

SECURITIES AND EXCHANGE COMMISSION

FORM N-30B-2

Periodic and interim reports mailed to investment company shareholders (other than annual and semi-annual reports mailed to shareholders pursuant to Rule 30e-1)

Filing Date: **1995-06-01** | Period of Report: **1995-03-31**
SEC Accession No. **0000950116-95-000215**

([HTML Version](#) on secdatabase.com)

FILER

DELAWARE GROUP DELCAP FUND INC

CIK: **778108** | State of Incorporation: **MD** | Fiscal Year End: **0930**
Type: **N-30B-2** | Act: **40** | File No.: **811-04413** | Film No.: **95544000**

Mailing Address
*ONE COMMERCE SQ
2005 MARKET ST
PHILADELPHIA PA 19103*

Business Address
*2005 MARKET ST
ONE COMMERCE SQ
PHILADELPHIA PA 19103
2157512926*

April 28, 1995

Dear Shareholder:

The first half of our 1995 fiscal year -- October 1, 1994, through March 31, 1995 -- presented us with two very different market environments. On the one hand, an additional 125 basis point (1.25%) rise in short-term interest rates made for challenging stock selection as the Federal Reserve, our nation's central bank, continued to "tighten" its monetary policy in an effort to slow economic growth and control the pace of inflation.

On the other hand, a measure of relief came in the first quarter of 1995 as it appeared that the Fed was making good headway in navigating a "soft landing" for the economy. As confidence in the financial markets rose, stocks began to recover some of last year's losses, and general equity stock funds posted their strongest gains in over two years, according to Lipper Analytical Services Inc.

For the six-month period, DelCap Fund A Class had a total return (capital change plus income) that surpassed the broad, small stock market. The table below shows the Fund's results compared with the return of the NASDAQ Industrial Index, an unmanaged index comprised of stocks similar in market capitalization to those in DelCap Fund. We also show the performance of the Lipper Mid-Cap Average, which includes 100 mutual funds that invest in companies with average market capitalizations and/or revenues between \$800 million and \$2 billion, the primary focus of DelCap Fund.

	TOTAL RETURN SIX MONTHS ENDED MARCH 31, 1995
DelCap Fund A	+3.98%
NASDAQ Industrial Index	+3.12%
Lipper Mid-Cap Average	+5.43%

DelCap Fund's performance is based on net asset value. Performance information for all classes of the Fund can be found on page 6.

Because small- and mid-cap stocks are generally more sensitive to rising interest rates and, therefore, suffered greater fourth quarter losses than large capitalization stocks, their performance lagged the broad equity market over the past six months. The S&P 500, an unmanaged index comprised primarily of "blue chip" large-cap stocks, had a total return of +9.71% for the period.

Amid signs that economic growth has slowed and inflation has remained relatively low, it appears that the Fed has taken a respite from further rate increases, at least in the near-term. As such, we do not anticipate a stock market in 1995 as volatile as we saw in 1994.

This report contains an update from the portfolio managers of the Fund, who explain how DelCap Fund is being positioned to capitalize on the earnings potential of small- and mid-cap companies. As always, we thank you for your continued confidence.

WAYNE A STORK	BRIAN F. WRUBLE
-----	-----
Wayne A. Stork	Brian F. Wruble
Chairman, Board of Directors	President and Chief Executive Officer
Delaware Group DelCap Fund	Delaware Group DelCap Fund

Portfolio Manager's Market Review

As investors' perceptions of the economy and inflation have changed over the past six months, many people now believe that the Federal Reserve will not raise rates with the same magnitude or frequency as last year and confidence in the financial markets has risen. In the first calendar quarter of 1995, this translated into strong gains for the overall equity market and for DelCap Fund, as the table below illustrates.

TOTAL RETURN

	4th Quarter '94 (10/1/94-12/31/94)	1st Quarter '95 (1/1/95-3/31/95)
DelCap Fund A Class	-4.14%	+8.47%
NASDAQ Industrial Index	-3.04%	+6.35%
S&P 500 Index	-0.02%	+9.73%

Within the small and mid-cap stock arena, "growth" stocks -- characterized by high growth rates and high price-to-earnings ratios -- were particularly affected by the Fed's 1994 rate increases and this is reflected in DelCap Fund's fourth quarter performance. Simply put, in a period of rising interest rates, such as the 75 basis point (0.75%) rise in the fourth quarter of 1994, small-cap growth stocks historically have underperformed the market. Conversely, in a period of stabilizing or declining interest rates, small-cap stocks have done relatively well over time. So far in 1995, the Fed has raised rates only once (an increase of 0.50%) and interest rates appear to have stabilized. While there are many factors that affect the performance of growth stocks, it is important not to underestimate the impact that interest rates can have on this market.

