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SERVICING AGENT** State Street Bank and Trust Co.
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**INDEPENDENT
REGISTERED PUBLIC
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Chairman and President
David T. Henigson
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Chief Compliance Officer*
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Treasurer
Howard A. Brecher
*Assistant Secretary/
Assistant Treasurer*

This audited report is issued for information to 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).

#539209

ANNUAL REPORT

March 31, 2007

Value Line Emerging Opportunities Fund, Inc.



To Our Value Line Emerging

To Our Shareholders:

The Value Line Emerging Opportunities Fund, Inc. earned a total return of 3.55% for the fiscal year ending March 31, 2007. This compared to a total return of 5.91% for the Russell 2000 Stock Index⁽¹⁾, an index of U.S. small-capitalization stocks.

It was a difficult year for growth stocks, as opposed to value stocks. In fact, your Fund's returns placed it in the top 29% of the small-cap growth category for performance in the 12-month period ending March 31, 2007 according to Lipper Inc., the independent fund analysis company. For the five-year period, the Fund ranked in the top 16%; and for ten years, the top 13%.

Discount broker Charles Schwab has recognized your Fund by placing it on its Select List, one of only five small-cap growth funds on the list. It is also on that broker's even more exclusive Signature Select List. Discount broker E*TRADE has placed the Fund on its All-Star Funds list, one of just four small-cap growth funds on that list.

The Fund carried Morningstar's top 5-Star rating as of March 31st. This was based on a Return rating of Above Average and a Risk rating of Low, relative to other small-cap growth funds.

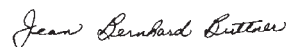
Our disciplined investment strategy is responsible for both the good returns and the controlled level of risk. We invest only in companies that are showing strong earnings momentum and strong stock price momentum. The key corollary is that we play defense as well as offense. Weakening earnings or faltering price momentum puts us on

immediate alert, and any holding judged unworthy by those measures is quickly sold, to be replaced by one of superior momentum. With about 400 positions in the Fund portfolio, it will not be missed; we form no attachments. Any holding is subject to elimination at any time.

Rather than attempt to pinpoint where the economy or particular sectors are heading, we select stocks one by one, based on the individual merits of the company. The great majority of the Fund's holdings have put together a multi-year record of rising earnings and rising stock prices, making this truly a portfolio of growth stocks. The high quality represented by these track records, combined with the portfolio's wide diversification, contribute to keeping risk under control. Please keep in mind that there are risks associated with investing in small-cap stocks, such as increased volatility and illiquidity.

We believe our investment discipline will continue to serve your Fund well. Steve Grant, now in his third decade with Value Line, has held primary responsibility for the day-to-day management of the Fund since 1998. Thank you for your continued confidence in us.

Sincerely,



Jean Bernhard Buttner
Chairman and President

May 14, 2007

⁽¹⁾ The Russell 2000 Stock Index is representative of the smaller capitalization stocks traded in the United States. This is an unmanaged index and does not reflect charges, expenses, or taxes, so it is not possible to invest in this Index.

⁽²⁾ The Lipper Small-Cap Growth Fund is a composite of mutual funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) less than 250% of the dollar-weighted median of the smallest 500 of the middle 1,000 securities of the S&P SuperComposite 1500 Index. Small-cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P Small-Cap 600 Index.

Opportunities Fund Shareholders

Economic Observations

The economy slowed steadily over the course of 2006, with the U.S. gross domestic product growth decelerating into the 2.0% – 2.5% range in the second half. What's more, growth has moderated further in the early going this year, with first-quarter GDP showing just a tepid increase of 1.3%. Spreading weakness in the housing market, a softening in retail spending, and stubbornly high oil prices are combining to keep GDP growth on this slower track. These depressants are likely to stay with us for some time, suggesting that the economy will expand by little more than 2% this year. Inflation, which has been largely under control for the past decade, should remain so again this year, perhaps even moderating a little as the economy proceeds at this measured pace.

Meanwhile, the Federal Reserve Board, which has held interest rates at current levels since last June, following two years in which it had raised them steadily, may stay on hold through at least the opening half. Thereafter, we believe that the combination of slow economic growth and moderating inflation could prompt the Fed to start lowering rates. Such a downward course in borrowing costs should help to prevent a recession later this year or in 2008. In fact, the combination of lower interest rates and a modestly reviving housing market should help to lift GDP growth back up to 2.5% – 3.0% next year. Economic growth along these lines and accompanying subdued inflation should prove generally positive for the stock and bond markets, in our opinion.

FUND EXPENSES (unaudited):

Example

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

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (October 1, 2006 through March 31, 2007).

Actual Expenses

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

Hypothetical Example for Comparison Purposes

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

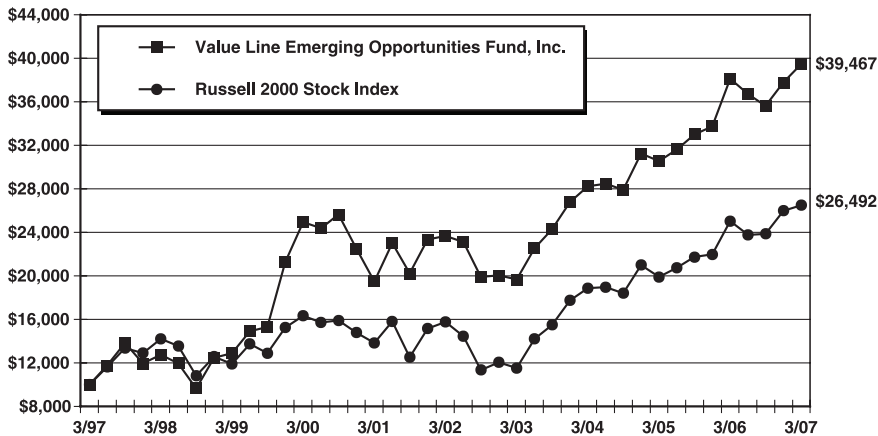
Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine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

	Beginning account value 10/1/06	Ending account value 3/31/07	Expenses* paid during period 10/1/06 thru 3/31/07
Actual	\$1,000.00	\$1,108.50	\$6.05
Hypothetical (5% return before expenses)	\$1,000.00	\$1,019.19	\$5.79

* Expenses are equal to the Fund’s annualized expense ratio of 1.15% multiplied by the average account value over the period, multiplied by 182/365 to reflect the one-half period. This expense ratio may differ from the expense ratio shown in the Financial Highlights.

The following graph compares the performance of the Value Line Emerging Opportunities Fund, Inc. to that of the Russell 2000 Stock Index. The Value Line Emerging Opportunities Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment
In the Value Line Emerging Opportunities Fund, Inc. and the Russell 2000 Stock Index*



* The Russell 2000 Stock Index is an unmanaged index that is representative of the smaller capitalization stocks traded in the United States.

