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**INDEPENDENT
REGISTERED PUBLIC
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Emily D. Washington
Treasurer and Secretary

A N N U A L R E P O R T
December 31, 2011

*Value Line
Premier Growth
Fund, Inc.*



ValueLine*funds*
A FAMILY OF NO-LOAD MUTUAL FUNDS

*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).*

#00084256

To Our Value Line Premier

To Our Shareholders (unaudited):

Enclosed is your annual report for the year ended December 31, 2011. We encourage you to carefully review this report, which includes economic observations, your Fund's performance data and highlights, schedule of investments, and financial statements.

We're pleased to report that Value Line Premier Growth Fund, Inc. (the "Fund") earned a total return of 4.59% in 2011, versus a total return of 2.11% for the benchmark Standard & Poor's 500 Stock Index.⁽¹⁾ Contributing to the superior performance was good stock selection in the Consumer Discretionary and Industrials sectors. In addition, your Fund avoided the losing stocks in the banking industry. The Fund has outpaced the S&P 500 benchmark in eight of the past ten years. For the three years ending December 31, 2011, the Fund earned an average annual total return of 18.96%, versus 14.11% for the S&P 500; for five years, 3.58% versus a loss of (0.25)% for the S&P 500; and for ten years, 6.72% versus 2.72% for the S&P 500. For the 15-year period, which has been entirely under the same portfolio manager, the Fund's average annual total return was 9.85%, versus 5.33% for the S&P 500.

Morningstar, the independent mutual fund advisory service, awards your Fund an Overall rating of Four Stars, based upon a Return rating of Above Average and a Risk rating of Below Average versus its category peers, as of December 31, 2011. The Fund carries a ten-year rating of Five Stars (out of 415 funds), a five-year rating of Four Stars (596 funds), and a three-year rating of Three Stars (659 funds). Lipper another independent mutual fund advisory service, awards its top Lipper Leader rating of 5 for Total Return, Consistent Return and Preservation of capital, versus its category peers as of December 31, 2011*. According to Lipper, your Fund's total returns beat 94% of its peers in the multi-cap growth category for the ten-year period (out of 234 funds) ending December 31, 2011; 76% of its peers for the five-year period (338 funds); 70% of its peers for the three-year period (412 funds); and 95% of its peers for the one-year period (489 funds).

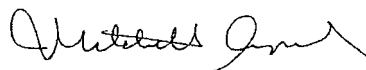
In these difficult times, we're particularly gratified by the Morningstar rating of below-average risk and the Lipper

top-tier rank for capital preservation. We take every opportunity to control the risk and volatility of the portfolio without surrendering the potential for strong total returns. Investments are widely diversified, with representatives from nearly every industry. The diversification is also reflected in the fact that only 12.8% of the Fund's assets are invested in the portfolio's ten largest holdings, as of the end of 2011. We invest across the entire range of company size, too. Current holdings are split about evenly among large-cap, mid-cap and small-cap stocks.

Also contributing to risk control is our very disciplined investment strategy. First and foremost, this strategy means that the Fund invests in high-quality companies with proven long-term records of success, demonstrated by superior earnings performance and superior stock performance relative to their competition. This is a portfolio of growth stocks. Second, we closely monitor quarterly earnings reports and relative stock price momentum of the Fund's holdings for any signs of sub-par performance. With about 250 stocks in the portfolio, we do not become attached to any single holding and do not hesitate to sell laggards, replacing them with stocks showing superior momentum. Yet annual portfolio turnover has averaged a moderate 18% over the past five years, limiting trading expenses.

We believe our time-tested investment discipline will continue to serve the Fund well. Thank you for your confidence in us.

Sincerely,



Mitchell Appel, President



Stephen E. Grant, Portfolio Manager

(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. It is not possible to directly invest in this index.*

* *Total Return: 4 for 3yr out of 427 funds, 4 for 5yr 347 funds, 5 for 10yr 236 funds.*

Consistent return: 4 for 3yr out of 424 funds, 4 for 5yr 344 funds, 5 for 10yr 233 funds.

Preservation: 5 for 3yr out of 10,210 funds, 5 for 5yr 8,217 funds, 5 for 10yr 4,769 funds.

Growth Fund Shareholders

The Morningstar Rating™ for funds methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure, which also accounts for the effects of all sales charges, loads, or redemption fees. Funds are ranked by their Morningstar Risk-Adjusted Return scores and stars are assigned using the following scale: 1 star 10%; 2 stars

22.5%; 3 stars 35%; 4 stars 22.5%; 5 stars 10%. Funds are rated for up to three periods—the trailing three-, five-, and 10-years.

For a fund that does not change categories during the evaluation period, the overall rating is calculated using the following weights:

Age of fund

At least three years, but less than five
 At least five years, but less than 10
 At least 10 years

Overall rating

100% three-year rating
 60% five-year rating / 40% three-year rating
 50% 10-year rating / 30% five-year rating / 20% three-year rating

Lipper Leader ratings for Total Return reflect funds' historical total return performance relative to peers. Ratings for Total Return are computed for all Lipper classifications with five or more distinct portfolios and span both equity and fixed-income funds (e.g., large-cap core, general U.S. Treasury, etc.). Leader ratings for Consistent Return reflect funds' historic returns, adjusted for volatility, relative to peers. Ratings for Consistent Return are computed for all Lipper classifications with five or more distinct portfolios and span both equity and fixed-income funds (e.g., large-cap core, general U.S. Treasury, etc.). Leader ratings for Preservation reflect funds' historical loss avoidance relative to other funds within the same asset class. Scores for Preservation are computed from three broad asset classes – equity funds, mixed-equity funds, and fixed-income (bond) funds. The ratings are subject to change every month and are calculated for the following time periods: 3-year, 5-year,

10-year, and overall. The overall calculation is based on an equal-weighted average of percentile ranks for metrics over 3-year, 5-year, and 10-year periods (if applicable). The highest 20% of funds in each classification are named Lipper Leaders for Total Return. The next 20% receive a rating of 4; the middle 20% are rated 3; the next 20% are rated 2, and the lowest 20% are rated 1.

Past performance does not guarantee future results. Investment return and principal value of an investment can fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost; and that current performance may be lower or higher than the performance data quoted. Investors should carefully consider the investment objectives, risks, charges and expense of a fund. This and other important information about a fund is contained in the fund's prospectus. A copy of our funds' prospectus can be obtained by going to our website at www.vlfunds.com or calling 800.243-2729.

