

Showing The Ability To Adapt During The Economic Downturn Of 2008/2009, George Risk Industries, Inc. Has Now Turned Things Around, With Increased Revenues Month-Over-Month Since May 2010 And Is Well Positioned To Be The Number-One Magnetic Contact Supplier In The World

Technology
Computer Peripherals
(RSKIA-OTC: BB)



Ken R. Risk
Chairman, President and CEO

BIO:

Ken R. Risk was born on July 23, 1948 to George and Eileen Risk in Omaha, NE. Ken graduated in 1966 from Pratt Individual School of Learning in Omaha. From 1969 to 1971, Ken served in the U. S. Navy. This was during the Vietnam Conflict. Between 1971 and 1980, Ken worked at various jobs, including George Risk Ind., Inc, from 1974 to 1978. In January 1981, Ken founded Platte Valley Sales and Service, Inc., in Hastings, NE, a retail/wholesale company dealing in residential & commercial lighting and various other products. Upon the death of Ken's father, George Risk, in October of 1989, Ken assumed the duties of President and CEO of George Risk Industries, Inc. in Kimball, NE, which was approved by the exiting board of directors of George Risk Ind., Inc. At that time, there

were some problems with a rumored takeover and the company also had some legal issues that were trying to be resolved. Ken was able to take care of these problems and lead the company towards increased sales. Ken commuted back and forth from Hastings to Kimball, maintaining both businesses from 1989 to 1996. In July of 1996, Platte Valley Sales & Service Inc., was sold, because George Risk Ind., Inc. was growing in leaps and bounds, and he could not serve justice to both companies. In 1989, George Risk Industries, Inc. employed approximately 75 people. Today, GRI has close to 250 employees, both in the Kimball Plant and the Gering, Ne facility, with an annual payroll of approximately \$4,000,000.00. GRI is now the employer for nearly 10% of the population of Kimball.

Ken's "FORTE" in the business is in PURCHASING.

Company Profile:

George Risk Industries, Inc. is engaged in the design, manufacture, and sales to distributors and OEM manufacturers of custom computer key boards, push button switches, burglar alarm components, pool alarms, thermostats, E-Z Duct wire cover, and hydro sensors. The company has representation in the United States, Canada, Europe and Africa.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Risk, the company has a long, rich history, will you tell us a bit about how George Risk Industries has changed and adapted over the last couple of years?

Mr. Risk: George Risk Industries has definitely had to adapt to quite a few changes. In 2007, we had doubled our sales, but since then unfortunately the sales have been in a freefall downward spiral until this past May (2010). Now sales have picked up every month since then. It has done better than a year ago May, June, July and August through September.

CEOCFO: You have a very large number of products; what is the common thread?

Mr. Risk: Our mainstay is what we call a magnetic contact switch, which is two little ribbon wires hermetically sealed in a little glass tube and when you bring a magnet by it, it opens and closes those little contacts that are in the glass tube and that is the total essence of 85% of our products. They go into burglar alarm systems found in doors and windows in your home or a business. That would include outer-perimeter doors and windows.

CEOCFO: Are you selling to manufacturers or distributors?

Mr. Risk: We sell to both manufacturers and distributors.

CEOCFO: Is this a commodity item or is there something unique about your product?

Mr. Risk: As far as distribution of the burglar alarm or fire alarm, it is not a unique thing. We compete with fifteen different manufacturers around the world. That is something where a dealer would go in and sell a security system for your home. (The dealer would come in and you would bid on it and say ok that is what I want.) The dealer then would go to

the distributor that sells wire and panels, switches and what not, and then he would buy that. That is who we sell to, the distributor and that is pretty much a commodity product. Manufacturing, no it is all special, they come to us and say I want this, but I want it just a little different.

CEO CFO: Why are customers coming to George Risk?

Mr. Risk: Because of our quality and service. We don't sell on price. We compete with probably 1500 manufacturers around the world and we are the only company in the United States that manufactures this type product. In addition, we can deliver a quality product and they can pick up a phone and call us if there is a problem and we will take care of it.

CEO CFO: Do you find more people today want a U.S. company just because of those reasons, or because it is a U.S. company?

Mr. Risk: Absolutely for both those reasons. Still price has a lot in play. Since about April (2010), deliveries of raw materials have not only increased, but we are seeing a tremendous inflation on raw materials. So the delivery cost of raw materials have gone clear out, and that is why they are looking to somebody who is making products here in the U.S.A.

CEO CFO: George Risk Industries uses only the finest raw materials; what difference does that make?

Mr. Risk: Our wire has to meet certain standards. Virtually everything we manufacture here is UL or ULC, which would be Canadian. We also do a lot of work in Europe and a lot of that has to be RoHS. That is European regulations banning the use certain substances in most everything that is sold there.

CEO CFO: How often do you come up with new products?

Mr. Risk: We are always working on new products, because that is an ongoing thing. Over the year, we might come out with four or five or six new products and next year we might come out with ten.

CEO CFO: Are there areas geographically where you would like to have a better concentration?

Mr. Risk: We feel that we are very well entrenched in the U.S. and Canada. One of the bigger areas we are working on that seems to be a better growth area is Europe.

CEO CFO: Is that mostly through distributors?

Investors should consider George Risk Industries because we are a very well established company. I feel that as things turn around in a few years that George Risk Industries will be on top as the number-one magnetic contact supplier in the world. - Ken R. Risk

Mr. Risk: Distributors and also manufacturers.

CEO CFO: What is the financial picture like for George Risk Industries?

Mr. Risk: George Risk Industries hasn't had any real cash flow problems. Even with the decrease in sales, we have always maintained a good reserve in our bank account. As I said earlier, I saw this coming and I prepared for it probably in 2005. We had a feeling that there was going to be a decrease in our type of business because we are tied so much to housing and I started to see in 2005 that housing was starting to go downward in a spiral. So I prepared for it. Our company is not leveraged in any way; we have no borrowed money, other than our thirty day accounts for our raw materials.

CEO CFO: How do you reach potential new customers?

Mr. Risk: Primarily by shows. We do one major show in Las Vegas, which is our main show that attracts about 25,000 people. We do a show on the east coast and about twenty regional shows around the country. So primarily how we reach potential new customers is by getting leads at these shows, sending them literature, calling them on the phone and talking to them, explaining what our products have to offer over our competitors.

CEO CFO: Do you do much investor outreach?

Mr. Risk: Yes we do. We do financials, but we also do investment letters and send them out. We also do interviews just like we are doing here.

CEO CFO: Final thoughts, why should investors consider George Risk Industries?

Mr. Risk: Investors should consider George Risk Industries because we are a very well established company. I feel that as things turn around in a few years that George Risk Industries will be on top as the number-one magnetic contact supplier in the world. We compete against small companies as well as large companies. The small companies I am starting to see go slowly away. Because our switches only sell for \$2 or \$3, I find that larger companies are buying larger companies and that they do not want to fool so much with the small item. They would rather sell products that sell for \$400, \$500 or \$600.

CEO CFO: You are in a good position!

Mr. Risk: Yes, I feel it will be very good. When this is all over, we will all wear sunglasses around here because we feel the future is so bright!

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