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VALUE LINE FUND INC
Form N-CSR
March 12, 2007

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: December 31, 2006

Date of reporting period: December 31, 2006

Item I. Reports to Stockholders.

A copy of the Annual Report to Stockholders for the period ended 12/31/06
is included with this Form.

ANNUAL REPORT

December 31, 2006

The Value Line Fund, Inc.

[LOGO]

VALUE LINE
No-Load
Mutual
Funds

The Value Line Fund, Inc.

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To Our Value Line

To Our Shareholders:

The Value Line Fund (the "Fund") had a total return of 4.00% in 2006, compared with the 15.79% return of the S&P 500 Index(1).

The equity market had a strong second half in 2006, with the entire year's returns for the major indices being generated during this period. Several factors contributed to these gains. First, the Federal Reserve stopped raising the overnight lending rate during the summer, topping out at 5.25%, bringing to an end a monetary tightening cycle that began in 2004. The rate pause was a result of a slowing economic environment in combination with lower inflationary readings. In addition, energy prices began to retreat from their record levels of last summer helping to buoy consumer's purchasing power. Lastly, corporate earnings kept up their healthy growth pace leading to a record for consecutive double digit gains at 14 quarters in a row. However, given the strong operating margin improvement and the resulting strong earnings growth that U.S. corporations have delivered over the last several years, it would appear that these gains will be more moderate in the year ahead. The large level of corporate cash holdings, in combination with sizeable war chests held by private equity investors, should provide decent support to any pullbacks in the market.

The Value Line Fund generally invests in multi-cap stocks that are ranked in the highest category for relative 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. The Fund's performance last year was hurt by some poorly timed trades in the energy, and homebuilding sectors, along with an overweighted position for most of the year in the technology sector, which was one of the worst performing areas. In addition, the Fund had almost no exposure to the financial sector, which had a strong showing during the second half of the year. Currently, the Fund has overweighted the consumer discretionary area while maintaining above average weightings in the Information Technology (IT) sector. Investors should keep in mind, however, that this sector is one of the most volatile in the S&P 500 Index.

As always, we appreciate your continued investment.

Sincerely,

/s/ Jean Bernhard Buttner
Jean Bernhard Buttner
Chairman and President

January 31, 2007

(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.

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The Value Line Fund, Inc.

Fund Shareholders

Economic Observations

The economy slowed markedly over the final three quarters of 2006, with growth decelerating from 5.6% in the opening period, to 2.6% in the second three months, and to just 2.0% and 2.2%, respectively, during the year's closing two quarters. Further Federal Reserve monetary tightening and soaring oil prices were initially responsible for the sharp slowdown in the nation's gross domestic product growth. Later on it was a downward spiral in the housing market that proved to be the primary culprit.

Now, as we start a new year, we find that the Fed is still on hold: oil prices seem to be stabilizing in the \$55-\$65 a barrel range: and there are signs that the aggregate economy is pressing forward at a modest, but seemingly sustainable, rate of 2.5%, or so. In our view, such a rate of GDP growth would allow corporate earnings to move modestly higher, but would be insufficient to push inflation up sharply.

Helping to sustain this prospective level of economic growth should be solid levels of activity in the retail sector, comparative stability in oil prices, and a steady monetary course at the Federal Reserve. The nation's business expansion is likely to be restrained, however, by weak housing demand, softness in the auto sector, and sluggish industrial activity.

Gross domestic product growth along these lines and accompanying subdued inflation probably would have positive ramifications for the stock and bond markets.

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The Value Line Fund, Inc.

The following graph compares the performance of The Value Line Fund, Inc. to that of the S&P 500 Stock Index. The Value Line Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment in The Value Line Fund and the S&P 500 Stock Index*

[THE FOLLOWING WAS DEPICTED BY A LINE CHART IN THE PRINTED MATERIAL]

| | The Value Line Line Fund, Inc. | S&P 500 Stock Index |
|-----------|-----------------------------------|------------------------|
| | ----- | ----- |
| 1/1/1996 | 10,000 | 10,000 |
| 3/31/1996 | 9,722 | 10,267 |
| 6/30/1996 | 11,181 | 12,059 |

