RISK GEORGE INDUSTRIES INC
Form 10-Q
December 13, 2013

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 quarter ended October 31, 2013

[ ] 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 December 13, 2013 was 5,031,925.

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 six month period ended October 31, 2013, are attached hereto.

GEORGE RISK INDUSTRIES, INC.
BALANCE SHEETS

	October 31, 2013 (unaudited)	April 30, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,922,000	$ 4,859,000
Investments and securities	23,012,000	22,208,000
Accounts receivable:		
Trade, net of $7,399 and $4,126 doubtful account allowance	1,901,000	1,915,000
Other	1,000	1,000
Note receivable, current	4,000	5,000
Income tax overpayment	183,000	347,000
Inventories	2,042,000	2,074,000
Prepaid expenses	108,000	60,000
Deferred current income taxes	837,000	635,000
Total Current Assets	$33,010,000	$32,104,000
Property and Equipment, net, at cost	669,000	701,000
Other Assets		
Investment in Limited Land Partnership, at cost	238,000	238,000
Projects in process	39,000	45,000
Note receivable	0	2,000
Other	1,000	1,000
Total Other Assets	$ 278,000	$ 286,000
TOTAL ASSETS	$33,957,000	$33,091,000

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See accompanying notes to the condensed financial statements.

GEORGE RISK INDUSTRIES, INC.
BALANCE SHEETS

	October 31, 2013 (unaudited)	April 30, 2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, trade	$ 141,000	$ 68,000
Dividends payable	955,000	817,000
Accrued expenses:		
Payroll and related expenses	212,000	259,000
Total Current Liabilities	$ 1,308,000	$ 1,144,000
Long-Term Liabilities		
Deferred income taxes	90,000	133,000
Total Long-Term Liabilities	$ 90,000	$ 133,000
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, 8,502,881 shares issued and outstanding	850,000	850,000
Additional paid-in capital	1,736,000	1,736,000
Accumulated other comprehensive income	998,000	743,000
Retained earnings	32,387,000	31,873,000
Treasury stock, 3,470,906 and 3,467,356 shares, at cost	(3,511,000)	(3,487,000)
Total Stockholders' Equity	$32,559,000	$31,814,000
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	$33,957,000	$33,091,000

See the companying notes to the condensed financial statements.

GEORGE RISK INDUSTRIES, INC.
INCOME STATEMENTS

	Three months ended October 31, 2013	Six months ended October 31, 2013	Three months ended October 31, 2012	Six months ended October 31, 2012
Net Sales	$ 2,920,000	$ 5,590,000	$ 2,569,000	$ 5,111,000
Less: cost of goods sold	(1,308,000)	(2,592,000)	(1,289,000)	(2,645,000)

Gross Profit	$ 1,612,000	$ 2,998,000	$ 1,280,000	$ 2,466,000
Operating Expenses:				
General and administrative	177,000	361,000	215,000	417,000
Sales	423,000	883,000	433,000	858,000
Engineering	13,000	25,000	21,000	38,000
Rent paid to related parties	5,000	10,000	11,000	23,000
Total Operating Expenses	$ 618,000	$ 1,279,000	$ 680,000	$ 1,336,000
Income From Operations	994,000	1,719,000	600,000	1.130,000
Other Income (Expense)				
Other	0	2,000	6,000	19,000
Dividend and interest income	141,000	307,000	163,000	366,000
Gain (loss) on investments	121,000	139,000	94,000	(57,000)
Gain (loss) on sale of assets	127,000	127,000	0	0
	$ 389,000	$ 575,000	$ 263,000	$ 328,000
Income Before Provisions for Income Tax	1,383,000	2,294,000	863,000	1,458,000
Provisions for Income Tax				
Current expense	(413,000)	(698,000)	(235,000)	(456,000)
Deferred tax benefit (expense)	400,000	428,000	(35,000)	27,000
Total Income Tax Expense	$ (13,000)	$ (270,000)	$ (270,000)	$ (429,000)
Net Income	$ 1,370,000	$ 2,024,000	$ 593,000	$ 1,029,000
Cash Dividends				
Common Stock ($0.30 per share)	$(1,510,000)	$(1,510,000)		
Common Stock ($0.28 per share)			$(1,411,000)	$(1,411,000)
Income Per Share of Common Stock:				
Basic	$0.27	$0.40	$0.12	$0.20
Assuming Dilution	$0.27	$0.40	$0.12	$0.20
Weighted Average Number of Common Shares Outstanding:				
Basic	5,032,109	5,032,976	5,037,348	5,039,949

See the accompanying notes to the condensed financial statements.

