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VALUE LINE FUND INC
Form N-CSRS
September 05, 2003

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, 2003

Date of reporting period: June 30, 2003

Item I. Reports to Stockholders.

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

Item 2. Code of Ethics

Not applicable.

Item 3. Audit Committee Financial Expert.

Not applicable.

Item 9. 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.

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- (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 10. Exhibits.

- (a) Not applicable.
- (b) (1) Certification pursuant to Rule 30a-2 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: August 29, 2003

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

By: /s/ Jean B. Buttner

Jean B. Buttner, President, Principal Executive Officer

By: /s/ David T. Henigson

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

Date: August 29, 2003

SEMI-ANNUAL REPORT

JUNE 30, 2003

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THE VALUE LINE

FUND, INC.

[LOGO] VALUE LINE
NO-LOAD
MUTUAL
FUNDS

| | |
|--------------------------------|---|
| 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 NFDS P.O. Box 219729 Kansas City, MO 64121-9729 |
| INDEPENDENT ACCOUNTANTS | PricewaterhouseCoopers LLP 1177 Avenue of the Americas New York, NY 10036 |
| 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 Nancy L. Bendig VICE 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 |

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THE FINANCIAL STATEMENTS INCLUDED HEREIN HAVE BEEN TAKEN FROM THE RECORDS OF THE FUND WITHOUT EXAMINATION BY THE INDEPENDENT ACCOUNTANTS 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).

#526701

THE VALUE LINE FUND, INC.

TO OUR VALUE LINE

TO OUR SHAREHOLDERS:

Equity market returns over the first half of 2003, particularly since the lows of mid-March, have been strong. During January and February, the threat of war with Iraq had a dampening effect on the market. However, with the fighting and bombing that marked the inception of the war on March 19th, the uncertainty that Wall Street finds so unsettling was eliminated. Thus began a rally that was further fueled by the short length of the war, which appeased those who were worried about the economic impact of a protracted engagement.

For the first half of 2003, the Fund returned 8.49% versus 11.76% for the S&P 500(1).

As of June 30, 2003, the portfolio remained more heavily invested in consumer discretionary stocks -- particularly retailers and homebuilders -- than the S&P 500. Earnings growth in this group has been strong, which reflects the powerful boost the consumer has provided to the economy during this multi-year bear market. While our concentration in retailing stocks was beneficial during the first quarter of 2003, many of these stocks suffered during the June quarter as investors questioned whether the consumer would continue to spend in the face of ongoing job cuts and a lackluster economy. The portfolio was also overweighted in the health care sector, as many names in this group have shown above-average growth rates. Here, we saw stock gains in the pharmaceutical, biotechnology, pharmacy benefit manager and managed care companies. The portfolio was less invested than its benchmark in those industries that are less favored by our Timeliness Ranking System. As a case in point, we had limited exposure to technology, both information technology and telecommunications services, which was clearly a hindrance as we saw many companies in these sectors produce large gains during the spring rally. However, the improvement in earnings necessary to move stocks in this group higher in the Timeliness Ranking System has not yet materialized; that is, stock prices have increased in advance of earnings growth, precluding us from participating more fully in the technology sector.

In terms of positioning the portfolio, we believe that a recovery in the economy -- however slowly that may unfold -- will buoy sectors beyond those dependent upon the consumer. Therefore, we will be making a concerted effort to continue shifting assets from the overweighted consumer discretionary area to the currently underweighted industrials and information technology sectors as they move up in the Value Line Timeliness Ranking System. These groups should benefit as corporations begin to spend again.

First-quarter results were generally better than expected, and since then,

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there have been some signs that business activity is no longer declining. In the second quarter, upside earnings surprises were more prevalent than downward surprises. Revenue growth, however, remained somewhat elusive. Instead, improvements in profitability appear to be a function of the widespread business belt-tightening that we have seen over the past few years. Nonetheless, the potential for corporate profits in the future looks promising. That is, corporations have become so lean and cost-efficient that they should realize significant gains in a more favorable economic environment.

We thank you for your continued confidence in Value Line.

