RISK GEORGE INDUSTRIES INC
Form 10-Q
March 17, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 2010

[ ] TRANSITION REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ____________

Commission File Number: 000-05378

GEORGE RISK INDUSTRIES, INC.
(Exact name of small business issuer as specified in its charter)

Colorado	84-0524756
(State of incorporation)	(IRS Employers Identification No.)

802 South Elm St. Kimball, NE	69145
(Address of principal executive offices)	(Zip Code)

(308) 235-4645
(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [X] No [ ]

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

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of the Registrant's Common Stock outstanding, as of March 17, 2010 was 5,065,030.

Transitional Small Business Disclosure Format: Yes [X] No [ ]

GEORGE RISK INDUSTRIES, INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements for the three and nine month period ended January 31, 2010, are attached hereto.

GEORGE RISK INDUSTRIES, INC.
BALANCE SHEETS

	January 31, 2010 (unaudited)	April 30, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,952,000	$ 4,671,000
Marketable securities (Note 2)	19,526,000	15,691,000
Accounts receivable:		
Trade, net of $10,440 and $7,492 doubtful account allowance	1,096,000	1,272,000
Other	1,000	1,000
Note receivable, current	8,000	3,000
Income tax overpayment	236,000	137,000
Inventories (Note 3)	2,091,000	2,741,000
Prepaid expenses	88,000	81,000
Deferred income taxes	436,000	1,127,000
Total Current Assets	$26,434,000	$25,724,000
Property and Equipment, net at cost	$ 710,000	$ 802,000
Other Assets		
Investment in Land Limited Partnership, at cost	200,000	200,000
Projects in process	148,000	68,000
Long-term receivable	40,000	40,000
Note receivable	9,000	9,000
Total Other Assets	$ 397,000	$ 317,000
TOTAL ASSETS	$27,541,000	$26,843,000

GEORGE RISK INDUSTRIES, INC.

BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 2010 (unaudited)	April 30, 2009
Current Liabilities		
Accounts payable, trade	$ 48,000	$ 35,000
Dividends payable	395,000	317,000
Accrued expenses		
Payroll and other expenses	257,000	306,000
Property taxes	2,000	0
Total Current Liabilities	$ 702,000	$ 658,000
Long-Term Liabilities		
Deferred income taxes	57,000	86,000
Total Long-Term Liabilities	$ 57,000	$ 86,000
Stockholders' Equity		
Convertible preferred stock, 1,000,000 shares authorized, Series 1-noncumulative, $20 stated value, 25,000 shares authorized, 4,100 issued and outstanding	99,000	99,000
Common stock, Class A, $.10 par value, 10,000,000 shares authorized, 8,502,832 shares issued and outstanding	850,000	850,000
Additional paid-in capital	1,736,000	1,736,000
Accumulated other comprehensive income	(28,000)	(940,000)
Retained earnings	27,419,000	27,423,000
Treasury stock, 3,429,748 and 3,376,548 shares, at cost	(3,294,000)	(3,069,000)
Total Stockholders' Equity	$26,782,000	$26,099,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$27,541,000	$26,843,000

GEORGE RISK INDUSTRIES, INC.
INCOME STATEMENTS
(unaudited)

	Three months ended January 31, 2010	Nine months ended January 31, 2010	Three months ended January 31, 2009	Nine months ended January 31, 2009
Net Sales	$ 1,918,000	$ 5,758,000	$ 1,825,000	$ 6,739,000
Less: cost of goods sold	(1,062,000)	(3,385,000)	(1,086,000)	(3,457,000)
Gross Profit	$ 856,000	$ 2,373,000	$ 739,000	$ 3,282,000
Operating Expenses:				
General and				