GEORGE RISK INDUSTRIES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended	Six months ended	Three months ended	Six months ended

	October 31, 2013	October 31, 2013	October 31, 2012	October 31, 2012
Net Income	$ 1,370,000	$ 2,024,000	$ 593,000	$ 1,029,000
Other Comprehensive Income, net of tax				
Unrealized gain (loss) on securities:				
Unrealized holding gains (losses) arising during period	565,000	532,000	313,000	(142,000)
Reclassification adjustment for gains (losses) included in net income	(102,000)	(94,000)	(96,000)	458,000
Income tax benefit (expense) related to other comprehensive income	(194,000)	(183,000)	(91,000)	(132,000)
Other Comprehensive Income	$ 269,000	$ 255,000	$ 126,000	$ 184,000
Comprehensive Income	$ 1,639,000	$ 2,279,000	$ 719,000	$ 1,213,000

See accompanying notes to the condensed financial statements.

GEORGE RISK INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS

	Six months ended October 31, 2013	Six months ended October 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 2,024,000	$ 1,029,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	76,000	86,000
(Gain) loss on sale of investments	(139,000)	57,000
(Gain) loss on sales of assets	(127,000)	0
Reserve for bad debts	3,000	(4,000)
Reserve for obsolete inventory	40,000	(3,000)
Deferred income taxes	(428,000)	(27,000)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	11,000	14,000
Inventories	(9,000)	95,000
Prepaid expenses	(45,000)	92,000
Income tax overpayment	164,000	0
Increase (decrease) in:		
Accounts payable	73,000	23,000
Accrued expenses	(46,000)	41,000
Income tax payable	0	(20,000)
Net cash provided by (used in) operating activities	$ 1,597,000	$ 1,383,000
CASH FLOWS FROM INVESTING ACTIVITIES:		

Other assets manufactured	4,000	15,000
Proceeds from sale of assets	127,000	0
(Purchase) of property and equipment	(45,000)	(81,000)
Proceeds from sale of marketable securities	2,000	78,000
(Purchase) of marketable securities	(229,000)	(400,000)
Collections of loans to employees	3,000	3,000
(Purchase) of treasury stock	(24,000)	(28,000)
Net cash provided by (used in) investing activities	$ (162,000)	$ (413,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(1,372,000)	(1,283,000)
Net cash provided by (used in) financing activities	$(1,372,000)	$(1,283,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 63,000	$ (313,000)
Cash and cash equivalents, beginning of period	$ 4,859,000	$ 5,773,000
Cash and cash equivalents, end of period	$ 4,922,000	$ 5,460,000
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Income taxes	$ 530,000	$ 473,000
Interest expense	$ 8,000	$ 0
Cash receipts for:		
Income taxes	$ 0	$ 0

See accompanying notes to the condensed financial statements.

GEORGE RISK INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2013

Note 1 Unaudited Interim Financial Statements

The accompanying 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 principles for complete financial statements. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's April 30, 2013 annual report on Form 10-K. 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.

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 November 2013 and November 2048. 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 in the statement of comprehensive income and as a component of stockholder's equity. Dividend and interest income are accrued as earned.

As of October 31, 2013, investments available-for-sale consisted of the following:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal bonds	$ 6,666,000	$ 122,000	$ (73,000)	$ 6,715,000
REITs	$ 57,000	$ 3,000	$ (1,000)	$ 59,000
Equity securities	$12,413,000	$ 1,780,000	$ (117,000)	$14,076,000
Money markets/CDs	$ 2,162,000	$ --	$ --	$ 2,162,000
Total	$21,298,000	$ 1,905,000	$ (191,000)	$23,012,000

In accordance with US GAAP, 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 did not record any impairment losses for the quarter ended October 31, 2013, but did record impairment losses of $18,000 for the six months ended October 31, 2013. Likewise, as for the corresponding periods last year, management did not record any impairment losses for the quarter ended October 31, 2012, but did record impairment losses of $20,000 for the six months ended October 31, 2012.

The following table shows the investments with gross 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 October 31, 2013.

	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Municipal bonds	$2,762,000	$ (49,000)	$ 511,000	$ (23,000)	$ 3,273,000	$ (72,000)
REITs	$ 27,000	$ (1,000)	$ --	$ --	$ 27,000	$ (1,000)
Equity securities	$1,986,000	$ (88,000)	$ 146,000	$ (30,000)	$ 2,132,000	$ (118,000)
Total						

$4,775,000	$ (138,000)	$ 657,000	$ (53,000)	$ 5,432,000	$ (191,000)

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 October 31, 2013.