Because of our long-term approach to managing your Fund, we do not try to predict the direction of interest rates. Instead, our goal, and our challenge, in managing the DelCap portfolio is to own stocks in companies that will experience rapid earnings growth in the future. To this end, we spend a tremendous amount of time visiting the companies we consider buying, as well as their competitors and suppliers. This gives us a better sense of each company's position within a particular industry -- our focus being on the "leaders" -- and the strength of their underlying management. These factors, in addition to a company's history of earnings growth, help us establish a company's potential for continued growth.

DELCAP FUND INVESTMENT OBJECTIVE

To seek long-term capital growth by investing in primarily common stocks of companies that have a demonstrated history of growth and have the potential to support continued growth.

(PHOTO OF
COLONIAL OBJECTS)

Inside the DelCap Portfolio

Let's talk first about some of the key industry sectors in the portfolio and their impact on performance. As has frequently been the case in the past, the three most significant sectors in the DelCap portfolio are health care, technology, and consumer goods and services. These sectors, which account for a significant portion of the Fund's net assets, generally include many companies that fit our earnings profile (described earlier). However, as our interests within each of the areas have shifted somewhat since our annual report to you, we would like to review some key points.

HEALTH CARE FOCUS SHIFTS TO PROVIDERS

Almost since the inception of DelCap Fund, health care companies have held a place in the portfolio. For years, our primary focus was on "managed care" companies that aim to reduce the costs of health care delivery. After their growth expectations were met in 1994 which, consequently, caused their stocks to become overpriced, we sold most of our managed care holdings. Since then, we have made a gradual shift toward health care "providers" who, after losing ground to the price-slashing efforts of managed care providers, have begun to fight back. Consequently, we have been adding to the Fund's health care position with the stocks of health management companies such as Columbia/HCA Healthcare Corporation and HEALTHSOUTH Rehabilitation Corporation.

* Columbia/HCA Healthcare Corporation. One of the largest hospital management companies in the U.S., Columbia/HCA Healthcare recently acquired HealthTrust Inc., another healthcare giant. This transaction was one of the largest hospital mergers in U.S. history and will enable Columbia/HCA to expand into new markets. Their current plan is to operate a chain of 320 hospitals in 36 states with an estimated annual revenue of over \$15 billion. As of March 31, 1995, Columbia/HCA Healthcare was the Fund's top holding, representing 2.43% of net assets. Though this company's internal growth has continued to accelerate and its underlying fundamentals appear strong, its stock did not appreciate during the six month period and therefore, it did not add to the Fund's positive performance.

* HEALTHSOUTH Rehabilitation Corporation. This company operates the nation's largest chain of rehabilitation hospitals and clinics. In December 1994, HEALTHSOUTH acquired a rival chain, ReLife, which operated more than 40 rehabilitation facilities in 12 states. HEALTHSOUTH, which represented 2.13% of the Fund's net assets as of March 31st, reported a 40% rise in net income for the first quarter of 1995. Though HEALTHSOUTH contributed only modestly to the Fund's performance over the past six months, we believe this company will continue to demonstrate strong

earnings growth in the future which could lead to more significant appreciation.

With regard to drug and medical equipment providers, we stopped investing in these groups two to three years ago because they lost their pricing flexibility. These stocks appear to have reached low valuation levels in the fourth quarter of 1994 and we are now selectively looking for potential investment opportunities.

(PHOTO OF
COLONIAL OBJECTS)

Computer Networking Drives Technology Sector

Over the past six months, computer networking companies have been the shining stars of the technology sector. Computer networking has benefited from the rapidly increasing power of desktop computers along with the growing desire of individuals and organizations to share data.

Examples of how we are positioning the Fund to participate in this trend are Compuware Corporation and Silicon Graphics. While these companies are not really recognized as "computer networking" businesses the way that Novell and Bay Networks are, they are involved in networking as a peripheral aspect of their business.

* Compuware Corporation. This company develops and maintains mainframe programming and client server software products. Recently, Compuware has delivered lower-than-expected earnings, which we believe is due, in part, to their difficulty in integrating their 1994 acquisition -- Uniface Holding -- into their business. As a consequence, the company's stock price declined during the six month period and detracted from your Fund's performance. This merger was going to give them entry into the client server business, which is one of the fastest growing applications in the computer networking industry. It remains to be seen whether Compuware will make any progress with respect to this venture. As of March 31st, Compuware represented 2.25% of the Fund's net assets.

* Silicon Graphics. A relatively new addition to the DelCap portfolio, representing 0.65% of net assets, Silicon Graphics is a rapidly growing supplier of visual computing workstations and high performance file servers, with annual revenues of about \$1.5 billion. This company's products are used to solve visual computing problems in technical, scientific, corporate and entertainment applications such as: molecular modeling, flight simulation, film special effects and computer-aided design. We believe that key industry alliances with companies like AT&T, Nintendo and Walt Disney place Silicon Graphics in an excellent position to take advantage of new opportunities for growth.

Related to the developments in computer networking has been the ability to meld data, voice and video through digital technologies. As a result, we've seen increased demand for telecommunication services and the equipment needed to support the new digital world. Telecommunications have continued to become more complex, thus driving demand for new technology capable of sending information to more places, both faster and less expensively. We believe this makes the telecommunications industry a prime candidate for strong future earnings growth.