To Our Value Line Premier Growth Fund Shareholders

Economic Highlights (unaudited)

The first half of 2011 saw the broad U.S. stock market rising on the heels of strengthening corporate profits. The S&P 500 returned 6% for the first six months of the year despite significant global economic concerns. Several members of the European Union continued to face a serious debt crisis including Greece, Portugal, Ireland, and Spain. Further, the nuclear disaster in Japan and the geopolitical upheaval in commodity markets added to investor concerns. At home, disappointing job growth in the United States kept the national unemployment rate firmly above 9% for the second quarter.

By mid-year there was mounting evidence that the U.S. recovery had slowed to a crawl. Consumer spending, which accounts for roughly 70% of economic activity, declined in June for the first time in 2 years. First quarter GDP was up by only 0.4%, and second quarter GDP growth, while stronger, was still disappointing at 1.3%. Employment growth in July lagged June numbers, and it was reported that the level of new factory orders decreased. By August, only 58% of the population was working, the lowest level in nearly 3 decades. Housing prices remained almost uniformly weak. There were additional pressures on the market coming from Europe stemming from the sovereign debt crisis and increasing fears of a double dip recession.

Much of the summer was consumed by the drama of the U.S. debt ceiling negotiations, resulting in an 11th hour deal that appeared to satisfy few constituents. It surely did not satisfy Standard & Poors who felt that the \$2.1 trillion

deficit reduction over 10 years was insufficient to solve the country's debt problem. The rating agency proceeded to downgrade U.S. Treasury debt from AAA to AA+. Within a few days the rating agency imposed the same rating cut on the long-term debt of several U.S. Agencies including Fannie Mae and Freddie Mac. The other major rating agencies, Moody's and Fitch, maintained AAA ratings for U.S. Treasury debt as well as for the U.S. Agencies. Investor confidence plunged on the heels of the debt ceiling debacle and the U.S. Treasury debt downgrade. Returns for the S&P 500 turned negative in August giving up its returns for the year.

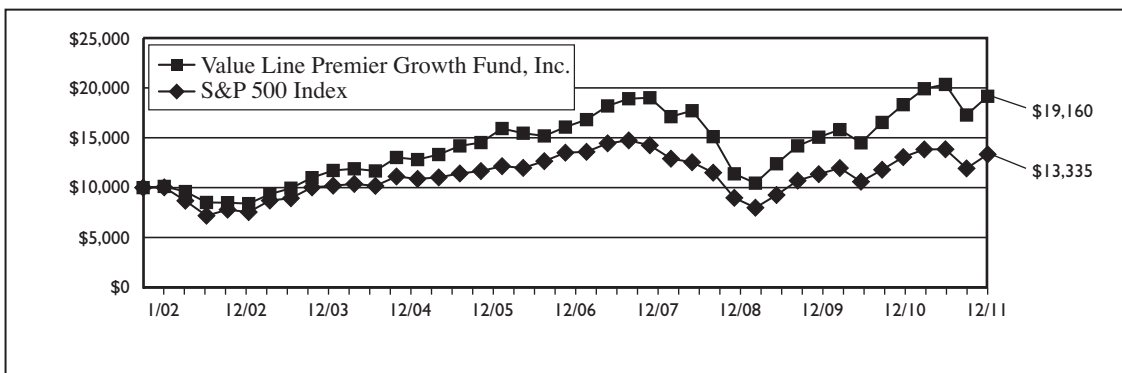
The bond market rallied as stocks took a dive. Yields fell and prices rose across fixed income markets as investors looked for safer havens. Despite the rating downgrade, investor demand for Treasuries soared, and by early September, 10-year Treasury note yields had fallen to an all-time low of 1.90%. This downward pressure on Treasury yields came largely from an employment report showing no new jobs being added in August. While modestly better job creation was reported in September, it was not enough to move the unemployment level below 9.1%.

The market posted a strong rally in final quarter of 2011. Investors increased their purchase of risk assets as news regarding progress in the European debt crisis began to emerge and U.S. economic data came in slightly better than expected. The S&P 500 Index closed out the year with a gain of 2.1%.

(unaudited)

The following graph compares the performance of the Value Line Premier Growth Fund, Inc. to that of the S&P 500 Index (the “Index”). The Value Line Premier Growth 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 Premier Growth Fund, Inc. and the S&P 500 Index*



Performance Data: **

	<u>Average Annual Total Return</u>	<u>Growth of an Assumed Investment of \$10,000</u>
1 year ended 12/31/11	4.59%	\$10,459
5 years ended 12/31/11	3.58%	\$11,922
10 years ended 12/31/11	6.72%	\$19,160

* The Standard and Poor’s 500 Index is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

** 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.

FUND EXPENSES (unaudited):

Example

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

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2011 through December 31, 2011).

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 other funds.

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

	Beginning account value 7/1/11	Ending account value 12/31/11	Expenses paid during period 7/1/11 thru 12/31/11*
Actual	\$1,000.00	\$ 941.60	\$6.22
Hypothetical (5% return before expenses)	\$1,000.00	\$1,018.80	\$6.46

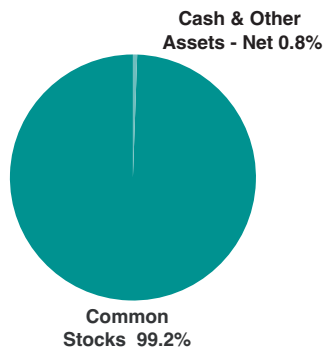
* Expenses are equal to the Fund's annualized expense ratio of 1.27% multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period. This expense ratio may differ from the expense ratio shown in the Financial Highlights.

