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VALUE LINE FUND INC
Form N-CSRS
September 01, 2004

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

The 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, 2004

Date of reporting period: June 30, 2004

Item I. Reports to Stockholders.

A copy of the Semi-Annual Report to Stockholders for the period ended
is included with this Form.

| | |
|---|--|
| 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 1177 Avenue of the Americas New York, NY 10036 |

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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
Brett Mitstifer
VICE PRESIDENT
Stephen E. Grant
VICE PRESIDENT
David T. Henigson
VICE PRESIDENT AND
SECRETARY/TREASURER
Joseph Van Dyke
ASSISTANT SECRETARY/TREASURER
Stephen La Rosa
ASSISTANT SECRETARY/TREASURER

THE FINANCIAL STATEMENTS INCLUDED HEREIN HAVE BEEN TAKEN FROM THE RECORDS OF THE FUND WITHOUT EXAMINATION BY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND, ACCORDINGLY, THEY DO NOT EXPRESS AN OPINION THEREON.

THIS UNAUDITED 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 FUND (OBTAINABLE FROM THE DISTRIBUTOR).

#530542

SEMI-ANNUAL REPORT

JUNE 30, 2004

THE VALUE LINE
FUND, INC.

[LOGO]

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THE VALUE LINE FUND, INC.

TO OUR VALUE LINE

TO OUR SHAREHOLDERS:

The first half of 2004 was a frustrating time for equity investors. Following new post-recession highs in the first quarter, the stock market suffered its first 5% correction since the current market rally began in early 2003. The Standard & Poor's 500-stock Index and the Dow Jones Industrial Average fell about 5%, but the corrections reached about 10% in the NASDAQ and the Russell 2000 small-cap index. Rising oil prices, the handover of power in Iraq, and the looming prospect of the first increase in interest rates in several years all contributed to a high degree of uncertainty. Corporate profit growth was the one bright spot as year-over-year growth could well exceed 20% in the first half. While equity markets do like to "climb a wall of worry", so far that climb has been a difficult one, with the S&P 500 Index(1) generating a modest 3.44% return through June 30th. The Value Line Fund returned 1.47% in the comparable period.

In managing the Fund, we rely on the Value Line Timeliness Ranking System, which favors those companies that have high current earnings, strong earnings growth, positive earnings surprises, reasonable valuations and improving relative stock-price performance. As the year began, technology and consumer discretionary stocks were favored by the Timeliness Ranking System due to strong earnings and price momentum in 2003. Indeed, the tech and consumer discretionary stocks did participate in the market gains early in the first quarter, and we increased exposure to these groups. These sectors, however, were two of the worst-performing ones for the second quarter of this year, causing us to selectively reduce our holdings and overall exposure to technology and consumer discretionary industries as earnings and/or price momentum deteriorated. The energy, industrial, and consumer staple sectors were the best performers during the first half of 2004, due to rising oil prices, expanding manufacturing demand, and some sector rotation. We increased the Fund's holdings in industrials and more than doubled the consumer staples position. We reduced the Fund's holdings in the financial sector in the first quarter in the belief that interest rates would soon rise and possibly threaten that group's earnings; the financial sector posted a small loss for the six month period. Finally, we increased investments in the health care sector.

Going forward, we remain committed to investing in those companies that show strong earnings growth and positive earnings surprises. We believe that the Fund is well positioned to benefit from today's market and economic environments, as long as corporate profits remain strong, consumers and business owners continue to spend at a moderate pace, labor markets continue to improve, and interest rates remain accommodative, albeit at levels higher than in the recent past.

We thank you for your confidence in Value Line and appreciate your continued support.

Sincerely,

/s/ Jean Bernhard Buttner

Jean Bernhard Buttner
CHAIRMAN AND PRESIDENT

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August 12, 2004

(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 U.S. economic expansion, which proceeded strongly from the middle of 2003 through the opening six months of this year, has more recently started to show some signs of fatigue. True, the business upturn is hardly collapsing, and we are still seeing improvement in the capital goods area and in certain industrial sectors. However, manufacturing, in general, is now growing more slowly than it had been, while the retail and residential construction markets are pulling back a little. Our sense is that growth will now proceed at a moderate 3% to 4% rate over the next several quarters to a year.

