

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

VALUE LINE FUND INC
Form N-CSRS
September 06, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file Number 811-568

Value Line Fund, Inc.

(Exact name of registrant as specified in charter)

220 East 42nd Street, New York, N.Y. 10017

(Address of principal executive offices) (Zip Code)

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

Date of fiscal year end: Decembert 31, 2004

Date of reporting period: June 30, 2005

Item I. Reports to Stockholders.

SEMI-ANNUAL REPORT

June 30, 2005

The Value Line

Fund, Inc.

[Value Line LOGO]

INVESTMENT ADVISER Value Line, Inc.
220 East 42nd Street
New York, NY 10017-5891

DISTRIBUTOR Value Line Securities, Inc.
220 East 42nd Street
New York, NY 10017-5891

CUSTODIAN BANK State Street Bank and Trust Co.
225 Franklin Street
Boston, MA 02110

SHAREHOLDER
SERVICING AGENT State Street Bank and Trust Co.
c/o BFDS
P.O. Box 219729
Kansas City, MO 64121-9729

INDEPENDENT
REGISTERED PUBLIC
ACCOUNTING FIRM PricewaterhouseCoopers LLP
300 Madison Avenue
New York, NY 10017

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

LEGAL COUNSEL Peter D. Lowenstein, Esq.
Two Sound View Drive, Suite 100
Greenwich, CT 06830

DIRECTORS Jean Bernhard Buttner
John W. Chandler
Frances T. Newton
Francis C. Oakley
David H. Porter
Paul Craig Roberts
Marion N. Ruth
Nancy-Beth Sheerr

OFFICERS Jean Bernhard Buttner
Chairman and President
Bardley Brooks
Vice President
Stephen E. Grant
Vice President
David T. Henigson
Vice President
Secretary/Treasurer
Howard A. Brecher
Assistant Secretary/
Assistant Treasurer

This report is issued for information of shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a currently effective prospectus of the Trust (obtainable from the Distributor).

#533547

The Value Line Fund, Inc.

To Our Value Line

To Our Shareholders:

In the first six months of 2005, The Value Line Fund returned 2.59%, compared to the -0.81% return of the S&P 500 Index(1).

During the first six months of the year, the equity market had a mixed start, as solid corporate earnings growth and economic data proved insufficient to move the major market averages higher. Several factors have contributed to this lackluster environment. First, higher oil prices have concerned consumers and investors alike as they have recently tested their highs again. Higher energy prices can have a two-fold effect as they weaken consumer's purchasing power as well as reducing the profit margins of certain industries. Second, the Federal Reserve continues along its measured path of interest rate hikes, which probably won't be completed till sometime this fall. These higher short-term rates have not yet had a meaningful impact on longer-term rates, but the significant flattening of the yield curve over the past year will likely lower profit margins at financial corporations, which currently account for the largest weighting of the S & P 500, at over 20%. Lastly, given the strong operating margin improvement and the resulting strong earnings growth that U.S. corporations have delivered over the past two years, it would appear that going forward these gains will likely be more moderate.

The Value Line Fund generally invests in multi-cap stocks that are ranked in

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

the highest category for price performance over the next six to twelve months by the Value Line Timeliness Ranking System. The System favors stocks with strong price and earnings momentum relative to those of all other companies in the Value Line Investment Survey of approximately 1,700 stocks. Currently, the Fund has significant weightings in the Consumer Discretionary and Information Technology sectors and is especially optimistic about the Home Building corporations, which can be volatile. The Fund is significantly underweighted in the Financial sector due to the slowing growth of earnings that we expect from this sector.

Looking forward, we expect the second half of the year to be better for equities. Despite the rising interest environment, economic growth is solid (see our Economic Observations for details on our outlook); U.S. corporations currently have high levels of cash holdings; and merger and acquisition activity looks like it will continue to increase. In addition, some of this cash will be used for equity buybacks as more companies continue to announce increases in their stock repurchasing programs.

As always, we appreciate your continued investment.

Sincerely,

/s/ Jean Bernhard Buttner

Jean Bernhard Buttner
Chairman and President

August 8, 2005

(1) The Standard & Poor's 500 Index consists of 500 stocks which are traded on the New York Stock Exchange, American Stock Exchange and the NASDAQ National Market System and is representative of the broad stock market. This is an unmanaged index and does not reflect charges, expenses or taxes, and it is not possible to directly invest in this index.

2

The Value Line Fund, Inc.

Fund Shareholders

Economic Observations

The mature business expansion is now moving along at a modestly more deliberate 3.0%-3.5% pace, a level of activity that is being sustained by a resilient housing market, healthy levels of retail spending, and a solid rate of growth in industrial production. Recent trends, moreover, suggest that this mature business up cycle will continue pressing forward at a similarly moderate rate into 2006.