One area of the technology market that we are cautious about is the semiconductor and computer chip manufacturing business. While the reported earnings from these companies has been strong -- worldwide sales of semiconductors grew from \$63 billion in 1990 to \$111 billion in 1994 -- we believe many of their businesses are essentially cyclical, based on supply and demand imbalances. Right now, demand is high. However, when supply meets demand, we believe earnings will ultimately decline, and thus, we are limiting our investments in this area of the technology sector.

(PHOTO OF
COLONIAL OBJECTS)

Consumers Redefine 'Value'

Just about every retail business in America has witnessed a dramatic change in consumer buying habits over the past few years. In short, there seems to be a new definition in consumer value based on tangible versus intangible value. To illustrate this concept, we refer you to a fundamental difference we perceive between two major clothing retailers: the Limited and the Gap. While the Limited focuses much of its business on capturing and delivering the latest fashion to consumers (representing intangible value), the Gap is, in our judgement, more fashion-neutral and tends to provide consumers with products that offer more utility (representing tangible value).

As of March 31st, the Gap was one of the smallest holdings in the DelCap portfolio, accounting for only 0.33% of the Fund's net assets. Though this company's business has been weak over the past six months -- a problem that

has affected many apparel stores due to restrained consumer spending in this area -- we believe that it still represents a core brand of apparel and that ultimately, people will return to the Gap to refurbish their wardrobes. We believe this trend toward tangible value will hold true for some time and we are responding to it selectively.

Looking Ahead

As always, our job of managing the DelCap portfolio motivates us to figure out what is going to happen in the fastest growing companies and industries in America. We will continue to search out consistently growing companies that we can incorporate into your Fund's portfolio. We remain committed to a long-term fundamental approach to growth stock investing and will make every effort to warrant your continued support.

EDWARD N. ANTOIAN

Edward N. Antoian
Senior Portfolio Manager

DAVID C. DALRYMPLE

David C. Dalrymple
Portfolio Manager

(PHOTO OF
COLONIAL OBJECTS)

Long-Term Performance

During the past three months, a growing belief that the Federal Reserve has succeeded in setting the stage for a non-inflationary growth environment brought stock investors back from their year-long retreat. This gave most equity funds the boost they needed to recover much of the losses they suffered in 1994. Growth funds stood out, rising +7.4% after falling -1.33% for all of 1994, according to Lipper Analytical Services Inc. DelCap Fund's recovery was even more dramatic, rising 8.47% in the first calendar quarter of 1995 after falling -5.32 in calendar year 1994.

The sharp change in DelCap Fund's performance over the past six months is not uncommon given the aggressive nature of the securities in which the Fund invests. Though the short-term ups and downs of the stock market's performance and, consequently, DelCap Fund's performance, can be nerve wracking for the people who invest in them, these periods combine over time to produce the strong long-term results in the chart below.

As the performance below illustrates, DelCap Fund has successfully met its goal to provide long-term capital appreciation. With all distributions reinvested, a \$10,000 investment in DelCap Fund since its inception on March 27, 1986, would have grown to \$56,127 by March 31, 1995, for an average annual return of +21.09% at offering price.

DELCAP FUND
<CHART>

	DelCap
Mar-86	\$ 9426
Dec-86	18905
Dec-87	22141
Dec-88	26081
Dec-89	34923
Dec-90	33693
Dec-91	47954
Dec-92	48854
Dec-93	54651
Dec-94	51744
Mar-95	56127

Chart assumes a \$10,000 investment in DelCap Fund A Class since its inception on 3/27/86 through 3/31/95. All distributions were reinvested. No adjustments were made for the payment of taxes.

DELCAP FUND

	CLASS A	CLASS B
Average Annual Total Returns(1)		Aggregate Total Returns(2)
Lifetime	+21.09%	Lifetime Excluding Sales Charge +5.30%
5 Years	+8.51%	Lifetime Including Sales Charge +1.41%
1 Year	-1.41%	

Through March 31, 1995

Return and share value will fluctuate so that shares, when redeemed, may be worth more or less than the original investment. Past performance is not a guarantee of future results.

- (1) Class A returns reflect the 5.75% maximum sales charge and a 12b-1 fee, and the reinvestment of all distributions.
- (2) Class B returns including deferred sales charge reflect the reinvestment of all distributions, the impact of the maximum 4% contingent deferred sales charge and a 1% annual distribution and service fee, for the period from introduction of Class B on September 6, 1994, through March 31, 1995. Returns excluding the deferred sales charge assume that the investment was not redeemed. Performance for this short time period may not be representative of longer term performance of this class. Average annual return for the six-month period ended 3/31/95 was +7.64% (excluding sales charge).

