

Aegis Value Fund, Inc.

Semi-Annual Report

February 29, 2004

Shareholders' Letter

April 15, 2004

To the shareholders of the Aegis Value Fund:

We are pleased to present the Aegis Value Fund's semi-annual report for the six months ended February 29, 2004.

We take this opportunity to welcome new shareholders to the Fund and provide a brief overview of the objectives and strategy of the Fund.

The Aegis Value Fund seeks to achieve long-term, above market returns while minimizing risk of capital loss. Our strategy is to invest in well-researched small-cap equities trading at a fraction of their intrinsic worth. We believe the equity markets are often inefficient, and we are contrarian, bottom-up stock selectors. We generally buy stocks trading at low price-to-book and price-to-earnings ratios, a segment of the market where academic research shows historical returns to be significantly higher than the overall market. We look for indications of strong corporate governance and ethical stewardship as evidenced by high insider ownership, proper use of corporate profits, including bargain-priced share repurchases, and appropriate executive salary and option levels. We tend to purchase companies when they are misunderstood, out of favor, or neglected, and hold these companies until share prices reach our estimates of intrinsic value.

Since the Aegis Value Fund's inception on May 15, 1998, the Fund has performed well against the market averages, returning a cumulative gain of 156.3 percent through April 15, 2004, compared to a gain of 62.5 percent in our primary small-cap value benchmark, the Russell 2000 Value Index, a cumulative gain of 32.7 percent for the Russell 2000 Index of small-cap stocks (growth and value), and a 10.9 percent cumulative gain in the S&P 500 Index.

For the six months ended February 29, 2004, the Aegis Value Fund posted a gain of 15.8 percent, versus a gain of 21.3 percent for the Russell 2000 Value Index. The Russell 2000 Index gained 18.3 percent while the S&P 500 Index returned 14.6 percent*.

Shareholders who have been with us for some time will notice a change in the format of this report. Beginning this period, we have focused the Semi-Annual Report solely on factual financial and operating data regarding the Fund. Our traditional (and more subjective) market commentary will be provided separately in an Advisor's Report.

Our decision to make this change is a result of the Sarbanes-Oxley Act of 2002. Under the Act, mutual fund officers are required to certify the entirety of the Semi-Annual report. After some deliberation, we reached the conclusion that we will not certify data provided by third parties, nor will we certify

analysis and subjective conclusions drawn from such data. Nonetheless, we strongly feel that a thoughtful and (we hope) relevant discussion of current market conditions is important to many shareholders. Therefore, please continue to anticipate reading this kind of commentary and analysis, subjective though it is, in the Advisor's Report.

We trust that this new approach will not impede communication with our shareholders, which we continue to take very seriously.

Berno, Gambal, & Barbee, Inc.

Scott L. Barbee, CFA

Managing Director, Portfolio Manager

Note: All historical performance returns shown in this shareholders' letter for the Aegis Value Fund Inc. are presented on a pre-tax basis.

** - Aegis Value Fund's one-year, three year, five year, and since inception (5/15/1998) average annual returns for the period ending March 31, 2004 are 53.6%, 21.2%, 22.2%, and 17.5% respectively. Returns include reinvestment of dividends and capital gains. Russell 2000 Value Index one-year, three-year, five-year, and since inception (AVALX-5/15/1998) average annual returns for the period ending March 31, 2004 are 64.5%, 16.0%, 16.1%, and 9.0%. Past performance is no guarantee of future results. Share prices will fluctuate, so that shares may be worth more or less than their original cost when redeemed.*