Helping to sustain this upturn are likely to be solid levels of activity in the housing, retail, industrial, and service sectors. Such growth will probably be accompanied by just modest rates of inflation. The wild card in this equation, meanwhile, and the reason that we are not likely to see a materially higher level of business growth, is the record high price for oil. Should that key commodity not stabilize in price, as we expect it will, the sustainability of the economic expansion, as well as the prolonged period of comparative of price stability, would be threatened.

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

This steady, but moderate, pace of U.S. economic improvement and the accompanying stable rates of inflation will have positive ramifications. That's because this combination should allow the Federal Reserve Board to bring its cycle of monetary tightening to a close over the next several months, without undue harm to the durability of the lengthy economic expansion.

The Value Line Fund, Inc.
Fund Shareholders

FUND EXPENSES:

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees; distribution and service (12b-1) fees; and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (January 1, 2005 through June 30, 2005).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example an \$8,600 account value divided by \$1,000=8.6), then multiply the result by the number in the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses in the table are meant to highlight your ongoing costs and will not help you determine the relative cost of owning different funds.

	Beginning	Ending	Expenses
	account	account	paid duri
	value	value	period
	1/1/05	6/30/05	1/1/05
			thru
			6/30/05

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

Actual	\$ 1,000.00	\$ 1,025.90	\$ 5.73
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,019.14	\$ 5.71

* Expenses are equal to the Fund's annualized expense ratio of 1.14% multiplied by the average account value over the period, multiplied by 181/365 to reflect the one-half period.

4

The Value Line Fund, Inc.

Portfolio Highlights at June 30, 2005

Ten Largest Holdings

Issue	Shares	Value (in thousands)	Percentage of Net Assets
Itron, Inc.	97,200	4,343	2.08%
Anteon International Corp.	93,200	4,252	2.04
KB Home	54,800	4,177	2.00
Toll Brothers, Inc.	40,000	4,062	1.95
Urban Outfitters, Inc.	67,500	3,827	1.83
Affymetrix, Inc.	70,000	3,775	1.81
Community Health Systems, Inc.	92,300	3,488	1.67
Triad Hospitals, Inc.	63,200	3,453	1.65
Panera Bread Co.	53,000	3,291	1.58
Walgreen Co.	71,200	3,274	1.57

Asset Allocation -- Percentage of Net Assets

[The following data represents the pie chart depicted in the printed material.]

Cash & Other 3.5%

Common Stocks 96.5%

Sector Weightings -- Percentage of Total Investment Securities

[The following data represents the bar chart depicted in the printed material.]

Consumer, Cyclical	28.4%
Consumer, Non-cyclical	24.7%
Technology	17.3%
Energy	9.9%
Communications	9.0%
Industrial	7.6%
Basic Materials	1.4%
Financial	1.7%

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

5

The Value Line Fund, Inc.

Schedule of Investments (unaudited)

June 30, 2005

Shares		Value (in thousands)

COMMON STOCKS (96.5%)		
	AUTO & TRUCK (0.5%)	
13,000	Oshkosh Truck Corp.	\$ 1,018
	BIOTECHNOLOGY (5.5%)	
52,500	Amgen, Inc.*	3,174
38,000	Genentech, Inc.*	3,051
39,150	Invitrogen Corp.*	3,261
42,000	Techne Corp.*	1,928

		11,414
	CANADIAN ENERGY (1.2%)	
62,400	EnCana Corp.	2,470
	CHEMICAL -- DIVERSIFIED (0.2%)	
8,100	Eastman Chemical Co.	447
	COAL (3.6%)	
27,500	Arch Coal, Inc.	1,498
18,000	CONSOL Energy, Inc.	964
68,100	Joy Global, Inc.	2,287
52,000	Peabody Energy Corp.	2,706

		7,455
	COMPUTER & PERIPHERALS (2.7%)	
53,400	Dell, Inc.*	2,110
30,000	MICROS Systems, Inc.*	1,343
122,000	Seagate Technology	2,141

		5,594
	COMPUTER SOFTWARE SERVICES (9.3%)	
93,200	Anteon International Corp.*	4,252
36,000	Autodesk, Inc.	1,237
66,200	Cognizant Technology Solutions Corp. Class "A"*	3,120
69,800	Fiserv, Inc.*	2,998
57,000	Mercury Interactive Corp.*	2,187
200,000	Oracle Corp.*	2,640
219,000	Western Digital Corp.*	2,939

		19,373
	DRUG (2.0%)	
38,000	Celgene Corp.*	1,549
43,900	Cephalon, Inc.*	1,748
30,000	Teva Pharmaceutical Industries Ltd.	934

		4,231
		Value (in thousands)
Shares		Value (in thousands)

	E-COMMERCE (1.4%)	
90,000	Internet Security Systems, Inc.*	\$ 1,826
39,000	WebEx Communications, Inc.*	1,030

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

			2,856
	EDUCATIONAL SERVICES (0.7%)		
37,500	Bright Horizons Family Solutions, Inc.*		1,527
	ELECTRICAL EQUIPMENT (1.7%)		
177,700	Corning, Inc.*		2,953
19,300	Thomas & Betts Corp.*		545