Portfolio Highlights at December 31, 2011 (unaudited)

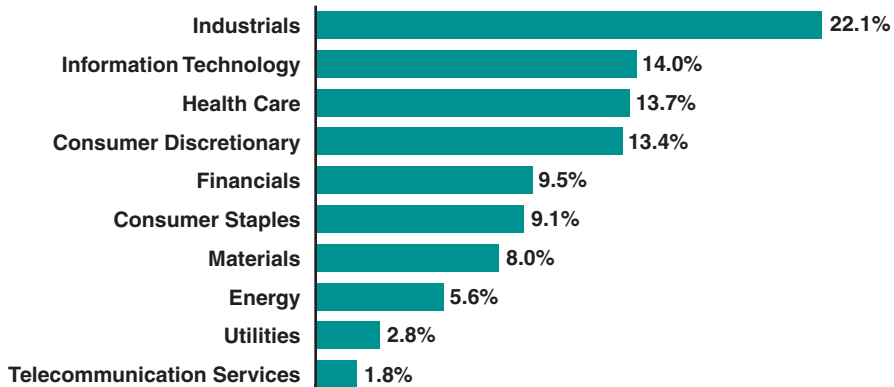
Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Alexion Pharmaceuticals, Inc.	80,000	\$5,720,000	1.9%
Companhia de Bebidas das Americas ADR	130,000	\$4,691,700	1.6%
FMC Technologies, Inc.	88,000	\$4,596,240	1.5%
MasterCard, Inc. Class A	11,800	\$4,399,276	1.5%
ANSYS, Inc.	60,000	\$3,436,800	1.2%
Intuitive Surgical, Inc.	7,000	\$3,241,070	1.1%
Praxair, Inc.	30,000	\$3,207,000	1.1%
Roper Industries, Inc.	34,000	\$2,953,580	1.0%
Stericycle, Inc.	36,600	\$2,851,872	1.0%
Salesforce.com, Inc.	27,000	\$2,739,420	0.9%

Asset Allocation – Percentage of Total Net Assets



Sector Weightings – Percentage of Total Investment Securities



Schedule of Investments

December 31, 2011

Shares	Value	Shares	Value
COMMON STOCKS (99.2%)			
CONSUMER DISCRETIONARY (13.3%)			
8,400	AutoZone, Inc. * \$ 2,729,748	17,000	British American Tobacco PLC ADR \$ 1,612,960
24,000	Bed Bath & Beyond, Inc. * 1,391,280	7,400	Brown-Forman Corp. Class B 595,774
28,000	BorgWarner, Inc. * 1,784,720	11,000	Bunge Ltd. 629,200
29,000	Brinker International, Inc. 776,040	48,400	Church & Dwight Co., Inc. 2,214,784
10,500	Buckle, Inc. (The) 429,135	16,800	Coca-Cola Femsa, S.A.B. de C.V. ADR 1,599,528
5,000	Chipotle Mexican Grill, Inc.* 1,688,700	130,000	Companhia de Bebidas das Americas ADR 4,691,700
14,000	Coach, Inc. 854,560	14,000	Costco Wholesale Corp. 1,166,480
39,200	Ctrip.com International Ltd. ADR * 917,280	14,000	Energizer Holdings, Inc. * 1,084,720
17,000	Darden Restaurants, Inc. 774,860	49,875	Flowers Foods, Inc. 946,628
16,000	Deckers Outdoor Corp. * 1,209,120	20,000	Fomento Economico Mexicano S.A.B. de C.V. ADR 1,394,200
17,000	DIRECTV Class A * 726,920	26,000	General Mills, Inc. 1,050,660
34,000	Domino's Pizza, Inc. * 1,154,300	43,000	Green Mountain Coffee Roasters, Inc. * 1,928,550
10,000	Fossil, Inc. * 793,600	15,000	Herbalife Ltd. 775,050
16,000	Genuine Parts Co. 979,200	40,000	Hormel Foods Corp. 1,171,600
15,200	Gildan Activewear, Inc. 285,608	14,000	Mead Johnson Nutrition Co. 962,220
27,000	HSN, Inc. 979,020	10,000	PepsiCo, Inc. 663,500
27,000	Johnson Controls, Inc. 844,020	20,000	Reynolds American, Inc. 828,400
17,000	Life Time Fitness, Inc. * 794,750	32,000	Ruddick Corp. 1,364,480
56,000	LKQ Corp. * 1,684,480	4,000	TreeHouse Foods, Inc. * 261,520
12,000	McDonald's Corp. 1,203,960	9,000	Whole Foods Market, Inc. 626,220
7,000	Monro Muffler Brake, Inc. 271,530		26,897,574
16,000	New Oriental Education & Technology Group, Inc. ADR * 384,800		ENERGY (5.6%)
8,000	NIKE, Inc. Class B 770,960	7,000	Cabot Oil & Gas Corp. 531,300
18,000	O'Reilly Automotive, Inc. * 1,439,100	8,600	CNOOC Ltd. ADR 1,502,248
13,000	Penn National Gaming, Inc. * 494,910	19,000	Concho Resources, Inc. * 1,781,250
5,000	Priceline.com, Inc. * 2,338,550	21,000	Core Laboratories N.V. 2,392,950
20,000	PVH Corp. 1,409,800	12,000	Devon Energy Corp. 744,000
27,000	Signet Jewelers Ltd. 1,186,920	20,000	EQT Corp. 1,095,800
25,000	Starbucks Corp. 1,150,250	88,000	FMC Technologies, Inc. * 4,596,240
34,300	TJX Companies, Inc. (The) 2,214,065	2,000	Oil States International, Inc. * 152,740
6,000	Ulta Salon, Cosmetics & Fragrance, Inc. * 389,520	3,000	Rosetta Resources, Inc. * 130,500
10,000	Under Armour, Inc. Class A * 717,900	22,000	Tenaris S.A. ADR 817,960
21,000	Vitamin Shoppe, Inc. * 837,480	26,000	TransCanada Corp. 1,135,420
26,500	Warnaco Group, Inc. (The) * 1,326,060	18,000	Ultrapar Participacoes S.A. ADR 309,600
6,000	Wynn Resorts Ltd. 662,940	33,000	World Fuel Services Corp. 1,385,340
34,000	Yum! Brands, Inc. 2,006,340		16,575,348
	39,602,426		FINANCIALS (9.4%)
	CONSUMER STAPLES (9.0%)	19,000	Affiliated Managers Group, Inc. * 1,823,050
68,000	BRF - Brasil Foods S.A. ADR 1,329,400	20,600	AFLAC, Inc. 891,156

See Notes to Financial Statements.