Aegis Value Fund, Inc.
Schedule of Portfolio Investments
February 29, 2004

<u>Common Stock - 48.1%</u>	<u>Shares</u>	<u>Market Value</u>
<u>Industrial Cyclicals - 6.0%</u>		
Allied Defense Group, Inc.*	208,900	\$3,904,341
American Pacific Corp.	670,534	5,411,209
Ampco-Pittsburgh Corporation	65,000	893,750
Butler Manufacturing, Inc.*	196,800	4,396,512
Commonwealth Industries, Inc.*	47,996	312,502
Ethyl Corporation*	185,360	3,777,637
International Aluminum Corp.	32,300	1,091,740
Pope & Talbot, Inc.	109,100	1,876,520
Quipp, Inc.*	78,300	1,037,475
RTI International Metals Inc.*	148,600	2,523,228
Ryerson Tull Class A	519,800	7,053,686
Steel Technologies Inc.	30,743	528,503
Stewart & Stevenson Inc.	33,900	<u>472,227</u>
		<u>33,279,330</u>
 <u>Wholesale and Distribution - 0.9%</u>		
Nash Finch Company	212,300	<u>4,942,344</u>
		<u>4,942,344</u>
 <u>Finance and Real Estate - 11.1%</u>		
Acceptance Insurance Companies, Inc.*	229,400	5,735
Allmerica Financial Corp.*	224,000	8,261,120
American Physicians Capital Inc.*	178,738	3,646,255
California First National Bank Corp.*	12,100	152,218
First Union Real Estate Equity SBI*	1,045,000	2,779,700
Medallion Financial Corp.	11,400	101,460
Meristar Hospitality Inc.*	653,800	4,086,250
The MILX Group Inc.*	720,000	504,000
Prime Hospitality Corp.*	786,000	8,402,340
Prime Group Realty Trust *	1,885,700	11,691,340
PXRE Group Ltd.	275,000	7,400,250
PMA Capital Corp. Cl. A.*	1,548,110	8,592,011
SCPIE Holdings, Inc.	747,902	<u>6,095,401</u>
		<u>61,718,080</u>
 <u>Textiles and Apparel - 2.2%</u>		
Delta Apparel, Inc.	171,000	3,385,800
Delta Woodside Industries*	428,700	1,136,055
Haggar Corporation	195,863	3,878,087
Nitches, Inc.*	37,620	216,315
Quaker Fabric Corporation	388,642	<u>3,334,548</u>
		<u>11,950,806</u>

Aegis Value Fund, Inc.
Schedule of Portfolio Investments
February 29, 2004

<u>Common Stock - Continued</u>	<u>Shares</u>	<u>Market Value</u>
<u>Transportation - 4.6%</u>		
International Shipholding Corp.*	95,700	\$1,329,273
KLM Royal Dutch Airline	397,000	9,297,740
Maritrans, Inc.	73,800	1,208,844
National RV Holdings*	276,300	2,867,994
OMI Corporation	433,400	4,685,054
Sea Containers Ltd. - Class A	308,200	<u>6,009,900</u>
		<u>25,398,805</u>
<u>Energy & Natural Resources - 8.6%</u>		
Alliant Energy Corp.	160,000	4,120,000
Atwood Oceanics Inc.*	155,000	5,786,150
Avista Corporation	45,800	827,606
Global Industries, Inc.*	747,217	3,780,918
Horizon Offshore Inc.*	1,222,024	3,959,358
Idacorp Inc.	80,800	2,525,000
PNM Resources, Inc.	170,000	5,178,200
Petroleum Development Corp.*	47,148	1,348,433
Reliant Resources Inc.*	1,125,900	8,556,840
Stillwater Mining Co.*	304,500	3,696,630
Ultimate Electronics *	200,614	1,466,488
USEC Inc.	740,500	<u>6,205,390</u>
		<u>47,451,013</u>
<u>Agriculture - 5.4%</u>		
The Andersons, Inc.	300,028	5,847,546
Dimon Inc.	2,008,000	13,955,600
Seaboard Corporation	200	67,120
Standard Commercial Corporation	536,500	<u>10,155,945</u>
		<u>30,026,211</u>
<u>Consumer Durables - 1.1%</u>		
Bassett Furniture Industries, Inc.	306,654	<u>6,344,671</u>
		<u>6,344,671</u>