administrative	188,000	536,000	177,000	560,000
Selling	351,000	1,182,000	434,000	1,381,000
Engineering	19,000	51,000	22,000	61,000
Rent paid to related parties	11,000	34,000	12,000	39,000
Total Operating Expenses	$ 569,000	$ 1,803,000	$ 645,000	$ 2,041,000
Income From Operations	287,000	570,000	94,000	1,241,000
Other Income (Expense)				
Other	1,000	137,000	6,000	9,000
Dividend and interest income	204,000	546,000	208,000	603,000
Gain (loss) on sale of investments	22,000	(51,000)	(394,000)	(938,000)
Gain (loss) on sale of assets	0	7,000	0	0
	$ 227,000	$ 639,000	$ (180,000)	$ (326,000)
Income Before Provisions for Income Tax	514,000	1,209,000	(86,000)	915,000
Provisions for Income Tax				
Current Expense	128,000	345,000	217,000	557,000
Deferred tax expense (benefit)	0	6,000	(132,000)	(210,000)
Total Income Tax Expense	128,000	351,000	85,000	347,000
Net Income	$ 386,000	$ 858,000	$ (171,000)	$ 568,000
Cash Dividends				
Common Stock ($0.17 per share)	0	(863,000)	0	(880,000)
Income Per Share of Common Stock (Note 5):				
Basic and diluted	$0.08	$0.17	$(0.03)	$0.11
Weighted Average Number of Common Shares Outstanding:				
Basic	5,073,084	5,085,395	5,173,372	5,175,189
Diluted	5,093,584	5,105,895	5,193,872	5,195,689

GEORGE RISK INDUSTRIES, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended January 31, 2010	Nine months ended January 31, 2010	Three months ended January 31, 2009	Nine months ended January 31, 2009
Net Income	$ 386,000	$ 858,000	$ (171,000)	$ 568,000

Other Comprehensive Income, net of tax				
Unrealized gain (loss) on securities:				
Unrealized holding gains (losses) arising during period	209,000	1,523,000	(466,000)	(3,047,000)
Reclassification adjustment for (gains) losses	9,000	45,000	380,000	772,000
Income tax expense related to other comprehensive income	(91,000)	(656,000)	36,000	951,000
Other Comprehensive Income	$ 127,000	$ 912,000	$ (50,000)	$(1,324,000)
Comprehensive Income	$ 513,000	$ 1,770,000	$ (221,000)	$ (756,000)

GEORGE RISK INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended January 31, 2010	Nine months ended January 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 858,000	$ 568,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	120,000	123,000
(Gain) loss on sale of investments	51,000	938,000
(Gain) loss on sale of assets	(7,000)	0
Reserve for bad debts	(47,000)	0
Reserve for obsolete inventory	63,000	0
Deferred income taxes	6,000	(210,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	223,000	478,000
Inventories	588,000	28,000
Prepaid expenses	(7,000)	13,000
Other receivables	0	(1,000)
Income tax overpayment	(99,000)	349,000
Increase (decrease) in:		
Accounts payable	13,000	17,000
Accrued expenses	(46,000)	(75,000)
Net cash provided by (used in) operating activities	$ 1,716,000	$ 2,228,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Other assets manufactured	(80,000)	(63,000)
(Purchase) of property/equipment	(28,000)	(56,000)
Proceeds from sale of marketable securities	239,000	98,000
(Purchase) of marketable securities	(2,558,000)	(1,146,000)
(Loans) made to employees	(2,000)	0
Collections of loans to employees	4,000	3,000
(Purchase) of treasury stock	(225,000)	(26,000)

Net cash provided by (used in) investing activities	$(2,650,000)	$(1,190,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(785,000)	(802,000)
Net cash provided by (used in) financing activities	$ (785,000)	$ (802,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$(1,719,000)	$ 236,000
Cash and cash equivalents, beginning of period	$ 4,671,000	$ 4,072,000
Cash and cash equivalents, end of period	$ 2,952,000	$ 4,308,000
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Income taxes	$ 480,000	$ 206,000
Interest expense	0	0
Cash receipts for:		
Income taxes	38,000	0

GEORGE RISK INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JANUARY 31, 2010

Note 1 Unaudited Interim Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with the instructions for Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principals for complete financial statements. These financial statements should be read in conjunction with the financial statements and notes contained in the company's annual report on Form 10-K for the year ended April 30, 2009 with the SEC. In the opinion of management, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year. We have evaluated subsequent events through March 17, 2010, the issuance date of these financial statements. The Company did not have any material, recognizable subsequent events.

Note 2 Marketable Securities

The Company has investments in publicly traded equity securities as well as certain state and municipal debt securities. These securities are classified as available-for-sale securities, and are reported at fair value. Refer to Note 7, Fair Value Measurements, for additional information on the fair value measurements for all assets and liabilities, including investments, that are measured at fair value in these financial statements. Available-for-sale investments in debt securities mature between March 2010 and August 2031. The Company uses the average cost method to determine the cost of securities sold and the amount reclassified out of accumulated other comprehensive income into earnings. Unrealized gains and losses are excluded from earnings and reported separately as a component of stockholder's equity. Dividend and interest income are accrued as earned.