PERFORMANCE DATA:**

	Average Annual Total Return	Growth of an Assumed Investment of \$10,000
1 year ended 3/31/07.....	3.55%	\$10,355
5 years ended 3/31/07	10.76%	\$16,670
10 years ended 3/31/07	14.72%	\$39,467

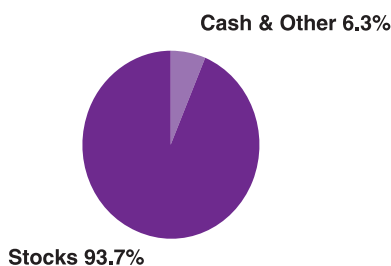
** The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Portfolio Highlights at March 31, 2007 (unaudited)

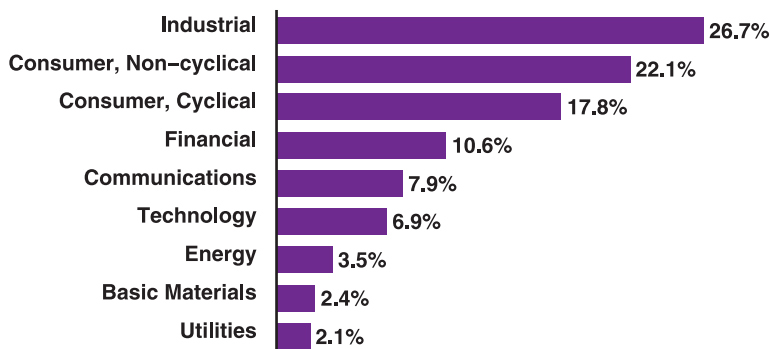
Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Guess?, Inc.	166,000	\$6,721,340	0.8%
Hansen Natural Corp.	170,000	\$6,439,600	0.8%
Manitowoc Company, Inc. (The)	92,000	\$5,844,760	0.7%
GameStop Corp.	150,000	\$4,885,500	0.6%
Phillips-Van Heusen Corp.	79,000	\$4,645,200	0.6%
Hologic, Inc.	79,600	\$4,588,144	0.6%
Albemarle Corp.	108,000	\$4,464,720	0.6%
Equinix, Inc.	50,700	\$4,341,441	0.5%
Anixter International, Inc.	64,100	\$4,226,754	0.5%
BE Aerospace, Inc.	130,000	\$4,121,000	0.5%

Asset Allocation — Percentage of Net Assets



Equity Sector Weightings — Percentage of Total Investment Securities



Schedule of Investments

March 31, 2007

Shares	Value	Shares	Value
COMMON STOCKS (93.7%)		BANK (1.1%)	
	ADVERTISING (1.0%)	9,300	Alabama National BanCorporation \$ 658,533
109,000	aQuantive, Inc.* \$ 3,042,190	20,500	Bank of Hawaii Corp. 1,087,115
32,000	Focus Media Holding Ltd. ADR* .. 2,510,720	13,300	Cullen/Frost Bankers, Inc. 695,989
23,850	Harte-Hanks, Inc. 658,021	19,900	First Community Bancorp, Inc. 1,125,146
25,500	R.H. Donnelley Corp. 1,807,695	41,800	PrivateBancorp, Inc. 1,528,208
	8,018,626	42,500	SVB Financial Group* 2,065,075
	AEROSPACE/DEFENSE (3.0%)	42,200	Umpqua Holdings Corp. 1,129,694
30,000	AAR Corp.* 826,800	5,931	Valley National Bancorp 149,758
25,000	Alliant Techsystems, Inc.* 2,198,000	10,700	Wilshire Bancorp, Inc. 175,480
57,400	Armor Holdings, Inc.* 3,864,742		8,614,998
130,000	BE Aerospace, Inc.* 4,121,000	BANK — MIDWEST (0.4%)	
53,845	DRS Technologies, Inc. 2,809,094	4,353	BOK Financial Corp. 215,604
50,200	Esterline Technologies Corp.* 2,061,714	13,642	Commerce Bancshares, Inc. 659,045
33,000	HEICO Corp. 1,204,170	7,916	First Financial Bankshares, Inc. 331,047
54,025	Moog, Inc. Class A* 2,250,141	23,950	First Midwest Bancorp, Inc. 880,163
24,800	Precision Castparts Corp. 2,580,440	22,827	Glacier Bancorp, Inc. 548,761
67,700	Teledyne Technologies, Inc.* 2,534,688	14,100	Hancock Holding Co. 620,118
	24,450,789	6,250	IBERIABANK Corp. 347,875
	AIR TRANSPORT (0.3%)		3,602,613
17,000	Copa Holdings S.A. Class A 875,330	BEVERAGE — ALCOHOLIC (0.3%)	
60,600	UTI Worldwide, Inc. 1,489,548	7,000	Brown-Forman Corp. Class B 458,920
	2,364,878	71,025	Central European Distribution Corp.* 2,067,538
	APPAREL (1.9%)		2,526,458
61,600	Carter's, Inc.* 1,560,944	BEVERAGE — SOFT DRINK (0.8%)	
35,000	Gildan Activewear, Inc. Class A* ... 2,059,750	170,000	Hansen Natural Corp.* 6,439,600
166,000	Guess?, Inc. 6,721,340	BIOTECHNOLOGY (0.5%)	
3,800	Jos A. Bank Clothiers, Inc.* 134,330	34,800	Techne Corp.* 1,987,080
79,000	Phillips-Van Heusen Corp. 4,645,200	34,300	United Therapeutics Corp.* 1,844,654
	15,121,564		3,831,734
	AUTO & TRUCK (0.2%)	BUILDING MATERIALS (1.9%)	
30,000	Oshkosh Truck Corp. 1,590,000	35,800	Drew Industries, Inc.* 1,026,744
	AUTO PARTS (0.4%)	36,800	Genlyte Group, Inc. (The)* 2,596,240
33,500	BorgWarner, Inc. 2,526,570	40,400	Granite Construction, Inc. 2,232,504
18,000	LKQ Corp.* 393,480	40,000	Infrasource Services, Inc.* 1,221,200
	2,920,050		

See Notes to Financial Statements.