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| | | |
|------------|--------|--------|
| 9/30/1996 | 12,455 | 12,963 |
| 12/31/1996 | 12,159 | 13,336 |
| 3/31/1997 | 13,246 | 15,196 |
| 6/30/1997 | 13,590 | 15,698 |
| 9/30/1997 | 11,802 | 14,136 |
| 12/31/1997 | 14,622 | 17,146 |
| 3/31/1998 | 16,048 | 18,001 |
| 6/30/1998 | 16,507 | 19,270 |
| 9/30/1998 | 15,777 | 18,066 |
| 12/31/1998 | 18,531 | 20,755 |
| 3/31/1999 | 19,399 | 21,231 |
| 6/30/1999 | 18,425 | 20,666 |
| 9/30/1999 | 18,418 | 20,466 |
| 12/31/1999 | 15,685 | 18,865 |
| 3/31/2000 | 13,755 | 16,628 |
| 6/30/2000 | 14,592 | 17,601 |
| 9/30/2000 | 12,199 | 15,018 |
| 12/31/2000 | 13,674 | 16,623 |
| 3/31/2001 | 13,689 | 16,669 |
| 6/30/2001 | 11,914 | 14,435 |
| 9/30/2001 | 10,324 | 11,941 |
| 12/31/2001 | 10,208 | 12,949 |
| 3/31/2002 | 10,133 | 12,541 |
| 6/30/2002 | 11,074 | 14,472 |
| 9/30/2002 | 11,223 | 14,854 |
| 12/31/2002 | 11,869 | 16,663 |
| 3/31/2003 | 12,003 | 16,945 |
| 6/30/2003 | 12,044 | 17,237 |
| 9/30/2003 | 11,744 | 16,914 |
| 12/31/2003 | 13,304 | 18,475 |
| 3/31/2004 | 13,065 | 18,079 |
| 6/30/2004 | 13,649 | 18,326 |
| 9/30/2004 | 14,510 | 18,987 |
| 12/31/2004 | 14,688 | 19,383 |
| 3/31/2005 | 16,141 | 20,199 |
| 6/30/2005 | 15,068 | 19,909 |
| 9/30/2005 | 14,353 | 21,036 |
| 12/31/2005 | 15,275 | 22,445 |

* The Standard and Poor's 500 Index (S&P 500 Index) is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

The return for the index does not reflect expenses which are deducted from the Fund's returns.

Performance Data:**

| | Average Annual Total Return | Growth of an Assumed Investment of \$10,000 |
|-------------------------------|--------------------------------|--|
| | ----- | ----- |
| 1 year ended 12/31/06 | 4.00% | \$ 10,400 |
| 5 years ended 12/31/06 | 2.24% | \$ 11,170 |
| 10 years ended 12/31/06 | 4.33% | \$ 15,275 |

** The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The

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performance data and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

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The Value Line Fund, Inc.

FUND EXPENSES (unaudited):

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 (July 1, 2006 through December 31, 2006).

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 shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if transactional costs were included, your costs would have been higher.

| Beginning account value 7/1/06 | Ending account value 12/31/06 |
|--------------------------------------|-------------------------------------|
|--------------------------------------|-------------------------------------|

| Expense during 7/1/06 12/3 |
|-------------------------------------|
|-------------------------------------|

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| | | | |
|--|-------------|-------------|-------|
| Actual | \$ 1,000.00 | \$ 1,013.70 | \$ 4. |
| Hypothetical (5% return before expenses) | \$ 1,000.00 | \$ 1,020.41 | \$ 4. |

* Expenses are equal to the Fund's annualized expense ratio of 0.95% multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half period. This expense ratio may differ from the expense ratio shown in the Financial Highlights.

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The Value Line Fund, Inc.

Portfolio Highlights at December 31, 2006 (unaudited)

Ten Largest Holdings

| Issue | Shares | Value | Percentage of Net Assets |
|---|---------|-------------|--------------------------|
| Akamai Technologies, Inc. | 75,000 | \$3,984,000 | 2.02% |
| Kimball International, Inc. Class B | 155,000 | \$3,766,500 | 1.91% |
| Illumina, Inc. | 90,000 | \$3,537,900 | 1.79% |
| TeleTech Holdings, Inc. | 139,000 | \$3,319,320 | 1.68% |
| Kohl's Corp. | 48,000 | \$3,284,640 | 1.66% |
| Hercules, Inc. | 165,000 | \$3,186,150 | 1.61% |
| Harley-Davidson, Inc. | 44,000 | \$3,100,680 | 1.57% |
| Kelly Services, Inc. Class A | 107,000 | \$3,096,580 | 1.57% |
| Robbins & Myers, Inc. | 63,000 | \$2,892,960 | 1.47% |
| International Flavors & Fragrances, Inc. | 55,000 | \$2,703,800 | 1.37% |

Asset Allocation -- Percentage of Net Assets

[THE FOLLOWING WAS DEPICTED BY A PIE CHART IN THE PRINTED MATERIAL]

| | |
|---------------|-------|
| Common Stocks | 97.6% |
| Cash & Other | 2.4% |

Sector Weightings -- Percentage of Total Investment Securities

[THE FOLLOWING WAS DEPICTED BY A BAR CHART IN THE PRINTED MATERIAL]

| | |
|------------------------|-------|
| Consumer, Cyclical | 22.2% |
| Consumer, Non-cyclical | 18.4% |
| Industrial | 15.4% |
| Technology | 15.0% |
| Communications | 14.7% |
| Basic Materials | 9.1% |
| Financial | 4.4% |

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Energy 0.8%

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The Value Line Fund, Inc.