Sincerely,

/s/ Jean Bernhard Buttner

Jean Bernhard Buttner
CHAIRMAN AND PRESIDENT

August 22, 2003

(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 recovery, which had been proceeding at an uninspiring pace for the better part of two years, showed a bit more spirit in the second quarter of this year, as the nation's gross domestic product increased at a modest 2.4% rate, pushed forward by a selective recovery in manufacturing, by strong housing demand, and by improving retail sales. True, there were still pockets of weakness around, most notably in the employment area, where non-farm payrolls declined further and the unemployment rate climbed above 6%. Overall, though, the economic picture at the end of the opening half was a lot brighter than it had been at the start of the year, when talk of a possible double-dip recession was still being heard.

Now, as we make our way through the second half of 2003, we are starting to see evidence of a further improvement in business activity, with both the retail and manufacturing sectors strengthening even more, albeit still selectively, while housing remains resilient. The weak link in the recovery chain is still the employment situation, which, at best, is starting to show signs of stability following months of steady erosion. The ongoing support of the Federal Reserve, which continues to maintain its low-interest-rate policies, along with the earlier passage of a tax cut and fiscal stimulus package, should provide the additional help needed by the economy to push GDP growth up into the 3.5% to 4% range during the second half of the year.

Inflation, meantime, remains muted, thanks, in part, to subdued labor costs. Adequate supplies of raw materials are also helping to keep the costs of production low. We caution, though, that as the U.S. economy moves further along the recovery trail over the next several years, some increase in pricing pressures may emerge. Absent a stronger long-term business recovery than we now

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envision, or a resumption of the earlier sharp rise in oil and gas prices stemming from a surprisingly long conflict in the Middle East, inflation should remain in check through the latter years of this decade. Long-term interest rates, which have moved higher recently, as the economy has perked up, should stabilize at modestly higher levels over the next several years.

PERFORMANCE DATA:**

| | AVERAGE ANNUAL TOTAL RETURN | GROWTH OF AN ASSUMED INVESTMENT OF \$10,000 |
|------------------------------|--------------------------------|--|
| 1 year ended 6/30/03 | -7.05% | \$ 9,295 |
| 5 years ended 6/30/03 | -4.01% | \$ 8,148 |
| 10 years ended 6/30/03 | 5.65% | \$17,322 |

** 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.

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THE VALUE LINE FUND, INC.

PORTFOLIO HIGHLIGHTS AT JUNE 30, 2003 (UNAUDITED)

TEN LARGEST HOLDINGS

| ISSUE | SHARES | VALUE (IN THOUSANDS) | PERCENTAGE OF NET ASSETS |
|--|---------|-------------------------|-----------------------------|
| Amgen Inc. | 115,000 | \$7,703 | 3.6% |
| Citigroup, Inc. | 150,000 | 6,420 | 3.0 |
| Fifth Third Bancorp | 109,500 | 6,279 | 2.9 |
| Pfizer, Inc. | 182,500 | 6,232 | 2.9 |
| Harley-Davidson, Inc. | 150,000 | 5,979 | 2.8 |
| Kohl's Corp. | 107,000 | 5,498 | 2.6 |
| General Electric Co. | 187,500 | 5,377 | 2.5 |
| HCA, Inc. | 166,500 | 5,335 | 2.5 |
| Bed Bath & Beyond Inc. | 135,500 | 5,259 | 2.4 |
| American International Group, Inc. ... | 94,000 | 5,187 | 2.4 |

FIVE LARGEST INDUSTRY CATEGORIES

| INDUSTRY | VALUE (IN THOUSANDS) | PERCENTAGE OF NET ASSETS |
|--|-------------------------|-----------------------------|
| Medical Supplies | \$ 19,011 | 8.8% |
| Financial Services - Diversified | 14,439 | 6.7 |
| Computer Software & Services | 12,815 | 5.9 |
| Retail Store | 12,542 | 5.8 |
| Medical Services | 11,036 | 5.1 |

FIVE LARGEST NET SECURITY PURCHASES*

| ISSUE | COST (IN THOUSANDS) |
|-------|------------------------|
| ----- | ----- |

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| | |
|---|---------|
| Microsoft Corp. | \$4,489 |
| Omnicom Group, Inc. | 3,278 |
| Federal National Mortgage Association | 3,017 |
| Noble Corporation | 2,206 |
| Staples, Inc. | 2,156 |