			3,498
	ELECTRICAL UTILITY --		
	EAST (1.6%)		
105,700	Jabil Circuit, Inc.*		3,248
	GROCERY (0.7%)		
13,000	Whole Foods Market, Inc.		1,538
	HEALTH CARE INFORMATION		
	SYSTEMS (1.4%)		
23,800	Cerner Corp.*		1,618
118,000	WebMD Corp.*		1,212

			2,830
	HOMEBUILDING (8.1%)		
45,800	Beazer Homes USA, Inc.		2,617
31,066	D.R. Horton, Inc.		1,168
18,900	Hovnanian Enterprises, Inc.		
	Class "A"*		1,232
54,800	KB Home		4,177
13,700	Pulte Homes, Inc.		1,154
17,400	Ryland Group, Inc. (The)		1,320
14,100	Standard Pacific Corp.		1,240
40,000	Toll Brothers, Inc.*		4,062

			16,970
	HOTEL/GAMING (1.5%)		
56,000	MGM MIRAGE*		2,216
14,300	Station Casinos, Inc.		950

			3,166
	INFORMATION SERVICES (2.3%)		
51,500	Advisory Board Co. (The)*		2,510
28,500	Equifax, Inc.		1,018
18,000	Getty Images, Inc.*		1,337

			4,865

See Notes to Financial Statements.

6

The Value Line Fund, Inc.
June 30, 2005

Shares		Value (in thousands)
	INTERNET (1.3%)	
50,600	CheckFree Corp.*	\$ 1,723
29,000	Yahoo!, Inc.*	1,005

		2,728
	MACHINERY (0.5%)	

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

93,300	Columbus McKinnon Corp.*	1,022
	MEDICAL SERVICES (7.5%)	
25,000	Aetna, Inc.	2,071
89,000	Allscripts Healthcare Solutions, Inc.*	1,478
92,300	Community Health Systems, Inc.*	3,488
24,200	HCA, Inc.	1,371
50,500	LCA-Vision, Inc.	2,447
63,200	Triad Hospitals, Inc.*	3,453
24,400	UnitedHealth Group, Inc.	1,272

		15,580
	MEDICAL SUPPLIES (5.4%)	
70,000	Affymetrix, Inc.*	3,775
13,500	Alcon, Inc.	1,476
23,400	ResMed, Inc.*	1,544
40,000	Respironics, Inc.*	1,444
71,500	SurModics, Inc.*	3,101

		11,340
	METAL FABRICATING (0.5%)	
23,200	Lone Star Technologies, Inc.*	1,056
	METALS & MINING --	
	DIVERSIFIED (1.4%)	
89,400	Teck Cominco Ltd. Class "B"	3,011
	NATURAL GAS --	
	DIVERSIFIED (3.0%)	
35,000	EOG Resources, Inc.	1,988
67,000	Southwestern Energy Co.*	3,148
34,000	XTO Energy, Inc.	1,156

		6,292
	OILFIELD SERVICES/ EQUIPMENT (1.5%)	
60,000	Cal Dive International, Inc.*	3,142
Shares		Value (in thousands)

	PETROLEUM -- INTEGRATED (0.3%)	
7,897	Kerr-McGee Corp.	\$ 603
	PETROLEUM -- PRODUCING (0.5%)	
15,200	Noble Energy, Inc.	1,150
	PHARMACY SERVICES (3.5%)	
20,600	Express Scripts, Inc.*	1,030
67,800	Longs Drug Stores Corp.	2,919
71,200	Walgreen Co.	3,274

		7,223
	RAILROAD (0.5%)	
25,000	CSX Corp.	1,067
	RESTAURANT (2.1%)	
33,300	Darden Restaurants, Inc.	1,098
53,000	Panera Bread Co. Class "A"*	3,291

		4,389
	RETAIL AUTOMOTIVE (1.1%)	
20,000	Advance Auto Parts, Inc.*	1,291
34,800	O'Reilly Automotive, Inc.*	1,037

		2,328
	RETAIL BUILDING SUPPLY (1.6%)	

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

46,900	Building Materials Holding Corp.	3,250
	RETAIL -- SPECIAL LINES (7.4%)	
17,500	Abercrombie & Fitch Co.	
	Class "A"	1,202
89,000	American Eagle Outfitters, Inc.	2,728
37,000	Chico's FAS, Inc.*	1,268
44,000	Coach, Inc.*	1,477
57,000	Men's Wearhouse, Inc. (The)*	1,963
73,000	Michaels Stores, Inc.	3,020
67,500	Urban Outfitters, Inc.*	3,827

		15,485
	RETAIL STORE (1.6%)	
21,700	J.C. Penney Company, Inc.	1,141
32,000	Nordstrom, Inc.	2,175

		3,316

See Notes to Financial Statements.