The average annual total returns for DelCap Fund's Institutional Class, which is available without sales or asset-based distribution charges only to certain eligible institutional accounts, were +21.98%, +9.96%, +4.94% and +8.53% respectively, for the lifetime, five-, one-year and six-month periods ended 3/31/95. The Institutional Class was initially made available on 11/9/92. Performance for the Institutional Class for periods prior to this date is based on Class A performance, adjusted to eliminate the sales charge, but not the asset-based distribution charge.

Financial Statements

Delaware Group DelCap Fund Inc.--Concept I Series
Statement of Net Assets
March 31, 1995
(Unaudited)

	Number of Shares	Market Value
COMMON STOCK-88.28%		
BASIC INDUSTRY/CAPITAL GOODS-2.63%		
TriMas.....	697,200	\$ 15,512,700
Wabash National.....	289,850	9,492,588

Total Basic Industry/Capital Goods		25,005,288

BUSINESS SERVICES-13.28%		
Distributors-0.39%		
Intelligent Electronics.....	380,000	3,681,250

		3,681,250
Environmental-0.92%		
Dames & Moore.....	728,900	8,746,800

		8,746,800
Media & Publishing-4.23%		
*International Family		
Entertainment Class B.....	515,600	7,927,350
*King World Productions.....	346,300	13,635,563
*Multimedia.....	451,700	17,079,906
Reynolds & Reynolds Class A..	57,800	1,589,500

		40,232,319
Other-7.74%		
*ADT Limited.....	951,100	11,650,975
+*BISYS Group.....	832,400	18,729,000
Cyrk.....	415,700	6,988,956
First Financial Management...	294,900	21,306,525
*Gartner Group Class A.....	154,200	6,611,325
*Isomedix.....	568,300	8,382,425

		73,669,206

Total Business Services.....		126,329,575

CONSUMER NON-DURABLES-10.75%		
Retail-7.87%		
Gap.....	100,000	3,550,000
*General Nutrition.....	254,000	6,985,000
*Gymboree.....	391,600	10,010,275
Home Depot.....	150,000	6,637,500
*Kohl's.....	203,700	9,013,725
*Musicland Stores.....	863,700	8,097,188

*Neostar Retail Group.....	203,600	2,494,100
*Price/Costco.....	551,200	8,095,750
Quality Food Centers.....	46,697	974,800
*Sports Authority.....	61,500	1,122,375
*Staples.....	518,850	13,587,384
*Value City Department Stores.	532,200	4,324,125

		74,892,222

	Number of Shares	Market Value
COMMON STOCK (Continued)		
Other-1.97%		
Callaway Golf.....	304,900	\$ 4,268,600
*Canandaigua Wine Class A....	250,700	10,466,725
*Hormel Foods.....	34,300	930,388
*Nature's Bounty.....	537,400	3,106,844

		18,772,557

Textiles and Apparel-0.91%		
*Tommy Hilfiger.....	391,600	8,615,200

		8,615,200

Total Consumer Non-Durables..		102,279,979

CONSUMER SERVICES-13.25%		
Restaurants-3.82%		
*Bertucci's.....	377,800	3,305,750
*Brinker International.....	281,450	4,679,106
*Foodmaker.....	1,256,450	5,182,856
*Lone Star Steakhouse/Saloon..	444,600	12,087,563
*Papa John's International....	130,200	4,654,650
Sbarro.....	232,500	6,422,813

		36,332,738

Entertainment & Leisure-5.84%		
*Circus Circus Enterprises....	101,200	3,263,700
*MGM Grand.....	96,700	2,925,175
*Mirage Resorts.....	603,700	16,903,600
TCA Cable TV.....	120,000	3,112,500
*Tele-Communications Class A..	200,000	4,187,500
*Viacom Class A.....	82,024	3,752,598
*Viacom Class B.....	204,385	9,146,229
*WMS Industries.....	588,200	12,205,150

		55,496,452

Other-3.59%		
Barefoot.....	669,800	7,158,488
Cash America International...	1,121,600	7,851,200
+*CUC International.....	492,525	19,146,909

		34,156,597

Total Consumer Services.....		125,985,787

ENERGY-2.24%		
*AES.....	493,197	8,630,948
Enron Oil & Gas.....	250,000	6,156,250
Snyder Oil.....	447,800	6,549,075

Total Energy.....		21,336,273

Statement of Net Assets (Continued)

	Number of Shares	Market Value
COMMON STOCK (Continued)		
FINANCIAL-6.47%		
Insurance-5.93%		
AMBAC.....	446,200	\$ 18,126,875
Blanch (E.W.) Holdings.....	683,300	12,641,050

Total Common Stock (Cost \$635,714,215) ..		839,719,682
PREFERRED STOCK-1.54%		-----
SAP AG-VORZUG.....	18,850	14,674,725
Total Preferred Stock (Cost \$9,953,794) .		-----
STOCK RIGHTS-0.13%		-----
*Viacom.....	1,025,300	1,217,544
Total Stock Rights (Cost \$918,066).....		-----
REPURCHASE AGREEMENTS-10.34%		-----
With Deutsche Bank 6.20% 4/3/95		
(dated 3/31/95, collateralized by \$12,048,000		
U.S. Treasury Bills due 9/28/95,		
market value \$11,698,795 and \$26,725,000		
U.S. Treasury Notes 7.125% due 9/30/99,		
market value \$26,766,314).....	\$37,688,000	\$37,688,000

+Ten largest common stock investments representing 21.6% of net assets.

