has gone through brief periods of underperformance before, the rapid and severe price actions in the markets in 2009 appear to have favored short-term investing, as investors bought well known names whose earnings have plunged but whose stock prices were cheap in hoping the stock prices will rebound. This has been seen in the overall market recovery and such stocks are generally not well ranked by Value Line because the Ranking System emphasizes earnings results and price momentum. The Ranking System is designed to be predictive over a six to 12 month period. Over the year ended October 31, 2009, the Ranking System results were in reverse order, with the rank 5 stocks (lowest ranks) rebounding quickly after being beaten down in the market decline of last year, to outperform the rank 1, 2, 3 and 4 stocks. If the market remains as volatile in the coming quarters as it was last year, or if fundamental market factors result in longer-term deterioration of the Ranking System's predictive performance, the Ranking System may continue to struggle. This may hurt subscription revenues and copyright data fees. The Company and its quantitative research staff continue to work diligently to improve the Ranking System's predictive performance although no assurances are possible.

### Copyright Data Fees

Copyright data fees have decreased \$1,325,000 or 45% for the six months ended October 31, 2009 as compared to the six months ended October 31, 2008. As of October 31, 2009, total third party sponsored assets were attributable to four contracts for copyright data and represent \$2.4 billion in various products as compared to four contracts and \$3.7 billion in assets last fiscal year, representing a 36% decline in assets year over year. The combination of the underperformance by the Ranking System and the broad and deep declines in the equity markets from late 2008 and early 2009 significantly impacted assets of the third party sponsors that are customers of our copyright data business which resulted in lower asset based fees paid to the Company. The Company believes the growth of the business is dependent upon the desire of third parties to use the Value Line proprietary research for their products. Today this market is significantly more competitive as a result of product diversification and growth of the use of indexes by portfolio managers. Copyright data fees have been a critical component of the Company's plan to replace shrinking publishing revenues but no new contracts have been added this fiscal year to date. Unless the Ranking System's predictive performance improves, we anticipate copyright data revenues will continue to underperform.

### Investment management fees and distribution services revenues

While the rebound in the financial markets has boosted overall assets, the rapid decline in the markets from a year ago and net redemptions have resulted in a contraction of 9% in the net assets of the Value Line Funds. The following tables illustrate the total fund assets as of October 31, 2009 as compared to October 31, 2008.

At October 31, (in thousands)	Total Net Assets		Percentage Change FY 10 vs. 09
	2009	2008	
Equity funds	\$ 1,987,820	\$ 2,212,011	-10.1%
Fixed income funds	\$ 254,123	\$ 231,834	9.6%
Money market fund	\$ 195,371	\$ 241,624	-19.1%
Total net assets	\$ 2,437,314	\$ 2,685,469	-9.2%

As a result of the decline in assets under management year to year, investment management fees and distribution services revenues for the six months ended October 31, 2009 were down \$5,745,000 or 38% below the prior fiscal year. Management fees for the six months ended October 31, 2009 were down \$4,078,000 or 36% as compared to the prior fiscal year. There was a net decrease of \$1,279,000 or 38% in distribution services revenues (12b-1 fees). During the period, contractual fee waivers have existed for most of the Value Line Funds. For the six months ended October 31, 2009 and 2008, 12b-1 fee waivers were \$1,361,000 and \$1,658,000, respectively. For the six months ended October 31, 2009 and 2008, management fee waivers were \$436,000 and \$101,000, respectively. Twelve of the fourteen funds have all or a portion of the 12b-1 fees being waived and five of the fourteen funds have partial management fee waivers in place. With very limited exception, the Company and its subsidiaries have no right to recoup the previously waived management fees and 12b-1 fees.

Of the fourteen funds managed by the Company, 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").

The table below shows the assets in the equity funds broken down into the two channels in which the equity funds are available.

Equity Fund Net Assets (Variable Annuity and Open End Equity Funds)

At October 31, (in thousands)	2009	2008	Percentage Change FY 10 vs. 09
Variable annuity assets (GIAC)	\$ 472,243	\$ 521,810	-9.5%
All other open end equity fund assets	\$ 1,515,577	\$ 1,690,201	-10.3%
Total equity fund net assets	\$ 1,987,820	\$ 2,212,011	-10.1%

As of October 31, 2009, one of the six equity mutual funds, excluding SAM and Centurion, had a four star rating by Morningstar, Inc. as compared to five of the six equity funds, which had four or five stars a year ago. The equity funds had net redemptions for the six months ended October 31, 2009, as compared to net sales the previous year. As of October 31, 2009, shareholder accounts declined 17% from the previous year to 165,241 from 200,624. The largest distribution channel for the Value Line Funds remains the fund supermarket platforms such as Charles Schwab & Co., Inc. The Company believes the accounts that are held at fund supermarkets may be vulnerable based on under performance and lingering concerns about the recently settled SEC investigation (described in Subsequent Events Footnote 11), as investment advisors or prospects may choose to redeem existing investments or not make further investments.