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 income, and foreign investment objectives. Management has evaluated the individual holdings, and because of the recent decline in the stock market, does not consider these investments to be other-than-temporarily impaired at October 31, 2013.

Note 3 Inventories

At October 31, 2013, inventories consisted of the following:

Raw Materials	$ 1,471,000
Work in Process	455,000
Finished Goods	321,000
	$ 2,247,000
Less: allowance for obsolete inventory	(205,000)
Net Inventories	$ 2,042,000

Note 4 Business Segments

The following is financial information relating to industry segments:

	For the quarter ended October 31, 2013	2012
Net revenue:		
Security alarm products	2,494,000	2,246,000
Other products	426,000	323,000
Total net revenue	$ 2,920,000	$ 2,569,000
Income from operations:		
Security alarm products	849,000	525,000
Other products	145,000	75,000

Total income from operations	$ 994,000	$ 600,000
Identifiable assets:		
Security alarm products	3,690,000	3,400,000
Other products	804,000	1,234,000
Corporate general	29,463,000	26,688,000
Total assets	$33,957,000	$31,322,000
Depreciation and amortization:		
Security alarm products	4,000	6,000
Other products	29,000	34,000
Corporate general	5,000	4,000
Total depreciation and amortization	$ 38,000	$ 44,000
Capital expenditures:		
Security alarm products	3,000	11,000
Other products	20,000	34,000
Corporate general	0	0
Total capital expenditures	$ 23,000	$ 45,000

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 October 31, 2013		
	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$1,370,000		
Basic EPS	$1,370,000	5,032,109	$ 0.27
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$1,370,000	5,052,609	$ 0.27

	For the six months ended October 31, 2013		
	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$2,024,000		
Basic EPS	$2,024,000	5,032,976	$ 0.40
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$2,024,000	5,053,476	$ 0.40

	For the three months ended October 31, 2012		
	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$ 593,000		
Basic EPS	$ 593,000	5,037,348	$ 0.12
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$ 593,000	5,057,848	$ 0.12

	For the six months ended October 31, 2012		
	Income (Numerator)	Shares (Denominator)	Per-share Amount
Net Income	$1,029,000		
Basic EPS	$1,029,000	5,039,949	$ 0.20
Effect of dilutive securities:			
Convertible preferred stock	0	20,500	
Diluted EPS	$1,029,000	5,060,449	$ 0.20

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 $2,000 were paid during the quarter ending October 31, 2013 and $3,000 were paid during the corresponding quarter the prior fiscal year. Likewise, the Company paid matching contributions of approximately $5,000 during the six-month period ending October 31, 2013 and $6,000 during the six-month period ending October 31, 2012. There were no discretionary contributions paid during either the quarters or six-month periods ending October 31, 2013 and 2012, respectively.

Note 7 Fair Value Measurements

Generally accepted accounting principles in the United States of America (US GAAP) 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.

US GAAP 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 US GAAP 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 October 31, 2013, our investments consisted of money markets, 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, which is the case for municipal and coporate bonds, the inputs are recorded at Level 2.

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 US GAAP, 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 October 31, 2013

	Level 1	Level 2	Level 3	Total
Assets:				
Money Markets	$ 2,162,000	$ --	$ --	$ 2,162,000
Equity Securities	$14,135,000	$ --	$ --	$14,135,000
Municipal Bonds	$ --	$ 6,715,000	$ --	$ 6,715,000
Total fair value of assets measured on a recurring basis	$16,297,000	$ 6,715,000	$ --	$23,012,000

Note 8 Subsequent Events

None

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, 2013.

Liquidity and capital resources
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Operating

Net cash increased $63,000 for the six months ended October 31, 2013, while, for the same period last year, net cash decreased $313,000. Accounts receivable decreased $11,000 for the current six months and decreased $14,000 for the same period last year. The slight decrease in cash flow for accounts receivable for the current period is a reflection of sales being at the same level as last year. At October 31, 2013, 74.3% of the receivables were considered current (less than 45 days) and 0.73% of the total were over 90 days past due. This is in comparison to having 70.94% of the receivables considered current and -0.06% over 90 days past due at October 31, 2012. Inventory increased $9,000 for the current six months, while it decreased $95,000 for the same period last year. The main reason for the slight increase in cash expenditures towards inventory is that sales have increased over last year and prices of raw materials have increased also. Changes in prepaid expenses in regards to cash flow increased $45,000 for the six months ending October 31, 2013. Conversely, changes in prepaid expenses in regards to cash flow decreased by $92,000 for the six-month ending October 31, 2012. Prepayment of raw materials, in order to buy at lower prices, is the main reason for the current increase in prepaid expenses. Income tax overpayment decreased by $164,000 for the quarter ending October 31, 2013. Management has increased tax estimates as a result of increased sales.