Aegis Value Fund, Inc.
Schedule of Portfolio Investments
February 29, 2004

<u>Common Stock - Continued</u>	<u>Shares</u>	<u>Market Value</u>
<u>Technology - 1.2%</u>		
Audiovox Corporation - Class A*	105,588	\$1,723,196
CAM Commerce Solutions, Inc.*	60,100	677,267
Clarus Corporation*	137,695	1,155,261
IDT Corporation*	10,000	201,000
IDT Corporation - Class B*	86,000	1,784,500
Integrated Telecom Express Inc.* ¹	308,300	30,830
Liquid Audio Inc.*	372,250	141,455
Printware, Inc.* ¹	32,000	0
Technology Solutions Company*	828,594	919,739
		<u>6,633,248</u>
<u>Retail and Entertainment - 5.4%</u>		
Books-A-Million Inc.*	858,822	4,817,991
Bowl America Inc. - Class A	9,481	142,215
Duckwall-ALCO Stores, Inc.*	140,100	2,058,069
Luby's, Inc.*	2,032,300	9,856,655
Marsh Supermarkets, Inc. - Class B	205,107	2,678,697
Nathan's Famous, Inc.*	132,400	779,704
Toy R Us Inc. *	612,600	9,617,820
		<u>29,951,151</u>
<u>Consumer Non-Durables - 1.5%</u>		
CPAC, Inc.	306,998	1,848,128
Head N.V. *	1,881,000	6,113,250
National Presto Industries, Inc.	15,000	578,100
		<u>8,539,478</u>
Total Common Stocks - (Cost \$190,225,721)		<u>266,235,138</u>
<u>Preferred Stocks - 0.4%</u>		
	<u>Shares</u>	<u>Market Value</u>
Glenborough Realty 7.75% Convertible Preferred	14,000	352,100
La Quinta Properties 9% Series A Preferred	76,800	1,979,904
Total Preferred Stocks - (Cost \$1,925,256)		<u>2,332,004</u>
<u>Investment Companies - 0.8%</u>		
	<u>Shares</u>	<u>Market Value</u>
Federated Prime Obligations Fund	4,236,484	4,236,484
Total Investment Companies - (Cost \$4,236,484)		<u>4,236,484</u>

Aegis Value Fund, Inc.
Schedule of Portfolio Investments
February 29, 2004

<u>Short-Term Investments - 49.6%</u>	<u>Face Value</u>	<u>Market Value</u>
U. S. Treasury Bill due 3/4/04	35,000,000	\$34,995,303
U. S. Treasury Bill due 3/11/04	30,000,000	29,991,276
U. S. Treasury Bill due 3/18/04	40,000,000	39,982,320
U. S. Treasury Bill due 03/25/04	40,000,000	39,975,036
U. S. Treasury Bill due 04/01/04	20,000,000	19,984,836
U. S. Treasury Bill due 04/08/04	30,000,000	29,971,824
U. S. Treasury Bill due 04/15/04	30,000,000	29,966,130
U. S. Treasury Bill due 04/22/04	50,000,000	<u>49,932,490</u>
Total Short-Term Investments - (Cost \$274,799,215)		<u>274,799,215</u>
Total Investments - 98.9% (Cost \$471,186,673)		<u>547,602,841</u>
Other Assets and Liabilities - 1.1%		<u>6,045,459</u>
Net Assets - 100.0%		<u>\$553,648,300</u>

* Non-income producing securities

1 Company is in liquidation and security is being fair valued by the board of directors.

Aegis Value Fund, Inc.
Statement of Assets and Liabilities
February 29, 2004
(Unaudited)

Assets

Investments at market value (cost \$471,186,673)	\$547,602,841
Cash	4,829,547
Receivable for investment securities sold	1,984,802
Receivable for fund shares sold	3,342,735
Interest and dividends receivable	298,296
Other assets	1,764
Receivable from investment advisor	<u>28,243</u>
Total assets	<u>558,088,227</u>

Liabilities

Payable for investment securities purchased	3,873,121
Payable for fund shares redeemed	495,913
Accrued expenses	<u>70,894</u>
Total liabilities	<u>4,439,927</u>

<i>Net assets</i> (31,746,341 shares of \$0.001 par value capital stock outstanding; 100,000,000 shares authorized)	<u>\$553,648,300</u>
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Net assets consist of:

Capital stock at par value	\$31,746
Paid-in capital	463,094,531
Accumulated net investment income	(340,977)
Accumulated net realized gain	14,446,836
Net unrealized appreciation	<u>76,416,164</u>

<i>Net assets</i>	<u>\$553,648,300</u>
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<i>Net asset value per share</i>	<u>\$17.44</u>
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Aegis Value Fund, Inc.
Statement of Operations
For the Period September 1, 2003
to February 29, 2004
(Unaudited)

<i>Investment Income</i>	
Dividends*	\$1,802,931
Interest	<u>765,068</u>
Total income	<u>2,567,999</u>
 <i>Expenses</i>	
Investment advisory fees	2,560,000
Transfer agency and administration fees	533,333
Registration fees	46,558
Custody fees	24,872
Printing and postage costs	19,435
Legal and accounting fees	17,300
Directors fees	13,597
Insurance and other	<u>8,159</u>
Gross expenses	3,223,255
Less: fees paid indirectly	(11,309)
Less: fees reimbursed by investment advisor	<u>(14,147)</u>
Net expenses	<u>3,197,799</u>
 <i>Net investment income</i>	 <u>(629,800)</u>
 <i>Realized and unrealized gain (loss) on investments</i>	
Net realized gain on investments	20,362,239
Change in unrealized appreciation (depreciation) of investments for the period	<u>41,324,163</u>
 <i>Net realized and unrealized gain (loss) on investments</i>	 <u>61,686,402</u>
 <i>Net increase in net assets resulting from operations</i>	 <u>\$61,056,602</u>

Aegis Value Fund, Inc.
Statement of Changes in Net Assets
For the Period September 1, 2003
to February 29, 2004
(Unaudited)

<i>Increase in net assets from operations</i>	
Investment income - net	(\$629,800)
Net realized gain on investments	20,362,239
Change in unrealized appreciation	<u>41,324,163</u>
Net increase (decrease) in net assets resulting from operations	<u>61,056,602</u>
<i>Distributions</i>	
Investment income - net	0
Realized capital gains	<u>(11,091,093)</u>
Total distributions	<u>(11,091,093)</u>
<i>Capital share transactions*</i>	
Subscriptions	277,491,307
Distributions reinvested	10,198,864
Redemptions	<u>(78,206,361)</u>
Total capital share transactions	<u>209,483,810</u>
Total increase in net assets	259,449,320
<i>Net assets at beginning of period</i>	<u>294,198,979</u>
<i>Net assets at end of period</i>	<u>\$553,648,300</u>
<i>*Share information</i>	
Subscriptions	16,788,906
Distributions reinvested	617,365
Redemptions	<u>(4,720,962)</u>

Aegis Value Fund, Inc.
Financial Highlights
For Six Months Ending February 29, 2004
And Fiscal Year Ending August 31, 2003
(Unaudited)

<i>Per share data:</i>	Six months ended	Year ended
	<u>February 29, 2004</u>	<u>August 31, 2003</u>
Net asset value - beginning of period	\$15.44	\$12.99
Income from investment operations-		
Net investment income	(0.02)	0.04
Net realized and unrealized gain (loss) on investments	<u>2.43</u>	<u>2.92</u>
Total from investment operations	<u>2.41</u>	<u>2.96</u>
Less distributions declared to shareholders		
Net investment income	0.00	(0.02)
Net realized capital gains	<u>(0.41)</u>	<u>(0.49)</u>
Total distributions	<u>(0.41)</u>	<u>(0.51)</u>
Net asset value - end of period	<u>\$17.44</u>	<u>\$15.44</u>
Total investment return	15.80%	23.69%
Ratios (to average net assets)/supplemental data:		
Expenses after reimbursement and fees paid indirectly	1.50%	1.50% ¹
Expenses before reimbursement and fees paid indirectly	1.50%	1.56%
Net investment income	(0.12%)	0.31%
Portfolio turnover (annualized)	31%	15%
Net assets at end of period (000's)	\$553,648	\$294,199

¹ Ratio after expense reimbursement, before fees paid indirectly, was 1.51% in 2003

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Scott L. Barbee, Treasurer
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