Statement of Net Assets (Continued)

	Principal Amount	Market Value
REPURCHASE AGREEMENTS (Continued)		
With J.P. Morgan Securities 6.00%		
4/3/95 (dated 3/31/95, collateralized		
by \$5,043,000 U.S. Treasury Notes 4.25%		
due 5/15/96, market value \$4,998,633		
and \$17,131,000 U.S. Treasury Notes		
8.75% due 10/15/97, market value		
\$18,538,884).....	\$23,005,000	\$23,005,000
With PaineWebber Securities		
6.20% 4/3/95 (dated 3/31/95,		
collateralized by \$3,274,000 U.S.		
Treasury Notes 5.125% due 3/31/96,		
market value \$3,228,744 and		
\$16,463,000 U.S. Treasury Notes		
8.75% due 10/15/97, market value \$17,815,868		
and \$16,789,000 U.S. Treasury Notes		
7.375% due 11/15/97, market value		
\$17,421,551).....	37,689,000	37,689,000
Total Repurchase Agreements		-----
(cost \$98,382,000).....		98,382,000
TOTAL MARKET VALUE OF SECURITIES		-----
OWNED-100.29% (cost \$744,968,075)		\$953,993,951
LIABILITIES NET OF RECEIVABLES		
AND OTHER ASSETS-(0.29%).....		(2,808,063)
NET ASSETS APPLICABLE TO 38,641,708		-----
SHARES (\$.01 PAR VALUE)		
OUTSTANDING-100.00%.....		\$951,185,888
NET ASSET VALUE-DELCAP FUND A CLASS		=====
(\$840,256,609 / 34,165,030 shares)		\$24.59
NET ASSET VALUE-DELCAP FUND B CLASS		=====
(\$1,280,141 / 52,204 shares)		\$24.52
NET ASSET VALUE-DELCAP FUND		=====
INSTITUTIONAL CLASS		
(\$109,649,138 / 4,424,474 shares)		\$24.78
COMPONENTS OF NET ASSETS AT MARCH 31, 1995:		
Common stock, \$.01 par value,		
500,000,000 shares authorized		
to the DelCap Fund, Inc.-Concept I Series	\$728,569,654	
Accumulated undistributed income:		
Net investment loss.....		(16,673,944)
Net realized gain on investments.....		30,264,302
Net unrealized appreciation of investments		209,025,876
Total net assets.....		-----
		\$951,185,888

=====

See accompanying notes

*Non-income producing security for the six months ended March 31, 1995.

Delaware Group DelCap Fund, Inc.--Concept I Series
 Statement of Operations
 Six Months Ended March 31, 1995
 (Unaudited)

INVESTMENT INCOME:		
Interest.....	\$2,114,648	
Dividends.....	1,635,210	\$3,749,858

EXPENSES:		
Investment management fees (\$3,509,826) and directors' fees (\$7,805).....	\$3,517,631	
Distribution expenses.....	1,248,813	
Dividend disbursing and transfer agent fees and expenses.....	1,206,655	
Salaries.....	116,149	
Reports to shareholders.....	75,760	
Taxes, other than taxes on income	45,900	
Custodian fees.....	42,425	
Professional fees.....	29,336	
Registration fees.....	27,000	
Other.....	56,956	6,366,625
	-----	-----
NET INVESTMENT LOSS.....		(2,616,767)

NET REALIZED GAIN AND UNREALIZED LOSS ON INVESTMENTS:		
Net realized gain from security transactions		43,030,717
Net unrealized depreciation of investments during the period.....		(5,317,804)

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS.....		
		37,712,913

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....		
		\$35,096,146
		=====

See accompanying notes

Delaware Group DelCap Fund, Inc.--Concept I Series
 Statement of Changes in Net Assets

	Six Months Ended 3/31/95 (Unaudited)	Year Ended 9/30/94
OPERATIONS:		
Net investment loss.....	\$ (2,616,767)	\$ (6,993,212)
Net realized gain from security transactions	43,030,717	66,202,686
Unrealized depreciation during the period.....	(5,317,804)	(46,415,425)
	-----	-----
Net increase in net assets resulting from operations.....	35,096,146	12,794,049
	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS FROM NET REALIZED GAIN ON SECURITY TRANSACTIONS:		
DelCap Fund A Class.....	(61,939,346)	(31,409,900)
DelCap Fund B Class.....	(46,008)	--
DelCap Fund Institutional Class	(8,026,850)	(2,880,741)
	-----	-----
	(70,012,204)	(34,290,641)
	-----	-----
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold:		
DelCap Fund A Class.....	82,198,491	191,838,977
DelCap Fund B Class.....	1,258,317	284,647
DelCap Fund Institutional Class	21,399,029	49,327,046