For the six months ended October 31, 2013, accounts payable increased $73,000, and also increased $23,000 for the same period ended October 31, 2012. 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
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all invoices within terms. Accrued expenses decreased $46,000 for the six months ended October 31, 2013, while it increased by $41,000 for the same period last year. The current decrease is due to having four less days of payroll accruals.

Investing

As for our investment activities, the Company has spent approximately $45,000 on acquisitions of property and equipment for the current six-month period and $81,000 was spent during the six months ended October 31, 2012. The Company has also received proceeds of $127,000 from the sale of assets. The airplane that was owned by the Company was sold during the second quarter of the current fiscal year. Additionally, the Company continues to purchase marketable securities, which include municipal bonds and quality stocks. Cash spent on purchases of marketable securities for the six months ended October 31, 2013 was $229,000 and $400,000 was spent for the corresponding 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. Furthermore, the Company continues to purchase back its common stock when the opportunity arises. For the six months ended October 31, 2013, the Company purchased $24,000 worth of treasury stock and $28,000 worth was bought back for the six months ended October 31, 2012. We have been actively searching for stockholders that have been "lost" over the years. The payment of dividends over the last nine fiscal years has also prompted many stockholders and/or their relatives and descendants to sell back their stock to the Company. Also, we make purchases of company stock on the open market when the opportunity arises.

Financing

Cash flows from financing activities decreased by $1,372,000 for the six months ending October 31, 2013. That figure consists of the payment of dividends during the second quarter. The company declared a dividend of $0.30 per share of common stock on September 30, 2013 and these dividends were paid by October 31, 2013. As for the prior year numbers, net cash used in financing activities was $1,283,000 for the six months ending October 31, 2012. A dividend of $0.28 per common share was 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 October 31, 2013	2012
Working capital (current assets - current liabilities)	$ 31,702,000	$ 28,980,000
Current ratio (current assets / current liabilities)	25.237	23.038
Quick ratio ((cash + investments + AR) / current liabilities)	22.810	21.278

Results of Operations

Net sales were $2,920,000 for the quarter ended October 31, 2013, which is a

13.66% increase from the corresponding quarter last year. Year-to-date net sales were $5,590,000 at October 31, 2013, which is a 9.37% increase from the same period last year. The Company's products are tied to the housing market and the consistency in sales is a result of the Company focusing on gaining market share in the industry. The Company is accomplishing this by having excellent customer service and being willing to make many customized parts. Cost of goods sold was 44.79% of net sales for the quarter ended October 31, 2013 and 50.17% for the same quarter last year. Year-to-date cost of goods sold percentages were 46.37% for the current six months and 51.75% for the corresponding six months last year. Management's goal is to keep labor and other manufacturing expenses within the range of 45 to 50%.

Operating expenses were 21.16% of net sales for the quarter ended October 31, 2013 as compared to 26.47 % for the corresponding quarter last year. Year-to-date operating expenses were 22.88% of net sales for the six months ended October 31, 2013, while they were 26.14% for the same period last year. Keeping operating expenses around 25% of net sales, as the company has been able to achieve over the years, shows that management keeps a close eye on these expenses from year to year. Income from operations for the quarter ended October 31, 2013 was at $994,000, which is a 65.67% increase from the corresponding quarter last year, which had income from operations of $600,000. Income from operations for the six months ended October 31, 2013 was at $1,719,000, which is a 52.12% increase from the corresponding six months last year, which had income from operations of $1,130,000.

Other income and expenses showed gains of $389,000 and $575,000 for the quarter and six months ended October 31, 2013, respectively. The other income and expense numbers for last year also showed gains of $263,000 for the quarter and $328,000 for the six months ending October 31, 2012. Dividend and interest income was down 13.5% for the current quarter and was down 16.12% for the current six-month period when compared to the same time periods last year. During the current quarter, there was a $121,000 gain on investments recorded. Management did not write down any investments during the quarters ending October 31, 2013 and 2012, respectively.

Net income for the quarter ended October 31, 2013 was at $1,370,000, a 131.03% increase from the corresponding quarter last year, which showed net income of $593,000. Net income for the six months ended October 31, 2013 was $2,024,000, a 96.7% increase from the same period last year. Net income for the six months ended October 31, 2012 was $1,029,000. Earnings per common share for the quarter ended October 31, 2013 were $0.27 per share and $0.40 per share for the year-to-date numbers. EPS for the quarter and six months ended October 31, 2012 were $0.12 per share and $0.20 per share, respectively.