FIVE LARGEST NET SECURITY SALES*

| ISSUE | PROCEEDS (IN THOUSANDS) |
|-----------------------------|----------------------------|
| Bed Bath & Beyond Inc. | \$4,678 |
| Amgen Inc. | 3,127 |
| Walgreen Co. | 3,019 |
| Costco Wholesale Corp. | 2,304 |
| eBay, Inc. | 1,951 |

* FOR THE SIX MONTH PERIOD ENDED 6/30/03

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THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

JUNE 30, 2003

| SHARES | | VALUE (IN THOUSANDS) |
|-----------------------|--|-------------------------|
| COMMON STOCKS (92.7%) | | |
| | ADVERTISING (1.5%) | |
| 45,500 | Omnicom Group, Inc. | \$3,262 |
| | AEROSPACE/DEFENSE (1.5%) | |
| 44,000 | General Dynamics Corp. | 3,190 |
| | BANK (2.5%) | |
| 44,000 | Wells Fargo & Co. | 2,218 |
| 62,500 | Zions Bancorporation | 3,163 |
| | | ----- |
| | | 5,381 |
| | BANK -- MIDWEST (4.3%) | |
| 109,500 | Fifth Third Bancorp | 6,279 |
| 120,000 | U.S. Bancorp | 2,940 |
| | | ----- |
| | | 9,219 |
| | BEVERAGE -- | |
| | ALCOHOLIC (1.0%) | |
| 40,500 | Anheuser-Busch Companies, Inc. | 2,068 |
| | BEVERAGE -- | |
| | SOFT DRINK (2.5%) | |
| 67,500 | Coca-Cola Co. | 3,133 |
| 49,000 | PepsiCo, Inc. | 2,180 |
| | | ----- |
| | | 5,313 |
| | BIOTECHNOLOGY (3.6%) | |
| 115,000 | Amgen Inc.* | 7,703 |
| | BUILDING MATERIALS (0.8%) | |
| 40,500 | Jacobs Engineering Group, Inc.* | 1,707 |
| | CHEMICAL -- | |
| | SPECIALTY (1.5%) | |
| 59,000 | Airgas, Inc. | 988 |
| 69,500 | International Flavors & Fragrances, Inc. | 2,219 |
| | | ----- |

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3,207

| SHARES | | VALUE (IN THOUSANDS) |
|---------|--|-------------------------|
| | COMPUTER & PERIPHERALS (2.0%) | |
| 68,500 | Dell Computer Corp.* | \$2,189 |
| 25,000 | International Business Machines Corp. | 2,063 |
| | | ----- 4,252 |
| | COMPUTER SOFTWARE & SERVICES (5.9%) | |
| 34,000 | Adobe Systems, Inc. | 1,090 |
| 25,500 | First Data Corp. | 1,057 |
| 112,500 | Fiserv, Inc.* | 4,006 |
| 174,500 | Microsoft Corp. | 4,469 |
| 50,000 | Symantec Corp.* | 2,193 |
| | | ----- 12,815 |
| | DIVERSIFIED COMPANIES (0.5%) | |
| 16,000 | Danaher Corp. | 1,089 |
| | DRUG (3.9%) | |
| 39,000 | Forest Laboratories, Inc.* | 2,135 |
| 182,500 | Pfizer, Inc. | 6,232 |
| | | ----- 8,367 |
| | EDUCATIONAL SERVICES (1.0%) | |
| 41,300 | Education Management Corp.* | 2,196 |
| | ELECTRICAL EQUIPMENT (2.5%) | |
| 187,500 | General Electric Co. | 5,377 |
| | ENTERTAINMENT TECHNOLOGY (1.4%) | |
| 40,000 | Electronic Arts Inc.* | 2,960 |
| | FINANCIAL SERVICES -- DIVERSIFIED (6.7%) | |
| 94,000 | American International Group, Inc. | 5,187 |
| 150,000 | Citigroup, Inc. | 6,420 |
| 42,000 | Federal National Mortgage Association. | 2,832 |
| | | ----- 14,439 |