Schedule of Investments

December 31, 2006

| Shares | Value |
|---|--------------|
| ----- | |
| COMMON STOCKS (97.6%) | |
| ADVERTISING (0.8%) | |
| 15,000 Omnicom Group, Inc. | \$ 1,568,100 |
| AEROSPACE/DEFENSE (0.8%) | |
| 20,000 Precision Castparts Corp. | 1,565,600 |
| AIR TRANSPORT (2.0%) | |
| 47,000 AMR Corp.* | 1,420,810 |
| 61,000 Continental Airlines, Inc. Class B* | 2,516,250 |
| | ----- |
| | 3,937,060 |
| APPAREL (1.9%) | |
| 37,000 Guess?, Inc.* | 2,346,910 |
| 30,000 Phillips-Van Heusen Corp. | 1,505,100 |
| | ----- |
| | 3,852,010 |
| BANK (0.8%) | |
| 53,000 Synovus Financial Corp. | 1,633,990 |
| BIOTECHNOLOGY (0.8%) | |
| 22,000 Amgen, Inc.* | 1,502,820 |
| BUILDING MATERIALS (0.8%) | |
| 20,000 Genlyte Group, Inc. (The)* | 1,562,200 |
| CABLE TV (2.1%) | |
| 51,000 Comcast Corp. Class A* | 2,135,880 |
| 82,000 DIRECTV Group, Inc. (The)* | 2,045,080 |
| | ----- |
| | 4,180,960 |
| CHEMICAL -- BASIC (1.6%) | |
| 33,000 E.I. du Pont de Nemours and Co. | 1,607,430 |
| 11,000 Potash Corporation of Saskatchewan, Inc. | 1,578,280 |
| | ----- |
| | 3,185,710 |
| CHEMICAL -- DIVERSIFIED (0.9%) | |
| 24,000 Albemarle Corp. | 1,723,200 |
| CHEMICAL -- SPECIALTY (4.4%) | |
| 165,000 Hercules, Inc.* | 3,186,150 |
| 55,000 International Flavors & Fragrances, Inc. | 2,703,800 |
| 28,000 OM Group, Inc.* | 1,267,840 |
| 71,000 Tredegar Corp. | 1,605,310 |
| | ----- |
| | 8,763,100 |
| COMPUTER & PERIPHERALS (0.7%) | |
| 17,000 Apple, Inc.* | 1,442,280 |
| COMPUTER SOFTWARE & SERVICES (7.0%) | |
| 58,000 BMC Software, Inc.* | 1,867,600 |
| 26,000 Cognizant Technology Solutions | |

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| | |
|---|------------|
| Corp. Class A* | 2,006,160 |
| 36,000 Infosys Technologies Ltd. ADR | 1,964,160 |
| 76,000 Jack Henry & Associates, Inc. | 1,626,400 |
| 152,000 Oracle Corp.* | 2,605,280 |
| 46,000 Paychex, Inc. | 1,818,840 |
| 32,000 SEI Investments Co. | 1,905,920 |
| | ----- |
| | 13,794,360 |
| DIVERSIFIED COMPANIES (2.7%) | |
| 37,000 Acuity Brands, Inc. | 1,925,480 |
| 39,000 Honeywell International, Inc. | 1,764,360 |
| 65,000 Kadant, Inc.* | 1,584,700 |
| | ----- |
| | 5,274,540 |
| DRUG (5.1%) | |
| 30,000 Biogen Idec, Inc.* | 1,475,700 |
| 21,000 Cephalon, Inc.* | 1,478,610 |
| 45,000 Forest Laboratories, Inc.* | 2,277,000 |
| 65,000 Immucor, Inc.* | 1,899,950 |
| 50,000 Schering-Plough Corp. | 1,182,000 |
| 29,000 Sepracor, Inc.* | 1,785,820 |
| | ----- |
| | 10,099,080 |
| E-COMMERCE (2.8%) | |
| 75,000 Akamai Technologies, Inc.* | 3,984,000 |
| 100,000 Interwoven, Inc.* | 1,467,000 |
| | ----- |
| | 5,451,000 |
| ELECTRICAL EQUIPMENT (0.7%) | |
| 44,000 FLIR Systems, Inc.* | 1,400,520 |
| ELECTRONICS (2.0%) | |
| 58,000 Avnet, Inc.* | 1,480,740 |
| 42,000 Rogers Corp.* | 2,484,300 |
| | ----- |
| | 3,965,040 |
| ENTERTAINMENT (0.9%) | |
| 50,000 Walt Disney Co. (The) | 1,713,500 |
| FINANCIAL SERVICES -- | |
| DIVERSIFIED (1.7%) | |
| 23,000 American International Group, Inc. | 1,648,180 |
| 42,000 CNA Financial Corp.* | 1,693,440 |
| | ----- |
| | 3,341,620 |

See Notes to Financial Statements.

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The Value Line Fund, Inc.

Schedule of Investments

| Shares | | Value |
|---------|-------------------------------------|--------------|
| | FURNITURE/HOME | |
| | FURNISHINGS (3.1%) | |
| 155,000 | Kimball International, Inc. Class B | \$ 3,766,500 |
| 114,000 | Tempur-Pedic International, Inc.* | 2,332,440 |
| | | ----- |