December 31, 2011

Shares	Value	Shares	Value
45,000	Arch Capital Group Ltd. * \$	6,000	DaVita, Inc. * \$
9,490	AvalonBay Communities, Inc.	4,000	DENTSPLY International, Inc.
35,000	Bancolumbia S.A. ADR	26,000	Edwards Lifesciences Corp. *
13,300	Bank of Montreal	19,000	Endo Pharmaceuticals Holdings, Inc. *
22,100	Bank of Nova Scotia	46,000	Express Scripts, Inc. *
10,700	BlackRock, Inc.	20,900	Fresenius Medical Care AG & Co. KGaA ADR
16,000	BRE Properties, Inc.	38,800	Henry Schein, Inc. *
8,200	Canadian Imperial Bank of Commerce	52,000	HMS Holdings Corp. *
27,000	Digital Realty Trust, Inc. REIT	24,000	IDEXX Laboratories, Inc. *
19,000	Eaton Vance Corp.	32,000	Impax Laboratories, Inc. *
8,000	Equity Lifestyle Properties, Inc. REIT	7,000	Intuitive Surgical, Inc. *
9,400	Essex Property Trust, Inc.	4,000	MAKO Surgical Corp. *
75,500	HDFC Bank Ltd. ADR	9,400	Mettler-Toledo International, Inc. *
16,000	ICICI Bank Ltd. ADR	3,100	MWI Veterinary Supply, Inc. *
71,376	Itau Unibanco Banco Multiplo S.A. ADR	17,800	Novo Nordisk A/S ADR
20,000	Leucadia National Corp.	28,500	Owens & Minor, Inc.
9,000	M&T Bank Corp.	14,000	Pharmasset, Inc. *
2,000	PartnerRe Ltd.	28,000	SXC Health Solutions Corp. *
9,000	Portfolio Recovery Associates, Inc. *	3,700	Techne Corp.
15,000	ProAssurance Corp.	23,000	Teva Pharmaceutical Industries Ltd. ADR
13,000	Royal Bank of Canada	12,000	Thermo Fisher Scientific, Inc. *
18,000	Stifel Financial Corp. *	12,000	UnitedHealth Group, Inc.
21,000	T. Rowe Price Group, Inc.	15,000	Universal Health Services, Inc. Class B
8,000	Taubman Centers, Inc.	22,000	Volcano Corp. *
7,400	Toronto-Dominion Bank (The)	10,000	WellPoint, Inc.
30,000	Wells Fargo & Co.		
	28,074,713		40,615,589
	HEALTH CARE (13.6%)		INDUSTRIALS (22.0%)
80,000	Alexion Pharmaceuticals, Inc. *	85,000	ABB Ltd. ADR *
17,200	Allergan, Inc.	9,000	Acacia Research - Acacia Technologies *
16,000	Bayer AG ADR	24,300	Acuity Brands, Inc.
14,500	Becton, Dickinson & Co.	49,500	AMETEK, Inc.
5,400	Bio-Rad Laboratories, Inc. Class A *	20,600	AZZ, Inc.
14,800	Bio-Reference Laboratories, Inc. *	31,000	BE Aerospace, Inc. *
7,000	C.R. Bard, Inc.	23,000	C.H. Robinson Worldwide, Inc.
22,000	Cerner Corp. *		
2,000	Computer Programs & Systems, Inc.		

See Notes to Financial Statements.

December 31, 2011

Shares	Value	Shares	Value
MATERIALS (7.9%)		UTILITIES (2.7%)	
16,000	Agrium, Inc. \$ 1,073,760	18,000	AGL Resources, Inc. \$ 760,680
15,000	Air Products & Chemicals, Inc. 1,277,850	27,600	Cia de Saneamento Basico do Estado de Sao Paulo ADR . . . 1,535,940
27,000	Albemarle Corp. 1,390,770	25,000	CPFL Energia S.A. ADR 705,250
30,700	AptarGroup, Inc. 1,601,619	20,000	ITC Holdings Corp. 1,517,600
20,000	Ball Corp. 714,200	19,400	NSTAR 911,024
14,000	BASF AG ADR 976,220	16,000	Oneok, Inc. 1,387,040
11,000	Celanese Corp. Series A 486,970	20,000	Questar Corp. 397,200
4,000	CF Industries Holdings, Inc. . . . 579,920	26,800	Wisconsin Energy Corp. 936,928
14,000	Clearwater Paper Corp. * 498,540		8,151,662
18,000	Crown Holdings, Inc. * 604,440	TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (99.2%)	
20,000	Cytec Industries, Inc. 893,000	(Cost \$177,501,500) 296,071,670	
8,000	FMC Corp. 688,320	CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES (0.8%) 2,355,968	
16,500	Greif, Inc. Class A 751,575	NET ASSETS (100%) \$298,427,638	
9,000	LSB Industries, Inc. * 252,270	NET ASSET VALUE OFFERING AND REDEMPTION PRICE, PER OUTSTANDING SHARE (\$298,427,638 ÷ 11,271,263 shares outstanding) \$ 26.48	
17,000	Mosaic Co. (The) 857,310	* <i>Non-income producing.</i>	
9,000	NewMarket Corp. 1,782,990	<i>ADR American Depositary Receipt.</i>	
30,000	Praxair, Inc. 3,207,000	<i>REIT Real Estate Investment Trust.</i>	
24,000	Rockwood Holdings, Inc. * 944,880		
20,200	Scotts Miracle-Gro Co. (The) Class A 943,138		
8,000	Sherwin-Williams Co. (The) . . . 714,160		
30,000	Sigma-Aldrich Corp. 1,873,800		
12,800	Syngenta AG ADR 754,432		
18,000	Valspar Corp. (The) 701,460		
	23,568,624		
TELECOMMUNICATION SERVICES (1.8%)			
4,000	AboveNet, Inc. * 260,040		
12,000	American Tower Corp. Class A 720,120		
40,000	Crown Castle International Corp. * 1,792,000		
4,000	Millicom International Cellular S.A. 403,960		
10,000	Rogers Communications, Inc. Class B 385,100		
43,000	SBA Communications Corp. Class A * 1,847,280		
	5,408,500		

See Notes to Financial Statements.