Net asset value of shares issued upon reinvestment of dividends from net realized gain on security transactions:		
DelCap Fund A Class.....	54,466,056	28,187,308
DelCap Fund B Class.....	45,490	--
DelCap Fund Institutional Class	8,023,944	2,880,741
	-----	-----
	167,391,327	272,518,719
	-----	-----
Cost of shares repurchased:		
DelCap Fund A Class.....	(156,000,672)	(366,368,314)
DelCap Fund B Class.....	(327,757)	--
DelCap Fund Institutional Class	(26,161,351)	(26,399,149)
	-----	-----
	(182,489,780)	(392,767,463)
	-----	-----
Decrease in net assets derived from capital share transactions	(15,098,453)	(120,248,744)
	-----	-----
NET DECREASE IN NET ASSETS	(50,014,511)	(141,745,336)
NET ASSETS:		
Beginning of period.....	1,001,200,399	1,142,945,735
	-----	-----
End of period.....	\$951,185,888	\$1,001,200,399
	=====	=====

See accompanying notes

Delaware Group DelCap Fund, Inc.--Concept I Series
Notes to Financial Statements
March 31, 1995
(Unaudited)

Delaware Group DelCap Fund, Inc.--Concept I Series (the "Fund") is registered as a diversified open-end investment company under the Investment Company Act of 1940. The Fund is organized as a Maryland corporation and offers three classes of shares.

1. Significant Accounting Policies

The following accounting policies are in accordance with general accounting principles and are consistently followed by the Fund for financial statement preparation:

Security Valuation - Securities listed on an exchange are valued at the last quoted sales price as of 4:00 pm on the valuation date. Securities not traded are valued at the last quoted bid price. Securities not listed on an exchange are valued at the mean of the last quoted bid and asked prices. Money market instruments having less than 60 days to maturity are valued at amortized cost. Security transactions are recorded on the date the securities are purchased or sold (trade date).

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

Repurchase Agreements - The Fund may invest in a pooled cash account along with other members of the Delaware Group Family of Funds. The aggregated daily balance of the pooled cash account is invested in repurchase agreements secured by obligations of the U.S. Government. The respective collateral is held by the Fund's custodian bank until the maturity of the respective repurchase agreements. Each repurchase agreement is 102% collateralized. However, in the event of default or bankruptcy by the counterparty to the agreement, realization of the collateral may be subject to legal proceedings.

Class Accounting - Investment income, common expenses and gain (loss) are allocated to the various classes of the Fund on the basis of daily net assets of each class. Distribution expenses relating to a specific class are charged directly to that class.

Other - Expenses common to all Funds within the Delaware Group Family of Funds are allocated amongst the funds on the basis of average net assets. 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 an accrual basis.

2. Investment Management and Distribution Agreements

In accordance with the terms of the Investment Management Agreement, the Fund pays Delaware Management Company, Inc. (DMC), the Investment Manager of the Fund, an annual fee which is calculated daily at the rate of 0.75% of the net assets of the Fund less fees paid to the independent directors. At March 31, 1995, the Fund had a liability for Investment Management fees payable to DMC for \$38,409.

Pursuant to the Distribution Agreement, the Fund pays Delaware Distributors L.P. (DDL), the Distributor and an affiliate of DMC, an annual fee of 0.30% of the average daily net assets of the A Class and 1.00% of the average daily net assets of the B Class. No distribution expenses are paid by the Institutional Class. At March 31, 1995, the Fund had a liability for distribution fees and other expenses payable to DDL for \$33,989. For the six months ended March 31, 1995, the Fund paid DDL \$91,472 for commissions earned on sales of DelCap Fund A Class shares.

The Fund has engaged Delaware Service Company, Inc. (DSC), an affiliate of DMC to serve as dividend disbursing and transfer agent for the Fund. For the period ended March 31, 1995, DSC received \$1,169,105 for these services.

Certain officers of the Investment Manager are officers, directors and/or employees of the Fund. These officers, directors and employees are paid no compensation by the Fund.

On April 3, 1995, Delaware Management Holdings, Inc., the indirect parent of DMC, DDL and DSC, through a merger transaction (the "Merger") became a wholly-owned subsidiary of Lincoln National Corporation. Other than the resulting change in ownership, the Merger will not materially change the manner in which DMC has heretofore conducted its relationship with the Fund. The same personnel who managed the operation and affairs of the Fund before the Merger have continued to manage its operations and affairs since the Merger.

3. Investments

During the six months ended March 31, 1995, the Fund made purchases of \$159,026,693 and sales of \$257,237,050 of investment securities other than U.S. Government securities and temporary cash investments.

At March 31, 1995, unrealized appreciation for financial reporting and federal income tax purposes aggregated \$207,324,485 of which \$258,259,174 related to unrealized appreciation of securities and \$50,934,689 related to unrealized depreciation of securities.

