

Edgar Filing: VALUE LINE FUND INC - Form N-30D

VALUE LINE FUND INC  
Form N-30D  
August 20, 2002

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SEMI-ANNUAL REPORT  
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JUNE 30, 2002  
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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 Alan N. Hoffman VICE PRESIDENT Philip J. Orlando VICE PRESIDENT

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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 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).

#522854

THE VALUE LINE FUND, INC.

TO OUR VALUE LINE

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TO OUR SHAREHOLDERS:

Despite the difficult environment for equity investment during the first six months of 2002 -- especially for investment in large-capitalization growth stocks -- we are pleased that your Fund narrowly surpassed the first-half return of the benchmark Standard & Poor's 500 Index (including reinvested dividends). The actual results are as follows:

	VALUE LINE FUND	S&P (1) 500
First half, 2002 .....	-12.87%	-13.16%

The market we've encountered over the past several months has been shaped by an extremely negative psychological overhang, brought about by the unrelenting juggernaut of unfolding headlines. When the force of the Enron/Andersen imbroglio began to fade, Tyco International and its chairman were there to draw the attention. Other big companies, like General Electric and IBM, also fell under suspicion. Global Crossing joined the parade a little later, and then we got the news about WorldCom. In other words, the run of corporate malfeasance disclosures has thoroughly dispirited the marketplace, and enthusiasm is so difficult to jump-start because investors are terrified that there might be more shockers waiting in the wings.

This negative psychology is truly a shame, because the U.S. economy has shown some real recovery from levels almost everyone thought were the makings of a protracted recession. In terms of GDP growth, manufacturing, productivity, and several other segments of the economy, significant progress has been made over the first half of the year. (For more detailed information about our view of the economy, please read our "Economic Observations" nearby.)

The consumer has been the mainstay of the recent economy, and that's where we have been getting our best relative returns. Retail spending has remained vibrant, and we've had good returns from both general merchandise stores and some of the big-box specialty stores. Also, the weak stock market has prompted

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money to flow into the nation's housing stock, which is benefiting both the building supply sector and the large, nationwide homebuilders.

The market's travails over the past several months make forecasting its future course difficult, but let's try it. Let us assume that we've seen the end of the big corporate blowups, and that is definitely an assumption. As these situations filter out of the market's collective memory into the fall, investment fundamentals will again capture investors' attentions, especially because earnings comparisons should improve as we anniversary some weak results back in 2001. Under that scenario, stocks could begin trading higher later this year, and with interest rates low and inflation under control, it's entirely possible that 2003 could be a good one for investors.

We thank you for your continued confidence in Value Line, and we look forward to a more upbeat report on the second half of the year.

Sincerely,

/s/ Jean Bernhard Buttner

Jean Bernhard Buttner  
CHAIRMAN AND PRESIDENT

August 5, 2002

-----  
(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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2

THE VALUE LINE FUND, INC.

FUND SHAREHOLDERS  
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ECONOMIC OBSERVATIONS

The U.S. economic recovery, which accelerated markedly earlier this year, has now moved back onto a slower, but, we believe, ultimately sustainable upward path. Our cautious optimism on the business outlook reflects the ongoing strength in such key sectors as housing and retailing, and the gradual emergence of the industrial sector from its deep slump. Also contributing to the likely sustained business expansion are continued low interest rates. The Federal Reserve, which put into effect a succession of interest rate cuts last year, now appears in no hurry to lift borrowing costs, even though economic activity is firming up. Overall, we expect the economy to expand by some 3% in the second half of this year and to then proceed at a similar pace in 2003. Our expectations assume that oil supplies will remain high enough, notwithstanding the continuing turmoil in the Middle East, and that equity prices will stabilize sufficiently so that consumers do not rein in their spending to any significant degree.

Inflation, meantime, remains muted, thanks, in part, to continued stable labor costs. Adequate supplies of raw materials are also helping to keep the costs of

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production low. We caution, though, that as the economy moves further along the recovery road over the next year or two, some modest increases in pricing pressures may evolve. Absent a more vigorous business recovery than we now expect, or a prolonged rise in oil prices, inflation should remain on the modest side through 2003, and perhaps beyond.