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| | | |
|---------|--|-------------|
| | | 6,098,940 |
| | GROCERY (0.9%) | |
| 52,000 | Safeway, Inc. | 1,797,120 |
| | HOTEL/GAMING (0.8%) | |
| 27,000 | MGM MIRAGE* | 1,548,450 |
| | HUMAN RESOURCES (2.9%) | |
| 92,000 | AMN Healthcare Services, Inc.* | 2,533,680 |
| 107,000 | Kelly Services, Inc. Class A | 3,096,580 |
| | | ----- |
| | | 5,630,260 |
| | INDUSTRIAL SERVICES (4.3%) | |
| 54,000 | Amdocs Ltd.* | 2,092,500 |
| 51,000 | CB Richard Ellis Group, Inc. Class A* | 1,693,200 |
| 55,000 | CSG Systems International, Inc.* | 1,470,150 |
| 139,000 | TeleTech Holdings, Inc.* | 3,319,320 |
| | | ----- |
| | | 8,575,170 |
| | INFORMATION SERVICES (2.1%) | |
| 95,000 | Gartner, Inc.* | 1,880,050 |
| 55,000 | Thomson Corp. (The) | 2,279,200 |
| | | ----- |
| | | 4,159,250 |
| | INTERNET (0.8%) | |
| 37,000 | Priceline.com, Inc.* | 1,613,570 |
| | MACHINERY (3.7%) | |
| 76,000 | Lindsay Corp. | 2,481,400 |
| 34,000 | Manitowoc Company, Inc. (The) | 2,020,620 |
| 63,000 | Robbins & Myers, Inc. | 2,892,960 |
| | | ----- |
| | | 7,394,980 |
| | MEDICAL SUPPLIES (4.7%) | |
| 51,000 | Digene Corp.* | 2,443,920 |
| 90,000 | Illumina, Inc.* | 3,537,900 |
| 32,000 | Stryker Corp. | 1,763,520 |
| 20,000 | Zimmer Holdings, Inc.* | 1,567,600 |
| | | ----- |
| | | 9,312,940 |
| | METALS & MINING | |
| | DIVERSIFIED (1.7%) | |
| 19,000 | Allegheny Technologies, Inc. | 1,722,920 |
| 50,000 | Brush Engineered Materials, Inc.* | 1,688,500 |
| | | ----- |
| | | 3,411,420 |
| | NEWSPAPER (0.8%) | |
| 32,000 | E.W. Scripps Co. (The) Class A | \$1,598,080 |
| | OFFICE EQUIPMENT & SUPPLIES (2.0%) | |
| 51,000 | OfficeMax, Inc. | 2,532,150 |
| 79,000 | Xerox Corp.* | 1,339,050 |
| | | ----- |
| | | 3,871,200 |
| | OILFIELD SERVICES/ EQUIPMENT (0.8%) | |
| 19,000 | Core Laboratories N.V.* | 1,539,000 |
| | PACKAGING & CONTAINER (1.8%) | |
| 73,000 | Rock-Tenn Co. Class A | 1,979,030 |
| 23,000 | Sealed Air Corp. | 1,493,160 |
| | | ----- |
| | | 3,472,190 |
| | PRECISION INSTRUMENT (2.8%) | |

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| | | |
|---------|--------------------------------------|-----------|
| 60,000 | II-VI, Inc.* | 1,676,400 |
| 110,000 | Newport Corp.* | 2,304,500 |
| 31,000 | Waters Corp.* | 1,518,070 |
| | | ----- |
| | | 5,498,970 |
| | RECREATION (3.1%) | |
| 44,000 | Harley-Davidson, Inc. | 3,100,680 |
| 57,000 | Hasbro, Inc. | 1,553,250 |
| 68,000 | Mattel, Inc. | 1,540,880 |
| | | ----- |
| | | 6,194,810 |
| | RETAIL -- SPECIAL LINES (4.9%) | |
| 79,500 | American Eagle Outfitters, Inc. | 2,481,195 |
| 39,000 | Coach, Inc.* | 1,675,440 |
| 40,000 | Dick's Sporting Goods, Inc.* | 1,959,600 |
| 45,000 | NBTY, Inc.* | 1,870,650 |
| 110,000 | PC Connection, Inc.* | 1,631,300 |
| | | ----- |
| | | 9,618,185 |
| | RETAIL STORE (4.7%) | |
| 70,000 | Big Lots, Inc.* | 1,604,400 |
| 19,000 | J.C. Penney Company, Inc. | 1,469,840 |
| 48,000 | Kohl's Corp.* | 3,284,640 |
| 30,000 | Nordstrom, Inc. | 1,480,200 |
| 25,000 | Target Corp. | 1,426,250 |
| | | ----- |
| | | 9,265,330 |
| | SECURITIES BROKERAGE (0.9%) | |
| 22,000 | Morgan Stanley | 1,791,460 |

See Notes to Financial Statements.

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The Value Line Fund, Inc.

