

JUNE 30, 2007

**Davis Value Portfolio**  
**Davis Financial Portfolio**  
**Davis Real Estate Portfolio**

(Portfolio of Davis Variable Account Fund, Inc.)



OVER 35 YEARS OF RELIABLE INVESTING™

## Table of Contents

Management’s Discussion and Analysis:	
Davis Value Portfolio.....	2
Davis Financial Portfolio .....	3
Davis Real Estate Portfolio .....	4
Fund Overview:	
Davis Value Portfolio.....	7
Davis Financial Portfolio .....	8
Davis Real Estate Portfolio .....	9
Expense Example.....	10
Schedule of Investments:	
Davis Value Portfolio.....	12
Davis Financial Portfolio .....	17
Davis Real Estate Portfolio .....	20
Statements of Assets and Liabilities .....	23
Statements of Operations .....	24
Statements of Changes in Net Assets.....	25
Notes to Financial Statements.....	27
Financial Highlights:	
Davis Value Portfolio.....	33
Davis Financial Portfolio .....	34
Davis Real Estate Portfolio .....	35
Fund Information .....	36
Director Approval of Advisory Agreements.....	37
Directors and Officers.....	41

## **Management's Discussion and Analysis**

### **Market Environment**

During the six-month period ended June 30, 2007, the stock market, as measured by the Standard & Poor's 500<sup>®</sup> Index<sup>1</sup>, increased by 6.96%. U.S. economic activity, as measured by the gross domestic product ("GDP"), increased 3.4% in the second quarter after increasing 0.6% in the first quarter of 2007. Interest rates, as measured by the 10-year Treasury bond, began 2007 just below 4.6% and increased to 5.1% by the end of the second quarter.

The industry sectors within the S&P 500<sup>®</sup> Index that turned in the strongest performance were energy, materials, and telecommunication services. The industry sectors that turned in the weakest performance were real estate, banking, diversified financials, and consumer discretionary.

### **Davis Value Portfolio**

#### **Performance Overview**

Davis Value Portfolio returned 7.13% for the six-month period ended June 30, 2007<sup>2</sup>, compared to its benchmark, the Standard & Poor's 500<sup>®</sup> Index<sup>1</sup>, which returned 6.96%.

The energy sector was the top-performing sector of the Index. Energy companies were also the most important contributors<sup>3</sup> to the Portfolio's performance over the six-month period. The Portfolio's energy companies out-performed the corresponding sector within the Index and the Portfolio also benefited from a higher relative weighting in this sector. ConocoPhillips<sup>4</sup>, Occidental Petroleum, Devon Energy, and China Coal Energy were among the top contributors to performance.

The Portfolio made significant investments in consumer staple companies and they were the second most important contributors to performance. The Portfolio's consumer staple companies out-performed the corresponding sector within the Index and the Portfolio also benefited from a higher relative weighting in this sector. Altria and Costco Wholesale were among the top contributors to performance. Procter & Gamble was among the top detractors from performance.

The banking sector was among the worst performing sectors of the Index. The Portfolio's banking companies out-performed the corresponding sector within the Index, but the Portfolio's performance was harmed by a higher relative weighting in this poorly performing sector. Wachovia was among the top detractors from performance.

Information technology companies make up one of the largest sectors in the Index and this sector out-performed the Index. The Portfolio's relative performance was harmed both by a lower relative weighting in this strongly performing sector and by owning information technology companies that under-performed the corresponding sector within the Index. Iron Mountain was among the top detractors from performance.

The Portfolio's two largest sector holdings were in diversified financial and insurance companies. The Portfolio's holdings in both of these sectors out-performed the corresponding sector within the Index. However, the Portfolio's holdings in each of these sectors under-performed the overall Index, thereby detracting from relative performance. Loews, an insurance company, was among the top contributors to performance. Citigroup and Moody's, two diversified financial companies, and American International Group, an insurance company, were among the top detractors from performance.

**Management's Discussion and Analysis – (Continued)**

**Davis Value Portfolio – (Continued)**

Other individual companies contributing to performance included Tyco International, a capital goods company, Amazon.com, a retailing company, and Martin Marietta, a materials company. Other individual companies detracting from performance included Harley-Davidson, a motorcycle manufacturer, Sealed Air, a materials company, and UnitedHealth Group, a health care company.