As of January 31, 2010, investments available-for-sale consisted of the following:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal bonds	$ 9,550,000	$ 172,000	$ (125,000)	$ 9,597,000
Federal agency mortgage backed securities	$ 125,000	$ 3,000	$ 0	$ 128,000
Corporate bonds	$ 208,000	$ 6,000	$ 0	$ 214,000
Equity securities	$ 6,321,000	$ 389,000	$ (502,000)	$ 6,208,000
Money markets and CDs	$ 3,370,000	$ 9,000	$ 0	$ 3,379,000
Total	$19,574,000	$ 579,000	$ (627,000)	$19,526,000

In accordance with SFAS 115, the Company evaluates all marketable securities for other-than temporary declines in fair value, which are defined as when the cost basis exceeds the fair value for approximately one year. The Company also evaluates the nature of the investment, cause of impairment and number of investments that are in an unrealized position. When an other-than-temporary decline is identified, the Company will decrease the cost of the marketable security to the new fair value and recognize a real loss. The investments are periodically evaluated to determine if impairment changes are required. As a result of this standard, management recorded impairment losses of $19,000 for the quarter ended January 31, 2010 and $108,000 for the nine months ended January 31, 2010. As for the corresponding periods last year, $94,000 worth of impairment loss was recorded for the quarter, while $499,000 of loss was recorded for the nine months ended January 31, 2009.

The following table shows the investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at January 31, 2010.

	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Municipal bonds	$1,267,000	$ (25,000)	$2,084,000	$ (100,000)	$3,351,000	$ (125,000)
Equity securities	$ 977,000	$ (61,000)	$2,230,000	$ (441,000)	$3,207,000	$ (502,000)
Total	$2,244,000	$ (86,000)	$4,314,000	$ (541,000)	$6,558,000	$ (627,000)

Municipal Bonds

The unrealized losses on the Company's investments in municipal bonds were caused by interest rate increases. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Company has the ability to hold these investments until a recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at January 31, 2010

Marketable Equity Securities

The Company's investments in marketable equity securities consist of a wide variety of companies. Investments in these companies include growth, growth, and foreign investment objectives. The individual holdings have been evaluated, and due to management's plan to hold onto these investments for an extended period, the Company does not consider these investments to be other-than-temporarily impaired at January 31, 2010.

Note 3 Inventories

At January 31, 2010, inventories consisted of the following:

Raw materials	$ 1,400,000
Work in process	585,000
Finished goods	297,000
	2,282,000
Less: allowance for obsolete inventory	(191,000)
Totals	$ 2,091,000

Note 4 Business Segments

The following is financial information relating to industry segments:

	Three Months Ended January 31, 2010	Three Months Ended January 31, 2009	Nine Months Ended January 31, 2010	Nine Months Ended January 31, 2009
Net revenue:				
Security alarm products	$ 1,713,000	$ 1,632,000	$ 5,084,000	$ 6,065,000
Other products	205,000	193,000	674,000	674,000
Total net revenue	$ 1,918,000	$ 1,825,000	$ 5,758,000	$ 6,739,000
Income from operations:				
Security alarm products	$ 256,000	$ 84,000	$ 503,000	$ 1,117,000
Other products	31,000	10,000	67,000	124,000
Total income from operations	$ 287,000	$ 94,000	$ 570,000	$ 1,241,000
Identifiable assets:				
Security alarm products	$ 2,861,000	$ 3,740,000	$ 2,850,000	$ 3,740,000
Other products	926,000	967,000	937,000	967,000
Corporate general	23,754,000	21,837,000	23,754,000	21,837,000
Total identifiable assets	$27,541,000	$26,544,000	$27,541,000	$26,544,000

Depreciation and amortization:				
Security alarm products	$ 6,000	$ 7,000	$ 19,000	$ 21,000
Other products	26,000	26,000	79,000	78,000
Corporate general	8,000	8,000	22,000	24,000
Total depreciation and amortization	$ 40,000	$ 41,000	$ 120,000	$ 123,000
Capital expenditures:				
Security alarm products	$ 0	$ 3,000	$ 2,000	$ 3,000
Other products	0	0	6,000	21,000
Corporate general	0	15,000	20,000	32,000
Total capital expenditures	$ 0	$ 18,000	$ 28,000	$ 56,000