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THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

| SHARES | | VALUE (IN THOUSANDS) |
|--------|---------------------------------|-------------------------|
| | GROCERY (0.5%) | |
| 22,000 | Whole Foods Market, Inc.* | \$1,046 |
| | HOME APPLIANCE (1.0%) | |
| 34,500 | Whirlpool Corp. | 2,198 |

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| | | |
|---------|---|----------------|
| | HOMEBUILDING (2.9%) | |
| 42,500 | KB Home | 2,634 |
| 20,000 | Lennar Corp. Class "A" | 1,430 |
| 2,000 | Lennar Corp. Class "B" | 137 |
| 35,200 | Pulte Homes, Inc. | 2,171 |
| | | ----- |
| | | 6,372 |
| | HOUSEHOLD PRODUCTS (2.5%) | |
| 35,500 | Colgate-Palmolive Co. | 2,057 |
| 37,500 | Procter & Gamble Co. (The) | 3,344 |
| | | ----- |
| | | 5,401 |
| | INDUSTRIAL SERVICES (0.7%) | |
| 56,500 | Kroll, Inc.* | 1,529 |
| | INSURANCE -- PROPERTY/ CASUALTY (0.8%) | |
| 22,000 | Everest Re Group, Ltd. | 1,683 |
| | MEDICAL SERVICES (5.1%) | |
| 166,500 | HCA, Inc. | 5,335 |
| 70,600 | Laboratory Corp. of America Holdings* | 2,129 |
| 85,000 | Oxford Health Plans, Inc.* | 3,572 |
| | | ----- |
| | | 11,036 |
| | MEDICAL SUPPLIES (8.8%) | |
| 93,000 | Biomet, Inc. | 2,665 |
| 35,000 | Cardinal Health, Inc. | 2,251 |
| 70,500 | Fisher Scientific International, Inc.* | 2,460 |
| 100,000 | Johnson & Johnson | 5,170 |
| 100,000 | Medtronic, Inc. | 4,797 |
| 29,000 | St. Jude Medical, Inc.* | 1,668 |
| | | ----- |
| | | 19,011 |
| | | |
| | | VALUE |
| SHARES | | (IN THOUSANDS) |
| ----- | | ----- |
| | NATURAL GAS -- | |
| | DIVERSIFIED (0.5%) | |
| 19,500 | Kinder Morgan, Inc. | \$1,066 |
| | OFFICE EQUIPMENT & SUPPLIES (0.9%) | |
| 108,000 | Staples, Inc.* | 1,982 |
| | OILFIELD SERVICES/ EQUIPMENT (1.9%) | |
| 53,000 | BJ Services Co.* | 1,980 |
| 60,000 | Noble Corporation* | 2,058 |
| | | ----- |
| | | 4,038 |
| | PETROLEUM -- | |
| | PRODUCING (1.0%) | |
| 34,000 | Apache Corp. | 2,212 |
| | PHARMACY SERVICES (1.3%) | |
| 40,000 | Express Scripts, Inc. Class "A"* | 2,728 |
| | RAILROAD (0.8%) | |
| 94,000 | Norfolk Southern Corp. | 1,805 |
| | RECREATION (3.6%) | |
| 150,000 | Harley-Davidson, Inc. | 5,979 |
| 100,000 | Mattel, Inc. | 1,892 |

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| | | |
|---------|---|-------|
| | | ----- |
| | | 7,871 |
| 33,500 | RESTAURANT (0.6%) Cheesecake Factory, Incorporated (The)* | 1,202 |
| | RETAIL BUILDING SUPPLY (3.4%) | |
| 67,000 | Home Depot, Inc. (The) | 2,219 |
| 120,000 | Lowe's Companies, Inc. | 5,154 |
| | | ----- |
| | | 7,373 |

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THE VALUE LINE FUND, INC.

