

DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC
Form N-CSR
August 06, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number: 811-7460

Exact name of registrant as specified in charter:

Delaware Investments Dividend and Income Fund, Inc.

Address of principal executive offices:

2005 Market Street
Philadelphia, PA 19103

Name and address of agent for service:

Richelle S. Maestro, Esq.
2005 Market Street
Philadelphia, PA 19103

Registrant's telephone number, including area code: (800) 523-1918

Date of fiscal year end: 11/30

Date of reporting period: 5/31

Item 1. Reports to Stockholders

Delaware
Investments (SM)

A member of Lincoln Financial Group(R)

CLOSED-END

Semiannual Report 2003

DELAWARE INVESTMENTS
DIVIDEND AND INCOME FUND, INC.

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Table OF CONTENTS

FINANCIAL STATEMENTS:

Statement of Net Assets	1
Statement of Operations	6
Statements of Changes in Net Assets	7
Statement of Cash Flows	8
Financial Highlights	9
Notes to Financial Statements	10

Funds are not FDIC insured and are not guaranteed. It is possible to lose the principal amount invested.

Mutual fund advisory services provided by Delaware Management Company, a series of Delaware Management Business Trust, which is a registered investment advisor.

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Statement OF NET ASSETS

Delaware Investments Dividend and Income Fund, Inc.
May 31, 2003 (Unaudited)

	Number of Shares	Market Value

Common Stock - 74.58%		

Aerospace & Defense - 1.37%		
Raytheon	59,800	\$ 1,915,992

		1,915,992

Automobiles & Automotive Parts - 1.01%		
General Motors	39,900	1,409,667

		1,409,667

Banking, Finance & Insurance - 10.30%		
Bank of America	34,100	2,530,220
Friedman Billings Ramsey Group	98,995	1,316,634
*J.P. Morgan Chase	73,700	2,421,782
Mellon Financial	85,100	2,312,167
Morgan Stanley & Co.	57,300	2,621,475
Wells Fargo	41,900	2,023,770
*XL Capital Limited - Class A	13,000	1,131,650

		14,357,698

Cable, Media & Publishing - 1.20%		

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Gannett	21,100	1,666,900

		1,666,900

Chemicals - 3.69%		
Air Products & Chemicals	45,200	1,970,268
*Dow Chemical	100,000	3,180,000

		5,150,268

Computers & Technology - 2.42%		
International Business Machines	20,900	1,840,036
Pitney Bowes	40,000	1,536,400

		3,376,436

Consumer Products - 2.57%		
Kimberly-Clark	39,000	2,025,270
Procter & Gamble	17,000	1,560,940

		3,586,210

Electronics & Electrical Equipment - 0.94%		
Emerson Electric	25,000	1,307,500

		1,307,500

Energy - 4.92%		
ChevronTexaco	28,000	1,986,320
ConocoPhillips	23,385	1,262,088
Exxon Mobil	40,000	1,456,000
Kerr-McGee	45,300	2,155,374

		6,859,782

Food, Beverage & Tobacco - 6.13%		
*General Mills	58,900	2,755,342
Heinz (H.J.)	62,100	2,053,647
Kellogg	61,500	2,164,800
PepsiCo	35,500	1,569,100

		8,542,889

Healthcare & Pharmaceuticals - 7.10%		
Abbott Laboratories	35,000	1,559,250
Biomet	62,100	1,707,750
Bristol-Myers Squibb	91,500	2,342,400

	Number of Shares	Market Value

Common Stock (continued)		

Healthcare & Pharmaceuticals (continued)		
Merck & Co.	30,800	\$ 1,711,864
Wyeth	58,800	2,578,380

		9,899,644

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Industrial Machinery - 1.20%		
*Caterpillar	32,000	1,668,800

		1,668,800

Investment Companies - 1.66%		
*Gladstone Capital	120,300	2,308,557

		2,308,557

Paper & Forest Products - 1.77%		
International Paper	40,000	1,466,800
*Weyerhaeuser	20,000	1,007,600

		2,474,400

Real Estate - 21.16%		
AMB Property	65,600	1,798,096
Apartment Investment & Management	55,200	1,944,696
AvalonBay Communities	22,300	935,039
Camden Property Trust	54,900	1,907,226
Duke Realty	87,000	2,469,060
Equity Office Properties Trust	95,800	2,577,978
*Equity One	2,700	43,875
Liberty Property Trust	62,470	2,078,377
Macerich	41,000	1,414,500
Pan Pacific Retail Properties	61,400	2,412,406
Prentiss Properties Trust	76,272	2,201,210
Ramco-Gershenson Properties	72,100	1,686,419
Reckson Associates Realty	70,000	1,417,500
Reckson Associates Realty - Class B	21,520	441,160
Simon Property Group	92,500	3,479,849
Starwood Hotels & Resorts Worldwide	70,000	2,028,600
Sun Communities	16,600	654,206

		29,490,197

Retail - 0.09%		
++Kmart Holdings	8,010	127,359

		127,359

Telecommunications - 2.00%		
*BellSouth	60,000	1,590,600
Verizon Communications	31,720	1,200,602

		2,791,202

Transportation & Shipping - 1.58%		
*Union Pacific	36,000	2,195,640

		2,195,640

Utilities - 3.47%		
Dominion Resources	36,600	2,305,800
FPL Group	38,000	2,525,860

		4,831,660

Total Common Stock		
(cost \$99,391,238)		103,960,801

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1

Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Number of Shares	Market Value