**Statement of Assets and Liabilities
at December 31, 2011**

Assets:	
Investment securities, at value (Cost - \$177,501,500)	\$ 296,071,670
Receivable for securities sold	2,488,420
Receivable for capital shares sold	658,197
Dividends receivable	382,745
Prepaid expenses	8,519
Total Assets	<u>299,609,551</u>
Liabilities:	
Due to custodian	601,292
Payable for capital shares redeemed	181,355
Accrued expenses:	
Advisory fee	190,389
Service and distribution plan fees	63,463
Directors' fees and expenses	761
Other	144,653
Total Liabilities	<u>1,181,913</u>
Net Assets	<u>\$ 298,427,638</u>
Net assets consist of:	
Capital stock, at \$1.00 par value (authorized 100,000,000, outstanding 11,271,263 shares)	\$ 11,271,263
Additional paid-in capital	165,151,301
Undistributed net investment loss	(121)
Accumulated net realized gain on investments and foreign currency	3,434,916
Net unrealized appreciation of investments and foreign currency translations	<u>118,570,279</u>
Net Assets	<u>\$ 298,427,638</u>
Net Asset Value, Offering and Redemption Price per Outstanding Share	
(\$298,427,638 ÷ 11,271,263 shares outstanding)	<u>\$ 26.48</u>

**Statement of Operations
for the Year Ended December 31, 2011**

Investment Income:	
Dividends (net of foreign withholding tax of \$133,475)	\$ 2,964,942
Interest	3,329
Total Income	<u>2,968,271</u>
Expenses:	
Advisory fee	2,329,709
Service and distribution plan fees	776,570
Auditing and legal fees	200,927
Transfer agent fees	170,410
Printing and postage	118,762
Directors' fees and expenses	62,611
Custodian fees	57,037
Insurance	39,824
Registration and filing fees	34,909
Other	53,050
Total Expenses Before Custody Credits	3,843,809
Less: Custody Credits	<u>(314)</u>
Net Expenses	<u>3,843,495</u>
Net Investment Loss	<u>(875,224)</u>
Net Realized and Unrealized Gain/ (Loss) on Investments and Foreign Exchange Transactions:	
Net Realized Gain	24,860,610
Change in Net Unrealized Appreciation/(Depreciation)	<u>(11,072,204)</u>
Net Realized Gain and Change in Net Unrealized Appreciation/ (Depreciation) on Investments and Foreign Exchange Transactions	<u>13,788,406</u>
Net Increase in Net Assets from Operations	<u>\$ 12,913,182</u>

See Notes to Financial Statements.

Statement of Changes in Net Assets
for the Years Ended December 31, 2011 and 2010

	Year Ended December 31, 2011	Year Ended December 31, 2010
Operations:		
Net investment loss	\$ (875,224)	\$ (66,321)
Net realized gain on investments and foreign currency	24,860,610	18,569,195
Change in net unrealized appreciation/(depreciation)	(11,072,204)	41,553,338
Net increase in net assets from operations	12,913,182	60,056,212
Distributions to Shareholders:		
Net investment income	—	(351,716)
Net realized gain from investment transactions	(16,656,912)	—
Decrease in net assets from distributions to shareholders	(16,656,912)	(351,716)
Capital Share Transactions:		
Proceeds from sale of shares	40,563,849	19,293,231
Proceeds from reinvestment of dividends and distributions to shareholders	15,804,377	333,041
Cost of shares redeemed	(66,025,801)	(115,440,166)
Net decrease in net assets from capital share transactions	(9,657,575)	(95,813,894)
Total (Decrease) in Net Assets	(13,401,305)	(36,109,398)
Net Assets:		
Beginning of year	311,828,943	347,938,341
End of year	\$ 298,427,638	\$ 311,828,943
Undistributed net investment loss at end of year	\$ (121)	\$ —

See Notes to Financial Statements.

Notes to Financial Statements

1. Significant Accounting Policies

Value Line Premier Growth 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 a diversified portfolio of U.S. equity securities with favorable growth potential.

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

(A) Security Valuation: Securities listed on a securities exchange are valued at the closing sales prices on the date as of which the net asset value is being determined. Securities traded on the NASDAQ Stock Market are valued at the NASDAQ Official Closing Price. In the absence of closing sales prices for such securities and for securities traded in the over-the-counter market, the security is valued at the midpoint between the latest available and representative asked and bid prices. Short-term instruments with maturities of 60 days or less at the date of purchase are valued at amortized cost, which approximates market value. Short-term instruments with maturities greater than 60 days at the date of purchase are valued at the 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 markets or the specific issuer.

(B) Fair Value Measurements: The Fund follows fair valuation accounting standards (FASB ASC 820-10) which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 – Inputs that are unobservable.

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment’s valuation changes. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

December 31, 2011

The following table summarizes the inputs used to value the Fund's investments in securities as of December 31, 2011:

Investments in				
Securities:	Level 1	Level 2	Level 3	Total
Assets				
Common				
Stocks	\$296,071,670	\$ 0	\$ 0	\$296,071,670
Total				
Investments in				
Securities	\$296,071,670	\$ 0	\$ 0	\$296,071,670

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04, "Fair Value Measurements and Disclosures (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). ASU 2011-04 clarifies the application of existing fair value measurement requirements, changes certain principles related to measuring fair value, and requires additional disclosures about fair value measurements.

Specifically, the guidance specifies that the concepts of highest and best use and valuation premise in a fair value measurement are only relevant when measuring the fair value of nonfinancial assets whereas they are not relevant when measuring the fair value of financial assets and liabilities.

Required disclosures are expanded under the new guidance, especially for fair value measurements that are categorized within Level 3 of the fair value hierarchy, for which quantitative information about the unobservable inputs used, and a narrative description of the valuation processes in place and sensitivity of recurring Level 3 measurements to changes in unobservable inputs will be required. Entities will also be required to disclose the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement

of financial position but for which the fair value is required to be disclosed.

ASU 2011-04 is effective for annual periods beginning after December 15, 2011 and is to be applied prospectively. The Fund is currently assessing the impact of this guidance on its financial statements.

The Fund follows the updated provisions surrounding fair value measurements and disclosures on transfers in and out of all levels of the fair value hierarchy on a gross basis and the reasons for the transfers as well as to disclosures about the valuation techniques and inputs used to measure fair value for investments that fall in either Level 2 or Level 3 fair value hierarchy.

For the year ended December 31, 2011, there was no significant transfer activity between Level 1 and Level 2.

For the year ended December 31, 2011, there were no Level 3 investments. The Schedule of Investments includes a breakdown of the Schedule's investments by category.

(C) 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 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. There were no open repurchase agreements at December 31, 2011.

Notes to Financial Statements

(D) 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.