The Portfolio managers have identified a number of investment opportunities in foreign companies. The Portfolio ended the period with approximately 13% of its assets invested in foreign companies. As a group, the foreign companies owned by the Portfolio out-performed the Index over the period.

**Davis Financial Portfolio**

**Performance Overview**

Davis Financial Portfolio returned 3.38% for the six-month period ended June 30, 2007<sup>2</sup>, compared to its benchmark, the Standard & Poor's 500<sup>®</sup> Index<sup>1</sup>, which returned 6.96%.

Financial service companies as a whole turned in a weaker performance than the Index. The Portfolio's financial service companies out-performed the corresponding sector within the Index, but the Portfolio's performance was harmed by a higher relative weighting in this poorly performing sector.

Diversified financial companies represented the Portfolio's largest holdings over the six months and were the most important detractors from the Portfolio's performance as they under-performed the corresponding sector within the Index as well as the overall Index. Ameriprise Financial<sup>4</sup> and Mellon Financial (merged with Bank of New York in July 2007) were among the top contributors<sup>3</sup> to performance. First Marblehead, Moody's, and Oaktree Capital Group were among the top detractors from performance.

Insurance companies were the most important contributors to the Portfolio's performance, out-performing the corresponding sector within the Index. Loews, Transatlantic Holdings, Everest Re Group, and China Life were among the top contributors to performance. American International Group and Progressive were among the top detractors from performance.

Banking companies were the second most important contributors to performance. The Portfolio's banking companies out-performed the corresponding sector within the Index but under-performed the overall Index. State Bank of India and Commerce Bancorp were among the top contributors to performance. Wachovia was among the top detractors from performance. The Portfolio no longer owns Wachovia.

The Portfolio's non-financial holdings overall also made positive contributions to performance. D&B Corp., a commercial service company, and Tyco International, a capital goods company, were among the top contributors to performance. Sealed Air, a materials company, and Altria, a food, beverage and tobacco company, were among the top detractors from performance. The Portfolio no longer owns Altria.

The Portfolio managers have identified a number of investment opportunities in foreign companies. The Portfolio ended the period with approximately 13% of its assets invested in foreign companies. As a group, the foreign companies owned by the Portfolio out-performed the Index over the period.

**Management's Discussion and Analysis – (Continued)**

**Davis Real Estate Portfolio**

**Performance Overview**

Davis Real Estate Portfolio decreased by 5.03% during the six-month period ended June 30, 2007<sup>2</sup>, compared with a decrease of 6.19% for the Dow Jones Wilshire Real Estate Securities Index<sup>1</sup> (“WRESI Index”). Real estate companies as a whole turned in a weak performance, as reflected by the fact that the WRESI Index under-performed the Standard & Poor's 500<sup>®</sup> Index<sup>1</sup>, which increased by 6.96%.

Transportation companies were the most important contributors<sup>3</sup> to the Portfolio's performance. The strong performance of these companies in addition to the Portfolio's cash position, which helped relative performance during the weak market for real estate companies, were the primary reasons that the Portfolio out-performed the WRESI Index. Florida East Coast Industries<sup>4</sup> and Alexander & Baldwin were the two top contributors to performance. Burlington Northern Santa Fe also made important contributions to performance.

The Portfolio's largest holdings were in office REITs and they were one of the most important detractors from performance. Office REITs were the weakest sector of the WRESI Index. The Portfolio's relative performance was harmed both by a higher relative weighting in this poorly performing sector and by owning office REITs that under-performed the corresponding sector within the WRESI Index. Corporate Office Properties, Duke Realty, and Boston Properties were among the top detractors from performance.

The Portfolio's second largest holdings were in retail REITs and these also detracted from performance. The Portfolio's retail REITs under-performed the corresponding sector within the WRESI Index as well as the overall Index. General Growth Properties and Macerich were among the top contributors to performance. Kimco Realty, Developers Diversified Realty, and Regency Centers were among the top detractors from performance. The Portfolio no longer owns Macerich and Developers Diversified Realty.