The realized gain for federal income tax purposes was \$43,061,174 for the six months ended March 31, 1995.

4. Capital Stock

Transactions in capital stock shares were as follows:

	Six Months Ended 3/31/95	Year Ended 9/30/94
Shares sold:		
DelCap Fund A Class.....	3,502,635	7,533,859
DelCap Fund B Class.....	53,125	11,224
DelCap Fund Institutional Class	900,199	1,922,292
Shares issued upon reinvestment of dividends from net realized gain from security transactions:		
DelCap Fund A Class.....	2,419,638	1,093,510
DelCap Fund B Class.....	2,023	--
DelCap Fund Institutional Class	354,102	111,355
	-----	-----
	7,231,722	10,672,240
	-----	-----
Shares repurchased:		
DelCap Fund A Class.....	(6,595,382)	(14,339,288)
DelCap Fund B Class.....	(14,168)	--
DelCap Fund Institutional Class	(1,112,607)	(1,024,685)
	-----	-----
	(7,722,157)	(15,363,973)
	-----	-----
Net decrease.....	(490,435)	(4,691,733)
	=====	=====

5. Lines of Credit

The Fund has a committed line of credit for \$15,000,000. No amount was outstanding at March 31, 1995, or at any time during the last fiscal period.

Notes to Financial Statements (Continued)

6. Financial Highlights

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

<TABLE>
<CAPTION>

DelCap Fund A Class						
<S>	Six Months*	Year Ended September 30,				
	Ended 3/31/95 <C>	1994 <C>	1993 <C>	1992 <C>	1991 <C>	1990 <C>
Net asset value, beginning of period.....	\$25.570	\$26.080	\$20.730	\$21.470	\$15.810	\$19.060
Income (loss) from investment operations:						
Net investment income (loss).....	(0.080)	(0.218)	(0.125)	(0.059)	0.064	0.419
Net realized and unrealized gain (loss) from security transactions.....	0.930	0.528	5.475	(0.651)	6.496	(3.219)
Total from investment operations.....	0.850	0.310	5.350	(0.710)	6.560	(2.800)
Less distributions:						
Dividends from net investment income.....	none	none	none	(0.030)	(0.410)	(0.160)
Distributions from net realized gain on security transactions.....	(1.830)	(0.820)	none	none	(0.490)	(0.290)
Total distributions.....	(1.830)	(0.820)	none	(0.030)	(0.900)	(0.450)
Net asset value, end of period.....	\$24.590	\$25.570	\$26.080	\$20.730	\$21.470	\$15.810
Total return**.....	8.15%	1.17%	25.81%	(3.32%)	43.25%	(14.99%)
Ratios/supplemental data:						
Net assets, end of period (000 omitted).....	\$840,257	\$890,787	\$1,057,358	\$993,125	\$512,356	\$155,392
Ratio of expenses to average net assets.....	1.39%	1.35%	1.30%	1.39%	1.43%	1.41%
Ratio of net investment income (loss) to average net assets.....	(0.59%)	(0.68%)	(0.43%)	(0.26%)	0.63%	2.61%
Portfolio turnover.....	37%	34%	51%	24%	33%	45%

</TABLE>

* Ratios and total return have been annualized.

** Does not include maximum sales charge of 5.75% nor the 1% limited contingent deferred sales charge that would apply in the event of certain redemptions within 12 months of purchase.

Notes to Financial Statements (Continued)

6. Financial Highlights

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

<TABLE>
<CAPTION>

<S>	DelCap Fund B Class		DelCap Institutional Class		
	Six Months*** Ended 3/31/94 <C>	9/6/94* to 9/30/94 <C>	Six Months*** Ended 3/31/95 <C>	Year Ended 9/30/94 <C>	11/9/92* to 9/30/93 <C>
Net asset value, beginning of period.....	\$25.560	\$25.180	\$25.710	\$26.140	\$22.000
Income from investment operations:					
Net investment loss.....	(0.081)	(0.008)	(0.032)	(0.080)	(0.027)
Net realized and unrealized gain from security transactions.....	0.871	0.388	0.932	0.470	4.167
Total from investment operations.....	0.790	0.380	0.900	0.390	4.140
Less distributions:					
Dividends from net investment income.....	none	none	none	none	none
Distributions from net realized gain					

on security transactions.....	(1.830)	none	(1.830)	(0.820)	none
Total distributions.....	(1.830)	none	(1.830)	(0.820)	none
Net asset value, end of period.....	\$24.520	\$25.560	\$24.780	\$25.710	\$26.140
Total return**.....	7.64%	1.51%	8.53%	1.48%	21.31%
Ratios/supplemental data:					
Net assets, end of period (000 omitted).....	\$1,280	\$287	\$109,649	\$110,126	\$85,588
Ratio of expenses to average net assets.....	2.09%	2.05%	1.09%	1.05%	1.02%
Ratio of net investment loss to average net assets	(1.29%)	(1.38%)	(0.29%)	(0.38%)	(0.15%)
Portfolio turnover.....	37%	34%	37%	34%	51%

</TABLE>

- - - - -

* Date of initial public offering; ratios and total return have been annualized for DelCap Fund Institutional Class. Ratios have been annualized and total return has not been annualized for DelCap Fund B Class.