Convertible Preferred Stock - 8.24%		

Aerospace & Defense - 0.75%		
*Northrop Grumman 7.25%	10,500	\$ 1,049,475

		1,049,475

Banking, Finance & Insurance - 3.49%		
National Australia Bank Units 7.875%	40,000	1,540,000
Newell Financial Trust I 5.25%	52,600	2,524,800
Travelers Property Casualty 4.50%	32,200	803,390

		4,868,190

Environmental Services - 0.69%		
Allied Waste Industries 6.25%	16,200	955,800

		955,800

Real Estate - 2.55%		
*Crescent Real Estate 6.75%	62,600	1,355,290
General Growth Properties 7.25%	60,100	2,199,059

		3,554,349

Transportation & Shipping - 0.76%		
Union Pacific Capital Trust 6.25%	4,675	241,931
+Union Pacific Capital Trust TIDES 144A 6.25%	15,715	813,252

		1,055,183

Total Convertible Preferred Stock (cost \$10,624,238)		11,482,997

Preferred Stock - 6.32%		

Banking, Finance & Insurance - 1.85%		
+Credit Lyon Capital SCA 144A 9.50%	100,000	2,575,000

		2,575,000

Cable, Media & Publishing - 0.28%		
*CSC Holdings 11.75%	3,775	395,446

		395,446

Real Estate - 3.00%		
LaSalle Hotel Properties 10.25%	113,200	3,113,000
Ramco-Gershenson Properties 9.50%	40,000	1,069,600

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		4,182,600	

Utilities - 1.19%			
Public Service Enterprise Group 10.25%	27,200	1,652,400	

		1,652,400	

Total Preferred Stock (cost \$8,047,996)		8,805,446	

	Principal		
	Amount		

Convertible Bonds - 7.60%			

Automobiles & Automotive Parts - 0.27%			
+Tower Automotive 144A 5.00% 8/1/04	\$400,000	380,000	

		380,000	

Computers & Technology - 0.40%			
+Mercury Interactive 144A 4.75% 7/1/07	550,000	551,375	

		551,375	

	Principal	Market	
	Amount	Value	

Convertible Bonds (continued)			

Energy - 0.60%			
Duke Energy 1.75% 5/15/23	\$ 800,000	\$ 836,000	

		836,000	

Leisure, Lodging & Entertainment - 0.41%			
+Regal Entertainment 144A			
3.75% 5/15/08	550,000	576,125	

		576,125	

Miscellaneous - 0.19%			
*+Tyco International Group 144A			
2.75% 1/15/18	250,000	268,438	

		268,438	

Real Estate - 1.66%			
Malan Realty Investors 9.50% 7/15/04	2,300,000	2,305,750	

		2,305,750	

Retail - 1.75%			
+Gap 144A 5.75% 3/15/09	1,825,000	2,427,250	

		2,427,250	

Telecommunications - 0.58%			
+Nextel Partners 144A 1.50% 11/15/08	800,000	814,000	

		814,000	

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Transportation & Shipping - 1.09%		
Continental Airlines 4.50% 2/1/07	2,125,000	1,522,031

		1,522,031

Utilities - 0.65%		
+Centerpoint Energy 144A		
3.75% 5/15/23	800,000	908,000

		908,000

Total Convertible Bonds		
(cost \$10,176,188)		10,588,969

Non-Convertible Bonds - 33.82%

Automobiles & Automotive Parts - 0.40%		
+Advanced Accessory Systems 144A		
10.75% 6/15/11	200,000	205,000
CSK Auto 12.00% 6/15/06	325,000	359,125

		564,125

Banking, Finance & Insurance - 1.36%		
Athena Nuerosciences Finance		
7.25% 2/21/08	425,000	344,250
+Bluewater Finance 144A		
10.25% 2/15/12	150,000	152,250
+Crum & Forster 144A 10.375% 6/15/13	200,000	195,500
+Farmers Exchange Capital 144A		
7.20% 7/15/48	150,000	121,421
+Farmers Insurance Exchange 144A		
8.625% 5/1/24	75,000	69,190
Finova Group 7.50% 11/15/09	650,000	268,125
*+Gemstone Investor 144A		
7.71% 10/31/04	225,000	220,500
+Interline Brands 144A 11.50% 5/15/11	175,000	180,250

2

Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Principal	Market
	Amount	Value

Non-Convertible Bonds (continued)		

Banking, Finance & Insurance (continued)		
Tig Holdings 8.125% 4/15/05	\$ 275,000	\$ 259,875
+Zurich Capital Trust I 144A		
8.376% 6/1/37	75,000	82,227

		1,893,588

Building & Materials - 1.52%		
*Foster Wheeler 6.75% 11/15/05	525,000	375,375

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*K Hovnanian Enterprises 7.75% 5/15/13	275,000	281,188
+Lone Star Industries 144A 8.85% 6/15/05	300,000	295,500
Schuler Homes 10.50% 7/15/11	275,000	309,375
*Standard Pacific 9.25% 4/15/12	275,000	297,000
Technical Olympic USA 10.375% 7/1/12	300,000	315,000
*United States Steel 9.75% 5/15/10	250,000	248,750