December 31, 2006

| Shares | | Value |
|---------|---|--------------|
| | SEMICONDUCTOR (1.7%) | |
| 120,000 | Integrated Device Technology, Inc.* | \$ 1,857,600 |
| 42,000 | NVIDIA Corp.* | 1,554,420 |
| | | ----- |
| | | 3,412,020 |
| | SEMICONDUCTOR -- EQUIPMENT (2.7%) | |
| 51,000 | ATMI, Inc.* | 1,557,030 |
| 50,000 | Novellus Systems, Inc.* | 1,721,000 |
| 43,000 | Varian Semiconductor Equipment Associates, Inc.* | 1,957,360 |
| | | ----- |
| | | 5,235,390 |
| | SHOE (0.8%) | |
| 44,000 | Steven Madden Ltd. | 1,543,960 |
| | TELECOMMUNICATION SERVICES (2.6%) | |
| 53,000 | AT&T, Inc. | 1,894,750 |

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| | | |
|--|--|----------------|
| 30,000 | BT Group PLC ADR | 1,796,700 |
| 175,000 | Qwest Communications International, Inc.* | 1,464,750 |
| | | ----- |
| | | 5,156,200 |
| | TELECOMMUNICATIONS EQUIPMENT (1.3%) | |
| 97,000 | Cisco Systems, Inc.* | 2,651,010 |
| | WIRELESS NETWORKING (1.2%) | |
| 18,000 | Research In Motion Ltd.* | 2,300,040 |
| | | ----- |
| | TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (97.6%) (Cost \$171,653,509) | \$ 192,646,635 |
| | | ----- |
| Principal Amount | | Value |
| ----- | | |
| REPURCHASE | AGREEMENTS (2.4%) | |
| \$ 2,500,000 | With Morgan Stanley & Co., 4.60%, dated 12/29/06, due 1/2/07, delivery value \$2,501,278 (collateralized by \$2,585,000 U.S. Treasury Notes 4.00%, due 4/15/10, with a value of \$2,551,374) | \$ 2,500,000 |
| 2,300,000 | With UBS Securities, LLC, 4.50%, dated 12/29/06, due 1/2/07, delivery value \$2,301,150 (collateralized by \$2,136,000 U.S. Treasury Notes 5.50%, due 8/15/28, with a value of \$2,352,967) | 2,300,000 |
| | | ----- |
| | TOTAL REPURCHASE AGREEMENTS (Cost \$4,800,000) | 4,800,000 |
| | | ----- |
| EXCESS OF LIABILITIES OVER CASH AND OTHER ASSETS (0.0%) | | (97,549) |
| | | ----- |
| NET ASSETS (100.0%) | | \$ 197,349,086 |
| | | ----- |
| NET ASSET VALUE OFFERING AND REDEMPTION PRICE, PER OUTSTANDING SHARE (\$197,349,086 \ 15,813,214 shares outstanding) | | \$ 12.48 |
| | | ----- |

* Non-income producing.

ADR American Depositary Receipt

See Notes to Financial Statements.

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Statement of Assets and Liabilities at December 31, 2006

| | |
|--|----------------|
| ----- | |
| Assets: | |
| Investment securities, at value | |
| (Cost - \$171,653,509) | \$ 192,646,635 |
| Repurchase agreements | |
| (Cost - \$4,800,000) | 4,800,000 |
| Cash | 140,175 |
| Receivable for capital shares sold | 495 |
| Interest and dividends receivable | 130,183 |
| | ----- |
| Total Assets | 197,717,488 |
| | ----- |
| Liabilities: | |
| Payable for capital shares repurchased | 144,281 |
| Accrued expenses: | |
| Advisory fee | 114,676 |
| Directors' fees and expenses | 4,698 |
| Other | 104,747 |
| | ----- |
| Total Liabilities | 368,402 |
| | ----- |
| Net Assets | \$ 197,349,086 |
| | ===== |
| Net assets consist of: | |
| Capital stock, at \$1.00 par value | |
| (authorized 50,000,000, outstanding | |
| 15,813,214 shares) | \$ 15,813,214 |
| Additional paid-in capital | 159,130,415 |
| Accumulated net realized gain on | |
| investments | 1,412,331 |
| Net unrealized appreciation of | |
| investments | 20,993,126 |
| | ----- |
| Net Assets | \$ 197,349,086 |
| | ===== |
| Net Asset Value, Offering and | |
| Redemption Price Per Outstanding | |
| Share (\$197,349,086 \ 15,813,214 | |
| shares outstanding) | \$ 12.48 |
| | ===== |

Statement of Operations for the Year Ended December 31, 2006

| | |
|---|--------------|
| ----- | |
| Investment Income: | |
| Dividends (Net of foreign withholding tax | |
| of \$10,660) | \$ 1,050,804 |
| Interest | 346,019 |
| | ----- |
| Total Income | 1,396,823 |
| | ----- |
| Expenses: | |
| Advisory fee | 1,418,348 |
| Service and distribution plan fees | 526,288 |
| Transfer agent fees | 117,500 |
| Printing and postage | 87,800 |
| Registration and filing fees | 51,994 |

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| | |
|--|--------------|
| Custodian fees | 47,885 |
| Auditing and legal fees | 40,376 |
| Insurance | 32,802 |
| Directors' fees and expenses | 20,225 |
| Telephone | 6,107 |
| Other | 11,395 |
| ----- | |
| Total Expenses Before Custody Credits and Fees Waived | 2,360,720 |
| Less: Service and Distribution Plan Fees Waived | (167,363) |
| Less: Custody Credits | (7,909) |
| ----- | |
| Net Expenses | 2,185,448 |
| ----- | |
| Net Investment Loss | (788,625) |
| ----- | |
| Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Exchange Transactions: | |
| Net Realized Gain | 11,577,224 |
| Change in Net Unrealized Appreciation/ (Depreciation) | (2,751,158) |
| ----- | |
| Net Realized Gain and Change in Net Unrealized Appreciation/(Depreciation) on Investments and Foreign Exchange Transactions | 8,826,066 |
| ----- | |
| Net Increase in Net Assets from Operations | \$ 8,037,441 |
| ===== | |

See Notes to Financial Statements.