Schedule of Investments

Shares		Value	Shares		Value
16,200	Jacobs Engineering Group, Inc.* ...	\$ 755,730	27,600	Cognizant Technology Solutions Corp. Class A*	\$ 2,436,252
59,700	NCI Building Systems, Inc.*	2,850,078	33,700	DST Systems, Inc.*	2,534,240
52,900	Simpson Manufacturing Company, Inc.	1,631,436	50,700	Equinix, Inc.*	4,341,441
49,800	Washington Group International, Inc.*	3,307,716	56,000	Parametric Technology Corp.*	1,069,040
		15,621,648	46,000	Quality Systems, Inc.	1,840,000
			62,700	Transaction Systems Architects, Inc.*	2,030,853
	CANADIAN ENERGY (0.2%)		132,000	Trident Microsystems, Inc.*	2,647,920
17,500	Suncor Energy, Inc.	1,336,125	58,000	VeriFone Holdings, Inc.*	2,130,340
					26,125,877
	CEMENT & AGGREGATES (0.6%)			DIVERSIFIED COMPANIES (2.3%)	
51,300	Eagle Materials, Inc.	2,289,519	72,000	Acuity Brands, Inc.	3,919,680
34,300	Florida Rock Industries, Inc.	2,308,047	59,700	AMETEK, Inc.	2,062,038
		4,597,566	20,000	Barnes Group, Inc.	460,200
	CHEMICAL — DIVERSIFIED (0.6%)		38,000	Brink's Co. (The)	2,411,100
108,000	Albemarle Corp.	4,464,720	27,000	Comtech Group, Inc.*	471,960
14,600	Brady Corp. Class A	455,520	22,900	EnPro Industries, Inc.*	825,545
		4,920,240	56,800	ESCO Technologies, Inc.*	2,545,776
	CHEMICAL — SPECIALTY (1.4%)		27,300	Mathews International Corp. Class A	1,111,110
50,700	Airgas, Inc.	2,137,005	64,700	Taubman Centers, Inc.	3,751,953
51,350	Ceradyne, Inc.*	2,810,899	22,700	Valmont Industries, Inc.	1,312,741
12,400	Ecolab, Inc.	533,200			18,872,103
101,000	H.B. Fuller Co.	2,754,270		DRUG (1.6%)	
8,000	Praxair, Inc.	503,680	35,500	Advanced Magnetics, Inc.*	2,139,585
58,000	Sigma-Aldrich Corp.	2,408,160	35,000	Alexion Pharmaceuticals, Inc.*	1,513,400
10,000	Valspar Corp.	278,300	10,000	Celgene Corp.*	524,600
		11,425,514	31,200	Covance, Inc.*	1,851,408
	COAL (0.3%)		68,887	Immucor, Inc.*	2,027,344
53,900	Joy Global, Inc.	2,312,310	70,000	LifeCell Corp.*	1,747,900
	COMPUTER & PERIPHERALS (0.5%)		11,000	New River Pharmaceuticals, Inc.* ..	699,930
51,000	Logitech International S.A.*	1,419,330	55,000	Pharmaceutical Product Development, Inc.	1,852,950
52,600	MICROS Systems, Inc.*	2,839,874	5,100	USANA Health Sciences, Inc.*	239,037
		4,259,204			12,596,154
	COMPUTER SOFTWARE & SERVICES (3.2%)			E-COMMERCE (1.0%)	
51,400	Ansoft Corp.*	1,626,296	48,000	Akamai Technologies, Inc.*	2,396,160
57,900	ANSYS, Inc.*	2,939,583	26,000	Ctrip.com International, Ltd. ADR	1,741,610
103,600	Blackbaud, Inc.	2,529,912	60,000	Salesforce.com, Inc.*	2,569,200

See Notes to Financial Statements.

March 31, 2007

Shares		Value	Shares		Value
24,000	WebEx Communications, Inc.*	\$ 1,364,640	3,000	Fuel Tech, Inc.*	\$ 73,950
		8,071,610	22,500	Republic Services, Inc.	625,950
	EDUCATIONAL SERVICES (0.5%)		31,800	Stericycle, Inc.*	2,591,700
31,000	ITT Educational Services, Inc.*	2,526,190	96,000	Waste Connections, Inc.*	2,874,240
28,000	Laureate Education, Inc.*	1,651,160			8,051,514
		4,177,350		FINANCIAL SERVICES —	
				DIVERSIFIED (2.5%)	
	ELECTRICAL EQUIPMENT (2.5%)		23,400	Affiliated Managers Group, Inc.* ...	2,535,390
64,400	Baldor Electric Co.	2,430,456	5,200	ASTA Funding, Inc.	224,536
64,000	Belden CDT, Inc.	3,429,760	11,400	BlackRock, Inc. Class A	1,781,934
71,700	General Cable Corp.*	3,830,931	35,000	Brown & Brown, Inc.	946,750
10,400	Harman International Industries, Inc.	999,232	11,000	Cash America International, Inc.	451,000
11,600	Rofin-Sinar Technologies, Inc.*	686,488	4,000	Commerce Group, Inc. (The)	120,160
47,000	Thomas & Betts Corp.*	2,294,540	3,000	Credicorp Ltd.	146,190
86,600	Trimble Navigation Ltd.*	2,324,344	24,000	Eaton Vance Corp.	855,360
63,600	WESCO International Inc.*	3,992,808	10,000	eFunds Corp.*	266,600
		19,988,559	79,000	EZCORP, Inc. Class A*	1,163,670
			9,135	Fidelity National Information Services, Inc.	415,277
	ELECTRICAL UTILITY —		65,250	Financial Federal Corp.	1,717,380
	WEST (0.2%)		17,200	First Cash Financial Services, Inc.*	383,216
69,000	MDU Resources Group, Inc.	1,983,060	44,000	Global Payments, Inc.	1,498,640
			22,000	Greenhill & Co., Inc.	1,350,580
	ELECTRONICS (0.8%)		39,000	Jackson Hewitt Tax Service, Inc. ...	1,255,020
39,000	Amphenol Corp. Class A	2,518,230	10,000	LandAmerica Financial Group, Inc.	739,100
12,000	Daktronics, Inc.	329,280	34,000	Nuveen Investments, Inc. Class A ..	1,608,200
77,700	Diodes, Inc.*	2,707,845	4,000	Piper Jaffray Companies, Inc.*	247,760
11,000	Rogers Corp.*	487,850	56,300	ProAssurance Corp.*	2,879,745
		6,043,205			20,586,508
				FOOD PROCESSING (1.4%)	
	ENTERTAINMENT (0.5%)		11,850	Dean Foods Co.*	553,869
29,100	Central European Media Enterprises Ltd. Class A*	2,575,350	83,200	Flowers Foods, Inc.	2,510,144
26,800	RC2 Corp.*	1,082,452	41,500	Herbalife Ltd.*	1,626,385
		3,657,802	43,000	McCormick & Company, Inc.	1,656,360
			49,400	Ralcorp Holdings, Inc.*	3,176,420
	ENTERTAINMENT		64,000	United Natural Foods, Inc.*	1,960,960
	TECHNOLOGY (0.5%)				11,484,138
60,000	Dolby Laboratories, Inc. Class A* ..	2,070,600		FURNITURE/HOME	
58,600	Scientific Games Corp. Class A* ...	1,923,838		FURNISHINGS (0.1%)	
		3,994,438	27,000	Steelcase, Inc. Class A	537,030
	ENVIRONMENTAL (1.0%)				
41,700	Clean Harbors, Inc.*	1,885,674			

See Notes to Financial Statements.