Management has analyzed the Fund's tax positions taken on federal and state income tax returns for all open tax years (fiscal years ended December 31, 2008 through December 31, 2011), and has concluded that no provision for federal or state income tax is required in the Fund's financial statements. The Fund's federal and state income tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

(E) 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.

(F) 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.

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

(H) Accounting for Real Estate Investment Trusts: The Fund owns shares of Real Estate Investment Trusts ("REITs") which report information on the source of their distributions annually. Distributions received from REITs during the year which represent a return of capital are recorded as a reduction of cost and distributions which represent a capital gain dividend are recorded as a realized long-term capital gain on investments.

(I) Foreign Taxes: The Fund may be subject to foreign taxes on income, gains on investments, or currency

December 31, 2011

repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

(J) Subsequent Events: Management has evaluated all subsequent transactions and events through the date on which these financial statements were issued, and except as already included in the notes to these financial statements, has determined that no additional items require disclosure.

2. Capital Share Transactions and Distributions to Shareholders

Transactions in capital stock were as follows:

	Year Ended December 31, 2011	Year Ended December 31, 2010
Shares sold	1,409,608	826,552
Shares issued to shareholders in reinvestment of dividends and distributions . . .	601,156	12,381
Shares redeemed	(2,367,431)	(4,973,787)
Net decrease	<u>(365,667)</u>	<u>(4,134,854)</u>
Dividends per share from net investment income	\$ —	\$ 0.0300
Distributions per share from net realized gains. . .	<u>\$ 1.5605</u>	<u>\$ —</u>

3. Purchases and Sales of Securities

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

	Year Ended December 31, 2011
Purchases:	
Investment Securities	\$ 59,858,286
Sales:	
Investment Securities	<u>\$ 65,954,419</u>

4. Income Taxes

At December 31, 2011, information on the tax components of capital is as follows:

Cost of investments for tax purposes	<u>\$ 177,501,570</u>
Gross tax unrealized appreciation	\$ 123,072,365
Gross tax unrealized depreciation	<u>\$ 4,502,265</u>
Net tax unrealized appreciation on investments	<u>\$ 118,570,100</u>
Undistributed long-term gain	<u>\$ 3,566,624</u>

During the year ended December 31, 2011, as permitted under federal income tax regulations, the Fund elected to defer \$121 of late year ordinary losses and \$131,638 of post-October net short term capital losses to the next taxable year and utilized \$4,725,444 of capital loss carryforwards.

The differences between book basis and tax basis unrealized appreciation/depreciation on investments were primarily attributed to wash sales.

Notes to Financial Statements

Permanent book-tax differences relating to the current year were reclassified within the composition of the net asset accounts. The Fund decreased undistributed net investment loss by \$875,103, decreased accumulated realized gain by \$1,349, and decreased additional paid-in-capital by \$873,754. These reclassifications were primarily due to differing treatments of net operating losses, investments in REITS, and foreign currency translation for tax purposes.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (“the Act”) was signed by the President. Under the Act, net capital losses recognized by the Fund after December 31, 2010, may get carried forward indefinitely, and retain their character as short-term and/or long term losses. Prior to this Act, pre-enactment net capital losses incurred by the Fund were carried forward for eight years and treated as short-term losses. The Act requires under the transition that post-enactment net capital losses are used before pre-enactment net capital losses.

The tax composition of distributions to shareholders for the years ended December 31, 2011 and December 31, 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Ordinary income	\$ —	\$351,716
Long-term capital gain	16,656,912	—
	<u>\$ 16,656,912</u>	<u>\$ 351,716</u>

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

An advisory fee of \$2,329,709 was paid or payable to EULAV Asset Management (the “Adviser”) for the year ended December 31, 2011. This was computed at an

annual rate of 0.75% of the daily net assets during the year 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.

The Fund has a Service and Distribution Plan (the “Plan”), adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, which compensates EULAV Securities LLC (the “Distributor”) 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 December 31, 2011, fees amounting to \$776,570 were paid or payable under the Plan.

For the year ended December 31, 2011, the Fund’s expenses were reduced by \$314 under a custody credit agreement with the custodian.

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.

Certain officers and Trustee of the Adviser are also officers and directors of the Fund. At December 31, 2011, the officers and directors as a group owned 320 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 December 31,				
	2011	2010	2009	2008	2007
Net asset value, beginning of year	\$ 26.82	\$ 22.07	\$ 16.69	\$ 29.38	\$ 26.61
Income from investment operations:					
Net investment income/(loss)	(0.08)	(0.01) ⁽²⁾	0.02	0.01	0.02
Net gains or (losses) on securities (both realized and unrealized)	1.30	4.79	5.37	(11.85)	4.80
Total from investment operations	1.22	4.78	5.39	(11.84)	4.82
Less distributions:					
Dividends from net investment income	—	(0.03)	(0.01)	—	(0.03)
Distributions from net realized gains	(1.56)	—	—	(0.85)	(2.02)
Total distributions	(1.56)	(0.03)	(0.01)	(0.85)	(2.05)
Net asset value, end of year	\$ 26.48	\$ 26.82	\$ 22.07	\$ 16.69	\$ 29.38
Total return	4.59%	21.66%	32.29%	(40.13)%	18.30%
Ratios/Supplemental Data:					
Net assets, end of year (in thousands)	\$298,428	\$311,829	\$347,938	\$312,591	\$570,484
Ratio of expenses to average net assets ⁽¹⁾	1.24%	1.23% ⁽³⁾	1.22%	1.16%	1.11%
Ratio of net investment income/(loss) to average net assets	(0.28)%	(0.02)%	0.11%	0.03%	0.06%
Portfolio turnover rate	20%	16%	8%	18%	29%

- (1) Ratio reflects expenses grossed up for custody credit arrangement. The ratio of expenses to average net assets net of custody credits would have been unchanged for the years shown.
- (2) Based on average shares outstanding.
- (3) Ratio reflects expenses grossed up for the reimbursement by Value Line, Inc. of certain expenses incurred by the Fund. The ratio of expenses to average net assets net of the reimbursement by Value Line, Inc. and net of custody credits would have been 1.19% for the year ended December 31, 2010.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Value Line Premier Growth 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 Premier Growth Fund, Inc. (the “Fund”) at December 31, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company

Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2011 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York

February 27, 2012

Factors Considered By The Board In Approving Continuance Of The Investment Advisory Agreement For Value Line Premier Growth Fund, Inc. (Unaudited)

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 Value Line Premier Growth Fund, Inc. (the “Fund”), as that term is defined in the 1940 Act (the “Independent Directors”), to annually consider the continuance of the Fund’s investment advisory agreement (“Agreement”) with its investment adviser, EULAV Asset Management.¹

In considering whether the continuance of the Agreement was in the best interests of the Fund and its shareholders, the Board requested and the Adviser 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 the Adviser. In selecting the Adviser and approving the continuance of the Agreement, the Independent Directors relied upon the assistance of counsel to the Independent Directors.