The slowing in growth may well have positive ramifications. That is because the current deceleration in economic activity appears mild and seems unlikely to evolve into a full-fledged slowdown barring another surge in oil prices. (Higher oil prices limit economic growth by taking money out of the pockets of consumers and businesses). If we are correct and the economy shifts to a modestly slower, but sustainable pace, with accompanying lower inflation, the Federal Reserve, which has increased interest rates twice in the past several months, might well be inclined to proceed slowly and somewhat cautiously in raising rates over the next several months.

Our current benign economic forecast, it should be noted, excludes any allowance for a further escalation in global military conflict or a new act of terrorism, neither of which can be accurately predicted as to scope or timing.

PERFORMANCE DATA:**

| | AVERAGE ANNUAL TOTAL RETURN | GROWTH OF AN ASSUMED INVESTMENT OF \$10,000 |
|------------------------------|--------------------------------|--|
| 1 year ended 6/30/04 | +8.76% | \$10,876 |
| 5 years ended 6/30/04 | -6.11% | \$ 7,297 |
| 10 years ended 6/30/04 | +7.50% | \$20,620 |

** 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 PERFORMANCE DATA DO NOT REFLECT THE DEDUCTION OF TAXES THAT A SHAREHOLDER WOULD PAY ON FUND DISTRIBUTIONS OR THE REDEMPTION OF FUND SHARES. CURRENT PERFORMANCE MAY BE

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LOWER OR HIGHER THAN THE PERFORMANCE DATA QUOTED. CALL 1-800-243-2729 TO
OBTAIN PERFORMANCE DATA CURRENT TO THE MOST RECENT MONTH-END.

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THE VALUE LINE FUND, INC.

PORTFOLIO HIGHLIGHTS AT JUNE 30, 2004 (UNAUDITED)

Ten Largest Holdings

| ISSUE | SHARES | VALUE (IN THOUSANDS) | PERCENTAGE OF NET ASSETS |
|--------------------------------|---------|-------------------------|-----------------------------|
| Research In Motion Ltd. | 54,266 | \$3,714 | 1.8% |
| Waters Corp. | 70,100 | 3,349 | 1.6 |
| Navigant Consulting, Inc. | 154,300 | 3,308 | 1.6 |
| Genentech, Inc. | 58,700 | 3,299 | 1.6 |
| Norfolk Southern Corp. | 124,000 | 3,289 | 1.6 |
| Yahoo! Inc. | 90,500 | 3,288 | 1.6 |
| Georgia-Pacific Corp. | 88,900 | 3,288 | 1.6 |
| Qualcomm Incorporated | 45,000 | 3,284 | 1.6 |
| Copart, Inc. | 122,800 | 3,279 | 1.6 |
| Helen of Troy Ltd. | 88,800 | 3,274 | 1.6 |

FIVE LARGEST INDUSTRY CATEGORIES

| INDUSTRY | VALUE (IN THOUSANDS) | PERCENTAGE OF NET ASSETS |
|----------------------------|-------------------------|-----------------------------|
| Retail-Special Lines | \$14,948 | 7.2% |
| Medical Supplies | 13,996 | 6.8 |
| Toiletries/Cosmetics | 10,768 | 5.2 |
| Drug | 10,115 | 4.9 |
| Electronics | 8,531 | 4.1 |

FIVE LARGEST NET SECURITY PURCHASES*

| ISSUE | COST (IN THOUSANDS) |
|--|------------------------|
| Archer-Daniels-Midland Co. | \$3,325 |
| Georgia-Pacific Corp. | 3,307 |
| Telecom Corp. of New Zealand Ltd. | 3,293 |
| Motorola, Inc. | 3,270 |
| ResMed Inc. | 3,237 |

FIVE LARGEST NET SECURITY SALES*

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| ISSUE | PROCEEDS (IN THOUSANDS) |
|-------------------------------------|----------------------------|
| Citigroup, Inc. | \$6,983 |
| Lehman Brothers Holdings, Inc. | 6,558 |
| Medtronic, Inc. | 6,070 |
| Cisco Systems, Inc. | 5,844 |
| Omnicom Group, Inc. | 5,613 |

* FOR THE SIX MONTH PERIOD ENDED 6/30/04

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THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