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The Value Line Fund, Inc.

Statement of Changes in Net Assets
for the Years Ended December 31, 2006 and 2005

| | Year Ended December 31, 2006 |
|--|---------------------------------|
| | ----- |
| Operations: | |
| Net investment loss | \$ (788,625) |
| Net realized gain on investments | 11,577,224 |
| Change in net unrealized appreciation/(depreciation) | (2,751,158) |
| ----- | |
| Net increase in net assets from operations | 8,037,441 |
| ----- | |
| Distributions to Shareholders: | |
| Net realized gain from investment transactions | (17,374,630) |
| ----- | |
| Capital Share Transactions: | |
| Proceeds from sale of shares | 5,750,466 |

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| | |
|---|----------------|
| Proceeds from reinvestment of distributions to shareholders | 16,373,788 |
| Cost of shares repurchased | (29,153,331) |
| | ----- |
| Increase/(decrease) from capital share transactions | (7,029,077) |
| | ----- |
| Total Decrease in Net Assets | (16,366,266) |
| Net Assets: | |
| Beginning of year | 213,715,352 |
| | ----- |
| End of year | \$ 197,349,086 |
| | ===== |

* Numbers were previously presented rounded to thousands.

See Notes to Financial Statements.

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The Value Line Fund, Inc.

Notes to Financial Statements

1. Significant Accounting Policies

Value Line Fund, Inc. (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.

In September 2006, the Financial Accounting Standards Board (FASB) issued

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Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact the adoption of SFAS No. 157 will have on the Fund's financial statement disclosures.

(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, it is the Fund's policy to mark-to-market the collateral 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 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 provision is required.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes -- an Interpretation of FASB Statement No. 109" (the "Interpretation"). The Interpretation establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. Management has recently begun to evaluate the application of the Interpretation to the Fund, and is not in a position at this time to estimate the significance of its impact, if any, on the Fund's financial statements.

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The Value Line Fund, Inc.

December 31, 2006

(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) Foreign Currency Translation. The books and records of the Fund are maintained in U.S. dollars. Assets and liabilities which are denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of

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exchange. The Fund does not isolate changes in the value of investments caused by foreign exchange rate differences from the changes due to other circumstances.

Income and expenses are translated to U.S. dollars based upon the rates of exchange on the respective dates of such transactions.

Net realized foreign exchange gains or losses arise from currency fluctuations realized between the trade and settlement dates on securities transactions, the differences between the U.S. dollar amounts of dividends, interest, and foreign withholding taxes recorded by the Fund, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities, other than investments, at the end of the fiscal period, resulting from changes in the exchange rates. The effect of the change in foreign exchange rates on the value of investments is included in realized gain/loss on investments and change in net unrealized appreciation/depreciation on investments.

(F) Representations and Indemnifications. In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund's 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.

2. Capital Share Transactions, Dividends and Distributions to Shareholders

Transactions in capital stock were as follows:

| | Year Ended December 31, 2006 | Year Ended December 31, 2005 |
|--|---------------------------------|---------------------------------|
| | ----- | ----- |
| Shares sold | 424,616 | 572,070 |
| Shares issued to shareholders in reinvestment of dividends and distributions | 1,309,937 | 2,235,100 |
| | ----- | ----- |
| | 1,734,553 | 2,807,170 |
| Shares repurchased | (2,180,922) | (2,014,267) |
| | ----- | ----- |
| Net increase/ (decrease) | (446,369) | 792,903 |
| | ===== | ===== |
| Distributions per share from net realized gains | \$ 1.1869 | \$ 2.2223 |
| | ===== | ===== |

3. Purchases and Sales of Securities

Purchases and sales of investment securities, excluding short-term securities, were as follows:

| | Year Ended December 31, 2006 |
|-----------------------------|---------------------------------|
| | ----- |
| PURCHASES: | |
| Investment Securities | \$ 456,541,876 |
| | ===== |

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SALES:

Investment Securities \$ 477,071,847
 =====

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The Value Line Fund, Inc.

Notes to Financial Statements December 31, 2006

4. Income Taxes

At December 31, 2006, information on the tax components of capital is as follows:

| | |
|---|----------------|
| Cost of investments for tax purposes | \$ 176,453,509 |
| | ----- |
| Gross tax unrealized appreciation | \$ 23,096,802 |
| Gross tax unrealized depreciation | (2,103,676) |
| | ----- |
| Net tax unrealized appreciation on investments | \$ 20,993,126 |
| | ===== |
| Undistributed ordinary income | \$ 1,412,331 |
| | ----- |

Permanent book-tax differences relating to the current year were reclassified within the composition of the net asset accounts. The Fund decreased accumulated net investment loss by \$789,557 and decreased accumulated net realized gain by approximately \$789,557. Net assets were not affected by this reclassification. These reclasses were primarily due to differing treatments of net operating losses for tax purposes.