Both in the meeting that specifically addressed the continuance of the Agreement and at other meetings, the Board, including the Independent Directors, received materials relating to the Adviser’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 consisting of the Fund and all retail and institutional multi-cap growth funds regardless of asset size or primary channel of distribution (the “Performance Universe”), and

its benchmark index, each as classified by Lipper Inc., an independent evaluation service (“Lipper”); (ii) the investment process, portfolio holdings, investment restrictions, valuation procedures, and financial statements for the Fund; (iii) sales and redemption data with respect to the Fund; (iv) the general investment outlook in the markets in which the Fund invests; (v) arrangements with respect to the distribution of the Fund’s shares; (vi) the allocation and cost of the Fund’s brokerage (none of which was effected through any affiliate of the Adviser); and (vii) the overall nature, quality and extent of services provided by the Adviser.

As part of their review, the Board requested, and the Adviser provided, additional information in order to evaluate the quality of the Adviser’s services and the reasonableness of its fees under the Agreement. In a separate executive session, the Independent Directors reviewed information, which included data comparing: (i) the Fund’s management fee rate, transfer agent and custodian fee rates, service fee (including 12b-1 fees) rates, and the rate of the Fund’s other non-management fees, to those incurred by a peer group of funds consisting of the Fund and 11 other retail no-load multi-cap growth funds (excluding outliers), as selected objectively by Lipper (“Expense Group”), and a peer group of funds consisting of the Fund, the Expense Group and all other retail no-load multi-cap growth funds (excluding outliers), as selected objectively by Lipper (“Expense Universe”); (ii) the Fund’s expense ratio to those of its Expense Group and Expense Universe; and (iii) the Fund’s investment performance over various time periods to the average

¹ For periods prior to December 23, 2010, the term “Adviser” means the Adviser’s predecessor entities that previously served as the Fund’s adviser, EULAV Asset Management, LLC and Value Line, Inc. (“VLI”). In accordance with the 1940 Act, the Agreement had a two-year initial term ending December 2012. Nevertheless, the Board determined to consider the Agreement’s continuance annually and undertook that review in June 2011.

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performance of the Performance Universe as well as the appropriate Lipper Index, as selected objectively by Lipper (the “Lipper Index”).

In the separate executive session, the Independent Directors also reviewed information regarding: (a) the financial results and condition of the Adviser both before and after its restructuring on December 23, 2010,² and the Adviser’s and certain of its affiliates’ profitability from the services that have been performed for the Fund and the Value Line family of funds; (b) the Adviser’s investment management staffing and resources; (c) the ownership, control and day-to-day management of the Adviser, including representations of VLI that it does not “control” (as that term is defined in the 1940 Act) either the Adviser or Value Line Securities, Inc. (the “Distributor”) after the restructuring; and (d) 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 to determine the Expense Group, the Expense Universe and the Performance Universe to prepare its information.

The following summarizes matters considered by the Board in connection with its continuance 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 outperformed the Performance Universe average and the Lipper Index for the one-year, five-year and ten-year periods ended March 31, 2011. The Board also noted that the Fund’s performance for the three-

year period ended March 31, 2011 was equivalent to the performance of the Performance Universe average and the Lipper Index.

The Adviser’s Personnel and Methods. The Board reviewed the background of the portfolio manager responsible for the daily management of the Fund’s portfolio, seeking to achieve the Fund’s investment objective and adhering to the Fund’s investment strategies. The Independent Directors also engaged in discussions with the Adviser’s senior management responsible for the overall functioning of the Fund’s investment operations. The Board viewed favorably (i) the Adviser’s commitment of resources to acquire analytic tools in support of the portfolio management and compliance functions, (ii) actions taken by the Adviser to attract and retain personnel, including improvements to the Adviser’s employee benefit programs and increased merit-based compensation for certain staff members, and (iii) that the Adviser continues to receive the Value Line ranking systems without cost. The Board concluded that the Fund’s management team and the Adviser’s overall resources were adequate and that the Adviser had investment management capabilities and personnel essential to performing its duties under the Agreement.

Management Fee and Expenses. The Board considered the Adviser’s fee rate under the Agreement relative to the management fee rates applicable to the funds in the Expense Group and Expense Universe averages, both before and after applicable fee waivers. The Board noted that, for the most recent fiscal year for which audited financial data is available, the Fund’s management fee rate was less than that of the Expense Group average both before and after giving effect to fee waivers applicable to funds in the Expense Group. The Board also noted that, for the most recent fiscal year for which audited financial data is available, the Fund’s management fee rate was more than that of the Expense Universe average after

² On December 23, 2010, the Adviser was restructured as a Delaware statutory trust and renamed EULAV Asset Management. It had formerly been organized as a limited liability company named EULAV Asset Management, LLC.

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giving effect to applicable fee waivers for certain funds in the Expense Universe. The Board concluded that the Fund's management fee rate was satisfactory for the purpose of approving continuance of the Agreement.

The Board also considered the Fund's total expense ratio relative to its Expense Group and Expense Universe averages. The Board noted that, for the most recent fiscal year for which audited financial data is available, the Fund's expense ratio was less than that of the Expense Group average and slightly more than that of the Expense Universe average, after giving effect to fee waivers applicable to funds in the Expense Group and Universe. The Board concluded that the average expense ratio was satisfactory for the purpose of approving continuance of the Agreement.

Nature, Extent and Quality of Services. The Board considered the nature, extent and quality of other services provided by the Adviser and the Distributor. At meetings held throughout the year, the Board reviewed the resources and effectiveness of the Adviser's overall compliance program, as well as the services provided by the Distributor. The Board viewed favorably the additional resources devoted by the Adviser to enhance its and the Fund's overall compliance program as well as steps being undertaken to enhance the shareholders' experience with the Fund, such as a more robust website. The Board reviewed the services provided by the Adviser and its affiliates in supervising the Fund's third party service providers. Based on this review, the Board concluded that the nature, quality, cost, and extent of such other services provided by the Adviser and its affiliates were satisfactory, reliable and beneficial to the Fund's shareholders.