		2,122,188

Cable, Media & Publishing - 5.14%		
American Media Operation		
10.25% 5/1/09	275,000	299,063
Charter Communications		
*10.75% 10/1/09	1,025,000	753,374
#13.50% 1/15/11	1,650,000	800,249
CSC Holdings 10.50% 5/15/16	675,000	754,312
*Dex Media East LLC 12.125% 11/15/12	475,000	558,124
*+DirecTV Holdings 144A 8.375% 3/15/13	275,000	305,938
*Echostar DBS 10.375% 10/1/07	450,000	498,938
+Hollinger 144A 11.875% 3/1/11	225,000	237,375
+Lamar Media 144A 7.25% 1/1/13	150,000	155,492
*Lodgenet Entertainment		
10.25% 12/15/06	425,000	433,500
Mediacom Broadband 11.00% 7/15/13	350,000	386,750
*Nextmedia Operating 10.75% 7/1/11	350,000	385,000
PanAmSat 8.50% 2/1/12	225,000	241,875
+PEI Holdings 144A 11.00% 3/15/10	225,000	246,375
Vertis		
10.875% 6/15/09	300,000	291,000
+144A 9.75% 4/1/09	225,000	231,188
+Vivendi Universal 144A 9.25% 4/15/10	200,000	228,250
*#XM Satellite Radio 14.00% 12/31/09	485,848	353,454

		7,160,257

Chemicals - 2.19%		
*+Huntsman International 144A		
9.875% 3/1/09	500,000	512,500
IMC Global		
6.55% 1/15/05	125,000	125,000
*7.625% 11/1/05	350,000	355,250
*Lyondell Chemical 9.50% 12/15/08	225,000	216,563
MacDermid 9.125% 7/15/11	300,000	334,500
+Omnova Solutions 144A 11.25% 6/1/10	475,000	496,375
+Polyone Corporate 144A 10.625% 5/15/10	150,000	143,250
*+Rhodia SA 144A 8.875% 6/1/11	325,000	328,250
*SOI Funding 11.25% 7/15/09	275,000	226,875
*Solutia 6.72% 10/15/37	425,000	312,375

		3,050,938

	Principal	Market
	Amount	Value
	-----	-----
Non-Convertible Bonds (continued)		
	-----	-----
Computers & Technology - 0.15%		
+Amkor Technologies 144A		
7.75% 5/15/13	\$125,000	\$ 119,219

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Asat Finance 12.50% 11/1/06	113,750	91,569

		210,788

Consumer Products - 1.59%		
*American Greetings 11.75% 7/15/08	610,000	709,888
+Jafra Cosmetics 144A 10.75% 5/15/11	350,000	358,750
+Levi Strauss 144A 12.25% 12/15/12	275,000	231,000
+Phillips Van Heusen 144A 8.125% 5/1/13	175,000	180,250
*Salton 12.25% 4/15/08	475,000	448,875
*Samsonite 10.75% 6/15/08	275,000	276,375
*+++Venture Holdings Trust 12.00% 6/1/09	425,000	8,500

		2,213,638

Consumer Services - 0.54%		
Alderwoods Group 12.25% 1/2/09	400,000	418,000
Corrections Corporate 7.50% 5/1/11	325,000	333,938

		751,938

Electronics & Electrical Equipment - 0.56%		
*+Sanmina - SCI Corp 144A 10.375% 1/15/10	700,000	780,500

		780,500

Energy - 4.29%		
+Citgo Petroleum 144A 11.375% 2/1/11	550,000	615,999
Dynegy Holdings		
*6.75% 12/15/05	150,000	137,250
*6.875% 4/1/11	150,000	120,750
*El Paso 7.00% 5/15/11	250,000	216,250
El Paso Natural Gas		
*6.75% 11/15/03	225,000	226,406
+144A 8.375% 6/15/32	150,000	153,750
*+El Paso Production 144A 7.75% 6/1/13	675,000	673,312
+Frontier Escrow 144A 8.00% 4/15/13	375,000	387,188
*Hanover Equipment Trust		
8.50% 9/1/08	250,000	256,250
Key Energy Service 6.375% 5/1/13	525,000	534,188
+++Petroleum Geo-Services 6.25% 11/19/03	300,000	181,500
+Semco Energy 144A 7.75% 5/15/13	275,000	291,500
+Southern Natural Gas 144A		
8.875% 3/15/10	200,000	218,000
*Tennessee Gas Pipeline 8.375% 6/15/32	350,000	358,750
*+Tesoro Petroleum 144A 8.00% 4/15/08	500,000	502,500
Transcontinental Gas Pipeline		
6.125% 1/15/05	175,000	176,750
6.25% 1/15/08	225,000	223,875
8.875% 7/15/12	350,000	388,500
*Williams - Series A 7.50% 1/15/31	175,000	148,750
Williams Companies 6.625% 11/15/04	175,000	172,375

		5,983,843

Environmental Services - 0.52%		
*+Casella Waste Systems 144A		
9.75% 2/1/13	225,000	237,375
*IESI 10.25% 6/15/12	470,000	493,500

		730,875

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Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value

Non-Convertible Bonds (continued)		

Food, Beverage & Tobacco - 1.41%		
B&G Foods 9.625% 8/1/07	\$ 575,000	\$ 591,531
Denny's Corp/Denny's Holdings 12.75% 9/30/07	550,000	566,500
DiGiorgio 10.00% 6/15/07	475,000	472,625
National Wine & Spirits 10.125% 1/15/09	375,000	335,625

		1,966,281

Healthcare & Pharmaceuticals - 0.48%		
+Ameripath 144A 10.50% 4/1/13	195,000	203,775
@+HMP Equity 144A 15.433% 5/15/08	125,000	60,000
Team Health 12.00% 3/15/09	400,000	410,000