The tax composition of distributions to shareholders for the years ended December 31, 2006 and December 31, 2005 were as follows:

| | 2006 | 2005 |
|------------------------------|---------------|---------------|
| | ----- | ----- |
| Ordinary income | \$ 6,149,470 | \$ 24,008,033 |
| Long-term capital gain | 11,225,160 | 7,352,654 |
| | ----- | ----- |
| | \$ 17,374,630 | \$ 31,360,687 |
| | ----- | ----- |

5. Investment Advisory Fee, Service and Distribution Fees and Transactions With Affiliates

An advisory fee of \$1,418,348 was paid or payable to Value Line, Inc., the Fund's investment adviser, (the "Adviser"), for the year ended December 31, 2006. This was computed at the rate of 0.70% of the first \$100 million of the Fund's average daily net assets plus 0.65% 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

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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. Direct expenses of the Fund are charged to the Fund while common expenses of the Value Line Funds are allocated proportionately based upon the Funds' respective net assets. 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 year ended December 31, 2006, fees amounting to \$526,288 were paid or payable to the Distributor under this Plan. Effective August 31, 2006 the Distributor voluntarily waived this fee. For the year ended December 31, 2006, the fees waived amounted to \$167,363. The Distributor has no right to recoup prior waivers.

For the year ended December 31, 2006, the Fund's expenses were reduced by \$7,909 under a custody credit arrangement with the custodian.

Certain officers and directors of the Adviser and the Distributor are also officers and directors of the Fund.

The Adviser and/or affiliated companies and the Value Line, Inc. Profit Sharing and Savings Plan owned 568,734 shares of the Fund's capital stock, representing 3.60% of the outstanding shares at December 31, 2006. In addition, officers and directors of the Fund as a group owned 10,836 shares of the Fund, representing less than 1% of the outstanding shares.

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The Value Line Fund, Inc.

Financial Highlights

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

| | Years Ended Dec | | |
|---|-----------------|----------|----------|
| | 2006 | 2005 | 2004 |
| | ----- | ----- | ----- |
| Net asset value, beginning of year | \$ 13.14 | \$ 13.90 | \$ 14.00 |
| Income (loss) from Investment Operations: | | | |
| Net investment loss | (0.05) | (0.07) | (0.00) |
| Net gains or losses on securities (both realized and unrealized) | 0.58 | 1.53 | 1.00 |
| Total from investment operations | 0.53 | 1.46 | 1.00 |
| Less distributions: | | | |
| Distributions from net realized gains | (1.19) | (2.22) | (2.00) |
| | ----- | ----- | ----- |

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| | | | |
|--|------------|------------|------------|
| Net asset value, end of year | \$ 12.48 | \$ 13.14 | \$ 13.14 |
| | ===== | ===== | ===== |
| Total return | 4.00% | 10.40% | 12.40% |
| | ===== | ===== | ===== |
| Ratios/Supplemental Data: | | | |
| Net assets, end of year (in thousands) | \$ 197,349 | \$ 213,715 | \$ 215,000 |
| Ratio of expenses to average net assets(1) | 1.12%(2) | 1.13% | 1.13% |
| Ratio of net investment loss to average net assets ... | (0.37)% | (0.52)% | (0.52)% |
| Portfolio turnover rate | 224% | 224% | 224% |

(1) Ratio reflects expenses grossed up for custody credit arrangement. The ratio of expenses to average net assets net of custody credits would have been unchanged for the years ended December 31, 2006, 2005, 2004, 2003, and 2002.

(2) Ratio reflects expenses grossed up for the voluntary waiver of the service and distribution plan fee by the Distributor. The ratio of expenses to average net assets net of the voluntary fee waiver, but exclusive of the custody credit arrangement, would have been 1.04% for the year ended December 31, 2006.

See Notes to Financial Statements.

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The Value Line Fund, Inc.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of The Value Line Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Value Line Fund, Inc. (the "Fund") at December 31, 2006, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2006 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York

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February 26, 2007

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The Value Line Fund, Inc.

Federal Tax Notice (unaudited)

For corporate taxpayers, 100% of the ordinary income distribution paid during the calendar year 2006 qualify for the corporate dividends received deductions.

During the calendar year 2006, 100% of the ordinary income distribution are treated as qualified dividends.

During the calendar year 2006, the Fund distributed \$11,225,160 of long-term capital gain to its shareholders.

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.

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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. Each Director serves

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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 |
|--|--|-----------------------|--|
| <hr/> | | | |
| Interested Director* | | | |
| Jean Bernhard Buttner Age 72 | Chairman of the Board of Directors and President | Since 1983 | Chairman, President and Chief Executive Officer of Value Line Inc. (the "Adviser") and Value Line Publishing, Inc. Chairman and President of each of the 14 Value Line Funds and Value Line Securities, Inc. (the "Distributor"). |
| <hr/> | | | |
| Non-Interested Directors | | | |
| John W. Chandler 18 Victoria Lane Lanesboro, MA 01237 Age 83 | Director | Since 1991 | Consultant, Academic Search Consultation Service, Inc., 1994-2004; 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 65 | Director | Since 2000 | Customer Support Analyst, Duke Power Company. |
| Francis C. Oakley 54 Scott Hill Road Williamstown, MA 01267 Age 75 | Director | Since 2000 | Professor of History, Williams College, (1961-2002); Professor Emeritus since 2002. Professor Emeritus since 1994 and President, (1985-1994); Chairman (1993-1997) and Interim President (2002-2003) of the American Council of Learned Societies. Trustee since 1997 a Chairman of the Board since 2005, National Humanities Center |
| David H. Porter 5 Birch Run Drive Saratoga Springs, NY 12866 Age 71 | Director | Since 1997 | Visiting Professor of Classics, Williams College, since 1999; President Emeritus, Skidmore College since 1999 and President (1987-1998). |

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The Value Line Fund, Inc.