Schedule of Investments

Shares		Value	Shares		Value
HEALTH CARE INFORMATION SYSTEMS (0.8%)			70,950	Corrections Corp. of America*	\$ 3,746,869
144,000	Allscripts Healthcare Solutions, Inc.*	\$ 3,860,640	51,000	EMCOR Group, Inc.*	3,007,980
43,000	Cerner Corp.*	2,341,350	29,400	Expeditors International of Washington, Inc.	1,214,808
		6,201,990	81,000	FTI Consulting, Inc.*	2,720,790
HOME APPLIANCES (0.3%)			51,450	Geo Group, Inc. (The)*	2,331,714
47,400	Toro Co. (The)	2,428,776	13,000	Knot, Inc. (The)*	279,890
HOME BUILDING (0.2%)			55,500	Mobile Mini, Inc.*	1,486,290
3,000	Desarrolladora Homex S.A. de C.V. ADR*	173,850	4,700	PeopleSupport, Inc.*	53,815
23,600	Forest City Enterprises, Inc. Class A	1,561,848	118,000	Quanta Services, Inc.*	2,975,960
		1,735,698	36,000	Ritchie Bros. Auctioneers, Inc.	2,106,720
HOTEL/GAMING (1.9%)			57,800	URS Corp.*	2,461,702
69,000	Ameristar Casinos, Inc.	2,215,590	53,000	World Fuel Services Corp.	2,451,780
54,800	Choice Hotels International, Inc.	1,941,564			28,474,962
51,300	Gaylord Entertainment Co.*	2,712,231	INFORMATION SERVICES (1.6%)		
35,000	Orient-Express Hotels Ltd. Class A	2,093,700	37,000	Alliance Data Systems Corp.*	2,279,940
48,000	Penn National Gaming, Inc.*	2,036,160	19,000	Corporate Executive Board Co. (The)	1,443,240
17,800	Station Casinos, Inc.	1,540,946	52,000	Equifax, Inc.	1,895,400
51,000	Vail Resorts, Inc.*	2,770,830	56,050	FactSet Research Systems, Inc.	3,522,742
		15,311,021	121,000	Gartner, Inc.*	2,897,950
HOUSEHOLD PRODUCTS (0.8%)			19,700	IHS, Inc. Class A*	809,867
20,400	Central Garden and Pet Co.*	301,308			12,849,139
50,400	Church & Dwight Company, Inc.	2,537,640	INSURANCE — LIFE (0.6%)		
24,000	Energizer Holdings, Inc.*	2,047,920	79,350	Delphi Financial Group, Inc. Class A	3,192,251
37,600	Scotts Miracle-Gro Co. (The) Class A	1,655,528	25,000	Protective Life Corp.	1,101,000
		6,542,396	12,000	Reinsurance Group of America, Inc.	692,640
HUMAN RESOURCES (0.7%)					4,985,891
54,000	AMN Healthcare Services, Inc.* ...	1,221,480	INSURANCE — PROPERTY & CASUALTY (2.6%)		
43,200	Korn/Ferry International*	991,008	63,500	American Financial Group, Inc.	2,161,540
73,000	Watson Wyatt Worldwide, Inc. Class A	3,551,450	33,300	Arch Capital Group Ltd.*	2,271,393
		5,763,938	48,400	Argonaut Group, Inc.*	1,566,224
INDUSTRIAL SERVICES (3.5%)			33,075	Berkley (W.R.) Corp.	1,095,444
88,100	Aaron Rents, Inc. Class B	2,329,364	17,811	Fidelity National Financial, Inc. Class A	427,642
19,600	C.H. Robinson Worldwide, Inc.	935,900	64,350	HCC Insurance Holdings, Inc.	1,981,980
31,000	Comfort Systems USA, Inc.	371,380	5,900	Markel Corp.*	2,860,497
			7,200	Midland Co. (The)	305,424

See Notes to Financial Statements.

March 31, 2007

Shares		Value	Shares		Value
80,700	Range Resources Corp.	\$2,695,380	5,000	Smith & Wesson Holding Corp.* ...	\$ 65,450
		3,689,710			6,843,025
	PHARMACY SERVICES (0.7%)			RESTAURANT (0.9%)	
90,400	HealthExtras, Inc.*	2,601,712	45,000	CKE Restaurants, Inc.	848,700
53,800	Longs Drug Stores Corp.	<u>2,778,232</u>	21,000	Jack in the Box, Inc.*	1,451,730
		5,379,944	25,000	Panera Bread Co. Class A*	1,476,500
	POWER (0.1%)		41,000	Papa John's International, Inc.*	1,205,400
51,000	Covanta Holding Corp.*	1,131,180	33,100	RARE Hospitality International, Inc.*	995,979
	PRECISION INSTRUMENT (0.7%)		64,687	Sonic Corp.*	<u>1,441,226</u>
34,000	Mettler Toledo International, Inc.* ..	3,045,380			7,419,535
5,200	MTS Systems Corp.	201,968		RETAIL — AUTOMOTIVE (0.4%)	
24,600	Thermo Fisher Scientific, Inc.*	1,150,050	78,000	CarMax, Inc.*	1,914,120
19,000	Varian, Inc.*	<u>1,106,940</u>	45,400	O'Reilly Automotive, Inc.*	<u>1,502,740</u>
		5,504,338			3,416,860
	PUBLISHING (0.4%)			RETAIL — SPECIAL LINES (4.2%)	
44,000	Consolidated Graphics, Inc.*	3,258,200	7,100	Buckle, Inc. (The)	253,470
	R.E.I.T. (0.8%)		65,200	Cato Corp. (The) Class A	1,525,028
15,000	CBL & Associates Properties, Inc. ...	672,600	56,800	Central Garden and Pet Co. Class A*	834,960
3,400	Developers Diversified Realty Corp.	213,860	41,000	Charlotte Russe Holding, Inc.*	1,183,670
2,613	Kimco Realty Corp.	127,358	54,400	Claire's Stores, Inc.	1,747,328
73,700	LaSalle Hotel Properties	3,416,732	36,000	Coach, Inc.*	1,801,800
6,000	Mid-America Apartment Communities, Inc.	337,560	111,000	Coldwater Creek, Inc.*	2,251,080
12,500	ProLogis	811,625	55,400	Dick's Sporting Goods, Inc.*	3,227,604
12,000	PS Business Parks, Inc.	<u>846,240</u>	140,000	Dress Barn, Inc. (The)*	2,913,400
		6,425,975	53,000	DSW, Inc. Class A*	2,237,130
	RAILROAD (1.1%)		150,000	GameStop Corp. Class A*	4,885,500
46,000	Florida East Coast Industries, Inc. ...	2,883,740	32,000	Gymboree Corp. (The)*	1,282,240
107,700	Genesee & Wyoming, Inc. Class A*	2,865,897	80,962	Hibbett Sports, Inc.*	2,314,704
98,000	Kansas City Southern*	<u>3,486,840</u>	80,700	Men's Wearhouse, Inc. (The)	3,796,935
		9,236,477	50,600	Pantry, Inc. (The)*	2,288,132
	RECREATION (0.8%)		39,600	Urban Outfitters, Inc.*	<u>1,049,796</u>
52,000	Life Time Fitness, Inc.*	2,673,320			33,592,777
57,000	Marvel Entertainment, Inc.*	1,581,750		RETAIL BUILDING SUPPLY (0.4%)	
56,850	Pool Corp.	2,035,230	9,400	Fastenal Co.	329,470
26,700	Shuffle Master, Inc.*	487,275	22,200	Tractor Supply Co.*	1,143,300
			41,200	Watsco, Inc.	<u>2,104,084</u>
					3,576,854