JUNE 30, 2003

| SHARES | | VALUE (IN THOUSANDS) | |
|---------|---|-------------------------|--|
| ----- | | ----- | |
| | RETAIL -- SPECIAL LINES (4.1%) | | |
| 84,500 | Abercrombie & Fitch Co. Class "A"* | \$ 2,401 | |
| 135,500 | Bed Bath & Beyond Inc.* | 5,259 | |
| 59,500 | Gap, Inc. (The) | 1,116 | |
| | | ----- | |
| | | 8,776 | |
| | RETAIL STORE (5.8%) | | |
| 60,500 | Costco Wholesale Corp.* | 2,214 | |
| 107,000 | Kohl's Corp.* | 5,498 | |
| 90,000 | Wal-Mart Stores, Inc. | 4,830 | |
| | | ----- | |
| | | 12,542 | |
| | THRIFT (1.4%) | | |
| 75,000 | Washington Mutual, Inc. | 3,098 | |
| | TOBACCO (1.0%) | | |
| 49,300 | Altria Group, Inc. | 2,240 | |
| | TOILETRIES & COSMETICS (1.0%) | | |
| 36,000 | Avon Products, Inc. | 2,239 | |
| | | ----- | |
| | TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (92.7%) (COST \$152,448,000) | 199,993 | |
| | | ----- | |
| | | | VALUE |
| | PRINCIPAL AMOUNT (IN THOUSANDS) | | (IN THOUSANDS EXCEPT PER SHARE AMOUNT) |
| | ----- | | ----- |

REPURCHASE AGREEMENTS (6.7%)
(INCLUDING ACCRUED INTEREST)
\$10,700

Collateralized by \$8,758,000
U.S. Treasury Bonds
6.25%, due 8/15/23,
with a value of
\$10,934,000 (with UBS
Warburg LLC, 1.10%,

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| | | |
|-------|---|-----------|
| | dated 6/30/03, due 7/1/03, delivery value \$10,700,327) | \$ 10,700 |
| 3,800 | Collateralized by \$2,750,000 U.S. Treasury Bonds 14%, due 11/15/11, with a value of \$3,884,000 (with Morgan Stanley, 0.94%, dated 6/30/03, due 7/1/03, delivery value \$3,800,099) | 3,800 |
| | TOTAL REPURCHASE AGREEMENTS (COST \$14,500,000) | 14,500 |
| | CASH AND OTHER ASSETS LESS LIABILITIES (0.6%) | 1,374 |
| | NET ASSETS (100.0%) | \$215,867 |
| | NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER OUTSTANDING SHARE (\$215,867,073 \D 14,557,567 SHARES OF CAPITAL STOCK OUTSTANDING) | \$ 14.83 |

* NON-INCOME PRODUCING

SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES
AT JUNE 30, 2003 (UNAUDITED)

STATEMENT OF OPERATIONS FOR THE
SIX MONTHS ENDED JUNE 30, 2003 (U

(IN THOUSANDS
EXCEPT PER SHARE
AMOUNT)

ASSETS:

| | |
|---|-----------|
| Investment securities, at value (Cost - \$152,448) | \$199,993 |
| Repurchase agreements (Cost - \$14,500) | 14,500 |
| Cash | 73 |
| Receivable for securities sold | 5,623 |
| Dividends receivable | 161 |
| Receivable for capital shares sold | 37 |
| Prepaid insurance and registration fees | 20 |
| TOTAL ASSETS | 220,407 |

LIABILITIES:

| | |
|--|-------|
| Payable for securities purchased | 4,283 |
| Payable for capital shares repurchased | 44 |

INVESTMENT INCOME:

| | |
|--------------------|--|
| Dividends | |
| Interest | |
| Total Income | |

EXPENSES:

| | |
|---|--|
| Advisory fee | |
| Service and distribution plan fee | |
| Transfer agent fees | |
| Auditing and legal fees | |
| Printing | |
| Custodian fees | |
| Postage | |
| Registration and filing fees | |
| Directors' fees and expenses | |