Other individual companies making important contributions to performance included Forest City, a real estate management & development company, and ProLogis, an industrial REIT. Other individual companies detracting from performance included Cousins Properties, a diversified REIT, Brixton, an industrial REIT, and Ventas, a specialized REIT.

The Portfolio managers have identified a number of investment opportunities in foreign companies. The Portfolio ended the period with approximately 11% of its assets invested in foreign companies. As a group, the foreign companies owned by the Portfolio under-performed the WRESI Index over the period.

---

This Semi-Annual Report is authorized for use by existing shareholders. Prospective shareholders must receive a current Davis Variable Account Funds prospectus, which contains more information about investment strategies, risks, charges, and expenses. Please read the prospectus carefully before investing or sending money.

**Management's Discussion and Analysis – (Continued)**

Davis Value Portfolio's investment objective is long-term growth of capital. There can be no assurance that the Portfolio will achieve its objective. The primary risks of an investment in Davis Value Portfolio are: (1) market risk, (2) company risk, (3) financial services risk, (4) foreign country risk, (5) headline risk, and (6) selection risk. See the prospectus for a full description of each risk.

Davis Financial Portfolio's investment objective is long-term growth of capital. There can be no assurance that the Portfolio will achieve its objective. The primary risks of an investment in Davis Financial Portfolio are: (1) market risk, (2) company risk, (3) concentrated financial services portfolio risk, (4) foreign country risk, (5) headline risk, and (6) selection risk. See the prospectus for a full description of each risk.

Davis Financial Portfolio concentrates its investments in the financial sector, and it may be subject to greater risks than a portfolio that does not concentrate its investments in a particular sector. The Portfolio's investment performance, both good and bad, is expected to reflect the economic performance of the financial sector more than a portfolio that does not concentrate its portfolio.

Davis Real Estate Portfolio's investment objective is total return through a combination of growth and income. There can be no assurance that the Portfolio will achieve its objective. The primary risks of an investment in Davis Real Estate Portfolio are: (1) market risk, (2) company risk, (3) concentrated real estate portfolio risk, (4) focused portfolio risk, (5) small- and medium-capitalization risk, (6) foreign country risk, (7) headline risk, and (8) selection risk. See the prospectus for a full description of each risk.

Davis Real Estate Portfolio concentrates its investments in the real estate sector, and it may be subject to greater risks than a portfolio that does not concentrate its investments in a particular sector. The Portfolio's investment performance, both good and bad, is expected to reflect the economic performance of the real estate sector much more than a portfolio that does not concentrate its portfolio.

Davis Real Estate Portfolio is allowed to focus its investments in fewer companies, and it may be subject to greater risks than a more diversified portfolio that is not allowed to focus its investments in a few companies. Should the portfolio manager determine that it is prudent to focus the Portfolio's portfolio in a few companies, the Portfolio's investment performance, both good and bad, is expected to reflect the economic performance of its more focused portfolio.

<sup>1</sup> The definitions of indices quoted in this report appear below. Investments cannot be made directly in the indices.

I. The S&P 500<sup>®</sup> Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Index is adjusted for dividends, weighted towards stocks with large market capitalizations, and represents approximately two-thirds of the total market value of all domestic common stocks.

II. The Dow Jones Wilshire Real Estate Securities Index is a broad measure of the performance of publicly traded real estate securities, such as Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs). The Index is capitalization-weighted. The beginning date was January 1, 1978, and the Index is rebalanced monthly and returns are calculated on a buy and hold basis.

**DAVIS VARIABLE ACCOUNT FUND, INC.**

2949 East Elvira Road, Suite 101

Tucson, Arizona 85706

---

**Management's Discussion and Analysis – (Continued)**

<sup>2</sup> Total return assumes reinvestment of dividends and capital gain distributions. Past performance is not a guarantee of future results. Investment return and principal value will vary, so that when redeemed, an investor's shares may be worth more or less than when purchased. The following tables list the average annual total returns for the periods ended June 30, 2007 and the annualized operating expense ratios for the six months ended June 30, 2007:

<b>PORTFOLIO NAME</b>	<b>1-YEAR</b>	<b>5-YEAR</b>	<b>INCEPTION (July 1, 1999)</b>	<b>EXPENSE RATIO</b>
Davis Value Portfolio	19.28%	12.84%	6.50%	0.81%
Davis Financial Portfolio	20.07%	12.08%	7.28%	0.84%
Davis Real Estate Portfolio	13.43%	20.09%	15.81%	0.86%

<b>BENCHMARK INDEX</b>	<b>1-YEAR</b>	<b>5-YEAR</b>	<b>PORTFOLIOS' INCEPTION (July 1, 1999)</b>
Standard & Poor's 500 <sup>®</sup> Index	20.59%	10.70%	2.71%
Dow Jones Wilshire Real Estate Securities Index	11.73%	19.52%	17.41%

Portfolio performance numbers are net of all portfolio operating expenses, but do not include any insurance charges imposed by your insurance company's separate account. If performance information included the effect of these additional charges, the total return would be lower.

Portfolio performance changes over time and current performance may be higher or lower than stated. For more current information please call Davis Funds Investor Services at 1-800-279-0279.

<sup>3</sup> A company's or sector's contribution to the Portfolio's performance is a product both of its appreciation or depreciation and its weighting within the portfolio. For example, a 5% holding that rises 20% has twice as much impact as a 1% holding that rises 50%.

<sup>4</sup> This Management Discussion & Analysis discusses a number of individual companies. The information provided in this report does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. The Schedule of Investments lists each Portfolio's holdings of each company discussed.

Shares of the Davis Variable Account Funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.

**DAVIS VARIABLE ACCOUNT FUND, INC.**

## FUND OVERVIEW

**DAVIS VALUE PORTFOLIO**At June 30, 2007 *(Unaudited)*

<b>Portfolio Composition</b> (% of Fund's Net Assets)		<b>Sector Weightings</b> (% of Long Term Portfolio)		
			<b>Fund</b>	<b>S&amp;P 500®</b>
Common Stock	98.58%	Insurance	15.47%	4.73%
Convertible Bonds	0.43%	Diversified Financials	14.72%	10.36%
Short Term Investments	0.70%	Energy	12.85%	10.77%
Other Assets & Liabilities	0.29%	Banks	7.41%	5.14%
	<u>100.00%</u>	Media	6.91%	3.36%
		Food & Staples Retailing	6.62%	2.34%
		Food, Beverage & Tobacco	6.11%	4.79%
		Technology	5.76%	15.38%
		Materials	4.59%	3.11%
		Capital Goods	4.27%	8.59%
		Retailing	3.14%	3.31%
		Other	2.70%	8.18%
		Health Care	2.27%	11.65%
		Transportation	2.26%	1.77%
		Telecommunication Services	2.03%	3.74%
		Automobiles & Components	1.54%	0.63%
		Household & Personal Products	1.35%	2.15%
			<u>100.00%</u>	<u>100.00%</u>

**Top 10 Holdings**

<b>Security</b>	<b>Industry</b>	<b>% of Fund's Net Assets</b>
American Express Co.	Consumer Finance	4.50%
ConocoPhillips	Energy	4.45%
Tyco International Ltd.	Capital Goods	4.23%
American International Group, Inc.	Multi-Line Insurance	4.09%
Costco Wholesale Corp.	Food & Staples Retailing	3.76%
JPMorgan Chase & Co.	Diversified Financial Services	3.76%
Altria Group, Inc.	Food, Beverage & Tobacco	3.24%
Berkshire Hathaway Inc., Class A	Property & Casualty Insurance	3.14%
Comcast Corp., Special Class A	Media	3.06%
HSBC Holdings PLC	Commercial Banks	2.64%

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**FUND OVERVIEW**  
**DAVIS FINANCIAL PORTFOLIO**  
At June 30, 2007 *(Unaudited)*

---

<b>Portfolio Composition</b> (% of Fund's Net Assets)		<b>Sector Weightings</b> (% of Stock Holdings)	
Common Stock	98.97%	Insurance	<u>Fund</u> 34.41% <u>S&amp;P 500®</u> 4.73%
Short Term Investments	1.05%	Diversified Financials	33.99% 10.36%
Other Assets & Liabilities	(0.02)%	Banks	18.48% 5.14%
	<u>100.00%</u>	Capital Goods	5.16% 8.59%
		Commercial Services & Supplies	3.10% 0.54%
		Materials	2.93% 3.11%
		Consumer Services	1.93% 1.65%
		Technology	— 15.38%
		Health Care	— 11.65%
		Energy	— 10.77%
		Food, Beverage & Tobacco	— 4.79%
		Other	— 23.29%
			<u>100.00%</u> <u>100.00%</u>