Finally, the Federal Reserve, which, as noted, had been aggressive in reducing interest rates in order to promote stronger economic activity, has completed its extended rate reduction cycle. We believe the Fed will now keep interest rates at current levels until well into 2003.

### PERFORMANCE DATA:\*\*

	AVERAGE ANNUAL TOTAL RETURN	GROWTH OF AN ASSUMED INVESTMENT OF \$10,000
	-----	-----
1 year ended 6/30/02 .....	-18.35%	\$ 8,165
5 years ended 6/30/02 .....	+1.28%	\$10,656
10 years ended 6/30/02 .....	+8.87%	\$23,382

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\*\* 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.

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3

THE VALUE LINE FUND, INC.

PORTFOLIO HIGHLIGHTS AT JUNE 30, 2002 (UNAUDITED)

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### TEN LARGEST HOLDINGS

ISSUE	SHARES	VALUE (IN THOUSANDS)	PERCENTAGE OF NET ASSETS
		-----	-----
Bed Bath & Beyond Inc. ....	250,000	\$9,435	3.7%
Fifth Third Bancorp .....	135,000	8,998	3.5
HCA, Inc. ....	180,000	8,550	3.4
Kohl's Corp. ....	120,000	8,409	3.3
Harley-Davidson, Inc. ....	150,000	7,690	3.0
Citigroup, Inc. ....	150,000	5,813	2.3
Lowe's Companies, Inc. ....	120,000	5,448	2.1
State Street Corp. ....	120,000	5,364	2.1
Pfizer, Inc. ....	150,000	5,250	2.1
Amgen Inc. ....	125,000	5,235	2.1

### FIVE LARGEST INDUSTRY CATEGORIES

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INDUSTRY	VALUE (IN THOUSANDS)	PERCENTAGE OF NET ASSETS
Financial Services - Diversified .....	\$25,231	10.0%
Medical Services .....	23,518	9.3
Retail Store .....	18,149	7.1
Retail - Special Lines .....	17,561	6.9
Computer Software & Services .....	16,024	6.3

FIVE LARGEST NET SECURITY PURCHASES\*

ISSUE	COST (IN THOUSANDS)
Whirlpool Corp. ....	\$2,691
Electronic Arts Inc. ....	2,411
Polycom, Inc. ....	2,361
Ann Taylor Stores Corp. ....	2,346
Best Buy Co., Inc. ....	2,345

FIVE LARGEST NET SECURITY SALES\*

ISSUE	PROCEEDS (IN THOUSANDS)
International Business Machines Corp. ....	\$5,558
AOL Time Warner, Inc. ....	4,388
American International Group, Inc. ....	3,579
Omnicom Group, Inc. ....	3,532
Kohl's Corp. ....	3,300

\* FOR THE SIX MONTH PERIOD ENDED 6/30/02

4

THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED) JUNE 30, 2002

SHARES	VALUE (IN THOUSANDS)
COMMON STOCKS (97.2%)	
ADVERTISING (2.0%)	
110,000 Omnicom Group, Inc. ....	\$ 5,038
AEROSPACE/DEFENSE (2.9%)	