JUNE 30, 2004

| SHARES | VALUE (IN THOUSANDS) |
|--|---|
| COMMON STOCKS (97.4%) | |
| AEROSPACE/DEFENSE (2.1%) | |
| 95,300 | Armor Holdings, Inc.* \$3,240 |
| 16,400 | L-3 Communications Holdings, Inc. 1,096 |
| | ----- |
| | 4,336 |
| AUTO PARTS (0.5%) | |
| 33,800 | Modine Manufacturing Co. 1,077 |
| BEVERAGE -- SOFT DRINK (0.5%) | |
| 50,000 | PepsiAmericas, Inc. 1,062 |
| BIOTECHNOLOGY (3.2%) | |
| 58,700 | Genentech, Inc.* 3,299 |
| 45,200 | Invitrogen Corp.* 3,254 |
| | ----- |
| | 6,553 |
| CHEMICAL -- DIVERSIFIED (1.6%) | |
| 69,500 | Eastman Chemical Company 3,213 |
| COMPUTER SOFTWARE & SERVICES (3.6%) | |
| 24,700 | Autodesk, Inc. 1,057 |
| 131,500 | Macromedia, Inc.* 3,228 |
| 74,000 | Symantec Corp.* 3,240 |
| | ----- |
| | 7,525 |
| DRUG (4.9%) | |
| 50,600 | Biogen Idec, Inc.* 3,200 |
| 18,300 | Celgene Corp.* 1,048 |

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| | | |
|---------|-----------------------------|--------|
| 20,000 | Cephalon, Inc.* | 1,080 |
| 27,700 | Covance Inc.* | 1,069 |
| 37,500 | ImClone Systems Inc.* | 3,217 |
| 14,600 | Pfizer, Inc. | 501 |
| | | ----- |
| | | 10,115 |
| | E-COMMERCE (0.5%) | |
| 174,700 | Sapient Corp.* | 1,050 |

| SHARES | | VALUE (IN THOUSANDS) |
|---------|---|-------------------------|
| ----- | | |
| | EDUCATIONAL SERVICES (2.1%) | |
| 12,100 | Apollo Group, Inc. Class "A"* | \$1,068 |
| 36,300 | University of Phoenix Online* | 3,180 |
| | | ----- |
| | | 4,248 |
| | ELECTRICAL EQUIPMENT (2.1%) | |
| 19,400 | FLIR Systems, Inc.* | 1,065 |
| 118,000 | Thomas & Betts Corp.* | 3,213 |
| | | ----- |
| | | 4,278 |
| | ELECTRONICS (4.1%) | |
| 77,400 | Agilysys, Inc. | 1,067 |
| 121,400 | Arrow Electronics, Inc.* | 3,256 |
| 35,100 | Harman International Industries, Inc. | 3,194 |
| 14,500 | Rogers Corp.* | 1,014 |
| | | ----- |
| | | 8,531 |
| | ENTERTAINMENT (0.7%) | |
| 25,000 | Radio One, Inc. Class "A"* | 403 |
| 66,900 | Radio One, Inc. Class "D"* | 1,071 |
| | | ----- |
| | | 1,474 |
| | ENTERTAINMENT TECHNOLOGY (0.9%) | |
| 116,000 | Pixelworks, Inc.* | 1,777 |
| | FINANCIAL SERVICES -- DIVERSIFIED (1.5%) | |
| 44,500 | American International Group, Inc. | 3,172 |
| | FOOD PROCESSING (2.1%) | |
| 193,400 | Archer-Daniels-Midland Co | 3,245 |
| 52,300 | Tyson Foods, Inc. Class "A" | 1,096 |
| | | ----- |
| | | 4,341 |
| | FOREIGN TELECOMMUNICATIONS (1.6%) | |
| 108,000 | Telecom Corp. of New Zealand Ltd. (ADR) | 3,218 |

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SCHEDULE OF INVESTMENTS (UNAUDITED)