**Top 10 Holdings**

<u>Security</u>	<u>Industry</u>	<u>% of Fund's Net Assets</u>
American Express Co.	Consumer Finance	9.24%
Transatlantic Holdings, Inc.	Reinsurance	8.36%
Loews Corp.	Multi-Line Insurance	6.41%
Moody's Corp.	Diversified Financial Services	5.56%
First Marblehead Corp.	Consumer Finance	5.38%
Wells Fargo & Co.	Commercial Banks	5.15%
Tyco International Ltd.	Capital Goods	5.11%
JPMorgan Chase & Co.	Diversified Financial Services	4.83%
American International Group, Inc.	Multi-Line Insurance	4.76%
Bank of New York Mellon Corp.*	Capital Markets	4.66%

\* formerly Mellon Financial Corp.

**DAVIS VARIABLE ACCOUNT FUND, INC.**

## FUND OVERVIEW

**DAVIS REAL ESTATE PORTFOLIO**

At June 30, 2007 (Unaudited)

<b>Portfolio Composition</b> (% of Fund's Net Assets)		<b>Sector Weightings</b> (% of Long Term Portfolio)		
Common Stock	86.60%			
Convertible Bonds	10.43%			
Preferred Stocks	0.19%			
Other Assets & Liabilities	2.78%			
	<u>100.00%</u>			
				<b>Dow Jones Wilshire</b>
				<b>Real Estate</b>
			<b>Fund</b>	<b>Securities Index</b>
		Office REITS	21.73%	16.68%
		Retail REITS	17.22%	27.70%
		Real Estate Management & Development	14.74%	3.33%
		Industrial REITS	11.09%	8.08%
		Diversified REITS	9.34%	9.38%
		Transportation	8.50%	—
		Specialized REITS	7.80%	14.51%
		Residential REITS	6.63%	20.32%
		Capital Goods	2.36%	—
		Mortgage REITS	0.59%	—
			<u>100.00%</u>	<u>100.00%</u>

**Top 10 Holdings**

<b>Security</b>	<b>Industry</b>	<b>% of Fund's Net Assets</b>
Forest City Enterprises, Inc., Class A	Real Estate Management & Development	7.94%
Alexandria Real Estate Equities, Inc.	Office REITS	5.85%
Ventas, Inc.	Specialized REITS	5.05%
Vornado Realty Trust, Conv. Sr. Deb., 3.625%, 11/15/26	Diversified REITS	4.81%
Brixton PLC	Industrial REITS	4.77%
Cousins Properties, Inc.	Diversified REITS	4.27%
General Growth Properties, Inc.	Retail REITS	4.13%
Boston Properties, Inc.	Office REITS	4.08%
Derwent London PLC	Real Estate Management & Development	3.92%
Corporate Office Properties Trust	Office REITS	3.91%

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**EXPENSE EXAMPLE (Unaudited)**

---

	<b>Beginning Account Value (01/01/07)</b>	<b>Ending Account Value (06/30/07)</b>	<b>Expenses Paid During Period* (01/01/07-06/30/07)</b>
<b>Davis Value Portfolio</b>			
Actual .....	\$1,000.00	\$1,071.33	\$4.16
Hypothetical .....	\$1,000.00	\$1,020.78	\$4.06
<b>Davis Financial Portfolio</b>			
Actual .....	\$1,000.00	\$1,033.76	\$4.24
Hypothetical .....	\$1,000.00	\$1,020.63	\$4.21
<b>Davis Real Estate Portfolio</b>			
Actual .....	\$1,000.00	\$949.67	\$4.16
Hypothetical .....	\$1,000.00	\$1,020.53	\$4.31

Hypothetical assumes 5% annual return before expenses.