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35,000	General Dynamics Corp. ....	3,722
28,100	L-3 Communications Holdings, Inc.* .....	1,517
50,000	Raytheon Co. ....	2,038
		-----
		7,277
	BANK (4.4%)	
45,800	BB&T Corp. ....	1,768
120,000	State Street Corp. ....	5,364
75,000	Zions Bancorporation .....	3,907
		-----
		11,039
	BANK -- MIDWEST (4.7%)	
135,000	Fifth Third Bancorp .....	8,998
120,000	U.S. Bancorp .....	2,802
		-----
		11,800
	BEVERAGE -- SOFT DRINK (0.9%)	
45,000	PepsiCo, Inc. ....	2,169
	BIOTECHNOLOGY (2.9%)	
125,000	Amgen Inc.* .....	5,235
90,000	Immunex Corp.* .....	2,011
		-----
		7,246
	CHEMICAL -- SPECIALTY (1.4%)	
110,000	International Flavors & Fragrances, Inc. ....	3,574
	COMPUTER & PERIPHERALS (1.1%)	
100,000	Adaptec, Inc.* .....	789
80,000	Dell Computer Corp.* .....	2,091
		-----
		2,880
		VALUE
SHARES		(IN THOUSANDS)
	-----	
	COMPUTER SOFTWARE & SERVICES (6.3%)	
75,000	Adobe Systems, Inc. ....	\$ 2,138
112,500	Fiserv, Inc.* .....	4,130
70,000	Microsoft Corp.* .....	3,829
160,000	Network Associates, Inc.* .....	3,083
60,000	Paychex, Inc. ....	1,877
65,000	Peoplesoft, Inc.* .....	967
		-----
		16,024
	DRUG (3.2%)	
51,800	Biovail Corp.* .....	1,500
55,000	MedImmune, Inc.* .....	1,452
150,000	Pfizer, Inc. ....	5,250
		-----
		8,202
	EDUCATIONAL SERVICES (1.2%)	
73,800	Education Management Corp.* .....	3,006
	ELECTRICAL	

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150,000	EQUIPMENT (1.7%) General Electric Co. ....	4,358
	ENTERTAINMENT	
40,000	TECHNOLOGY (1.0%) Electronic Arts Inc.* .....	2,642
	FINANCIAL SERVICES --	
75,000	DIVERSIFIED (10.0%) American International Group, Inc. ....	5,117
40,000	Capital One Financial Corp. ....	2,442
150,000	Citigroup, Inc. ....	5,813
40,000	Federal Home Loan Mortgage Corp. ....	2,448
35,000	Federal National Mortgage Association .....	2,581
40,000	Hartford Financial Services Group, Inc. (The) .....	2,379
35,000	Household International, Inc. ....	1,739
40,000	MGIC Investment Corp. ....	2,712
		-----
		25,231

5

THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS (UNAUDITED)

SHARES		VALUE (IN THOUSANDS)
130,000	FOOD WHOLESALERS (1.2%) Supervalu, Inc. ....	\$ 3,189
15,491	FURNITURE/HOME FURNISHINGS (0.4%) Mohawk Industries, Inc.* .....	953
115,000	GROCERY (1.3%) Safeway Inc.* .....	3,357
40,000	HOME APPLIANCE (1.0%) Whirlpool Corp. ....	2,614
80,000	HOMEBUILDING (1.6%) KB Home .....	4,121
45,000	HOUSEHOLD PRODUCTS (0.9%) Colgate-Palmolive Co. ....	2,252
90,000	INSURANCE -- LIFE (0.9%) UnumProvident Corp. ....	2,291
180,000	MEDICAL SERVICES (9.3%) HCA, Inc. ....	8,550

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100,000	Healthsouth Corp.* .....	1,279
70,600	Laboratory Corp. of America Holdings* .....	3,223
85,000	Oxford Health Plans, Inc.* .....	3,949
50,000	Tenet Healthcare Corp.* .....	3,577
60,000	Universal Health Services, Inc.* .....	2,940
		-----
		23,518
	MEDICAL SUPPLIES (6.1%)	
93,000	Biomet, Inc. ....	2,522
41,250	Cardinal Health, Inc. ....	2,533
70,500	Fisher Scientific International, Inc.* .....	1,974
80,000	Johnson & Johnson .....	4,181
100,000	Medtronic, Inc. ....	4,285
		-----
		15,495

SHARES VALUE  
(IN THOUSANDS)