| SHARES | | VALUE (IN THOUSANDS) |
|---------|---|----------------------------------|
| | GROCERY (0.5%) | |
| 11,300 | Whole Foods Market, Inc. | \$1,079 |
| | HEALTHCARE INFORMATION SYSTEMS (1.6%) | |
| 115,600 | eResearch Technology, Inc.* | 3,237 |
| | HOME APPLIANCE (0.5%) | |
| 15,100 | Toro Company (The) | 1,058 |
| | HOTEL/GAMING (0.5%) | |
| 21,800 | Station Casinos, Inc. | 1,055 |
| | HOUSEHOLD PRODUCTS (0.5%) | |
| 23,200 | Church & Dwight Co., Inc. | 1,062 |
| | HUMAN RESOURCES (1.5%) | |
| 164,500 | Korn/Ferry International * | 3,186 |
| | INDUSTRIAL SERVICES (3.2%) | |
| 122,800 | Copart, Inc.* | 3,279 |
| 154,300 | Navigant Consulting, Inc.* | 3,308 |
| | | ----- 6,587 |
| | INFORMATION SERVICES (0.5%) | |
| 18,700 | Getty Images, Inc.* | 1,122 |
| | INSURANCE -- PROPERTY/CASUALTY (1.6%) | |
| 105,500 | American Financial Group, Inc. | 3,225 |
| | INTERNET (2.6%) | |
| 96,200 | E*TRADE Financial Corp.* | 1,073 |
| 11,600 | eBay, Inc.* | 1,066 |
| 90,500 | Yahoo! Inc.* | 3,288 |
| | | ----- 5,427 |
| | MACHINERY (1.6%) | |
| 70,800 | Stanley Works (The) | 3,227 |
| | | ----- VALUE (IN THOUSANDS) |
| | MEDICAL SERVICES (2.6%) | |
| 12,700 | Aetna Inc. | \$1,079 |
| 12,200 | Anthem, Inc.* | 1,093 |
| 36,000 | DaVita Inc.* | 1,110 |
| 26,700 | Laboratory Corp. of America | |

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| | | |
|---------|--|--------|
| | Holdings* | 1,060 |
| 12,600 | Quest Diagnostics, Inc. | 1,070 |
| | | ----- |
| | | 5,412 |
| | MEDICAL SUPPLIES (6.8%) | |
| 18,900 | Bard (C.R.), Inc. | 1,071 |
| 22,600 | Charles River Laboratories | |
| | International, Inc.* | 1,105 |
| 18,500 | Fisher Scientific International, | |
| | Inc.* | 1,068 |
| 50,700 | IDEXX Laboratories, Inc.* | 3,191 |
| 63,400 | ResMed Inc.* | 3,231 |
| 19,400 | Stryker Corp. | 1,067 |
| 37,000 | Zimmer Holdings, Inc.* | 3,263 |
| | | ----- |
| | | 13,996 |
| | METALS & MINING -- | |
| | DIVERSIFIED (0.9%) | |
| 100,000 | Brush Engineered | |
| | Materials Inc.* | 1,890 |
| | NATURAL GAS -- | |
| | DIVERSIFIED (2.1%) | |
| 107,200 | Patina Oil & Gas Corp. | 3,202 |
| 37,500 | Southwestern Energy Co.* | 1,075 |
| | | ----- |
| | | 4,277 |
| | OILFIELD SERVICES/ EQUIPMENT (1.6%) | |
| 50,800 | Schlumberger Ltd | 3,226 |
| | PAPER & FOREST PRODUCTS (3.2%) | |
| 88,900 | Georgia-Pacific Corp. | 3,288 |
| 78,000 | Potlatch Corp. | 3,248 |
| | | ----- |
| | | 6,536 |

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THE VALUE LINE FUND, INC.

JUNE 30, 2004

| SHARES | | VALUE (IN THOUSANDS) |
|---------|-----------------------------------|-------------------------|
| | PHARMACY | |
| | SERVICES (2.6%) | |
| 54,200 | Accredo Health, Inc.* | \$2,111 |
| 76,000 | CVS Corp. | 3,194 |
| | | ----- |
| | | 5,305 |
| | PRECISION | |
| | INSTRUMENT (3.2%) | |
| 108,700 | Agilent Technologies, Inc.* | 3,183 |