7

The Value Line Fund, Inc.
Schedule of Investments (unaudited) June 30, 2005

Shares		Value (in thousands)
	SECURITIES BROKERAGE (1.3%)	
5,000	Chicago Mercantile Exchange Holdings, Inc.	\$ 1,478
12,600	Legg Mason, Inc.	1,312

		2,790
	SEMICONDUCTOR (1.9%)	
111,000	NVIDIA Corp.*	2,966
39,000	Photronics, Inc.*	910

		3,876
	TELECOMMUNICATIONS EQUIPMENT (4.2%)	
139,500	ADC Telecommunications, Inc.*	3,037
51,500	Cisco Systems, Inc.*	984
76,000	Juniper Networks, Inc.*	1,914
74,800	Marvell Technology Group Ltd.*	2,845

		8,780
	TOILETRIES/COSMETICS (0.4%)	
22,700	Chattem, Inc.*	940
	TRUCKING (1.9%)	
74,600	Goodyear Tire & Rubber Co. (The)*	1,112
120,000	Swift Transportation Company, Inc.*	2,795

		3,907
	WIRELESS NETWORKING (2.7%)	
97,200	Itron, Inc.*	4,343
118,000	Powerwave Technologies, Inc.*	1,206

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

		5,549
TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (96.5%) (Cost \$177,892,000)		\$ 201,324

Principal Amount (in thousands)		Value (in thousands except per share amount)

REPURCHASE AGREEMENT (3.2%) (including accrued interest)		
\$ 6,600	Collateralized by \$5,001,000 U.S. Treasury Bonds, 6.625%, due 2/15/27, with a value of \$6,875,000 (with UBS Warburg LLC, 2.75%, dated 6/30/05, due 7/1/05, delivery value \$6,601,000).....	\$ 6,601
	TOTAL REPURCHASE AGREEMENT (Cost \$6,601,000)	6,601

CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES (0.3%)		740

NET ASSETS (100.0%)		\$ 208,665

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER OUTSTANDING SHARE (\$208,664,770 [divided by] 14,636,764 shares of capital stock outstanding)		\$ 14.26

* Non-income producing

See Notes to Financial Statements.

8

The Value Line Fund, Inc.

Statement of Assets and Liabilities
at June 30, 2005 (unaudited)

		(In thousands except per share amount)

Assets:		
Investment securities, at value (Cost -- \$177,892)		\$ 201,324
Repurchase agreements (Cost -- \$6,601)		6,601
Cash		119
Receivable for securities sold		5,260

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

Dividends receivable	79
Prepaid expenses	52
Receivable for capital shares sold	2

Total Assets	213,437

Liabilities:	
Payable for securities purchased	4,509
Payable for capital shares repurchased	27
Accrued expenses:	
Advisory fee	115
Service and distribution plan fees	43
Other	78

Total Liabilities	4,772

Net Assets	\$ 208,665
	=====
Net assets consist of:	
Capital stock, at \$1.00 par value (authorized 50,000,000, outstanding 14,636,764 shares)	\$ 14,637
Additional paid-in capital	146,778
Accumulated net investment loss	(555)
Undistributed net realized gain on investments	24,372
Net unrealized appreciation of investments	23,433

Net Assets	\$ 208,665
	=====
Net Asset Value, Offering and Redemption Price per Outstanding Share (\$208,664,770 [divided by] 14,636,764 shares outstanding)	\$ 14.26
	=====

Statement of Operations
for the Six Months Ended June 30, 2005 (unaudited)

	(In thousands)

Investment Income:	
Dividends (Net of foreign withholding taxes of \$6)	\$ 466
Interest	125

Total Income	591

Expenses:	
Advisory fee	687
Service and distribution plan fees	255
Transfer agent fees	72
Auditing and legal fees	32
Custodian fees	23
Printing	22
Postage	19
Directors' fees and expenses	12
Registration and filing fees	11

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

Insurance	11
Telephone	10
Other	2

Total Expenses before Custody Credits	1,156
Less: Custody Credits	(2)

Net Expenses	1,154

Net Investment Loss	(563)

Net Realized and Unrealized Gain on Investments:	
Net Realized Gain	14,312
Change in Net Unrealized Appreciation/(Depreciation)	(8,844)

Net Realized Gain and Change in Net Unrealized Appreciation/ (Depreciation) on Investments	5,468

Net Increase in Net Assets from Operations	\$ 4,905
	=====

See Notes to Financial Statements.

9

The Value Line Fund, Inc.
Statement of Changes in Net Assets for the
Six Months Ended June 30, 2005 (unaudited) and for the Year Ended December 31,
2004

	Six Months Ended June 30, 2005 (unaudited)	Ye Dec
	-----	-----
	(In thousands)	
Operations:		
Net investment loss	\$ (563)	\$
Net realized gain on investments	14,312	
Change in net unrealized appreciation/(depreciation)	(8,844)	
	-----	-----
Net increase in net assets from operations	4,905	
	-----	-----
Distributions to Shareholders:		
Net realized gain from investment transactions	--	
	-----	-----
Capital Share Transactions:		
Proceeds from sale of shares	4,053	
Proceeds from reinvestment of distributions to shareholders	--	
Cost of shares repurchased	(15,318)	
	-----	-----
Increase from capital share transactions	(11,265)	
	-----	-----
Total Increase/(Decrease) in Net Assets	(6,360)	

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

Net Assets:	
Beginning of period	215,025

End of period	\$ 208,665
	=====
Undistributed net investment income/(loss), at end of period	\$ (555)
	=====

See Notes to Financial Statements.