		673,775

Industrial Machinery - 0.21%		
*Amkor Technology 9.25% 2/15/08	275,000	287,375

		287,375

Leisure, Lodging & Entertainment - 2.80%		
Alliance Gaming 10.00% 8/1/07	225,000	234,563
Extended Stay America 9.875% 6/15/11	225,000	235,688
+Hard Rock Hotel 144A 8.875% 6/1/13	275,000	283,938
Herbst Gaming 10.75% 9/1/08	375,000	411,562
*MeriStar Hospitality Operating Partnership 10.50% 6/15/09	275,000	268,813
Penn National Gaming 11.125% 3/1/08	300,000	330,000
*Regal Cinemas 9.375% 2/1/12	600,000	655,499
*Royal Caribbean 8.75% 2/2/11	750,000	757,499
*Six Flags 9.75% 6/15/07	275,000	277,063
+Town Sports International 144 A 9.625% 4/15/11	125,000	130,625
+Turning Stone Casino Resort Enterprise 144A 9.125% 12/15/10	300,000	317,625

		3,902,875

Metals & Mining - 0.13%		
Earle M. Jorgensen 9.75% 6/1/12	175,000	182,875

		182,875

Packaging & Containers - 1.12%		
*AEP Industries 9.875% 11/15/07	405,000	394,875
Consolidated Container 10.125% 7/15/09	425,000	261,375
+Graham Packaging 144A 8.75% 1/15/08	275,000	272,250
Portola Packaging 10.75% 10/1/05	175,000	179,375
*+Radnor Holdings 144A 11.00% 3/15/10	450,000	456,750

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	Principal Amount	Market Value
		1,564,625

Paper & Forest Products - 0.82%		
Georgia-Pacific		
9.875% 11/1/21	1,025,000	1,009,625
+144A 7.375% 7/15/08	125,000	124,375
		1,134,000

Real Estate - 0.63%		
Forest City Enterprises 7.625% 6/1/15	500,000	516,250
*Tanger Properties 9.125% 2/15/08	350,000	363,125
		879,375

	Principal Amount	Market Value

Non-Convertible Bonds (continued)		

Restaurants - 0.08%		
Avado Brands 9.75% 6/1/06	\$ 230,000	\$ 106,950
		106,950

Retail - 1.22%		
*J Crew Operating 10.375% 10/15/07	485,000	458,325
*Office Depot 10.00% 7/15/08	480,000	564,000
Petco Animal Supplies 10.75% 11/1/11	195,000	219,863
+Remington Arms 144A 10.50% 2/1/11	300,000	302,250
*Saks 7.25% 12/1/04	150,000	156,375
		1,700,813

Telecommunications - 2.43%		
Crown Castle International		
*#10.625% 11/15/07	250,000	265,625
*10.75% 8/1/11	425,000	448,375
Insight Midwest		
9.75% 10/1/09	125,000	131,250
10.50% 11/1/10	225,000	244,125
*Nextel Communications 9.375% 11/15/09	300,000	323,250
*Nextel Partners 12.50% 11/15/09	150,000	168,750
*Nortel Networks Capital 7.40% 6/15/06	300,000	295,500
Qwest 7.20% 11/1/04	175,000	179,594
*+Qwest Services 144A 13.50% 1/1/08	625,000	714,062
Star Choice Communications		
13.00% 12/15/05	225,000	238,500
Time Warner Telecommunications		
9.75% 7/15/08	425,000	376,125
		3,385,156

Textiles, Apparel & Furniture - 0.34%		
+Oxford Industry 144A 8.875% 6/1/11	475,000	479,750
		479,750

Transportation & Shipping - 1.13%		

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Hornbeck Offshore Services		
10.625% 8/1/08	250,000	272,500
Kansas City Southern Railway		
9.50% 10/1/08	425,000	456,875
+Overseas Shipholding Group		
144A 8.25% 3/15/1	475,000	489,250
Stena AB 9.625% 12/1/12	325,000	354,656

		1,573,281

Utilities - 2.76%		
Avista 9.75% 6/1/08	500,000	554,999
*Calpine 10.50% 5/15/06	425,000	350,625
Homer City Fund 8.137% 10/1/19	200,000	207,500
+Illinois Power 144A 11.50% 12/15/10	100,000	110,250
Midland Funding II 11.75% 7/23/05	500,000	541,250
Midwest Generation 8.30% 7/2/09	350,000	343,627
Mirant Americas Generation		
*7.625% 5/1/06	175,000	129,938
*8.30% 5/1/11	200,000	126,000
+Nevada Power 144A 10.875% 10/15/09	175,000	193,813
Orion Power Holdings 12.00% 5/1/10	375,000	406,875

4

Statement Delaware Investments Dividend and Income Fund, Inc.
OF NET ASSETS (CONTINUED)

	Principal Amount	Market Value

Non-Convertible Bonds (continued)		

Utilities (continued)		
+PSEG Energy Holdings 144A		
7.75% 4/16/07	\$ 250,000	\$ 265,892
+Williams Gas Pipelines Central		
144A 7.375% 11/15/06	580,000	611,899

		3,842,668

Total Non-Convertible Bonds (cost \$45,619,091)		47,142,477

Foreign Bonds - 4.46%		

Australia - 0.19%		
*Normandy Yandal Operations		
8.875% 4/1/08	475,000	270,750

		270,750

British Virgin Islands - 0.26%		
*ChipPAC International 12.75% 8/1/09	325,000	366,438

		366,438

Canada - 2.60%		
Ainsworth Lumber		

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12.50% 7/15/07	375,000	418,125
13.875% 7/15/07	100,000	112,500
*CP Ships 10.375% 7/15/12	275,000	308,000
*Fairfax Financial Holdings		
7.75% 12/15/03	575,000	575,000
Rogers Cablesystems 10.00% 3/15/05	850,000	913,749
*Tembec Industries 8.50% 2/1/11	775,000	771,125
*Western Oil Sands 8.375% 5/1/12	475,000	515,375