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|--|-----------|--|--|
| Accrued expenses: | | Telephone | |
| Advisory fee | 119 | Insurance, dues and other | |
| Service and distribution plan fees payable | 44 | Total Expenses Before Custody Credits | |
| Other | 50 | Less: Custody Credits | |
| | ----- | Net Expenses | |
| TOTAL LIABILITIES | 4,540 | NET INVESTMENT LOSS | |
| | ----- | NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS: | |
| NET ASSETS | \$215,867 | Net Realized Gain | |
| | ===== | Change in Net Unrealized Appreciation | |
| NET ASSETS CONSIST OF: | | NET REALIZED GAIN AND CHANGE IN NET UNREALIZED APPRECIATION ON INVESTMENTS | |
| Capital stock, at \$1.00 par value (authorized 50,000,000, outstanding 14,557,567 shares) | \$ 14,558 | NET INCREASE IN NET ASSETS FROM OPERATIONS | |
| Additional paid-in capital | 147,457 | | |
| Accumulated net investment loss | (197) | | |
| Undistributed net realized gain on investments | 6,504 | | |
| Net unrealized appreciation of investments | 47,545 | | |
| | ----- | | |
| NET ASSETS | \$215,867 | | |
| | ===== | | |
| NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER OUTSTANDING SHARE (\$215,867,073 - 14,557,567 SHARES OUTSTANDING) | \$ 14.83 | | |
| | ===== | | |

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, 2003 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2002

| | SIX MONTHS ENDED JUNE 30, 2003 (UNAUDITED) | YEAR ENDED DECEMBER 31, 2002 |
|--|--|------------------------------|
| | (IN THOUSANDS) | |
| OPERATIONS: | | |
| Net investment loss | \$ (197) | \$ (790) |
| Net realized gain (loss) on investments | 11,150 | (4,404) |
| Change in net unrealized appreciation | 5,706 | (68,950) |
| | ----- | ----- |
| Net increase (decrease) in net assets from operations | 16,659 | (74,144) |
| | ----- | ----- |
| DISTRIBUTIONS TO SHAREHOLDERS: | | |
| Net realized gain from investment transactions | -- | (2,007) |
| | ----- | ----- |
| CAPITAL SHARE TRANSACTIONS: | | |
| Proceeds from sale of shares | 30,233 | 87,992 |
| Proceeds from reinvestment of distributions to shareholders | -- | 1,895 |
| Cost of shares repurchased | (37,363) | (110,432) |
| | ----- | ----- |

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| | | |
|--|------------|------------|
| Decrease from capital share transactions | (7,130) | (20,545) |
| | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 9,529 | (96,696) |
| NET ASSETS: | | |
| Beginning of period | 206,338 | 303,034 |
| | ----- | ----- |
| End of period | \$ 215,867 | \$ 206,338 |
| | ===== | ===== |
| ACCUMULATED NET INVESTMENT LOSS, END OF PERIOD | \$ (197) | \$ -- |
| | ===== | ===== |

SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) SECURITY VALUATION. Securities listed on a securities exchange 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

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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.

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THE VALUE LINE FUND, INC.

JUNE 30, 2003

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, 2003 (UNAUDITED) | YEAR ENDED DECEMBER 31, 2002 |
|--|---|---------------------------------------|
| | ----- | ----- |
| Shares sold | 2,235 | 4,997 |
| Shares issued to shareholders in reinvestment of dividends and distributions | -- | 138 |
| | ----- | ----- |
| Shares repurchased | 2,235 | 5,135 |
| | 2,768 | 6,434 |
| | ----- | ----- |
| Net decrease | (533) | (1,299) |
| | ===== | ===== |
| Distributions per share from net realized gains | \$ -- | \$.1335 |
| | ===== | ===== |

3. PURCHASES AND SALES OF SECURITIES

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

SIX MONTHS
ENDED
JUNE 30, 2003
(UNAUDITED)

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(IN THOUSANDS)

| | |
|-----------------------------|----------|
| PURCHASES: | |
| Investment Securities | \$65,424 |
| | ===== |
| SALES: | |
| Investment Securities | \$48,473 |
| | ===== |

4. INCOME TAXES:

At June 30, 2003, information on the tax components of capital is as follows:

| | |
|--|----------------|
| | (IN THOUSANDS) |
| | ----- |
| Cost of investments for tax purposes | \$167,190 |
| | ===== |
| Gross tax unrealized appreciation | \$ 49,518 |
| Gross tax unrealized depreciation | (2,215) |
| | ----- |
| Net tax unrealized appreciation on investments | \$ 47,303 |
| | ===== |
| Capital loss carryforward Expires December 31, 2010 | \$ 3,006 |
| | ===== |

During the year ended December 31, 2002, as permitted under federal income tax regulations, the Fund elected to defer \$1,398,000 of post-October net capital losses to the current taxable year. To the extent future capital gains are offset by capital losses, the Fund does not anticipate distributing any such gains to the shareholders.