10

The Value Line Fund, Inc.
June 30, 2005

Notes to Financial Statements (unaudited)

1. Significant Accounting Policies

The Fund is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company whose primary investment objective is long-term growth of capital.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

(A) Security Valuation. Securities listed on a securities exchange are valued at the closing sales prices on the date as of which the net asset value is being determined. Securities traded on the NASDAQ Stock Market are valued at the NASDAQ Official Closing Price. In the absence of closing sales prices for such securities and for securities traded in the over-the-counter market, the security is valued at the midpoint between the latest available and representative asked and bid prices. Short-term instruments with maturities of 60 days or less at the date of purchase are valued at amortized cost, which approximates market value. Short-term instruments with maturities greater than 60 days at the date of purchase are valued at the mid point between the latest available and representative asked and bid prices, and commencing 60 days prior to maturity such securities are valued at amortized cost. Securities for which market quotations are not readily available or that are not readily marketable and all other assets of the Fund are valued at fair value as the Board of Directors may determine in good faith. In addition, the Fund may use the fair value of a security when the closing market price on the primary exchange where the security is traded no longer accurately reflects the value of a security due to factors affecting one or more relevant securities markets or the specific issuer.

(B) Repurchase Agreements. In connection with transactions in repurchase agreements, the Fund's custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to ensure the adequacy of the collateral. In the event of default of the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

(C) Federal Income Taxes. It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, including the distribution requirements of the Tax Reform Act of 1986, and to distribute all of its taxable income to its shareholders. Therefore, no federal income tax or excise tax provision is required.

(D) Security Transactions and Distributions. Security transactions are accounted for on the date the securities are purchased or sold. Interest income is accrued as earned. Realized gains and losses on sales of securities are calculated for financial accounting and federal income tax purposes on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles.

(E) Representations and Indemnifications. In the normal course of business the Fund enters into contract that contain a variety of representations and warranties which provide general indemnifications. The maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

11

The Value Line Fund, Inc.
Notes to Financial Statements (unaudited)

2. Capital Share Transactions, Dividends and Distributions to Shareholders

Transactions in capital stock were as follows (in thousands except per share amounts):

	Six Months Ended June 30, 2005 (unaudited)	Year Ended December 31, 2004
Shares sold	296	512
Shares issued to shareholders in reinvestment of dividends and distributions	--	1,910
	-----	-----
	296	2,422
Shares repurchased	(1,126)	(2,117)
	-----	-----
Net increase/(decrease)	(830)	305
	-----	-----
Distributions per share from net realized gains	\$ --	\$ 2.07
	-----	-----

3. Purchases and Sales of Securities

Purchases and sales of investment securities, excluding short-term securities,

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

were as follows:

	Six Months Ended June 30, 2005 (unaudited)
(in thousands)	
PURCHASES:	
Investment Securities	\$230,646
SALES:	
Investment Securities	\$240,078

4. Income Taxes (unaudited)

At June 30, 2005, information on the tax components of capital is as follows:

	(in thousands)
Cost of investments for tax purposes	\$ 184,493
Gross tax unrealized appreciation	\$ 26,102
Gross tax unrealized depreciation	(2,670)
Net tax unrealized appreciation on investments	\$ 23,432

5. Investment Advisory Contract, Management Fees and Transactions With Affiliates

An advisory fee of \$686,628 was paid or payable to Value Line, Inc., (the "Adviser"), for the six months ended June 30, 2005. This was computed at the rate of .70% of the first \$100 million of the Fund's average daily net assets plus .65% on the excess thereof, and paid monthly. The Adviser provides research, investment programs, supervision of the investment portfolio and pays costs of administrative services, office space, equipment and compensation of administrative, bookkeeping and clerical personnel necessary for managing the affairs of the Fund. The Adviser also provides persons, satisfactory to the Fund's Board of Directors, to act as officers and employees of the Fund and pays their salaries and wages. The Fund bears all other costs and expenses.

The Fund has a Service and Distribution Plan (the "Plan"), adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, for the payment of certain expenses incurred by Value Line Securities, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, in advertising, marketing and distributing the Fund's shares and for servicing the Fund's shareholders at an annual rate of 0.25% of the Fund's average daily net assets. For the six months ended June 30, 2005, fees amounting to \$254,552 were paid or payable to the Distributor under this Plan.

12

The Value Line Fund, Inc.
June 30, 2005

Certain officers and directors of the Adviser and its wholly owned subsidiary, Value Line Securities, Inc. (the Fund's distributor and a registered

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

broker/dealer), are also officers and directors of the Fund.