Note 5 Earnings per Share

Basic and diluted earning per share, assuming convertible preferred stock was converted for each period presented, are:

For the three months ended January 31, 2010	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$ 386,000		
Basic EPS	$ 386,000	5,073,084	$ 0.076
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$ 386,000	5,093,584	$ 0.076

For the nine months ended January 31, 2010	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$ 858,000		
Basic EPS	$ 858,000	5,085,395	$ 0.169
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$ 858,000	5,105,895	$ 0.168

For the three months ended January 31, 2009	Income (Numerator)	Shares (Denominator)	Per-share Amount

	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$ (171,000)		
Basic EPS	$ (171,000)	5,173,372	$ (0.033)
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$ (171,000)	5,193,872	$ (0.033)

For the nine months ended January 31, 2009

	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$ 568,000		
Basic EPS	$ 568,000	5,175,189	$ 0.110
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$ 568,000	5,195,689	$ 0.109

Note 6 Retirement Benefit Plan

On January 1, 1998, the Company adopted the George Risk Industries, Inc. Retirement Savings Plan (the "Plan"). The Plan is a defined contribution savings plan designed to provide retirement income to eligible employees of the corporation. The Plan is intended to be qualified under Section 401(k) of the Internal Revenue Code of 1986, as amended. Matching contributions by the Company of approximately $3,000 were paid during each quarter ending January 31, 2010 and 2009. Likewise, the Company paid matching contributions of $8,000 during the nine-month period ending January 31, 2010 and $9,000 during the nine-month period ending January 31, 2009. There were no discretionary contributions paid during either the quarters or nine-month periods ending January 31, 2010 and 2009, respectively.

Note 7 Fair Value Measurements

As of May 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The levels of the fair value hierarchy under SFAS No. 157 are described below:

Level 1 - Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 - Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Marketable Securities

As of January 31, 2010, our investments consisted of publicly traded equity securities as well as certain state and municipal debt securities. Our marketable securities are valued using third-party broker statements. The value of the majority of securities is derived from quoted market information. The inputs to the valuation are generally classified as Level 1 given the active market for these securities, however, if an active market does not exist, the inputs are recorded at a lower level in the fair value hierarchy.

Fair Value Hierarchy

The following tables set forth our assets and liabilities measured at fair value on a recurring basis and a non-recurring basis by level within the fair value hierarchy. As required by SFAS No. 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets Measured at Fair Value on a Recurring Basis as of January 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities	$19,526,000	$ 0	$ 0	$19,526,000
Total fair value of assets measured on a recurring basis	$19,526,000	$ 0	$ 0	$19,526,000

GEORGE RISK INDUSTRIES, INC.

PART I. FINANCIAL INFORMATION

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the attached condensed consolidated financial statements, and with the George Risk Industries' audited financial statements and discussion for the fiscal year ended April 30, 2009.

Liquidity and capital resources
~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

Operating

Net cash decreased $1,719,000 for the nine months ended January 31, 2010, while, for the same period last year, net cash increased $236,000. Accounts receivable decreased $223,000 for the current nine months and also decreased $478,000 for the same period last year. The decreases in cash flow for accounts receivable is a reflection of the decreases in sales. At January 31, 2010, 73.81% of the receivables were considered current (less than 45 days) and 3.6% of the total were over 90 days past due. For comparison, 86.1% of the receivables were current and 3.0% were past 90 days at January 31, 2009. Inventories decreased $588,000 for the current nine months, as it also decreased $28,000 for the same period last year. The bigger current decrease shows that management has been able to curb spending on raw material in accordance to the slow down in sales. Changes in prepaid expenses in regards to cash flow increased by $7,000 and decreased by $13,000 for the nine-month periods ending January 31, 2010 and 2009, respectively. For the current fiscal year, there have been income tax overpayments. Cash towards income tax overpayment increased $99,000 for the nine months ended January 31, 2010, while it decreased $349,000 for the same period last year. Management paid income tax estimates based on prior year taxable income and the company has not received its income tax refund from the federal level yet.

For the nine months ended January 31, 2010, accounts payable increased $13,000, and increased $17,000 for the same period ended January 31, 2009. The change in cash in regards to accounts payable can vary. It really depends on the time of the month the invoices are due, since the company pays all its invoices within the terms. Accrued expenses decreased $46,000 for the nine months ended January 31, 2010, and these expenses also decreased $75,000 for the corresponding nine months last year. These decreases are a result of reduced sales commissions and fewer employees.