		3,613,874

Dominican Republic - 0.26%		
+Dominican Republic 144A 9.04% 4/1/13	375,000	357,188

		357,188

Ireland - 0.39%		
MDP Acquisitions		
9.625% 10/1/12	100,000	108,125
+144A 9.625% 10/1/12	400,000	432,500

		540,625

Norway - 0.25%		
Ocean Rig Norway 10.25% 6/1/08	425,000	354,875

		354,875

Peru - 0.51%		
Republic of Peru 4.00% 3/7/17	850,000	707,928

		707,928

Total Foreign Bonds (cost \$6,309,200)		6,211,678

	Number of Shares	

Warrants - 0.07%		

++Solutia	650	7
++XM Satellite Radio	150	105,375

Total Warrants (cost \$86,044)		105,382

	Principal Amount	Market Value

Short-Term Securities - 4.15%		

***U.S. Treasury Bills 1.055% 6/26/03	\$5,795,000	\$ 5,790,803

Total Short-Term Securities (cost \$5,790,803)		5,790,803

Total Market Value of Securities - 139.24% (cost \$186,044,798)		194,088,553
Short-Term Investments Held as Collateral		

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for Loaned Securities - 17.67%		
(cost \$24,630,382)**		24,630,382
Obligation to Return Securities		
Lending Collateral - (17.67%)**		(24,630,382)
Commercial Paper Payable		
(par \$55,000,000) - (39.33%)		(54,829,293)
Receivables and Other Assets		
Net of Liabilities - 0.09%		136,496

Net Assets Applicable to 12,876,300		
Shares (\$0.01 par value) Outstanding;		
Equivalent to \$10.83 per share - 100.00%		\$139,395,756
		=====
Components of Net Assets at May 31, 2003:		
Common stock, \$0.01 par value,		
500,000,000 shares authorized to the Fund		\$178,351,647
Treasury stock, 1,430,700 shares at cost		(17,411,619)
Distributions in excess of net investment income		(3,648,034)
Accumulated net realized loss on investments		(25,939,993)
Net unrealized appreciation of investments		8,043,755

Total net assets		\$139,395,756
		=====

*Fully or partially on loan.

**See Note 7 in "Notes to Financial Statements".

***U.S. Treasury bills are traded on a discount basis; the interest rate shown is the effective yield at the time of purchase by the Fund.

+Security exempt from registration under Rule 144A of the Securities Act of 1933. See Note 8 in "Notes to Financial Statements".

++Non-income producing security for the period ended May 31, 2003.

+++Non-income producing security. Security is currently in default.

#Step coupon bond.

@Zero coupon bond. The interest rate shown is the yield at the time of purchase.

Abbreviation

TIDES - Term Income Deferred Equity Securities

See accompanying notes

Statement Delaware Investments Dividend and Income Fund, Inc.
OF OPERATIONS Six Months Ended May 31, 2003 (Unaudited)

Investment Income:		
Interest	\$3,019,788	
Dividends	2,122,788	
Security lending income	22,410	\$ 5,164,986

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	-----	-----
Expenses:		
Management fees	501,892	
Commercial paper fees	50,440	
Accounting and administration expenses	46,040	
Professional fees	35,190	
Reports to shareholders	32,760	
Transfer agent fees	24,840	
NYSE fees	17,520	
Custodian fees	6,870	
Directors' fees	5,640	
Other	7,018	

Total operating expenses (before interest expense)		728,210
Interest expense		390,714

Total operating expenses (after interest expense)		1,118,924
Less: expenses paid indirectly		(1,538)

Total expenses		1,117,386

Net Investment Income		4,047,600

Net Realized and Unrealized Gain (Loss) on Investments:		
Net realized loss on investments		(3,760,513)
Net change in unrealized appreciation/depreciation of investments		16,275,237

Net Realized and Unrealized Gain on Investments		12,514,724

Net Increase in Net Assets Resulting from Operations		\$16,562,324
		=====

See accompanying notes

Statements
OF CHANGES IN NET ASSETS

Delaware Investments Dividend and Inc

	Six Months Ended 5/31/03 (Unaudited)
Increase (Decrease) in Net Assets from Operations:	
Net investment income	\$ 4,047,600
Net realized loss on investments	(3,760,513)
Net change in unrealized appreciation/depreciation of investments	16,275,237

Net increase (decrease) in net assets resulting from operations	16,562,324

Dividends and Distributions to Shareholders from:

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Net investment income	(7,726,210)
Return of capital	--

	(7,726,210)

Net Increase (Decrease) in Net Assets	8,836,114
Net Assets:	
Beginning of period	130,559,642

End of period	\$ 139,395,756
	=====

See accompanying notes

7

Statement
OF CASH FLOWS

Delaware Investment
Six Months Ended Ma

Net Cash Provided by Operating Activities:

Net increase in net assets resulting from operations

Adjustments to reconcile net increase in net assets from operations to cash provided by operati

Amortization of premium and discount on investments

Net proceeds from investment transactions

Net realized loss from security transactions

Change in net unrealized appreciation/depreciation

Decrease in receivable for investments sold

Decrease in interest and dividends receivable

Increase in other assets

Increase in payable for investments purchased

Decrease in interest payable

Decrease in accrued expenses and other liabilities

Total adjustments

Net cash provided by operating activities

Cash Flows Used for Financing Activities:

Cash provided by issuance of commercial paper

Cash used to liquidate commercial paper

Cash dividends and distributions paid

Net cash used for financing activities

Net decrease in cash

Cash at beginning of period

Cash at end of period

Cash paid for interest

See accompanying notes

Financial
HIGHLIGHTS

Selected data for each share of the Fund outstanding throughout each period were as follows:

	Delaware Investments Dividen		
	Six Months Ended 5/31/03 (5) (Unaudited)	11/30/02 (3)	11/30/01
Net asset value, beginning of period	\$10.140	\$11.630	\$11.590
Income (loss) from investment operations:			
Net investment income (4)	0.314	0.635	0.617
Net realized and unrealized gain (loss) on investments	0.976	(0.650)	0.923
Total from investment operations	1.290	(0.015)	1.540
Less dividends and distributions from:			
Net investment income	(0.600)	(0.660)	(0.617)
Net realized gain on investments	--	--	(0.080)
Return of capital	--	(0.815)	(0.803)
Total dividends and distributions	(0.600)	(1.475)	(1.500)
Net asset value, end of period	\$10.830	\$10.140	\$11.630
Market value, end of period	\$12.200	\$10.020	\$13.850
Total return based on: (1)			
Market value	28.37%	(18.98%)	30.20%
Net asset value	12.60%	(2.36%)	12.02%
Ratios and supplemental data:			
Net assets, end of period (000 omitted)	\$139,396	\$130,560	\$149,718
Ratio of total operating expenses to average net assets	1.74%	1.86%	2.77%
Ratio of total operating expenses to adjusted average net assets (before interest expense) (2)	0.79%	0.80%	0.83%
Ratio of interest expense to adjusted average net assets (2)	0.43%	0.54%	1.22%
Ratio of net investment income to average net assets	4.57%	5.69%	5.07%
Ratio of net investment income to adjusted average net assets (2)	3.20%	4.12%	3.75%

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Portfolio turnover	248%	107%	61%
Leverage analysis:			
Debt outstanding at end of period (000 omitted)	\$55,000	\$55,000	\$55,000
Average daily balance of debt outstanding (000 omitted)	\$54,882	\$54,857	\$54,724
Average daily balance of shares outstanding (000 omitted)	12,876	12,876	12,876
Average debt per share	\$4.262	\$4.260	\$4.250

- (1) Total investment return is calculated assuming a purchase of common stock on the opening of closing of the last day of each period reported. Dividends and distributions, if any, are calculated, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.
- (2) Adjusted average net assets excludes debt outstanding.
- (3) As required, effective December 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Principles for Investment Companies that require amortization of all premium and discounts on debt securities. For the year ended November 30, 2002 was a decrease in net investment income per share of \$0.025 and an increase in net unrealized gain (loss) per share of \$0.025, a decrease in the ratio of net investment income to adjusted average net assets of 0.16% and a decrease in the ratio of net investment income to adjusted average net assets of 0.16%. Ratios for periods prior to December 1, 2001 have not been restated to reflect this change in accounting principles.
- (4) The average shares outstanding method has been applied for per share information.
- (5) Ratios and portfolio turnover have been annualized and total return has not been annualized.

See accompanying notes

9

Notes
TO FINANCIAL STATEMENTS Delaware Investments Dividend and Income Fund, Inc.
May 31, 2003 (Unaudited)

Delaware Investments Dividend and Income Fund, Inc. (the "Fund") is organized as a Maryland corporation and is a diversified closed-end management investment company under the Investment Company Act of 1940, as amended. The Fund's shares trade on the New York Stock Exchange under the symbol DDF.

The investment objective of the Fund is to seek high current income. Capital appreciation is a secondary objective.

1. Significant Accounting Policies

The following accounting policies are in accordance with accounting principles generally accepted in the United States and are consistently followed by the Fund:

Security Valuation - All equity securities are valued at the last quoted sales price as of the time of the regular close of the New York Stock Exchange (NYSE) on the valuation date. If on a particular day an equity security does not trade, then the mean between the bid and the asked prices will be used. U.S. government and agency securities are valued at the mean between the bid and asked prices. Long-term debt securities are valued by an independent pricing service and such prices are believed to reflect the fair value of such securities. Short-term

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debt securities having less than 60 days to maturity are valued at amortized cost, which approximates market value. Other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Fund's Board of Directors. In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures, or with respect to foreign securities, aftermarket trading or significant events after local market trading (e.g., government actions or pronouncements, trading volume or volatility on markets, exchanges among dealers, or news events).

Federal Income Taxes - The Fund intends to continue to qualify for federal income tax purposes as a regulated investment company and make the requisite distributions to shareholders. Accordingly, no provision for federal income taxes has been made in the financial statements.

Distributions - The Fund has a managed distribution policy. Under the policy, the Fund declares and pays monthly distributions and is managed with a goal of generating as much of the distribution as possible from ordinary income (net investment income and short-term capital gains). The balance of the distribution then comes from long-term capital gains and, if necessary, a return of capital. The current annualized rate is \$1.20 per share. The Fund continues to evaluate its monthly distribution in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future.

Borrowings - The Fund issues short-term commercial paper at a discount from par. The discount is amortized as interest expense over the life of the commercial paper using the straight-line method (See Note 6).

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of 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.

Other - Expenses common to all funds within the Delaware Investments Family of Funds are allocated amongst the funds on the basis of average net assets. Security transactions are recorded on the date the securities are purchased or sold (trade date). Costs used in calculating realized gains and losses on the sale of investment securities are those of the specific securities sold. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Discounts and premiums are amortized to interest income over the lives of the respective securities. Distributions received from investments in Real Estate Investment Trusts are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distribution by the issuer.