	OFFICE EQUIPMENT & SUPPLIES (1.0%)	
125,000	Staples, Inc.* .....	\$ 2,463
	OILFIELD SERVICES/ EQUIPMENT (2.3%)	
90,000	BJ Services Co.* .....	3,049
75,000	Noble Corporation* .....	2,895
		-----
		5,944
	RAILROAD (0.7%)	
75,000	Norfolk Southern Corp. ....	1,754
	RECREATION (3.9%)	
150,000	Harley-Davidson, Inc. ....	7,690
100,000	Mattel, Inc. ....	2,108
		-----
		9,798
	RESTAURANT (1.0%)	
75,000	Cheesecake Factory, Incorporated (The)* .....	2,661
	RETAIL BUILDING SUPPLY (3.2%)	
75,000	Home Depot, Inc. (The) .....	2,755
120,000	Lowe's Companies, Inc. ....	5,448
		-----
		8,203
	RETAIL -- SPECIAL LINES (6.9%)	
125,000	Abercrombie & Fitch Co. Class "A"* .....	3,015
60,000	American Eagle Outfitters, Inc.* .....	1,268
82,500	AnnTaylor Stores Corp.* .....	2,095
250,000	Bed Bath & Beyond Inc.* .....	9,435
45,000	Best Buy Co., Inc.* .....	1,633
3,500	Linens 'n Things, Inc.* .....	115
		-----
		17,561



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6

THE VALUE LINE FUND, INC.

JUNE 30, 2002

SHARES		VALUE (IN THOUSANDS)
	RETAIL STORE (7.1%)	
124,000	Costco Wholesale Corp.* .....	\$ 4,789
120,000	Kohl's Corp.* .....	8,409
90,000	Wal-Mart Stores, Inc. ....	4,951
		-----
		18,149
	SEMICONDUCTOR (0.7%)	
75,000	Texas Instruments, Inc. ....	1,778
	TELECOMMUNICATIONS	
	EQUIPMENT (1.5%)	
80,000	Polycom, Inc.* .....	959
100,000	QUALCOMM Incorporated* .....	2,749
		-----
		3,708
	TELECOMMUNICATION	
	SERVICES (0.3%)	
12,900	Telephone & Data Systems, Inc. ....	781
	THRIFT (1.1%)	
75,000	Washington Mutual, Inc. ....	2,783
	TOBACCO (0.9%)	
51,500	Philip Morris Companies, Inc. ....	2,250
	TRUCKING/TRANSPORTATION	
	LEASING (0.2%)	
19,500	Hunt (J.B.) Transport Services, Inc.* .....	576
		-----
	TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (97.2%) (COST \$186,836,000) .....	246,685
		-----

PRINCIPAL AMOUNT (IN THOUSANDS)		VALUE (IN THOUSANDS EXCEPT PER SHARE AMOUNT)
---------------------------------------	--	-------------------------------------------------------

REPURCHASE AGREEMENT (2.8%)  
(INCLUDING ACCRUED INTEREST)  
\$7,000 Collateralized by \$6,090,000  
U.S. Treasury Notes  
10.375%, due 11/15/09,  
with a value of  
\$7,140,000 (with State  
Street Bank and Trust  
Company, 1.83%,

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dated 6/28/02,  
 due 7/1/02, delivery  
 value \$7,001,067) ..... \$ 7,001

CASH AND OTHER ASSETS  
 LESS LIABILITIES (0.0%) ..... 32  
 -----  
 NET ASSETS (100.0%) ..... \$253,718  
 =====  
 NET ASSET VALUE, OFFERING  
 AND REDEMPTION PRICE  
 PER OUTSTANDING SHARE  
 (\$253,718,056 divided by 15,750,214  
 SHARES OF CAPITAL STOCK OUTSTANDING) ..... \$ 16.11  
 =====

\* NON-INCOME PRODUCING

SEE NOTES TO FINANCIAL STATEMENTS.

7

THE VALUE LINE FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES  
 AT JUNE 30, 2002 (UNAUDITED)

(IN THOUSANDS  
 EXCEPT PER SHARE  
 AMOUNT)  
 -----

ASSETS:

Investment securities, at value (Cost - \$186,836) .....	\$246,685
Repurchase agreement (Cost - \$7,001) .....	7,001
Cash .....	83
Receivable for capital shares sold .....	967
Dividends receivable .....	193
Prepaid insurance expense .....	11
	-----
TOTAL ASSETS .....	254,940
	-----

LIABILITIES:

Payable for capital shares repurchased .....	969
Accrued expenses:	
Advisory fee .....	145
Service and distribution plan fees payable .....	54
Other .....	54
	-----
TOTAL LIABILITIES .....	1,222
	-----

NET ASSETS ..... \$253,718  
 =====

NET ASSETS CONSIST OF:

Capital stock, at \$1.00 par value (authorized 50,000,000, outstanding 15,750,214 shares) .....	\$ 15,750
-------------------------------------------------------------------------------------------------------	-----------

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Additional paid-in capital .....	163,508
Accumulated net investment loss .....	(566)
Undistributed net realized gain	
on investments .....	15,177
Net unrealized appreciation of	
investments .....	59,849
	-----
NET ASSETS .....	\$253,718
	=====
NET ASSET VALUE, OFFERING AND	
REDEMPTION PRICE PER	
OUTSTANDING SHARE	
(\$253,718,056 divided by 15,750,214	
SHARES OUTSTANDING) .....	\$ 16.11
	=====

STATEMENT OF OPERATIONS FOR THE  
SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED)

	(IN THOUSANDS)
	-----
INVESTMENT INCOME:	
Dividends .....	\$ 909
Interest .....	76
	-----
Total Income .....	985
	-----
EXPENSES:	
Advisory fee .....	956
Service and distribution plan fees .....	358
Transfer agent fees .....	69
Trading service expense .....	46
Auditing and legal fees .....	25
Custodian fees .....	21
Postage .....	19
Printing .....	15
Registration and filing fees .....	14
Directors' fees and expenses .....	11
Telephone .....	10
Insurance, dues and other .....	8
	-----
Total Expenses before	
Custody Credits .....	1,552
Less: Custody Credits .....	(1)
	-----
Net Expenses .....	1,551
	-----
NET INVESTMENT LOSS .....	(566)
	-----
NET REALIZED AND UNREALIZED GAIN	
(LOSS) ON INVESTMENTS:	
Net Realized Gain .....	13,413
Change in Net Unrealized	
Appreciation .....	(50,940)
	-----
NET REALIZED GAIN AND CHANGE	
IN NET UNREALIZED APPRECIATION	
ON INVESTMENTS .....	(37,527)
	-----
NET DECREASE IN NET ASSETS FROM	

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OPERATIONS ..... \$ (38,093)  
 =====

SEE NOTES TO FINANCIAL STATEMENTS.

8

THE VALUE LINE FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS FOR THE  
 SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31,  
 2001

	SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED)	YEAR ENDED DECEMBER 2001
(IN THOUSANDS)		
OPERATIONS:		
Net investment loss .....	\$ (566)	\$
Net realized gain on investments .....	13,413	3
Change in net unrealized appreciation .....	(50,940)	(53)
	-----	-----
Net decrease in net assets from operations .....	(38,093)	(50)
DISTRIBUTIONS TO SHAREHOLDERS:		
Net realized gain from investment transactions .....	--	(2)
CAPITAL SHARE TRANSACTIONS:		
Proceeds from sale of shares .....	76,951	228
Proceeds from reinvestment of distributions to shareholders .....	--	2
Cost of shares repurchased .....	(88,174)	(260)
	-----	-----
Decrease from capital share transactions .....	(11,223)	(30)
	-----	-----
TOTAL DECREASE IN NET ASSETS .....	(49,316)	(83)
NET ASSETS:		
Beginning of period .....	303,034	386
	-----	-----
End of period .....	\$ 253,718	\$ 303
	=====	=====
ACCUMULATED NET INVESTMENT LOSS, END OF PERIOD .....	\$ (566)	\$
	=====	=====

SEE NOTES TO FINANCIAL STATEMENTS.

9

THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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### 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 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, 2002

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, 2002 (UNAUDITED)	YEAR ENDED DECEMBER 31, 2001
Shares sold .....	4,238	12,093
Shares issued to shareholders in reinvestment of dividends and distributions .....	--	117
	4,238	12,210
Shares repurchased .....	4,878	13,898
Net decrease .....	(640)	(1,688)
Distributions per share from net realized gains .....	\$ --	\$ .1387

3. PURCHASES AND SALES OF SECURITIES

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

	SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED)
	(IN THOUSANDS)
PURCHASES:	
Investment Securities .....	\$29,215
SALES:	
Investment Securities .....	\$40,475

4. INCOME TAXES

At June 30, 2002, information on the tax components of capital is as follows:

	(UNAUDITED) (IN THOUSANDS)
Cost of investment for tax purposes .....	\$193,595
Gross tax unrealized appreciation .....	\$ 71,054
Gross tax unrealized depreciation .....	(11,448)

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Net tax unrealized appreciation	-----
on investments .....	\$ 59,606
	=====

11

THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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

An advisory fee of \$956,000 was paid or payable to Value Line, Inc., the Fund's investment adviser (the "Adviser"), for the six months ended June 30, 2002. This was computed at the rate of .70% of the first \$100 million of the Fund's average daily net assets plus .65% on the excess thereof, and paid monthly. The Adviser provides research, investment programs, supervision of the investment portfolio and pays costs of administrative services, office space, equipment and compensation of administrative, bookkeeping and clerical personnel necessary for managing the affairs of the Fund. The Adviser also provides persons, satisfactory to the Fund's Board of Directors, to act as officers and employees of the Fund and pays their salaries and wages. The Fund bears all other costs and expenses.

The Fund has a Service and Distribution Plan (the "Plan"), adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, for the payment of certain expenses incurred by Value Line Securities, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, in advertising, marketing and distributing the Fund's shares and for servicing the Fund's shareholders at an annual rate of 0.25% of the Fund's average daily net assets. For the six months ended June 30, 2002, fees amounting to \$358,000 were paid or payable to the Distributor under this Plan. For the six months ended June 30, 2002, the Fund also reimbursed the Distributor \$46,000 for trading services it performed on behalf of the Fund.

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.

For the six months ended June 30, 2002, the Fund's expenses were reduced by \$905 under a custody credit arrangement with the Custodian.

The Adviser and/or affiliated companies and the Value Line, Inc. Profit Sharing and Savings Plan owned 507,992 shares of the Fund's capital stock, representing 3.2% of the outstanding shares at June 30, 2002. In addition, certain officers and directors of the Fund owned 175,738 shares of the Fund, representing 1.1% of the outstanding shares.

12

THE VALUE LINE FUND, INC.

FINANCIAL HIGHLIGHTS

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

	SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED)	2001	2000	YEARS ENDED DECEMBER 1999
NET ASSET VALUE, BEGINNING OF PERIOD .....	\$ 18.49	\$ 21.37	\$ 26.25	\$ 22.65
INCOME (LOSS) FROM INVESTMENT OPERATIONS:				
Net investment (loss) income .....	(.04)	(.04)	(.07)	(.02)
Net gains or losses on securities (both realized and unrealized) .....	(2.34)	(2.70)	(3.95)	5.98
Total from investment operations .....	(2.38)	(2.74)	(4.02)	5.96
LESS DISTRIBUTIONS:				
Dividends from net investment income .....	--	--	--	--
Distributions from net realized gains .....	--	(.14)	(.86)	(2.36)
Total distributions .....	--	(.14)	(.86)	(2.36)
NET ASSET VALUE, END OF PERIOD ....	\$ 16.11	\$ 18.49	\$ 21.37	\$ 26.25
TOTAL RETURN .....	-12.87%+	-12.82%	-15.35%	26.74%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (in thousands) .....	\$253,718	\$303,034	\$386,406	\$495,465
Ratio of expenses to average net assets .....	1.08%*(1)	1.04%(1)	.89%(1)	.76%(1)
Ratio of net investment (loss) income to average net assets .....	(0.40)%*	(.18)%	(.27)%	(.09)%
Portfolio turnover rate .....	10%+	45%	17%	36%

(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, 2000 AND DECEMBER 31, 1999.

\* ANNUALIZED.

+ NOT ANNUALIZED

SEE NOTES TO FINANCIAL STATEMENTS.

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 13

THE VALUE LINE FUND, INC.



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14

THE VALUE LINE FUND, INC.

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15

THE VALUE LINE FUND, INC.

THE VALUE LINE FAMILY OF FUNDS

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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.

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.

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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.

1995 -- VALUE LINE U.S. MULTINATIONAL COMPANY FUND'S investment objective is maximum total return. It invests primarily in securities of U.S. companies that have significant sales from international operations.

\* 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.