\* Expenses are equal to each Fund’s annualized expense ratio, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period). See page 11 for a description of the “Expense Example”. The annualized operating expense ratios for the six-month period ended June 30, 2007 are as follows:

	<b><u>Annualized Expense Ratio</u></b>
Davis Value Portfolio .....	0.81%
Davis Financial Portfolio .....	0.84%
Davis Real Estate Portfolio .....	0.86%

The expense ratios reflect the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser. The “Financial Highlights” tables included in this report also show the gross expense ratios, without such reductions or reimbursements.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
EXPENSE EXAMPLE (*Unaudited*) – (Continued)

---

**The following disclosure provides important information regarding the Funds' Expense Example. Please refer to this information when reviewing the Expense Example for each Fund.**

**Example**

As a shareholder of the Fund, you incur ongoing costs only, including advisory and administrative fees and other Fund expenses. The Expense Example is intended to help you understand your ongoing costs (in dollars) of investing in each Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Expense Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which for each Fund is from 01/01/07 to 06/30/07. Please note that the Expense Example is general and does not reflect charges imposed by your insurance company's separate account or account specific costs, which may increase your total costs of investing in the Funds. If these charges or account specific costs were included in the Expense Example, the expenses would have been higher.

**Actual Expenses**

The information represented in the row entitled "Actual" provides information about actual account values and actual expenses. You may use the information in this row, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then, multiply the result by the number under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**

The information represented in the row entitled "Hypothetical" provides information about hypothetical account values and hypothetical expenses based on each Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the information in the row entitled "Hypothetical" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS VALUE PORTFOLIO**  
June 30, 2007 (Unaudited)

Shares	Security	Value (Note 1)
<b>COMMON STOCK – (98.58%)</b>		
<b>AUTOMOBILES &amp; COMPONENTS – (1.52%)</b>		
181,600	Harley-Davidson, Inc. ....	\$ 10,825,176
<b>CAPITAL GOODS – (4.23%)</b>		
888,458	Tyco International Ltd. ....	30,020,996
<b>CAPITAL MARKETS – (3.36%)</b>		
136,720	Ameriprise Financial, Inc. ....	8,691,290
188,700	Bank of New York Mellon Corp. (formerly Mellon Financial Corp.) .....	8,302,800
39,300	E*TRADE Financial Corp.* .....	867,941
56,900	Morgan Stanley .....	4,772,772
18,400	State Street Corp. ....	1,258,560
		<u>23,893,363</u>
<b>COMMERCIAL BANKS – (7.33%)</b>		
106,500	Commerce Bancorp, Inc. ....	3,939,435
1,021,663	HSBC Holdings PLC (United Kingdom) .....	18,772,160
269,744	Wachovia Corp. ....	13,824,380
441,900	Wells Fargo & Co. ....	15,541,623
		<u>52,077,598</u>
<b>COMMERCIAL SERVICES &amp; SUPPLIES – (1.17%)</b>		
80,400	D&B Corp. ....	8,279,592
<b>CONSUMER DURABLES &amp; APPAREL – (0.26%)</b>		
19,299	Hunter Douglas NV (Netherlands).....	1,828,938
<b>CONSUMER FINANCE – (4.50%)</b>		
522,100	American Express Co. ....	31,942,078
<b>CONSUMER SERVICES – (1.12%)</b>		
22,000	Apollo Group, Inc., Class A* .....	1,284,250
284,300	H&R Block, Inc. ....	6,644,091
		<u>7,928,341</u>
<b>DIVERSIFIED FINANCIAL SERVICES – (6.71%)</b>		
258,833	Citigroup Inc. ....	13,275,545
550,848	JPMorgan Chase & Co. ....	26,688,586
124,200	Moody's Corp. ....	7,725,240
		<u>47,689,371</u>
<b>ENERGY – (12.73%)</b>		
47,300	Canadian Natural Resources Ltd. (Canada) .....	3,138,355
2,659,900	China Coal Energy Co., Shares H* (China) .....	3,986,856
402,342	ConocoPhillips .....	31,583,847
202,870	Devon Energy Corp. ....	15,882,692
174,600	EOG Resources, Inc. ....	12,756,276

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS VALUE PORTFOLIO – (Continued)**  
June 30, 2007 (Unaudited)