** Does not include contingent deferred sales charge which varies from 1%-4% depending upon the holding period for DelCap Fund B Class.

*** Ratios and total return have been annualized.

DELAWARE GROUP OF FUNDS

FOR GROWTH OF CAPITAL

Trend Fund
DelCap Fund
Value Fund

FOR TAX-FREE

CURRENT INCOME
Tax-Free USA Fund
Tax-Free Insured Fund
Tax-Free USA
Intermediate Fund
Tax-Free Pennsylvania Fund

FOR TOTAL RETURN

Dividend Growth Fund
Decatur Total Return Fund
Decatur Income Fund
Delaware Fund

MONEY MARKET FUNDS

Delaware Cash Reserve
U.S. Government Money Fund
Tax-Free Money Fund

FOR GLOBAL

DIVERSIFICATION
International Equity Fund
Global Assets Fund
Global Bond Fund

CLOSED-END EQUITY/INCOME

Dividend and Income Fund
Global Dividend and
Income Fund

FOR CURRENT INCOME

Delchester Fund
U.S. Government Fund
Treasury Reserves
Intermediate Fund

BOARD MEMBERS

MR. WAYNE A. STORK

Chairman
Delaware Group of Funds
Philadelphia, PA

MR. WALTER P. BABICH

Board Chairman
Citadel Constructors, Inc.
King of Prussia, PA

MR. ANTHONY D. KNERR

Consultant
Anthony Knerr & Associates
New York, NY

MS. ANN R. LEVEN

Treasurer
National Gallery of Art
Washington, DC

MR. W. THACHER LONGSTRETH

Vice Chairman
Packquisition Corp.
Philadelphia, PA

MR. CHARLES E. PECK

Secretary of Enterprise Homes, Inc.
Fredericksburg, VA
former Chairman and CEO
The Ryland Group, Inc.

Columbia, MD

OTHER AFFILIATED OFFICERS

MR. KEITH E. MITCHELL
President and CEO
Delaware Distributors, L.P.

MR. DAVID K. DOWNES
President
Delaware Management Trust Company

MR. GEORGE M. CHAMBERLAIN, JR.
Secretary
Delaware Group of Funds

This semi-annual report is for the information of DelCap Fund shareholders, but it may be used with prospective investors when preceded or accompanied by a current Prospectus, which gives details about charges, expenses, investment objectives and operating policies of the Fund. Summary investment results are documented in the current Statement of Additional Information. If used with prospective investors after June 30, 1995, this report must also be accompanied by a DelCap Fund Performance Update for the most recently completed calendar quarter. The figures in this report represent past results, which are not a guarantee of future results. The return and principal value of an investment in the Fund will fluctuate so that shares, when redeemed, may be worth more or less than their original cost.

The Delaware Group includes funds with a wide range of investment objectives. Stock funds, income funds, tax-free funds, money market funds, closed-end equity/income funds and global funds give investors the ability to create a portfolio that fits their personal financial goals. For more information, including a prospectus of any Delaware Group fund, contact your financial adviser or call Delaware Group at 800-523-4640 or 215-988-1333 in Philadelphia. Read the prospectus carefully before investing.

BE SURE TO CONSULT YOUR FINANCIAL ADVISER WHEN MAKING INVESTMENTS. MUTUAL FUNDS CAN BE A VALUABLE PART OF YOUR FINANCIAL PLAN; HOWEVER, SHARES OF THE FUND ARE NOT FDIC OR NCUSIF INSURED, ARE NOT GUARANTEED BY ANY BANK OR ANY CREDIT UNION, ARE NOT OBLIGATIONS OF ANY BANK OR ANY CREDIT UNION, AND INVOLVE INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. SHARES OF THE FUND ARE NOT BANK OR CREDIT UNION DEPOSITS.

INVESTMENT MANAGER
Delaware Management Company, Inc.

INTERNATIONAL AFFILIATE
Delaware International Advisers Ltd.

NATIONAL DISTRIBUTOR
Delaware Distributors, L.P.

SHAREHOLDER SERVICING,
DIVIDEND DISBURSING
AND TRANSFER AGENT
Delaware Service Company, Inc.

5/95-PP-SA-016

Printed in the U.S.A.

DELAWARE GROUP

A TRADITION OF SOUND INVESTING SINCE 1929

(PHOTO OF U.S. COLONIAL DOCUMENTS AND VARIOUS COLONIAL OBJECTS)

1995
SEMI-
ANNUAL
REPORT

DELAWARE
GROUP
=====
DELCAP FUND

BULK RATE
U.S. POSTAGE
PAID
Permit No.145
Conshohocken, PA