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| | | |
|---------|--|----------------|
| 70,100 | Waters Corp* | 3,349 |
| | | ----- |
| | | 6,532 |
| | RAILROAD (1.6%) | |
| 124,000 | Norfolk Southern Corp. | 3,289 |
| | RESTAURANT (0.7%) | |
| 15,000 | Landry's Restaurants, Inc. | 448 |
| 24,500 | Starbucks Corp.* | 1,065 |
| | | ----- |
| | | 1,513 |
| | RETAIL BUILDING | |
| | SUPPLY (1.5%) | |
| 90,700 | Home Depot, Inc. (The) | 3,193 |
| | RETAIL--SPECIAL | |
| | LINES (7.2%) | |
| 111,200 | American Eagle Outfitters, Inc.* | 3,215 |
| 362,300 | Charming Shoppes, Inc.* | 3,235 |
| 23,800 | Coach, Inc.* | 1,075 |
| 43,900 | Gap, Inc. (The) | 1,065 |
| 23,500 | Guitar Center, Inc..* | 1,045 |
| 32,500 | PETSMART, Inc. | 1,055 |
| 118,500 | Rent-Way, Inc.* | 1,066 |
| 52,400 | Urban Outfitters, Inc.* | 3,192 |
| | | ----- |
| | | 14,948 |
| | RETAIL STORE (1.5%) | |
| 85,000 | Penney (J.C.) Co., Inc. | 3,210 |
| | SEMICONDUCTOR (1.6%) | |
| 177,400 | Motorola, Inc. | 3,237 |
| | | |
| | | VALUE |
| SHARES | | (IN THOUSANDS) |
| | | ----- |
| | TELECOMMUNICATION | |
| | SERVICES (3.1%) | |
| 120,000 | Nextel Communications, Inc. | |
| | Class "A"* | \$3,199 |
| 112,700 | Western Wireless Corp. | |
| | Class "A"* | 3,258 |
| | | ----- |
| | | 6,457 |
| | TELECOMMUNICATIONS | |
| | EQUIPMENT (3.1%) | |
| 120,600 | Marvell Technology Group Ltd.* | 3,220 |
| 45,000 | QUALCOMM Inc. | 3,284 |
| | | ----- |
| | | 6,504 |
| | TOILETRIES/COSMETICS (5.2%) | |
| 23,400 | Avon Products, Inc. | 1,080 |
| 111,400 | Chattem, Inc.* | 3,216 |
| 88,800 | Helen of Troy Ltd..* | 3,274 |
| 126,300 | Nu Skin Enterprises, Inc. | |
| | Class "A" | 3,198 |
| | | ----- |
| | | 10,768 |
| | TRUCKING (0.5%) | |
| 28,000 | Hunt (J.B.) Transport | |
| | Services, Inc. | 1,080 |

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| | |
|---|---------|
| WIRELESS NETWORKING (1.8%) | |
| 54,266 Research In Motion Ltd.* | 3,714 |
| | ----- |
| TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (97.4%) (COST \$187,804,000) | 201,322 |
| | ----- |

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THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

JUNE 30, 2004

| PRINCIPAL AMOUNT (IN THOUSANDS) | VALUE (IN THOUSANDS EXCEPT PER SHARE AMOUNT) |
|---|---|
| ----- | |
| REPURCHASE AGREEMENT (4.0%) (INCLUDING ACCRUED INTEREST) | |
| \$ 8,300 | |
| Collateralized by \$8,606,000 U.S. Treasury Bonds 5.25%, due 11/15/28, with a value of \$8,489,000 (with UBS Warburg LLC, 1.22%, dated 6/30/04, due 7/1/04, delivery value \$8,300,281) | \$ 8,300 |
| | ----- |
| EXCESS OF LIABILITIES OVER CASH AND OTHER ASSETS (-1.4%) | (2,935) |
| | ----- |
| NET ASSETS (100.0%) | \$206,687 |
| | ===== |
| NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER OUTSTANDING SHARE (\$206,686,540 - 14,289,902 SHARES OF CAPITAL STOCK OUTSTANDING) | \$ 14.46 |
| | ===== |

*NON-INCOME PRODUCING

(ADR) AMERICAN DEPOSITORY RECEIPTS.

SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC

STATEMENT OF ASSETS AND LIABILITIES
AT JUNE 30, 2004 (UNAUDITED)