The Value Line fixed income mutual fund assets (excluding the Value Line U.S. Government Money Market Fund, formerly the Value Line Cash Fund), represent 10% of total mutual fund assets at October 31, 2009 and are up 10% from the previous year. Value Line U.S. Government Money Market Fund assets represent 8% of the total fund assets at October 31, 2009 and have decreased 19% from the previous year, primarily as a result of cash held by the Company and its Parent being redeployed into other fixed income investments such as pre-refunded municipal bonds and U.S. Treasury securities. Subsequent to the quarter ended October 31, 2009, the Company reduced its cash held in the U.S. Government Money Market Fund by approximately \$44 million as a result of the SEC settlement payment being paid in November 2009.

Shareholder transactions for the Value Line Mutual Funds are processed each business day by the third party transfer agent of the Funds. Shares can be redeemed without advance notice upon request of the shareowners each day that the New York Stock Exchange is open.

Separately managed accounts revenues decreased \$389,000 or 77% for the six months ended October 31, 2009 as compared to the six months ended October 31, 2008 primarily due to market decline in the portfolios and the loss of a large account at the end of the last fiscal year. The Company's separately managed accounts as of October 31, 2009 have \$55 million in assets, down from \$154 million at October 31, 2008. Of the \$55 million, \$29 million is affiliated with the Parent. Assets within the separately managed accounts are held at third party custodians, are subject to the terms of each advisory agreement and do not have any advance notice requirement for withdrawals, although they generally have a 30 day advance notice requirement for termination of the account. The Company did not add any new accounts thus far during the fiscal year 2010 and subsequent to the end of the second quarter lost one small account.

## Expenses

Expenses within the Company are categorized into advertising and promotion, salaries and employee benefits, production and distribution, and office and administration. For fiscal 2010, expenses include a Provision for Settlement of \$47,706,000, which is described earlier in Results of Operations and in Note 11 of the Consolidated Condensed Financial Statements. Operating expenses of \$69,005,000 for the six months ended October 31, 2009 were \$44,196,000 above operating expenses of \$24,809,000 last fiscal year. For the six months ended October 31, 2009, operating expenses excluding the Provision for Settlement with the SEC of \$21,299,000 were \$3,510,000 or 14% below operating expenses last fiscal year. Operating expenses of \$11,431,000 for the second quarter ended October 31, 2009 were \$630,000 or 5% below operating expenses of \$12,061,000 for the second quarter of the prior fiscal year.

### Advertising and promotion

(in thousands)	Three Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change FY 10 vs. 09
Advertising and promotion	\$ 2,412	\$ 3,328	-27.5%	\$ 4,492	\$ 6,569	-31.6%

Advertising and promotion expenses for the six months ended October 31, 2009 decreased \$2,077,000 as compared to the six months ended October 31, 2008. Within the investment management segment, supermarket and Guardian (GIAC) platform expenses associated with the distribution of the mutual funds decreased \$1,027,000 or 27% below the prior year due to the decline in assets under management. In fiscal 2010, the Company reduced print advertising promoting the mutual funds due to the volatility in the marketplace. For the six months ended October 31, 2009, media advertising decreased \$586,000, from the six months ended October 31, 2008. Within the publishing segment, costs associated with direct mail decreased \$339,000 or 26% below last fiscal year, due to increased efficiency in the selection of direct mail lists and a reduction in the overall number of pieces mailed year to year.

### Salaries and employee benefits

(in thousands)	Three Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change FY 10 vs. 09
Salaries and employee benefits	\$ 4,264	\$ 4,809	-11.3%	\$ 8,551	\$ 9,666	-11.5%

Over the past several years, the Company has saved money by combining the roles and responsibilities of various personnel and by selective outsourcing. Some duplication of effort has been eliminated and certain tasks, such as selected data entry, have been outsourced to third party vendors that the Company believes can provide better controls and results at a favorable cost. Salaries and employee benefits decreased by \$1,115,000 from the previous year, primarily due to the Company's decision to not contribute to the Value Line Profit Sharing Plan for fiscal year 2009 and overall staff reductions.