See Notes to Financial Statements.

Schedule of Investments

Shares		Value	Shares		Value
RETAIL STORE (0.1%)			TELECOMMUNICATIONS		
20,000	Big Lots, Inc.*	\$ 625,600	EQUIPMENT (1.4%)		
SECURITIES BROKERAGE (0.9%)			64,100	Anixter International, Inc.*	\$ 4,226,754
5,000	Bear Stearns Companies, Inc. (The)	751,750	83,000	CommScope, Inc.*	3,560,700
72,400	Investment Technology Group, Inc.*	2,838,080	79,200	Nice Systems Ltd. ADR*	2,694,384
30,000	Jefferies Group, Inc.	868,500	14,000	Polycor, Inc.*	466,620
126,000	Knight Capital Group, Inc. Class A*	1,995,840	13,800	Superior Essex, Inc.*	478,446
33,000	Raymond James Financial, Inc.	982,080			11,426,904
		7,436,250	THRIFT (0.9%)		
SEMICONDUCTOR (0.4%)			54,400	First Republic Bank	2,921,280
73,000	FormFactor, Inc.*	3,266,750	41,600	FirstFed Financial Corp.*	2,364,128
SHOE (2.1%)			47,448	Hudson City Bancorp, Inc.	649,089
19,000	Brown Shoe Company, Inc.*	798,000	34,300	PFF Bancorp, Inc.	1,040,319
39,000	Crocs, Inc.*	1,842,750	9,900	WSFS Financial Corp.	638,352
46,700	Deckers Outdoor Corp.*	3,316,634			7,613,168
46,300	Genesco, Inc.*	1,922,839	TIRE & RUBBER (0.3%)		
89,000	Iconix Brand Group, Inc.*	1,815,600	53,600	Carlisle Companies, Inc.	2,301,048
82,000	Skechers U.S.A., Inc. Class A*	2,752,740	TOILETRIES & COSMETICS (0.1%)		
74,500	Steven Madden Ltd.	2,175,400	16,000	Chattem, Inc.*	943,040
94,750	Wolverine World Wide, Inc.	2,707,007	TRUCKING (1.7%)		
		17,330,970	28,000	AMERCO*	1,959,720
STEEL — GENERAL (0.1%)			12,000	Arkansas Best Corp.	426,600
10,000	Ampco-Pittsburgh Corp.	288,900	40,200	Dollar Thrifty Automotive Group* ..	2,051,808
4,000	Carpenter Technology Corp.	483,040	59,200	Forward Air Corp.	1,946,496
		771,940	87,400	HUB Group, Inc. Class A*	2,533,726
TELECOMMUNICATION SERVICES (1.7%)			42,000	Hunt (J.B.) Transport Services, Inc.	1,102,080
85,000	Alaska Communications Systems Group, Inc.	1,253,750	64,475	Knight Transportation, Inc.	1,148,945
60,417	American Tower Corp. Class A* ...	2,353,242	29,400	Landstar System, Inc.	1,347,696
55,008	Crown Castle International Corp.* ..	1,767,407	55,550	Old Dominion Freight Line, Inc.* ..	1,600,395
16,000	Golden Telecom, Inc.	886,080			14,117,466
38,800	NII Holdings, Inc. Class B*	2,878,184	WATER UTILITY (0.5%)		
133,000	Time Warner Telecom, Inc. Class A*	2,762,410	9,300	American States Water Co.	342,891
72,000	Witness Systems, Inc.*	1,940,400	66,000	Aqua America, Inc.	1,481,700
		13,841,473	63,000	Cia de Saneamento Basico do Estado de Sao Paulo ADR	2,128,770
					3,953,361

See Notes to Financial Statements.

March 31, 2007

Shares		Value
WIRELESS NETWORKING (1.1%)		
48,700	Itron, Inc.*	\$ 3,167,449
32,000	Leap Wireless International, Inc.* ..	2,111,360
110,000	SBA Communications Corp. Class A*	3,250,500
		<u>8,529,309</u>
	TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (93.7%)	
	(Cost \$549,919,951)	<u>757,993,482</u>

Principal Amount		Value
REPURCHASE AGREEMENTS (6.4%)		
\$37,500,000	With Morgan Stanley, 5.05%, dated 3/30/07, due 4/2/07, delivery value \$37,515,781 (collateralized by \$28,410,000 U.S. Treasury Notes 8.875%, due 8/15/17, with a value of \$38,297,877)	37,500,000
14,000,000	With State Street Bank & Trust, 4.60%, dated 3/30/07, due 4/2/07, delivery value \$14,005,367 (collateralized by \$14,555,000 U.S. Treasury Notes 3.875% due 9/15/10, with a value of \$14,277,793)	14,000,000
	TOTAL REPURCHASE AGREEMENTS	
	(Cost \$51,500,000)	<u>\$51,500,000</u>

	Value
EXCESS OF LIABILITIES OVER CASH AND OTHER ASSETS (-0.1%)	<u>\$ (668,164)</u>
NET ASSETS (100%)	<u>\$808,825,318</u>
NET ASSET VALUE OFFERING AND REDEMPTION PRICE, PER OUTSTANDING SHARE (\$808,825,318 ÷ 25,026,975 shares outstanding)	<u>\$ 32.32</u>

* Non-income producing.

ADR American Depositary Receipt

See Notes to Financial Statements.

