

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.

[LOGO]
POWERED BY RESEARCH. (SM)

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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.

(C) 2003 Delaware Distributors, L.P.

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% | | |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|--|---------|-----------|
| 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 |
| | | ----- |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|-------------------------------------|---------|-------------|
| 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 |
| | | ----- |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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 |
| | | ----- |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | | |
|--|------------|------------|--|
| | | 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 | |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|-----------------------------------|-----------|------------|
| ----- | | |
| 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 |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|--|-----------|------------|
| *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 |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|--|---------|-----------|
| 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 |
| | | ----- |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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 |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | 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% | | |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|--------------------------------------|---------|-----------|
| 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 | | |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|--|-------------|--------------|
| 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 | Market |
| | Amount | 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 | | 5,790,803 |
| (cost \$5,790,803) | | ----- |
| | | |
| Total Market Value of Securities - 139.24% | | |
| (cost \$186,044,798) | | 194,088,553 |
| Short-Term Investments Held as Collateral | | |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | |
|--|---------------|
| 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 |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|---|---------|--------------|
| | ----- | ----- |
| 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 Income

| | |
|---|---|
| | 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:

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | |
|---------------------------------------|----------------|
| 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% |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | | |
|---|----------|----------|----------|
| 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 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

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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 |
| | ----- | ----- |

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

| | | |
|-------|----------------------|-----------------------|
| Total | \$7,726,210 ===== | \$18,993,434 ===== |
|-------|----------------------|-----------------------|

*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

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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.

This page intentionally left blank.

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

Affiliated Officers

Contact

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

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

Investm
Delawar
Philade

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

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

Interna
Delawar
London,

John H. Durham
Private Investor
Gwynedd Valley, PA

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

Princip
2005 Ma
Philade

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

Indepen
Ernst &
2001 Ma
Philade

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

Registr
Mellon
Overpec
85 Chal
Ridgefi
800 851

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

For Sec
Institu
800 362

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Washington, DC

Thomas F. Madison*
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

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

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

Edgar Filing: DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC - Form N-CSR

Title: Treasurer

Date: August 3, 2003