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 \$686,000 was paid or payable to Value Line, Inc., the Fund's investment adviser (the "Adviser"), for the six months ended June 30, 2003. 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.

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THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 2003

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

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wholly-owned subsidiary of the Adviser, in advertising, marketing and distributing the Fund's shares and for servicing the Fund's shareholders at an annual rate of 0.25% of the Fund's average daily net assets. For the six months ended June 30, 2003, fees amounting to \$254,000 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 month period ended June 30, 2003, the Fund paid brokerage commissions totaling \$74,820 to the Distributor, which clears its transactions through unaffiliated brokers.

For the six months ended June 30, 2003, the Fund's expenses were reduced by \$495 under a custody credit arrangement with the Custodian.

The Value Line, Inc. Profit Sharing and Savings Plan owned 359,363 shares of the Fund's capital stock, representing 2.5% of the outstanding shares on June 30, 2003.

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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, 2003 (UNAUDITED) | ----- 2002 | 2001 | ----- YEARS ENDED DECEMBER 2000 |
|--|---|---------------|----------|---------------------------------------|
| | ===== | ----- | ----- | ----- |
| NET ASSET VALUE, BEGINNING OF PERIOD | \$ 13.67 | \$ 18.49 | \$ 21.37 | \$ 26.25 |
| | ----- | ----- | ----- | ----- |
| INCOME (LOSS) FROM INVESTMENT OPERATIONS: | | | | |
| Net investment (loss) income | (.01) | (.05) | (.04) | (.07) |
| Net gains or losses on securities (both realized and unrealized) | 1.17 | (4.64) | (2.70) | (3.95) |
| | ----- | ----- | ----- | ----- |
| Total from investment operations | 1.16 | (4.69) | (2.74) | (4.02) |
| | ----- | ----- | ----- | ----- |
| LESS DISTRIBUTIONS: | | | | |
| Dividends from net investment income | -- | -- | -- | -- |
| Distributions from net realized gains | -- | (.13) | (.14) | (.86) |
| | ----- | ----- | ----- | ----- |
| Total distributions | -- | (.13) | (.14) | (.86) |
| | ----- | ----- | ----- | ----- |
| NET ASSET VALUE, END OF PERIOD | \$ 14.83 | \$ 13.67 | \$ 18.49 | \$ 21.37 |
| | ===== | ===== | ===== | ===== |
| TOTAL RETURN | 8.49%+ | -25.35% | -12.82% | -15.35% |
| | ===== | ===== | ===== | ===== |

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RATIOS/SUPPLEMENTAL DATA:

| | | | | |
|--|------------|------------|------------|------------|
| Net assets, end of period (in thousands) | \$ 215,867 | \$ 206,338 | \$ 303,034 | \$ 386,406 |
| Ratio of expenses to average net assets | 1.12%*(1) | 1.11%(1) | 1.04%(1) | .89%(1) |
| Ratio of net investment (loss) income to average net assets . | (0.19)%* | (0.31)% | (.18)% | (.27)% |
| Portfolio turnover rate | 27%+ | 33% | 45% | 17% |

(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 AND UNCHANGED FOR THE YEARS ENDED DECEMBER 31, 2002, 2000, 1999, AND UNCHANGED FOR THE SIX MONTHS ENDED JUNE 30, 2003.

+ NOT ANNUALIZED.

* ANNUALIZED.

SEE NOTES TO FINANCIAL STATEMENTS.

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THE VALUE LINE FUND, INC.

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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

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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 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 1-800-223-0818, 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.