**Statement of Assets and Liabilities
at March 31, 2007**

Assets:	
Investment securities, at value (Cost – \$549,919,951)	\$757,993,482
Repurchase agreements (Cost – \$51,500,000) ...	51,500,000
Cash	198,789
Receivable for capital shares sold	2,371,354
Interest and dividends receivable	381,596
Receivable for securities sold	259,883
Prepaid expenses	56,410
Total Assets	<u>812,761,514</u>
Liabilities:	
Payable for securities purchased	2,359,862
Payable for capital shares repurchased	729,984
Accrued expenses:	
Advisory fee payable	503,051
Service and distribution plan fees	167,684
Directors' fees and expenses	13,669
Other	161,946
Total Liabilities	<u>3,936,196</u>
Net Assets	<u>\$808,825,318</u>
Net assets consist of:	
Capital stock, at \$0.001 par value (authorized 300,000,000, outstanding 25,026,975 shares)	\$ 25,027
Additional paid-in capital	591,872,836
Accumulated net investment income	2,703
Accumulated net realized gain on investments ..	8,851,221
Net unrealized appreciation of investments and foreign currency translations	<u>208,073,531</u>
Net Assets	<u>\$808,825,318</u>
Net Asset Value, Offering and Redemption Price, per Outstanding Share (\$808,825,318 ÷ 25,026,975 shares outstanding)	
	<u>\$ 32.32</u>

**Statement of Operations
for the Year Ended March 31, 2007**

Investment Income:	
Dividends (Net of foreign withholding tax of \$4,312)	\$ 4,616,736
Interest	2,419,050
Total Income	<u>7,035,786</u>
Expenses:	
Advisory fee	5,367,759
Service and distribution plan fees	1,789,253
Auditing and legal fees	260,351
Transfer agent	197,525
Printing and postage	197,425
Custodian fees	114,968
Insurance, dues and other	105,303
Directors' fees and expenses	81,474
Registration and filing fees	47,289
Accounting and bookkeeping expense	29,687
Telephone	26,424
Total Expenses Before Custody Credits	<u>8,217,458</u>
Less: Custody Credits	(15,971)
Net Expenses	<u>8,201,487</u>
Net Investment Loss	<u>(1,165,701)</u>
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Exchange Transactions:	
Net Realized Gain	9,197,044
Change in Net Unrealized Appreciation/ (Depreciation)	<u>21,405,540</u>
Net Realized Gain and Change in Net Unrealized Appreciation/ (Depreciation) on Investments and Foreign Exchange Transactions	<u>30,602,584</u>
Increase in Net Assets from Operations	<u>\$29,436,883</u>

See Notes to Financial Statements.

Statements of Changes in Net Assets for the Years Ended March 31, 2007 and 2006

	Year Ended March 31, 2007	Year Ended March 31, 2006
Operations:		
Net investment loss	\$ (1,165,701)	\$ (867,595)
Net realized gain on investments	9,197,044	16,135,206
Change in net unrealized appreciation/(depreciation)	21,405,540	104,021,793
Increase in net assets from operations	29,436,883	119,289,404
Distributions to Shareholders:		
Net realized gain on investment transactions	(11,504,201)	(7,188,612)
Capital Share Transactions:		
Proceeds from sale of shares	290,938,561	255,275,646
Proceeds from reinvestment of distributions to shareholders	11,149,178	6,989,873
Cost of shares repurchased	(176,613,042)	(118,557,683)
Increase in net assets from capital share transactions	125,474,697	143,707,836
Total Increase in Net Assets	143,407,379	255,808,628
Net Assets:		
Beginning of year	665,417,939	409,609,311
End of year	\$ 808,825,318	\$ 665,417,939
Accumulated undistributed net investment income, at end of year	\$ 2,703	\$ 7,181

See Notes to Financial Statements.

Notes to Financial Statements

1. Significant Accounting Policies

Value Line Emerging Opportunities Fund, Inc., (the “Fund”) is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company whose primary investment objective is long-term growth of capital. The Fund invests primarily in “small-cap” common stocks. The following significant accounting policies are in conformity with generally accepted accounting principles for investment companies. Such policies are consistently followed by the Fund in the preparation of its financial statements. Generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

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

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS No.

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

(B) Repurchase Agreements: In connection with transactions in repurchase agreements, the Fund’s custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, it is the Fund’s policy to mark-to-market the collateral on a daily basis to ensure the adequacy of the collateral. In the event of default of the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

(C) Federal Income Taxes: It is the policy of the Fund to qualify as a regulated investment company by complying with the provisions available to regulated investment companies, as defined in applicable sections of the Internal Revenue Code, and to distribute all of its investment income and capital gains to its shareholders. Therefore, no provision for federal income tax is required.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109” (the “Interpretation”). The Interpretation establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. Management

March 31, 2007

has recently begun to evaluate the application of the Interpretation to the Fund, and is not in a position at this time to estimate the significance of its impact, if any, on the Fund's financial statements.

(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 purposes 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. Dividends received in excess of income are recorded as a reduction of cost of investment and/or realized gain on Real Estate Investment Trusts (REITS).

(E) Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Assets and liabilities which are denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange. The Fund does not isolate changes in the value of investments caused by foreign exchange rate differences from the changes due to other circumstances.

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

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

The effect of the change in foreign exchange rates on the value of investments is included in realized gain/loss on investments and change in net unrealized appreciation/depreciation on investments.

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

2. Capital Share Transactions

Transactions in capital stock were as follows:

	Year Ended March 31, 2007	Year Ended March 31, 2006
Shares sold	9,440,989	9,065,430
Shares issued to shareholders in reinvestment of distributions ...	360,348	248,839
Shares repurchased	(5,768,757)	(4,227,602)
Net increase	4,032,580	5,086,667
Distributions per share from net realized gains ..	\$ 0.4821	\$ 0.3866

3. Purchases and Sales of Securities

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

	Year Ended March 31, 2007
Purchases:	
Investment Securities	\$282,861,980
Sales:	
Investment Securities	\$159,701,586

Notes to Financial Statements

March 31, 2007

4. Income Taxes

At March 31, 2007, information on the tax components of capital is as follows:

Cost of investments for tax purposes	\$601,472,041
Gross tax unrealized appreciation	\$214,358,178
Gross tax unrealized depreciation	(6,336,737)
Net tax unrealized appreciation on investments	\$208,021,441
Undistributed long-term capital gains	\$ 8,906,032

Net unrealized gain (loss) differs for financial statements and tax purposes primarily due to differing treatments of wash sales and real estate investment trusts.

Permanent book-tax differences relating to the classification of income in the current year were reclassified within the composition of the net asset accounts. The Fund decreased net investment loss by \$1,161,223, decreased additional paid in capital by \$1,150,508, and decreased accumulated net realized gain by \$10,715. These reclassifications were primarily due to differing treatments of net operating loss and investments in real estate investment trusts for tax purposes. Net assets were not affected by this reclassification.