*Production and distribution*

(in thousands)	Three Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change FY 10 vs. 09
Production and distribution	\$ 1,389	\$ 1,459	-4.8%	\$ 2,566	\$ 2,989	-14.2%

Production and distribution expenses for the six months ended October 31, 2009 were \$423,000 below expenses for the six months ended October 31, 2008. Amortized software costs decreased \$195,000 below last fiscal year due to a reduction in prior year expenditures for capitalized costs. In addition, the decline in expenses was due to volume reductions in paper, printing and mailing that resulted primarily from a decrease in circulation of the print products. The Company continues to seek purchasing alternatives, more economical delivery methods for the products, and additional ways to reduce the costs of production and distribution.

*Office and administration*

(in thousands)	Three Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change FY 10 vs. 09
Office and administration	\$ 3,366	\$ 2,465	36.6%	\$ 5,690	\$ 5,585	1.9%

Office and administration expenses for the six months ended October 31, 2009 were \$105,000 above expenses for the six months ended October 31, 2008. During the second quarter of fiscal 2010, the Company expensed \$720,000 of capitalized development costs related to a software production project that was determined was no longer viable. The write-off was partially offset by a decrease in professional fees. Professional fees fluctuate year to year based on the level of operations, litigation or regulatory activity requiring the use of outside professionals.

*Segment Operating Profit*

The Company operates in two business segments, Investment Periodicals, Publishing & Copyright Data and Investment Management.

(in thousands)	Investment Periodicals, Publishing & Copyright Data			Investment Management		
	Six Months Ended October 31,			Six Months Ended October 31,		
	2009	2008	Percentage Change FY 10 vs. 09	2009	2008	Percentage Change * FY 10 vs. 09
Segment revenues from external customers	\$ 20,072	\$ 23,213	-13.5%	\$ 9,582	\$ 15,327	-37.5%
Segment profit/(loss) from operations	\$ 5,726	\$ 8,535	-32.9%	\$ (45,077)	\$ 5,200	NMF
Segment profit margin from operations	28.5%	36.8%	-22.4%	NMF	33.9%	NMF

\* NMF – not meaningful figure

## Investment Periodicals, Publishing & Copyright Data

Segment revenues, operating profit and operating profit margins from the Company's Investment Periodicals, Publishing & Copyright Data segment declined significantly from the previous fiscal year primarily due to the continued deterioration in circulation of the total product line. As previously mentioned, sub-par ranking system performance and competition in the form of free or low cost investment research on the Internet and research provided by brokerage firms at no cost to their clients contributed to the decline in revenue. The recession and turmoil in the markets have also contributed to the decline in subscriptions as individuals reduced many forms of discretionary spending, or have shifted investments to fixed income, for which the Company does not provide research. Investment Periodicals, Publishing & Copyright Data segment profit margin from operations decreased as a direct result of the decline in revenue.

## Investment Management

Revenues from the Company's Investment Management business segment declined significantly from the previous fiscal year primarily due to the decline in investment management fees from the Company's family of mutual funds that was a direct result of the deterioration in the underlying assets under management and fee waivers. Segment operating profit and operating profit margin are negative for the quarter ended October 31, 2009 due to the provision for settlement relating to the SEC investigation described in Note 11 – Subsequent Events within the Notes to Consolidated Condensed Financial Statements.

## *Income from Securities Transactions, net*

During the six months ended October 31, 2009 the Company's income from securities transactions, net, of \$369,000 was \$10,347,000 or 97% below income from securities transactions, net, of \$10,716,000 during the six months ended October 31, 2008. Income from securities transactions, net, includes dividend and interest income of \$529,000 at October 31, 2009 that was \$1,015,000 or 66% below income of \$1,544,000 for the six months ended October 31, 2008 primarily due to lower yields on the Value Line US Government Money Market Fund and government debt securities portfolio. Capital losses, net of capital gains during the six months ended October 31, 2009 were \$126,000. Capital gains, net of capital losses during the six months ended October 31, 2008 were \$9,192,000, which included a realized capital gain of \$9,600,000 from the sale of the Company's entire equity securities portfolio.

## *Effective income tax rate*

The overall effective income tax rate, as a percentage of pre-tax ordinary income for the six months ended October 31, 2009 and October 31, 2008 was 25.11% and 36.17%, respectively. The fluctuation in the income tax rate is attributable to the non-deductible portion of the provision for settlement described in Note 11 - Subsequent Events to the Consolidated Condensed Financial Statements as of October 31, 2009 and the change in the non-taxable investment income, events that do not have tax consequences.

## **Liquidity and Capital Resources**

The Company had working capital of \$42,314,000 as of October 31, 2009 and \$80,314,000 as of October 31, 2008. Working capital as of October 31, 2009 has been reduced by a settlement reserve provision of \$47,706,000 relating to the SEC investigation of which \$43.7 million has been paid in November 2009. Cash and short-term securities were \$105,756,000 as of October 31, 2009 and \$106,762,000 as of October 31, 2008.