New Product Development

Engineering is currently working on the following products:

The High Security Switch is in final stages of testing prototypes. These will have go through UL and possibly Department of Defense approval to get clearance for certain applications.

Due to the obsolescence of parts, our pool alarm will have to be redesigned. This will require a mold change and we expect these changes to be completed by the end of the fiscal year.

A brand new product we have been researching is a product we plan to call a Sprinkler Controller. This is a ground water sensor that can be installed with a sprinkler system. The controller will monitor the amount of water in the soil and prevent the sprinkler system from watering if the soil is moist enough.

Other products we are developing include a twist lock for recessed steel door contacts, including biased for high security. This variety will allow the installer to set a precise gap. Another product we have been researching is a fuel level monitor. Several security companies from around the world have told us fuel theft is a major problem. They are looking for something that will tie into the security system to be informed if tanks and trucks are tampered with.

Molding is working on a different design for the case of our Current Controller (CC-15). This will allow us to manufacture a couple of different versions. One is a 15-amp version that can automatically turn on a whole room of lights and the other is a 220-volt version for international markets. Molding is also working on a new cover design for our 29-series terminal switch.

Recently Issued Accounting Pronouncements
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There are no new accounting pronouncements that significantly affect the Company.

Other Information
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Management is always open to the possibility to acquire a business that would complement our existing operations. This would require no outside financing. The intent is to utilize the equipment, marketing techniques and established customers to increase sales and profits.

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.

GEORGE RISK INDUSTRIES, INC.

PART I. FINANCIAL INFORMATION

Item 3. Controls and Procedures

(a) Information required by Item 307

Our Chief Executive Officer (also working as 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, has 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. Controls and Procedures

Evaluation of disclosure controls and procedures:

Based on her evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of October 31, 2013, our president and chief executive officer (also working as our chief financial officer) has 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, 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.

Internal control over financial reporting:

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Company. Due to limited resources, Management conducted an evaluation of internal controls based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The results of this evaluation determined that our internal control over financial reporting was ineffective as of October 31, 2013, due to a material weakness. A material weakness in internal control over financial reporting is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting.

Management's assessment identified the following material weakness in internal control over financial reporting:

* The small size of our Company limits our ability to achieve the desired level of separation of internal controls and financial reporting, particularly as it relates to financial reporting and deferred taxes. Due to the passing of our CEO, the current CEO and CFO roles are being fulfilled by the same individual. We do not have an audit committee. Until such time as the Company is able to hire a Controller, we do not believe we meet the full requirement for separation for financial reporting purposes.

As a result of the material weakness in internal control over financial reporting described above, the Company's management has concluded that, as of October 31, 2013, the Company's internal control over financial reporting was not effective based on the criteria in Internal Control - Integrated Framework issued by the COSO.

To date, the Company has not been able hire a controller. We will continue to follow the standards for the Public Company Accounting Oversight Board (United States) for internal control over financial reporting to include procedures that:

* Pertain to the maintenance of records in reasonable detail accurately that fairly reflect the transactions and dispositions of the Company's assets;
* Provide reasonable assurance that transactions are recorded as ne-

cessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and

* Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Due to the passing of the CEO during the fiscal year 2013, our internal control structure has changed such that there is no separation of duties for financial reporting and deferred taxes, as discussed above.

This quarterly report does not include an attestation report of the Corporation's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Corporation's registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act of 2002, as amended, that permits the Corporation to provide only the management?s report in this quarterly report.

GEORGE RISK INDUSTRIES, INC.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings
Not applicable

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information relating to the Company's repurchase of common stock for the second quarter of fiscal year 2013.

Period	Number of shares repurchased
August 1, 2013 - August 31, 2013	1,400
September 1, 2013 - September 30, 2013	200
October 1, 2013 - October 31, 2013	100

Item 3. Defaults upon Senior Securities
Not applicable

Item 4. (Removed and Reserved)
Not applicable

Item 5. Other Information
Not applicable

Item 6. Exhibits and Reports on Form 8-K

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer (Principal Financial and Accounting Officer), as required by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer (Principal Financial and Accounting Officer), as required by Section 906 of the Sarbanes-Oxley Act of 2002.

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 12-13-2013

By: /s/ Stephanie M. Risk-McElroy
Stephanie M. Risk-McElroy
President, Chief Financial Officer and
Chariman of the Board