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED

| | (IN THOUSANDS EXCEPT PER SHARE AMOUNT) | |
|--|--|-------------------------------|
| <hr/> | | |
| ASSETS: | | INVESTMENT INCOME: |
| Investment securities, at value | | Dividends (Net of foreign |
| (Cost - \$187,804) | \$201,322 | taxes of \$12) |
| Repurchase agreement | | Interest |
| (Cost - \$8,300) | 8,300 | |
| Cash | 46 | Total Income |
| Receivable for securities sold | 27,885 | |
| Dividends receivable | 40 | EXPENSES: |
| Receivable for capital shares sold | 2 | Advisory fee |
| Prepaid expenses | 20 | Service and distribution |
| | ----- | Transfer agent fees |
| TOTAL ASSETS | 237,615 | Auditing and legal fees |
| | ----- | Printing |
| LIABILITIES: | | Custodian fees |
| Payable for securities purchased | 30,603 | Postage |
| Payable for capital shares repurchased | 98 | Insurance, dues and other |
| Accrued expenses: | | Registration and filing |
| Advisory fee | 112 | Telephone |
| Service and distribution plan fees | | Directors' fees and expenses |
| payable | 42 | |
| Other | 73 | Total Expenses before |
| | ----- | Less: Custody Credits |
| TOTAL LIABILITIES | 30,928 | Net Expenses |
| | ----- | |
| NET ASSETS | \$206,687 | NET INVESTMENT LOSS |
| | ===== | |
| NET ASSETS CONSIST OF: | | NET REALIZED AND UNREALI |
| Capital stock, at \$1.00 par value | | INVESTMENTS: |
| (authorized 50,000,000, outstanding | | Net Realized Gain ... |
| 14,289,902 shares) | \$ 14,290 | Change in Net Unreali |
| Additional paid-in capital | 142,353 | Appreciation |
| Accumulated net investment loss | (578) | |
| Undistributed net realized gain on | | NET REALIZED GAIN AND CH |
| investments | 37,104 | UNREALIZED APPRECIATIO |
| Net unrealized appreciation of | | INVESTMENTS |
| investments | 13,518 | |
| | ----- | NET INCREASE IN NET ASSE |
| NET ASSETS | \$206,687 | OPERATIONS |
| | ===== | |
| NET ASSET VALUE, OFFERING AND | | |
| REDEMPTION PRICE PER OUTSTANDING | | |
| SHARE (\$206,686,540 - 14,289,902 | | |
| SHARES OUTSTANDING) | \$ 14.46 | |
| | ===== | |

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SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS FOR THE
SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2003

| | SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED) | YEAR ENDED DECEMBER 31, 2003 |
|---|---|------------------------------------|
| (IN THOUSANDS) | | |
| OPERATIONS: | | |
| Net investment loss | \$ (578) | \$ (397) |
| Net realized gain on investments | 21,758 | 42,700 |
| Change in net unrealized appreciation | (18,124) | (10,197) |
| Net increase in net assets from operations | 3,056 | 32,106 |
| DISTRIBUTIONS TO SHAREHOLDERS: | | |
| Net realized gain from investment transactions | -- | (22,708) |
| CAPITAL SHARE TRANSACTIONS: | | |
| Proceeds from sale of shares | 2,249 | 59,344 |
| Proceeds from reinvestment of distributions to shareholders | -- | 21,413 |
| Cost of shares repurchased | (14,665) | (80,446) |
| Net (decrease) increase from capital share transactions | (12,416) | 311 |
| TOTAL (DECREASE) INCREASE IN NET ASSETS | (9,360) | 9,709 |
| NET ASSETS: | | |
| Beginning of period | 216,047 | 206,338 |
| End of period | \$ 206,687 | \$ 216,047 |
| ACCUMULATED NET INVESTMENT LOSS, END OF PERIOD | \$ (578) | \$ -- |

SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 2004

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.

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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 and over-the-counter securities traded on the NASDAQ national market are valued at the closing sales prices on the date as of which the net asset value is being determined. 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. 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. 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 midpoint between the latest available and representative asked and bid prices, and commencing 60 days prior to maturity such securities are valued at amortized cost.

(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 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 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.

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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, 2004 (UNAUDITED) | YEAR ENDED DECEMBER 31, 2003 |
|--|---|---------------------------------------|
| Shares sold | 158 | 4,159 |
| Shares issued to shareholders in reinvestment of dividends and distributions | -- | 1,520 |
| Shares repurchased | 158 (1,029) | 5,679 (5,608) |
| Net (decrease) increase | (871) | 71 |
| Distributions per share from net realized gains | \$ -- | \$ 1.6269 |

3. PURCHASES AND SALES OF SECURITIES

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

| | SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED) |
|-----------------------------|---|
| | (IN THOUSANDS) |
| PURCHASES: | |
| Investment Securities | \$362,108 |
| SALES: | |
| Investment Securities | \$372,966 |

4. INCOME TAXES

At June 30, 2004, information on the tax components of capital is as follows:
 (unaudited)

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(IN THOUSANDS)

| | |
|---|-----------|
| Cost of investments for tax purposes | \$196,105 |
| | ===== |
| Gross tax unrealized appreciation | \$15,194 |
| Gross tax unrealized depreciation | (1,677) |
| | ----- |
| Net tax unrealized appreciation on investments | \$13,517 |
| | ===== |

Net realized gains/losses differ for financial statement and tax purposes primarily due to differing treatments of wash sales.