Investing

As for our investment activities, $28,000 was spent on purchases of property and equipment during the current nine-month period and $56,000 was spent during the nine months ended January 31, 2009. Additionally, the Company continues to purchase marketable securities, which include municipal bonds and quality stocks. Cash spent on purchases of marketable securities for the nine months ended January 31, 2010 was $2,558,000 and $1,146,000 was spent for the corresponding period last year. In addition, proceeds from the sale of marketable securities for the nine months ended January 31, 2010 were $239,000 and $98,000 for the same period last year. We use "money manager" accounts for most stock transactions. By doing this, the Company gives an independent third party firm, who are experts in this field, permission to buy and sell stocks at will. The Company pays a quarterly service fee based
~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

on the value of the investments. There was some reorganizing of Money Manager accounts in the second quarter that will hopefully be beneficial to the Company. Also, $2 million was moved from a money market account into several certificates of deposits in order to be covered more fully by FDIC insurance. Furthermore, the Company continues to purchase back its common stock when the opportunity arises. For the nine months ended January 31, 2010, the Company purchased $225,000 worth of treasury stock and $26,000 worth was bought back for the nine months ended January 31, 2009. We have been actively searching for stockholders that have been "lost" over the years. The payment of dividends over the last five fiscal years has also prompted many stockholders and/or their relatives and descendants to sell back their stock to the Company.

Financing

Cash flows from financing activities decreased by $785,000 for the nine months ending January 31, 2010. That figure consists of the payment of dividends during the second quarter. The company declared a dividend of $0.17 per share of common stock on September 30, 2009 and these dividends were paid by October 31, 2009. As for the prior year numbers, net cash used in financing activities was $802,000 for the nine months ending January 31, 2009. A dividend of $0.17 per common share was also declared and paid during the second fiscal quarter last year.

The following is a list of ratios to help analyze George Risk Industries' performance:

	For the quarter ended January 31, 2010	2009
Working capital	$ 25,732,000	$ 24,731,000
Current ratio	37.655	39.224
Quick ratio	33.581	32.005

Results of operations
~~~~~~~~~~~~~~~~~~~~~

Net sales were $1,918,000 for the quarter ended January 31, 2010, which is a 5.1% increase from the corresponding quarter last year. Year-to-date net sales at January 31, 2010 were $5,758,000, which is a 14.56% decrease from the same period last year. The Company has seen decreases in sales as a result of the downturn in the housing market. Cost of goods sold was 55.37% of net sales for the quarter ended January 31, 2010 and 59.51% for the same quarter last year. Year-to-date cost of goods sold percentages were 58.79% for the current nine months and 51.30% for the corresponding nine months last year. Management has reduced labor hours and head count to lessen labor costs, but has not been able to stay within the desired range of 45 to 50% of the cost of goods sold percentage. There are many fixed costs that management cannot control.

Operating expenses were 29.67% of net sales for the quarter ended January 31, 2010 as compared to 35.34% for the corresponding quarter last year. Year-to-date operating expenses were 31.31% of net sales for the nine months ended January 31, 2010, while they were 30.29% for the same period last year. Having the year-to-date percentages for operating expenses being about the same shows that management has gotten a foothold on the slow down in sales, and sales have increased in the current 3rd quarter. Income from operations for the quarter ended January 31, 2010 was at $287,000, which is a 205.3% in-
~~~~~~~~~~~~~~~~~~~~~

crease from the corresponding quarter last year, which had income from operations of $94,000. Income from operations for the nine months ended January 31, 2010 was at $570,000, which is a 54.1% decrease from the corresponding nine months last year, which had income from operations of $1,241,000.

Other income and expenses showed gains of $227,000 and $639,000 for the quarter and nine months ended January 31, 2010. The numbers for the corresponding periods last year were losses of $180,000 for the quarter and $326,000 for the nine-months ending January 31, 2009. Dividend and interest income was down 1.9% for the quarter and was down 9.45% for the current nine-month period when comparing to the same time periods last year. Gain and loss on investments is where the biggest gains are in this category. Management wrote down $19,000 for impaired investments for the current quarter. This is compared to write downs of $94,000 for the same quarter last year. For the year-to-date ended January 31, 2010, management wrote down $108,000 for impaired investments and $499,000 was written down for the same period last year.