For the six months ended June 30, 2005, the Fund's expenses were reduced by \$2,224 under a custody credit arrangement with the Custodian.

The Adviser and/or affiliated companies and the Value Line, Inc. Profit Sharing and Savings Plan owned 444,790 shares of the Fund's capital stock, representing 3.04% of the outstanding shares at June 30, 2005. In addition certain officers and directors of the Fund owned 1,532 shares of the Fund, representing .01% of the outstanding shares.

13

The Value Line Fund, Inc. Financial Highlights

Selected data for a share of capital stock outstanding throughout each period:

	Six Months Ended June 30, 2005 (unaudited)	Years Ended December		
		2004	2003	2002
	-----	-----	-----	-----
Net asset value, beginning of period	\$ 13.90	\$ 14.25	\$ 13.67	\$ 18.49
	-----	-----	-----	-----
Income (loss) from				
Investment Operations:				
Net investment loss	(.04)	(.08)	(.03)	(.05)
Net gains or losses on securities				
(both realized and unrealized) ..	.40	1.80	2.24	(4.64)
	-----	-----	-----	-----
Total from investment operations ..	.36	1.72	2.21	(4.69)
	-----	-----	-----	-----
Less distributions:				
Distributions from net				
realized gains	--	(2.07)	(1.63)	(.13)
	-----	-----	-----	-----
Net asset value, end of period	\$ 14.26	\$ 13.90	\$ 14.25	\$ 13.67
	-----	-----	-----	-----
Total return	2.59%+	12.09%	16.28%	(25.35)%
	-----	-----	-----	-----
Ratios/Supplemental Data:				
Net assets, end of period				
(in thousands)	\$ 208,665	\$ 215,025	\$ 216,047	\$ 206,338
Ratio of expenses to average				
net assets (1)	1.14%*	1.13%	1.13%	1.11%
Ratio of net investment loss				
to average net assets	(0.56)%*	(0.58)%	(0.19)%	(0.31)%
Portfolio turnover rate	118%+	297%	129%	33%

(1) Ratio reflect expenses grossed up for custody credit arrangement. The ratio of expenses to average net assets net of custody credits would have been 1.03% for the year ended December 31, 2001, unchanged for the six months ended June 30, 2005 (unaudited), and for the years ended December 31, 2004, 2003, 2002, and 2000.

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

- * Annualized
- + Not Annualized

See Notes to Financial Statements.

14

The Value Line Fund, Inc.

Factors Considered by the Independent Directors
in Approving the Agreement (unaudited)

The Investment Company Act of 1940 requires that the Fund's Agreement be approved annually by both the Board of Directors (collectively "the Directors") and a majority of the Directors who are not affiliated with Value Line, Inc. the Fund's investment adviser (the "Adviser") (the "Independent Directors") voting separately. The Directors have determined that the terms of the Fund's investment advisory agreement (the "Agreement") are fair and reasonable and that renewal of the contract is in the best interests of the Fund and its shareholders. In making such determinations, the Independent Directors relied upon the assistance of counsel to the Independent Directors. Throughout the year, including the meeting specifically focused upon the review of the Agreement, the Independent Directors met in executive sessions separately from the Interested Directors of the Fund and any officers of Value Line.

Both in meetings specifically addressed to renewal of the Agreement and at other meetings during the course of the year, the Directors, including the Independent Directors, received materials relating to the Adviser's investment and management services under the Agreement. These materials included (i) information on the investment performance of the Fund, a peer group of funds and an index, (ii) sales and redemption data in respect of the Fund, (iii) the general investment outlook in the markets in which the Fund invests, (iv) arrangements in respect of the distribution of the Fund's shares, (v) the allocation of the Fund's brokerage, and (vi) the record of compliance with the Fund's investment policies and restrictions and with the Fund's Code of Ethics, and the structure and responsibilities of the Adviser's compliance department.

As part of the review of the Agreement, the Independent Directors requested and the Adviser provided additional information in order to evaluate the quality of the Adviser's services and the reasonableness of the fee under the Agreement. Among other items, this information included data or analyses of (1) management and other fees incurred by a peer group of funds selected by an independent evaluation service (the "Peer Group"), (2) expense ratios for the Fund and the Peer Group, (3) the investment performance for the Fund and its Peer Group, (4) the Adviser's financial results and condition, including its and certain of its affiliates' profitability from services performed for the Fund, (5) investment management staffing, and (6) the potential for achieving further economies of scale.

The following summarizes matters considered by the Directors in connection with their renewal of the Agreement. However, the Directors did not identify any single factor as all-important or controlling, and the summary does not detail all the matters that were considered.

Compliance and Investment Performance. The Directors determined that the Adviser had policies and systems reasonably designed to achieve compliance with the Fund's investment objective and regulatory requirements. The Directors also reviewed the Fund's investment performance, as well as the Fund's performance compared to both the performance of a peer group and the results of an index. The Fund outperformed its Peer Group for the most recent one-year period and the five-year period that ended December 31, 2004. Although the Fund

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

underperformed its Peer Group for the three-year and 10-year periods ended December 31, 2004, and the Directors concluded that the Fund's overall performance supported the continuation of the Agreement.