Profitability. The Board considered the level of profitability of the Adviser and its affiliates with respect to the Fund individually and in the aggregate for all the funds within the Value Line group of funds, including the impact of the restructuring and certain actions taken during prior

years. These actions included the reduction (voluntary in some instances and contractual in other instances) of management and/or Rule 12b-1 fees for certain funds, the Adviser's termination of the use of soft dollar research, and the cessation of trading through the Distributor. The Board also considered the Adviser's continued attention to the rationalization and differentiation of funds within the Value Line group of funds to better identify opportunities for savings and efficiencies among the funds. The Board concluded that the profitability of the Adviser and its affiliates with respect to the Fund, including the financial results derived from the Fund's Agreement, were within a range the Board considered reasonable.

Other Benefits. The Board also considered the character and amount of other direct and incidental benefits received by the Adviser and its affiliates from their association with the Fund. The Board concluded that potential "fall-out" benefits that the Adviser 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 considered that, given the current and anticipated size of the Fund, any perceived and potential economies of scale were not yet a significant consideration for the Fund and that the addition of break points to the fee structure was not currently necessary.

Fees and Services Provided for Other Comparable Funds/Accounts Managed by the Adviser and its Affiliates. The Board was informed by the Adviser that the Adviser does not manage any non-mutual fund account that has similar objectives and policies as those of the Fund.

Conclusion. The Board examined the totality of the information it was provided at the meeting specifically addressing approval of the Agreement and at other meetings held during the past year and did not identify

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any single controlling factor. Based on its evaluation of all material factors deemed relevant and with the advice of independent counsel, the Board concluded that the rate at which the Fund pays a management fee to the Adviser under the Agreement does not constitute a fee that is 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. Further, the Board concluded that the Fund's Agreement, and the management fee rate thereunder, is fair and reasonable and voted to continue the Agreement as in the best interest of the Fund and its shareholders.

Federal Tax Notice (unaudited)

During the year ended December 31, 2011, the Fund distributed \$16,656,912 from long-term capital gains.

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.

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 13 Value Line Funds. Each Director serves until his or her successor is elected and qualified.

Name, Address, and YOB	Position	Length of Time Served	Principal Occupation During the Past 5 Years	Other Directorships Held by Director
Interested Director*				
Mitchell E. Appel YOB: 1970	Director	Since 2010	President of each of the Value Line Funds since June 2008; Chief Financial Officer of Value Line, Inc. ("Value Line") from April 2008 to December 2010 and from September 2005 to November 2007; Director from February 2010 to December 2010; Chief Financial Officer of XTF Asset Management from November 2007 to April 2008; Chief Financial Officer of the Distributor since April 2008 and President since February 2009; President of the Adviser since February 2009, Trustee since December 2010 and Treasurer since January 2011.	None
Non-Interested Directors				
Joyce E. Heinzerling 500 East 77th Street New York, NY 10162 YOB: 1956	Director	Since 2008	President, Meridian Fund Advisers LLC. (consultants) since April 2009; General Counsel, Archery Capital LLC (private investment fund) until April 2009.	Burnham Investors Trust, since 2004 (4 funds).
Francis C. Oakley 54 Scott Hill Road Williamstown, MA 01267 YOB: 1931	Director	Since 2000	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 YOB: 1935	Director	Since 1997	Professor, Skidmore College since 2008; Visiting Professor of Classics, Williams College, (1999-2008); President Emeritus, Skidmore College since 1999 and President, (1987-1998).	None

Management of the Fund

Name, Address, and DOB	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 YOB: 1939	Director	Since 1983	Chairman, Institute for Political Economy.	None
Nancy-Beth Sheerr 1409 Beaumont Drive Gladwyne, PA 19035 YOB: 1949	Director	Since 1996	Senior Financial Adviser, Veritable L.P. (Investment Adviser).	None
Daniel S. Vandivort 59 Indian Head Road Riverside, CT 06878 YOB: 1954	Director (Chairman of Board since 2010)	Since 2008	President, Chief Investment Officer, Weiss, Peck and Greer/Robeco Investment Management (2005-2007); Managing Director, Weiss, Peck and Greer, (1995-2005).	None
Officers				
Mitchell E. Appel YOB: 1970	President	Since 2008	President of each of the Value Line Funds since June 2008; Chief Financial Officer of Value Line from April 2008 to December 2010 and from September 2005 to November 2007; Director from February 2010 to December 2010; Chief Financial Officer of XTF Asset Management from November 2007 to April 2008; Chief Financial Officer of the Distributor since April 2008 and President since February 2009; President of the Adviser since February 2009, Trustee since December 2010 and Treasurer since January 2011.	
Michael J. Wagner YOB: 1950	Chief Compliance Officer	Since 2009	Chief Compliance Officer of Value Line Funds since June 2009; President of Northern Lights Compliance Service, LLC (formerly Fund Compliance Services, LLC (2006 – present)) and Senior Vice President (2004 – 2006) and President and Chief Operations Officer (2003 – 2006) of Gemini Fund Services, LLC; Director of Constellation Trust Company until 2008.	
Emily D. Washington YOB: 1979	Treasurer and Secretary	Since 2008	Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer) of each of the Value Line Funds since August 2008 and secretary since 2010; Associate Director of Mutual Fund Accounting at Value Line until August 2008.	

* *Mr. Appel is an “interested person” as defined in the Investment Company Act of 1940 by virtue of his position with the Adviser and Distributor.*

Unless otherwise indicated, the address for each of the above officers is c/o Value Line Funds, 7 Times Square, New York, NY 10036.

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 or on the Fund’s website, www.vlfunds.com.

The Value Line Family of Funds

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

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

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

1972 — Value Line Larger Companies Fund's sole investment objective is to realize capital growth.

1979 — Value Line U.S. Government Money Market 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).

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 in US common stocks of small capitalization companies, 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 EULAV Securities LLC, 7 Times Square, New York, New York 10036-6524 or call 1-800-243-2729, 9am-5pm CST, Monday-Friday, or visit us at www.vlfunds.com. Read the prospectus carefully before you invest or send money.