Certain expenses of the Fund are paid through commission arrangements with brokers. These transactions are done subject to best execution. The amount of these expenses was approximately \$1,538 for the six months ended May 31, 2003. In addition, the Fund may receive earnings credits from its custodian when positive cash balances are maintained, which are used to offset custody fees. There were no earnings credits for the six months ended May 31, 2003. The expenses paid under the above arrangements are included in their respective expense captions on the Statement of Operations with the corresponding expense offset shown as "expenses paid indirectly".

2. Investment Management, Administration Agreements and Other Transactions with Affiliates:

In accordance with the terms of its investment management agreement, the Fund

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pays Delaware Management Company (DMC), a series of Delaware Management Business Trust and the investment manager, an annual fee of 0.55%, which is calculated daily based on the adjusted average weekly net assets.

The Fund has engaged Delaware Service Company, Inc. (DSC), an affiliate of DMC, to provide accounting and administration services. The Fund pays DSC a monthly fee computed at the annual rate of 0.05% of the Fund's adjusted average weekly net assets, subject to an annual minimum of \$85,000.

For purposes of the calculation of investment management fees and administration fees, adjusted average weekly net assets does not include the commercial paper liability.

At May 31, 2003, the Fund had liabilities payable to affiliates as follows:

Investment management fee payable to DMC -----	Accounting, administration and other expenses payable to DSC -----	Other expenses payable to DMC and affiliates -----
\$13,211	\$45,929	\$5,609

Certain officers of DMC and DSC are officers and/or directors of the Fund. These officers and directors are paid no compensation by the Fund.

3. Investments

For the six months ended May 31, 2003, the Fund made purchases of \$205,938,333 and sales of \$210,359,342 of investment securities other than U.S. government securities and short-term investments.

At May 31, 2003, the cost of investments for federal income tax purposes has been estimated since the final tax characteristics cannot be determined until fiscal year end. At May 31, 2003, the cost of investments was \$186,019,431. At May 31, 2003, the net unrealized appreciation was \$8,069,122, of which \$20,103,217 related to unrealized appreciation of investments and \$12,034,095 related to unrealized depreciation of investments.

4. Dividend and Distribution Information

Income and long-term capital gain distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States. The tax

10

Notes Delaware Investments Dividend and Income Fund, Inc.
TO FINANCIAL STATEMENTS (CONTINUED)

4. Dividend and Distribution Information (continued)

character of dividends and distributions paid during the six months ended May 31, 2003 and the year ended November 30, 2002 was as follows:

	Six Months Ended 5/31/03*	Year Ended 11/30/02
	-----	-----
Ordinary income	\$7,726,210	\$ 8,496,926
Return of capital	--	10,496,508
	-----	-----

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Total	\$7,726,210 =====	\$18,993,434 =====
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*Tax information for the six months ended May 31, 2003 is an estimate and a portion of ordinary income will be redesignated as return of capital at fiscal year end.

The components of net assets are estimated since final tax characteristics cannot be determined until fiscal year end. As of May 31, 2003, the estimated components of net assets on a tax basis were as follows:

Shares of beneficial interest	\$160,940,028
Distributions in excess of ordinary income	(3,648,034)
Net realized capital losses on investments	(3,648,378)
Capital loss carryforwards	(22,316,982)
Unrealized appreciation/depreciation of investments	8,069,122

Net assets	\$139,395,756 =====

For federal income tax purposes, capital loss carryforwards may be carried forward and applied against future capital gains. Such capital loss carryforwards expire as follows: \$6,557,294 expires in 2009 and \$15,759,688 expires in 2010.

5. Capital Stock

The Fund did not repurchase any shares under the Share Repurchase Program or have any transactions in common shares during the six months ended May 31, 2003.

Shares issuable under the Fund's dividend investment plan are purchased by the Fund's transfer agent, Mellon Investor Services, LLC, in the open market.

6. Commercial Paper

As of May 31, 2003, \$55,000,000 of commercial paper was outstanding with an amortized cost of \$54,829,293. The weighted average discount rate of commercial paper outstanding at May 31, 2003 was 1.33%. The average daily balance of commercial paper outstanding during the six months ended May 31, 2003 was \$54,882,329 at a weighted discount rate of 1.41%. The maximum amount of commercial paper outstanding at any time during the period was \$55,000,000. In conjunction with the issuance of the commercial paper, the Fund entered into a line of credit arrangement with J.P. Morgan Chase Bank for \$30,000,000. Interest on borrowings is based on market rates in effect at the time of borrowing. The commitment fee is computed at the rate of 0.15% per annum on the unused balance. During the six months ended May 31, 2003, there were no borrowings under this arrangement.

7. Securities

Lending The Fund, along with other funds in the Delaware Investments Family of Funds, may lend its securities pursuant to a security lending agreement (Lending Agreement) with J.P. Morgan Chase. Initial security loans made pursuant to the Lending Agreement are required to be secured by U.S. Treasury obligations and/or cash collateral not less than 102% of the market value of the securities issued in the United States and 105% of the market value of securities issued outside the United States. With respect to each loan, if the aggregate market value of the collateral held on any business day is less than the aggregate market value of the securities which are the subject of such loan, the borrower will be notified to provide additional collateral not less than the applicable collateral requirements.