5. INVESTMENT ADVISORY CONTRACT, MANAGEMENT FEES AND TRANSACTIONS WITH AFFILIATES

An advisory fee of \$701,000 was paid or payable to Value Line, Inc., the Fund's investment adviser (the "Adviser"), for the six months ended June 30, 2004. 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

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THE VALUE LINE FUND, INC.

JUNE 30, 2004

months ended June 30, 2004, fees amounting to \$260,000 were paid or payable to the Distributor under this Plan.

Certain officers and directors of the Adviser and its wholly owned subsidiary, Value Line Securities, Inc. (the Fund's distributor and a registered broker/dealer), are also officers and directors of the Fund. During the six months ended June 30, 2004, the Fund paid brokerage commissions totaling \$363,000 to the Distributor, which clears its transactions through unaffiliated brokers.

For the six months ended June 30, 2004, the Fund's expenses were reduced by \$2,000 under a custody credit arrangement with the Custodian.

The Adviser and/or affiliated companies and the Value Line, Inc. Profit Sharing

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and Savings Plan owned 415,185 shares of the Fund's capital stock, representing 2.9% of the outstanding shares at June 30, 2004.

PROXY VOTING

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

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THE VALUE LINE FUND, INC.
Financial Highlights

SELECTED DATA FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD:

| | SIX MONTHS ENDED JUNE 30, 2004 (UNAUDITED) | ----- 2003 | 2002 | YEARS ENDED DECEMBER ----- 2001 |
|--|---|---------------|----------|---------------------------------------|
| NET ASSET VALUE, BEGINNING OF PERIOD | \$ 14.25 | \$ 13.67 | \$ 18.49 | \$ 21.37 |
| ----- | | | | |
| INCOME (LOSS) FROM INVESTMENT OPERATIONS: | | | | |
| Net investment loss | (.04) | (.03) | (.05) | (.04) |
| Net gains or losses on securities (both realized and unrealized) | .25 | 2.24 | (4.64) | (2.70) |
| ----- | | | | |
| Total from investment | | | | |

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| | | | | |
|--|------------|------------|------------|------------|
| operations | .21 | 2.21 | (4.69) | (2.74) |
| ----- | | | | |
| LESS DISTRIBUTIONS: | | | | |
| Distributions from net realized gains | -- | (1.63) | (.13) | (.14) |
| ----- | | | | |
| Total distributions | -- | (1.63) | (.13) | (.14) |
| ----- | | | | |
| NET ASSET VALUE, END OF PERIOD | \$ 14.46 | \$ 14.25 | \$ 13.67 | \$ 18.49 |
| ===== | | | | |
| TOTAL RETURN | 1.47%+ | 16.28% | -25.35% | -12.82% |
| ===== | | | | |
| RATIOS/SUPPLEMENTAL DATA: | | | | |
| Net assets, end of period (in thousands) | \$ 206,687 | \$ 216,047 | \$ 206,338 | \$ 303,034 |
| Ratio of expenses to average net assets (1) | 1.13%* | 1.13% | 1.11% | 1.04% |
| Ratio of net investment loss to average net assets | (0.56)%* | (0.19)% | (0.31)% | (.18)% |
| Portfolio turnover rate | 180%+ | 129% | 33% | 45% |

(1) RATIOS 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, 2004 (UNAUDITED), AND FOR THE YEARS ENDED DECEMBER 31, 2003, 2002, 2000, AND 1999.

*ANNUALIZED

+NOT ANNUALIZED

SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC.

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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 -- 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.

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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 offers investors a choice of two portfolios: The Money Market Portfolio and The National Bond Portfolio. 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.

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Item 2. Code of Ethics.

Not applicable.

Item 3. Audit Committee Financial Expert.

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Not applicable.

Item 10. 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-3(c) under the Act (17 CFR 270.30a-3(c)) based on their evaluation of these controls and procedures as of the date within 90 days of 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 11. Exhibits.

-
- (a) Certifications of principal executive officer and principal financial officer of the registrant.

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: August 31, 2004

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

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Date: August 31, 2004