The tax composition of distributions to shareholders for the years ended March 31, 2007 and 2006 were as follows:

	2007	2006
Long-term capital gain	\$11,504,201	\$7,188,612

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

An advisory fee of \$5,367,759 was paid or payable to Value Line, Inc., the Fund's investment adviser

(the "Adviser"), for the year ended March 31, 2007. The fee was computed at an annual rate of 0.75 of 1% of the daily net assets during the period and paid monthly. The Adviser provides research, investment programs and supervision of the investment portfolio and pays costs of certain administrative services and office space. The Adviser also provides persons, satisfactory to the Fund's Board of Directors, to act as officers of the Fund and pays their salaries and wages. Direct expenses of the Fund are charged to the Fund while common expenses of the Value Line Funds are allocated proportionately based upon the funds' respective net assets. The Fund bears all other costs and expenses.

The Fund has a Service and Distribution Plan (the "Plan"), adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, for the payment of certain expenses incurred by Value Line Securities, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, for advertising, marketing and distributing the Fund's shares and for servicing the Fund's shareholders at an annual rate of 0.25% of the Fund's average daily net assets. For the year ended March 31, 2007, fees amounting to \$1,789,253 were paid or payable to the Distributor under this plan.

For the year ended March 31, 2007, the Fund's expenses were reduced by \$15,971 under a custody credit arrangement with the custodian.

Certain officers and directors of the Adviser and/or affiliated companies are also officers and directors of the Fund. At March 31, 2007, the Adviser, and/or affiliated companies, including the Value Line Profit Sharing and Savings Plan, owned 753,972 shares of the Fund representing 3.01% of the outstanding shares. In addition, certain officers and directors of the Fund as a group owned 24,329 shares, representing less than 1% of the outstanding shares.

Financial Highlights

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

	Years Ended March 31,				
	2007	2006	2005	2004	2003
Net asset value, beginning of year	\$ 31.70	\$ 25.75	\$ 23.81	\$ 16.56	\$ 20.15
Income from investment operations:					
Net investment loss	(0.05)	(0.04)	(0.05)	(0.03)	(0.03)
Net gains or (losses) on securities (both realized and unrealized)	1.15	6.38	1.99	7.28	(3.40)
Total from investment operations	1.10	6.34	1.94	7.25	(3.43)
Less distributions:					
Distributions from net realized gains	(0.48)	(0.39)	—	—	(0.16)
Net asset value, end of year	\$ 32.32	\$ 31.70	\$ 25.75	\$ 23.81	\$ 16.56
Total return	3.55%	24.85%	8.15%	43.78%	(17.04)%
Ratios/Supplemental Data:					
Net assets, end of year (in thousands)	\$808,825	\$665,418	\$409,609	\$260,879	\$109,600
Ratio of expenses to average net assets ⁽¹⁾	1.16%	1.10%	1.14%	1.19%	1.36%
Ratio of net investment loss to average net assets	(0.16)%	(0.17)%	(0.28)%	(0.16)%	(0.19)%
Portfolio turnover rate	24%	40%	44%	55%	79%

⁽¹⁾ Ratio reflects expenses grossed up for custody credit arrangement. The ratio of expenses to average net assets net of custody credits would have been 1.15% for the year ended March 31, 2007 and would have been unchanged for the years ended March 31, 2006, March 31, 2005, March 31, 2004 and 1.35% for the year ended March 31, 2003.

See Notes to Financial Statements.

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Value Line Emerging Opportunities Fund, Inc. (the “Fund”) at March 31, 2007, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the

standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at March 31, 2007 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York

May 30, 2007

**FACTORS CONSIDERED BY THE BOARD IN APPROVING
THE INVESTMENT ADVISORY AGREEMENT
FOR VALUE LINE EMERGING OPPORTUNITIES FUND, INC.**

The Investment Company Act of 1940 (the “1940 Act”) requires the Board of Directors, including a majority of Directors who are not interested persons of the Fund, as that term is defined in the 1940 Act (the “Independent Directors”), annually to consider the investment advisory agreement between the Fund and its investment adviser, Value Line, Inc. (“Value Line”) (the “Agreement”). As required by the 1940 Act, the Board requested and Value Line provided such information as the Board deemed to be reasonably necessary to evaluate the terms of the Agreement. At meetings held throughout the year, including the meeting specifically focused upon the review of the Agreement, the Independent Directors met in executive sessions separately from the Non-Independent Director of the Fund and any officers of Value Line. In selecting Value Line and approving the continuance of the Agreement, the Independent Directors relied upon the assistance of counsel to the Independent Directors.

Both in meetings which specifically addressed the approval of the Agreement and at other meetings during the course of the year, the Board, including the Independent Directors, received materials relating to Value Line’s investment and management services under the Agreement. These materials included information on (i) the investment performance of the Fund compared to a peer group of funds (“Performance Universe”) and its benchmark index, each as classified by Lipper Inc., an independent evaluation service (“Lipper”); (ii) sales and redemption data with respect to the Fund; (iii) the general investment outlook in the markets in which the Fund invests; (iv) arrangements with respect to the distribution of the Fund’s shares; (v) the allocation of the Fund’s brokerage, if any; and (vi) the overall nature, quality and extent of services provided by Value Line.

As part of the review of the continuance of the Agreement, the Board requested, and Value Line provided, additional information in order to evaluate the quality of Value Line’s services and the reasonableness of its fees under the Agreement. In a separate executive session, the Independent

Directors engaged in an extensive review of information, which included data comparing: (i) the Fund’s average management fees, transfer agent/custodian fees, service fees (including 12b-1 fees), and other non-management fees, to those incurred by a peer group of funds consisting of the Fund and other retail no-load small-cap growth funds, as selected objectively by Lipper Inc., an independent provider of investment company data (“Expense Group”), and a peer group of funds consisting of the Fund, the Expense Group and all other retail no-load small-cap growth funds, as selected objectively by Lipper Inc. (“Expense Universe”); (ii) the Fund’s average expense ratio to those of its Expense Group and Expense Universe; (iii) the Fund’s investment performance over various time periods to the average performance of the Fund and all retail and institutional small cap growth funds regardless of asset size or primary channel of distribution, as selected independently by Lipper Inc. (“Performance Universe”) as well as the Lipper Index; (iv) Value Line’s financial results and conditions, including Value Line’s and certain of its affiliates’ profitability from the services that have been performed for the Fund as well as the Value Line family of funds; (v) the Fund’s current investment management staffing; and (vi) the Fund’s potential for achieving economies of scale. In support of its review of the statistical information, the Board was provided with a detailed description of the methodology used by Lipper Inc. to determine the Expense Group, the Expense Universe and the Performance Universe to prepare this information.

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

Investment Performance. The Board reviewed the Fund’s overall investment performance and compared it to its Performance Universe and the Lipper Index. The Board noted that the Fund’s performance for the one-year, three-year, five-year, and ten-year periods ended December 31,

2006 exceeded the average performance of both the Performance Universe average and the Lipper Index.