Net income for the quarter ended January 31, 2010 was $386,000, which is a 325.73% increase from the corresponding quarter last year, which showed a net loss of $171,000. Net income for the nine months ended January 31, 2010 was $858,000, a 51.06% increase from the same period last year. Net income for the nine months ended January 31, 2009 was $568,000. Earnings per common share for the quarter ended January 31, 2010 was $0.08 per share and $0.17 per share for the year-to-date numbers. EPS for the quarter and nine months ended January 31, 2009 was $(0.03) per share and $0.11 per share, respectively.

New product information

The GRI Hold Up Switch has been redesigned. The "new" HD-1 requires no key to reset and is jumper selectable for latching or non-latching instead of needing two separate devices. It is tamper resistant, can incorporate an end-of-line resistor, and has more wiring options to help keep wires hidden.

A product that has been developed in conjunction with the Hold Up switch is a Panic Device. It is intended to be installed in walk-in coolers and freezers. In order to activate, the handle on the cover simply need to be pulled off and then the alarm will sound.

We have expanded our very popular resistor pack line. The new version of our 6644 uses screw terminals so the installer can directly place the wires into the resistor pack without having to splice wires together. This is convenient and a time saver. Other resistor configurations will be available in this new version as well.

We are also adding to our top selling plastic molded wire covers line (EZ Duct Raceway). The new Quarter Round, as its name implies, has rounded edges and is esthetically pleasing along wall lines and base boards. This will be packaged in six, 6' sticks per bag. The Quarter Round connecting pieces are soon to follow.

Engineering continues to work on a wireless swimming pool alarm design, along with other wireless items, a pump guard watering station monitor, and a high security contact switch.

Recently issued accounting pronouncements

The Financial Accounting Standards Board established Accounting Standards Codification (the "Codification") commencing on July 1, 2009, as the source of authoritative United States Generally Accepted Accounting Principles ("GAAP") to be applied by nongovernmental entities. The Codification does not necessarily change GAAP, but literature excluded from the Codification will not be considered authoritative. The Codification is effective for financial statements issued for periods ending after September 15, 2009. The Company is in compliance with the Codification.

The Company implemented FASB ASC 855-10-50 with respect to subsequent events as of September 30, 2009. This standard establishes general standards of accounting for and disclosures of events that occurred after the balance sheet date but before the financial statements were issued.

Other Information
~~~~~~~~~~~~~~~~~

There are no known seasonal trends with any of our products, since we sell to distributors and OEM manufacturers. The products are tied to the housing industry and will fluctuate with building trends.

We are increasingly receiving notification that some of our off-shore competitors are creating more purchasing demands and are no longer selling to some of their smaller customers. We see this as an opportunity to create more business. We hope to achieve this with our accomplished customer service and our ability to customize products for customer's special needs.

GEORGE RISK INDUSTRIES, INC.

PART I. FINANCIAL INFORMATION

Item 3. Controls and Procedures

(a) Information required by Item 307

Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

(b) Information required by Item 308

This disclosure is not yet required.

Item 3A(T). Controls and Procedures

Evaluation of disclosure controls and procedures:

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of January 31, 2009, our president and chief executive officer and our chief financial officer have concluded that our disclosure controls and procedures are effective such that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and (ii) accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding disclosure. A
~~~~~~~~~~~~~~~~~

control system cannot provide absolute assurance, however, that the objectives of the control systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in internal controls over financial reporting:

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

GEORGE RISK INDUSTRIES, INC.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings
Not applicable

Item 2. Changes in Securities
Not applicable.

Item 3. Defaults upon Senior Securities
Not applicable

Item 4. Submission of Matters to a Vote of Securities
Not applicable

Item 5. Other Information
Not applicable

Item 6. Exhibits and Reports on Form 8-K
A. Exhibits

31. Certifications pursuant to Rule 13a-14(a)
 31.1 Certification of the Chief Executive Officer
 31.2 Certification of the Chief Financial Officer

32. Certifications pursuant to 18 U.S.C. 1350
 32.1 Certification of the Chief Executive Officer
 32.2 Certification of the Chief Financial Officer

B. Reports on Form 8-K
No 8-K reports were filed during the quarter ended January 31, 2010.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

George Risk Industries, Inc.
(Registrant)

Date 03-17-2010 By: /s/ Kenneth R. Risk
Kenneth R. Risk
President and Chairman of the Board

Date 03-17-2010 By: /s/ Stephanie M. Risk
Stephanie M. Risk
Chief Financial Officer and Controller