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Management of the Fund

| Name, Address, and Age | Position | Length of Time Served | Principal Occupation During the Past 5 Years |
|--|--|-----------------------|---|
| Paul Craig Roberts 169 Pompano St. Panama City Beach, FL 32413 Age 68 | Director | Since 1983 | Chairman, Institute for Political Economy. |
| Nancy-Beth Sheer 1409 Beaumont Drive Gladwyne, PA 19035 Age 58 | Director | Since 1996 | Senior Financial Adviser, Veritable L.P. (Investment Adviser) since 2004; Senior Financial Adviser Hawthorn, (2001-2004). |
| Officers | | | |
| David T. Henigson Age 49 | Vice President, Secretary and Chief Compliance Officer | Since 1994 | Director, Vice President and Compliance Officer of the Adviser. Director and Vice President of the Distributor. Vice President, Secretary, and Chief Compliance Officer of each of the 14 Value Line Funds. |
| Stephen R. Anastasio Age 47 | Treasurer | Since 2005 | Controller of the Adviser until 2003; Chief Financial Officer of the Adviser, (2003-2005); Treasurer of the Adviser since 2005. Treasurer of each of the Value Line Funds |
| Howard A. Brecher Age 53 | Assistant Secretary/ Assistant Treasurer | Since 2005 | Director, Vice President and Secretary of the Adviser. Director 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.

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.

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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 -- Value Line Premier Growth Fund seeks long-term growth of capital. No consideration is given to current income in the choice of investments.

1972 -- Value Line Larger Companies Fund's 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.

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.

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* Only available through the purchase of Guardian Investor, a tax deferred variable annuity, or Value Plus, 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, 9am - 5pm CST, Monday - Friday, or visit us at www.valueline.com. Read the prospectus carefully before you invest or send money.

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| | |
|---|---|
| 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 |
| LEGAL COUNSEL | Peter D. Lowenstein, Esq. 496 Valley Road Cos Cob, CT 06807 |
| DIRECTORS | Jean Bernhard Buttner John W. Chandler Frances T. Newton Francis C. Oakley David H. Porter Paul Craig Roberts Nancy-Beth Sheerr |
| OFFICERS | Jean Bernhard Buttner Chairman and President David T. Henigson Vice President/Secretary/ Chief Compliance Officer Stephen R. Anastasio 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

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currently effective prospectus of the Fund (obtainable from the Distributor).

#537652

Item 2. Code of Ethics

(a) The Registrant has adopted a Code of Ethics that applies to its principal executive officer, and principal financial officer and principal accounting officer.

(f) Pursuant to item 12(a), the Registrant is attaching as an exhibit a copy of its Code of Ethics that applies to its principal executive officer, and principal financial officer and principal accounting officer.

Item 3. Audit Committee Financial Expert.

(a) (1) The Registrant has an Audit Committee Financial Expert serving on its Audit Committee.

(2) The Registrant's Board has designated John W. Chandler, a member of the Registrant's Audit Committee, as the Registrant's Audit Committee Financial Expert. Mr. Chandler is an independent director who is a senior consultant with Academic Search Consultation Service. He spent most of his professional career at Williams College, where he served as a faculty member, Dean of the Faculty, and President (1973-85). He also served as President of Hamilton College (1968-73), and as President of the Association of American Colleges and Universities (1985-90). He has also previously served as Trustee Emeritus and Chairman of the Board of Trustees of Duke University.

A person who is designated as an "audit committee financial expert" shall not make such person an "expert" for any purpose, including without limitation under Section 11 of the Securities Act of 1933 or under applicable fiduciary laws, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services

(a) Audit Fees 2006 - \$26,807

(b) Audit-Related fees - None.

(c) Tax Preparation Fees 2006 -\$10,515

(d) All Other Fees - None

(e) (1) Audit Committee Pre-Approval Policy. All services to be performed for the Registrant by PricewaterhouseCoopers LLP must be pre-approved by the audit committee. All services performed were pre-approved by the committee.

(e) (2) Not applicable.

(f) Not applicable.

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(g) Aggregate Non-Audit Fees 2006 -\$10,515

(h) Not applicable.

Item 11. Controls and Procedures.

(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) Code of Business Conduct and Ethics for Principal Executive and Senior Financial Officers attached hereto as Exhibit 100.COE

(b) (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: March 12, 2007

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

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Jean B. Buttner, President, Principal Executive Officer

By: /s/ Stephen R. Anastasio

Stephen R. Anastasio, Treasurer, Principal Financial Officer

Date: March 12, 2007