The Company's cash and cash equivalents includes \$60,575,000 at October 31, 2009 which is invested in the Value Line U.S. Government Money Market Fund. The U.S. Government Money Market Fund operates under Rule 2a-7 of the Investment Company Act of 1940 and has a portfolio average maturity of under 90 days. There have been no delays in redemption payments from this fund. The fund's portfolio primarily includes U.S. government agency securities, U.S. Treasuries, certificate of deposits, and repurchase agreements collateralized with U.S. Treasuries in which the custodian physically takes possession of the collateral.

#### *Cash from operating activities*

The Company's cash flow from operations of \$15,239,000 for the six months ended October 31, 2009 was 171% above cash flow from operations of \$5,625,000 for the six months ended October 31, 2008. The primary change was the decline in purchases of fixed income securities within the Company's trading portfolio, and an increase in accrued expenses due to the timing of payments to vendors. Cash flow from operations during the second quarter of fiscal 2010 also includes the prepayment of income taxes that are refundable.

#### *Cash from investing activities*

The Company's cash inflow from investing activities of \$7,783,000 for the six months ended October 31, 2009 was 75% lower than cash inflow from investing activities of \$31,490,000 for the six months ended October 31, 2008. The significant decrease in cash inflows is a result of sales of the Company's entire equity portfolio during the first six months of the fiscal year 2009, partially offset by the proceeds from maturity of fixed income securities during the first six months ended October 31, 2009.

#### *Cash from financing activities*

The Company's net cash outflow from financing activities of \$4,990,000 as of October 31, 2009 was 29% lower than cash outflow from financing activities of \$6,988,000 for the six months ended October 31, 2008. The change in cash outflow represents a decline in the second quarter dividend to \$0.20 from \$0.40 per share during fiscal 2010 and fiscal 2009, respectively.

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 liquidity needs including operations and the provision for the \$43,706,000 SEC settlement paid during November 2009. Management does not anticipate any borrowing in fiscal 2010.

#### **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, 2009.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

**Market Risk Disclosures**

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

**Interest Rate Risk**

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

Fixed Income Securities	Estimated Fair Value after Hypothetical Change in Interest Rates				
	Fair Value	(in thousands)			
		6 mo. 50bp increase	6 mo. 50bp decrease	1 yr. 100bp increase	1 yr. 100bp decrease
<b>As of October 31, 2009</b>					
Investments in securities with fixed maturities	\$ 44,788	\$ 44,130	\$ 44,315	\$ 43,825	\$ 44,016
<b>As of April 30, 2009</b>					
Investments in securities with fixed maturities	\$ 63,729	\$ 62,573	\$ 62,966	\$ 61,796	\$ 62,222

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.

**Credit Worthiness of Issuer**

The Company's investments consist primarily of U.S. Treasury Notes and pre-refunded municipal securities backed by U.S. Treasury Securities.

**Item 4. CONTROLS AND PROCEDURES**

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

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

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

**Part II – OTHER INFORMATION**

Item 1. Legal Proceedings

Refer to Notes 10 and 11 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, 2009.

Item 6. Exhibits

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

31.2 Certificate of Chief Financial Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Joint Acting Chief Executive Officer/Chief Financial 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 report to be signed on its behalf by the undersigned thereunto duly authorized.

Value Line, Inc.  
(Registrant)

Date: December 15, 2009

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

Date: December 15, 2009

By: s/Mitchell E. Appel  
Mitchell E. Appel  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATIONS**

I, Howard A. Brecher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Value Line, Inc. for the quarter ended October 31, 2009;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2009

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

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**CERTIFICATIONS**

I, Mitchell E. Appel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Value Line, Inc. for the quarter ended October 31, 2009;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2009

By: s/Mitchell E. Appel  
Mitchell E. Appel  
Chief Financial Officer  
(Principal Financial Officer)

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**Certification Pursuant to 18 U.S.C. Section 1350**

In accordance with 18 U.S.C. Section 1350, the undersigned hereby certify, in the indicated capacities with respect to Value Line, Inc. (the "Issuer"), that the quarterly report on Form 10-Q for the quarter ended October 31, 2009 of the Issuer fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer. This certification is not to be deemed to be filed pursuant to the Securities Exchange Act of 1934 and does not constitute a part of the quarterly report on Form 10-Q of the Issuer accompanying this certification.

Date: December 15, 2009

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

Date: December 15, 2009

By: s/Mitchell E. Appel  
Mitchell E. Appel  
Chief Financial Officer  
(Principal Financial Officer)

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