Cash collateral received is invested in fixed-income securities, with a weighted average maturity not to exceed 90 days, rated in one of the top two tiers by

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Standard & Poor's Ratings Group or Moody's Investors Service, Inc. or repurchase agreements collateralized by such securities. However, in the event of default or bankruptcy by the lending agent, realization and/or retention of the collateral may be subject to legal proceedings.

In the event the borrower fails to return loaned securities and the collateral received is insufficient to cover the value of the loaned securities and provided such collateral shortfall is not the result of investment losses, the lending agent has agreed to pay the amount of the shortfall to the Fund, or at the discretion of the lending agent, replace the loaned securities. At May 31, 2003, the market value of securities on loan was \$24,327,789.

The securities on loan were collateralized by the following:

Description	Market Value
Morgan Stanley Dean Witter	
Discover 1.41% 6/30/04	\$ 279,154
Canadian Imperial Bank NY 1.4095% 10/09/03	139,544
Racers Series 2002-35-C 1.60855% 4/15/04	695,071
Goldman Sachs Group LP 1.515% 7/14/03	977,039
Wilmington Trust Company 1.26% 7/21/03	700,037
Fannie Mae 1.314945% 1/29/04	6,978,590
Barclays London 1.27% 6/17/03	1,118,107
Merrill Lynch Mortgage Capital 1.475% 6/6/03	697,885
UBS Warburg LLC 1.375% 6/2/03	13,044,955

	\$24,630,382

8. Credit and Market Risks

The Fund invests in high-yield fixed income securities, which carry ratings of BB or lower by S&P and/or Ba or lower by Moody's. Investments in these higher yielding securities are generally accompanied by a greater degree of credit risk than higher rated securities. Additionally, lower rated securities may be more susceptible to adverse economic and competitive industry conditions than investment grade securities.

The Fund may invest up to 10% of its total assets in illiquid securities, which may include securities with contractual restrictions on resale, securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended, and other securities which may not be readily marketable. The relative illiquidity of these securities may impair the Fund from disposing of them in a timely manner and at a fair price when it is necessary or desirable to do so.

The Fund invests in real estate investment trusts (REITs) and is subject to some of the risks associated with that industry. If the Fund holds real estate directly as a result of defaults or receives rental income directly from real estate holdings, its tax status as a regulated investment company may be jeopardized. There were no direct holdings during the six months ended May 31, 2003. The Fund's REIT holdings are also affected by interest rate changes, particularly if the REITs it holds use floating rate debt to finance their ongoing operations.

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Delaware
Investments (SM)

A member of Lincoln Financial Group(R)

[LOGO OMITTED]

This semiannual report is for the information of Delaware Investments Dividend and Income Fund, Inc. shareholders. The return and principal value of an investment in the Fund will fluctuate so that shares, when resold, may be worth more or less than their original cost.

Notice is hereby given in accordance with Section 23(c) of the Investment Act of 1940 that the Fund may, from time to time, purchase shares of its Common Stock on the open market at market prices.

Board of Directors

Walter P. Babich
Board Chairman
Citadel Construction Corporation
King of Prussia, PA

David K. Downes
President and Chief Executive Officer
Delaware Investments Family of Funds
Philadelphia, PA

John H. Durham
Private Investor
Gwynedd Valley, PA

John A. Fry
President
Franklin & Marshall College
Lancaster, PA

Anthony D. Knerr
Managing Director
Anthony Knerr & Associates
New York, NY

Ann R. Leven*
Former Treasurer/Chief Fiscal Officer
National Gallery of Art

Affiliated Officers

Jude T. Driscoll
Chairman
Delaware Investments Family of Funds
Philadelphia, PA

Michael P. Bishof
Senior Vice President and Treasurer
Delaware Investments Family of Funds
Philadelphia, PA

Richelle S. Maestro
Senior Vice President,
General Counsel and Secretary
Delaware Investments Family of Funds
Philadelphia, PA

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Washington, DC

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President and Chief Executive Officer
MLM Partners, Inc.
Minneapolis, MN

Web sit
www.del

Janet L. Yeomans*
Vice President/Mergers & Acquisitions
3M Corporation
St. Paul, MN

+-----
| Your Reinvestment Options
| Delaware Investments Dividend and Income Fund, I
| reinvestment program. If you would like to reinv
| registered in your name, contact Mellon Investor
| You will be asked to put your request in writing
| in "street" name, contact the broker/dealer hold
| advisor.
+-----

*Audit Committee Member

(7906)
SA-DDF [5/03] IVES 7/03

Item 2. Code of Ethics
Not applicable.

Item 3. Audit Committee Financial Expert
Not applicable.

Item 4. Principal Accountant Fees and Services
Not applicable.

Item 5. Audit Committee of Listed Registrants
Not applicable.

Item 6. [Reserved]

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End
Management Investment Companies
Not applicable.

Item 8. [Reserved]

Item 9. Controls and Procedures

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in ensuring that the information required to be disclosed by the

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registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their last evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Exhibits

(a) Code of Ethics

Not applicable.

(b) (1) Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Rule 30a-2 under the Investment Company Act of 1940 are attached hereto as Exhibit 99.CERT.

(2) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto as Exhibit 99.906CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf, by the undersigned, thereunto duly authorized.

Delaware Investments Dividend and Income Fund, Inc.:

Jude T. Driscoll

By: Jude T. Driscoll
Title: Chairman
Date: August 3, 2003

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

Jude T. Driscoll

By: Jude T. Driscoll
Title: Chairman
Date: August 3, 2003

Michael P. Bishof

By: Michael P. Bishof

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Title: Treasurer

Date: August 3, 2003