The Adviser's Personnel and Methods. The Directors reviewed the background of members of the team responsible for the daily management of the Fund and the Fund's investment objective and discipline. The Independent Directors also engaged in discussions with senior management of the Adviser responsible for investment operations. The Directors

15

The Value Line Fund, Inc.
Factors Considered by the Independent Directors
in Approving the Agreement (unaudited)

concluded that the Adviser has the quality and depth of personnel and the well-developed methods essential to performing its duties under the Agreement.

Nature and Quality of Other Services. The Directors considered the nature, quality, cost and extent of other services provided to shareholders of the Fund. The Directors also considered the nature and extent of the other services provided by the Adviser's affiliates under other contracts and its supervision of third party service providers. Based on these considerations, the Directors concluded that the nature, quality, cost and extent of such services are satisfactory and reliable and serve the shareholders of the Fund well.

Management Fee and Expenses. The Directors considered the Adviser's fee under the Agreement relative to the management fees charged by the Peer Group. The Fund's management fee and total expenses for the most recent fiscal year were lower than the average fees and expense ratios for the Peer Group. The Directors concluded that the Adviser's fee was reasonable in light of the services and expertise provided to the Fund by the Adviser's management team and the Adviser's proprietary ranking system.

Profitability. The Directors considered the level of the Adviser's profits with respect to the management of the Fund. This consideration included a review of the Adviser's methodology in allocating certain of its costs to the management of each Fund. The Directors concluded that the Adviser's profits from management of the Funds, including the financial results derived from the Fund, bear a reasonable relationship to the services rendered and are fair for the management of the Fund in light of the business risks involved.

Economies of Scale. The Directors noted that, given the current and anticipated size of the Fund, any perceived and potential economies of scale were not yet a relevant consideration for the Fund.

Other Benefits to the Adviser. The Directors also considered the character and amount of fees paid by the Fund, other than under the Agreement, and by the Fund's shareholders for services provided by the Value Line and affiliates.

Conclusion. The Directors, in light of the Adviser's overall performance, considered it appropriate to continue to retain the management services of the Adviser. Based on their evaluation of all material factors deemed relevant and the advice of independent counsel, the Directors concluded that the Agreement with the Fund is fair and reasonable and voted to approve the continuation of the Agreement for another year.

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

16

The Value Line Fund, Inc.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted these proxies during the most recent 12-month period ended June 30 is available through the Fund's website at <http://www.vlfunds.com> and on the SEC's website at <http://www.sec.gov>. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-243-2729.

17

The Value Line Fund, Inc.
Management of the Fund

MANAGEMENT INFORMATION

The business and affairs of the Fund are managed by the Fund's officers under the direction of the Board of Directors. The following table sets forth information on each Director and Officer of the Fund. Each Director serves as a director or trustee of each of the 14 Value Line Funds and oversees a total of 15 portfolios. Each Director serves until his or her successor is elected and qualified.

Name, Address, and Age	Position	Length of Time Served	Principal Occupation During the Past 5 Years	

Interested Directors*				

Jean Bernhard Buttner Age 70	Chairman of the Board of Directors and President	Since 1987	Chairman, President and Chief Executive Officer of Value Line, Inc. (the "Adviser") and Value Line Publishing, Inc. Chairman and President of each of the 15 Value Line Funds and Value Line Securities, Inc. (the "Distributor").	V
Marion N. Ruth 5 Outrider Road Rolling Hills, CA 90274 Age 70	Director	Since 2000	Real Estate Executive: President, Ruth Realty (real estate broker).	N

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

Non-Interested Directors*

John W. Chandler 1611 Cold Spring Rd. Williamstown, MA 01267 Age 81	Director	Since 1991	Consultant, Academic Search Consultation Service, Inc.; Trustee Emeritus and Chairman (1993-1994) of the Board of Trustees of Duke University; President Emeritus, Williams College.
Frances T. Newton 4921 Buckingham Drive Charlotte, NC 28209 Age 64	Director	Since 2000	Customer Support Analyst, Duke Power Company.
Francis C. Oakley 54 Scott Hill Road Williamstown, MA 01267 Age 74	Director	Since 2000	Professor of History, Williams College, 1961 to present. President Emeritus since 1994 and President, 1985-1994; Chairman (1993-1997) and Interim President (2002) of the American Council of Learned Societies.

18

The Value Line Fund, Inc.

Management of the Fund

Name, Address, and Age	Position	Length of Time Served	Principal Occupation During the Past 5 Years
David H. Porter 5 Birch Run Drive Saratoga Springs, NY 12866 Age 69	Director	Since 1997	Visiting Professor of Classics, Williams College, since 1999; President Emeritus, Skidmore College since 1999 and President 1987-1998.
Paul Craig Roberts 169 Pompano St. Panama City Beach, FL 32413 Age 66	Director	Since 1987	Chairman, Institute for Political Economy.
Nancy-Beth Sheerr 1409 Beaumont Drive Gladwyne, PA 19035 Age 56	Director	Since 1996	Senior Financial Advisor, Veritable L.P. (investment advisor since April 1, 2004; Senior Financial Advisor, Hawthorne, 2001-2004.