Value Line's Personnel and Methods. The Board reviewed the background of the portfolio manager responsible for the daily management of the Fund's portfolio, achieving the Fund's investment objective and adhering to the Fund's investment strategy. The Independent Directors also engaged in discussions with Value Line's senior management who are responsible for the overall functioning of the Fund's investment operations. Based on this review, the Board concluded that the Fund's management team and Value Line's overall resources were well developed and that Value Line had investment management capabilities and personnel essential to performing its duties under the Agreement.

Management Fee and Expenses. The Board considered Value Line's fee under the Agreement relative to the management fees charged by its Expense Group and Expense Universe averages. The Board noted that the Fund's management fee for the most recent fiscal year was less than both the Expense Group average and the Expense Universe average. The Board also considered that the Fund's total expense ratio was lower than the average expense ratio of both its Expense Group and Expense Universe and concluded that the expense level was satisfactory for the purpose of approving the continuance of the Agreement for the coming year. Based on their overall review, the Board determined that Value Line's management fee rate under the Agreement does not constitute fees that are so disproportionately large as to bear no reasonable relationship to the services rendered and that could not have been the product of arm's-length bargaining, and concluded that the management fee rate under the Agreement is fair and reasonable.

Nature and Quality of Other Services. The Board considered the nature, quality, cost and extent of other services provided by Value Line and its affiliate, Value Line Securities, Inc. At meetings held throughout the year, the Board reviewed the effectiveness of Value Line's overall compliance program, as well as the services provided by Value Line Securities, Inc., the Fund's principal underwriter. The Board also reviewed the services provided by Value Line

and its affiliate in supervising third party service providers. Based on this review, the Board concluded that the nature, quality, cost and extent of such other services provided by Value Line and its affiliate were satisfactory, reliable and beneficial to the Fund's shareholders.

Profitability. The Board considered the level of Value Line's profits with respect to the management of the Fund, including the impact of certain actions taken during 2005 and 2006. These actions included Value Line's review of its methodology in allocating certain of its costs to the management of each Fund, Value Line's voluntary reduction of management and/or Rule 12b-1 fees for certain funds, Value Line's termination of the use of soft dollar research, and the cessation of trading through its affiliate, Value Line Securities, Inc. Based on a review of these actions and Value Line's overall profitability, the Board concluded that Value Line's profits from management of the Fund, including the financial results derived from the Fund, bear a reasonable relationship to the services rendered and are fair for the management of the Fund in light of the business risks involved.

Other Benefits. The Board also considered the character and amount of other direct and incidental benefits received by Value Line and its affiliates from their association with the Fund. The Board concluded that potential "fall-out" benefits that Value Line and its affiliates may receive, such as greater name recognition, appear to be reasonable, and may in some cases benefit the Fund.

Economies of Scale. The Board noted that, given the current and anticipated size of the Fund, any perceived and potential economies of scale were not yet a relevant consideration for the Fund and the addition of break points was determined not to be necessary at this time.

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

Federal Tax Notice (unaudited)

During the year ended March 31, 2007, the Fund paid \$0.4821 per share of long-term capital gains to shareholders.

Management of the Fund

MANAGEMENT INFORMATION

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

Name, Address, and Age	Position	Length of Time Served	Principal Occupation During the Past 5 Years	Other Directorships Held by Director
Interested Directors*				
Jean Bernhard Buttner Age 72	Chairman of the Board of Directors and President	Since 1993	Chairman, President and Chief Executive Officer of Value Line, Inc. (the "Adviser") and Value Line Publishing, Inc. Chairman and President of each of the 14 Value Line Funds and Value Line Securities, Inc. (the "Distributor").	Value Line, Inc.
Non-Interested Directors				
John W. Chandler 1611 Cold Springs Road Williamstown, MA 01267 Age 83	Director	Since 2000	Consultant, Academic Search Consultation Service, Inc. (1992–2004); Trustee Emeritus and Chairman (1993–1994) of the Board of Trustees of Duke University; President Emeritus, Williams College.	None
Frances T. Newton 4921 Buckingham Drive Charlotte, NC 28209 Age 65	Director	Since 1993	Retired. Customer Support Analyst, Duke Power Company, until April 2007.	None
Francis C. Oakley 54 Scott Hill Road Williamstown, MA 01267 Age 75	Director	Since 1993	Professor of History, Williams College, (1961–2002). Professor Emeritus since 2002. President Emeritus since 1994 and President, (1985–1994); Chairman (1993–1997) and Interim President (2002–2003) of the American Council of Learned Societies. Trustee since 1997 and Chairman of the Board since 2005, National Humanities Center.	None
David H. Porter 5 Birch Run Drive Saratoga Springs, NY 12866 Age 71	Director	Since 2000	Visiting Professor of Classics, Williams College, since 1999; President Emeritus, Skidmore College since 1999 and President, (1987–1998).	None

Management of the Fund

Name, Address, and Age	Position	Length of Time Served	Principal Occupation During the Past 5 Years	Other Directorships Held by Director
Paul Craig Roberts 169 Pompano St. Panama City Beach, FL 32413 Age 68	Director	Since 2000	Chairman, Institute for Political Economy.	None
Nancy-Beth Sheerr 1409 Beaumont Drive Gladwyne, PA 19035 Age 58	Director	Since 2000	Senior Financial Advisor, Veritable L.P. (Investment adviser) since 2004; Senior Financial Advisor, Hawthorn, (2001–2004).	None
Officers				
David T. Henigson Age 49	Vice President, Secretary and Chief Compliance Officer	Since 1993	Director, Vice President and Compliance Officer of the Adviser. Director and Vice President of the Distributor. Vice President, Secretary and Chief Compliance Officer of each of the 14 Value Line Funds.	
Stephen R. Anastasio Age 48	Treasurer	Since 2005	Controller of the Adviser until 2003; Chief Financial Officer of the Adviser (2003–2005); Treasurer of the Adviser since 2005; Treasurer of each of the 14 Value Line Funds.	
Howard A. Brecher Age 53	Assistant Treasurer Assistant Secretary	Since 2005	Director, Vice President and Secretary of the Adviser. Director and Vice President of the Distributor.	

* *Mrs. Buttner is an “interested person” as defined in the Investment Company Act of 1940 by virtue of her positions with the Adviser and her indirect ownership of a controlling interest in the Adviser.*

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

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

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

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

The Value Line Family of Funds

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

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

1956 — *Value Line Premier Growth Fund* seeks long-term growth of capital. No consideration is given to current income in the choice of investments.

1972 — *Value Line Larger Companies Funds* sole investment objective is to realize capital growth.

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

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

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

1984 — *The Value Line Tax Exempt Fund* seeks to provide investors with the maximum income exempt from

federal income taxes while avoiding undue risk to principal. The fund may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

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

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

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

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

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

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

* 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, 9 am – 5 pm CST, Monday – Friday, or visit us at www.vlfunds.com. Read the prospectus carefully before you invest or send money.