Officers

Bradley Brooks	Vice President	Since 2001	Portfolio Manager with
----------------	----------------	------------	------------------------

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

Age 43			the Adviser.
Stephen E. Grant Age 51	Vice President	Since 1997	Portfolio Manager with the Adviser.
David T. Henigson Age 47	Vice President, Secretary and Treasurer	Since 1994	Director, Vice President and Compliance Officer of the Adviser. Director and Vice President of the Distributor. V President, Secretary, Treasurer and Chief Compliance Officer of each of the 14 Value Line Funds
Howard A. Brecher Age 51	Assistant Secretary/ Assistant Treasurer	Since 2005	Director, Vice President and Secretary of the Adviser. Direc and Vice President of the Distributor.

* Mrs. Buttner is an "interested person" as defined in the Investment Company Act of 1940 by virtue of her positions with the Adviser and her indirect ownership of a controlling interest in the Adviser; Mrs. Ruth is an interested person by virtue of having been a director of the Adviser.

Unless otherwise indicated, the address for each of the above is 220 East 42nd Street, New York, NY 10017.

The Fund's Statement of Additional Information (SAI) includes additional information about the Fund's directors and is available, without charge, upon request by calling 1-800-243-2729.

The Value Line Fund, Inc.
The Value Line Family of Funds

1950 -- The Value Line Fund seeks long-term growth of capital. Current income is a secondary objective.

1952 -- Value Line Income and Growth Fund's primary investment objective is income, as high and dependable as is consistent with reasonable risk. Capital growth to increase total return is a secondary objective.

1956 -- The Value Line Special Situations Fund seeks long-term growth of capital. No consideration is given to current income in the choice of investments.

1972 -- Value Line Leveraged Growth Investors' sole investment objective is to realize capital growth.

1979 -- The Value Line Cash Fund, a money market fund, seeks to secure as high a level of current income as is consistent with maintaining liquidity and preserving capital. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

1981 -- Value Line U.S. Government Securities Fund seeks maximum income without undue risk to capital. Under normal conditions, at least 80% of the value of its net assets will be invested in securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities.

1983 -- Value Line Centurion Fund* seeks long-term growth of capital.

1984 -- The Value Line Tax Exempt Fund seeks to provide investors with the maximum income exempt from federal income taxes while avoiding undue risk to principal. The Fund may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

1985 -- Value Line Convertible Fund seeks high current income together with capital appreciation primarily from convertible securities ranked 1 or 2 for year-ahead performance by the Value Line Convertible Ranking System.

1986 -- Value Line Aggressive Income Trust seeks to maximize current income.

1987 -- Value Line New York Tax Exempt Trust seeks to provide New York taxpayers with the maximum income exempt from New York State, New York City and federal income taxes while avoiding undue risk to principal. The Trust may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

1987 -- Value Line Strategic Asset Management Trust* seeks to achieve a high total investment return consistent with reasonable risk.

1993 -- Value Line Emerging Opportunities Fund invests primarily in common stocks or securities convertible into common stock, with its primary objective being long-term growth of capital.

1993 -- Value Line Asset Allocation Fund seeks high total investment return, consistent with reasonable risk. The Fund invests in stocks, bonds and money market instruments utilizing quantitative modeling to determine the asset mix.

* Only available through the purchase of Guardian Investor, a tax deferred variable annuity, or ValuePlus, a variable life insurance policy.

For more complete information about any of the Value Line Funds, including charges and expenses, send for a prospectus from Value Line Securities, Inc., 220 East 42nd Street, New York, New York 10017-5891 or call 1-800-243-2729, 24 hours a day, 7 days a week, or visit us at www.valueline.com. Read the prospectus carefully before you invest or send money.

20

Item 2. Code of Ethics

N/A

Item 3. Audit Committee Financial Expert.

N/A

Item 4. Principal Accountant Fees and Services

N/A

Item 11. Controls and Procedures.

Edgar Filing: VALUE LINE FUND INC - Form N-CSRS

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in rule 30a-2(c) under the Act (17 CFR 270.30a-2(c)) based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this report, are appropriately designed to ensure that material information relating to the registrant is made known to such officers and are operating effectively.
- (b) The registrant's principal executive officer and principal financial officer have determined that there have been no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

Item 12. Exhibits.

- (a) (1) Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2) attached hereto as Exhibit 99.CERT.
- (2) Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto as Exhibit 99.906.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By /s/ Jean B. Buttner

Jean B. Buttner, President

Date: 09/06/2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Jean B. Buttner

Jean B. Buttner, President, Principal Executive Officer

By: /s/ David T. Henigson

David T. Henigson, Vice President, Treasurer, Principal Financial Officer

Date: 09/06/2005