Shares	Security	Value (Note 1)
<b>COMMON STOCK – (Continued)</b>		
<b>ENERGY – (Continued)</b>		
277,800	Occidental Petroleum Corp. ....	\$ 16,079,064
65,600	Transocean Inc.* .....	6,952,288
		<u>90,379,378</u>
<b>FOOD &amp; STAPLES RETAILING – (6.56%)</b>		
456,700	Costco Wholesale Corp. ....	26,719,234
240,471	CVS Caremark Corp. ....	8,765,168
230,600	Wal-Mart Stores, Inc. ....	11,094,166
		<u>46,578,568</u>
<b>FOOD, BEVERAGE &amp; TOBACCO – (6.05%)</b>		
327,800	Altria Group, Inc. ....	22,991,892
104,900	Diageo PLC, ADR (United Kingdom) .....	8,739,219
145,940	Heineken Holding NV (Netherlands) .....	7,574,983
71,700	Hershey Co. ....	3,629,454
		<u>42,935,548</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES – (2.25%)</b>		
88,000	Cardinal Health, Inc. ....	6,216,320
67,600	Express Scripts, Inc.* .....	3,382,028
124,400	UnitedHealth Group Inc. ....	6,361,816
		<u>15,960,164</u>
<b>HOUSEHOLD &amp; PERSONAL PRODUCTS – (1.33%)</b>		
75,600	Avon Products, Inc. ....	2,778,300
109,300	Procter & Gamble Co. ....	6,688,067
		<u>9,466,367</u>
<b>INSURANCE BROKERS – (0.70%)</b>		
116,000	Aon Corp. ....	4,942,760
<b>LIFE &amp; HEALTH INSURANCE – (0.45%)</b>		
36,800	Principal Financial Group, Inc. ....	2,145,072
22,300	Sun Life Financial Inc. (Canada) .....	1,064,825
		<u>3,209,897</u>
<b>MATERIALS – (4.55%)</b>		
86,300	BHP Billiton PLC (United Kingdom) .....	2,408,857
51,900	Martin Marietta Materials, Inc. ....	8,408,838
30,600	Rio Tinto PLC (United Kingdom) .....	2,351,610
429,000	Sealed Air Corp. ....	13,307,580
50,800	Vulcan Materials Co. ....	5,818,632
		<u>32,295,517</u>

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS VALUE PORTFOLIO – (Continued)**  
June 30, 2007 (Unaudited)

Shares	Security	Value (Note 1)
<b>COMMON STOCK – (Continued)</b>		
<b>MEDIA – (6.84%)</b>		
777,581	Comcast Corp., Special Class A*	\$ 21,721,725
27,400	Gannett Co., Inc.	1,505,630
84,700	Lagardere S.C.A. (France)	7,388,364
19,210	Liberty Media Corp. - Capital, Series A*	2,259,672
518,300	News Corp., Class A	10,993,143
118,482	Virgin Media Inc. (United Kingdom)	2,885,037
24,300	WPP Group PLC, ADR (United Kingdom)	1,815,696
		<u>48,569,267</u>
<b>MULTI-LINE INSURANCE – (6.39%)</b>		
414,397	American International Group, Inc.	29,020,222
320,700	Loews Corp.	16,349,286
		<u>45,369,508</u>
<b>PROPERTY &amp; CASUALTY INSURANCE – (6.84%)</b>		
29,500	Ambac Financial Group, Inc.	2,572,105
204	Berkshire Hathaway Inc., Class A*	22,332,900
42	Berkshire Hathaway Inc., Class B*	151,410
31,400	Chubb Corp.	1,699,996
1,200	Markel Corp.*	581,472
170,100	Millea Holdings, Inc. (Japan)	6,990,506
109,100	NIPPONKOA Insurance Co., Ltd. (Japan)	983,561
555,600	Progressive Corp. (Ohio)	13,295,508
		<u>48,607,458</u>
<b>REAL ESTATE – (0.13%)</b>		
204,000	Hang Lung Group Ltd. (Hong Kong)	920,964
<b>REINSURANCE – (0.94%)</b>		
93,837	Transatlantic Holdings, Inc.	6,674,626
<b>RETAILING – (3.11%)</b>		
77,900	Amazon.com, Inc.*	5,330,308
112,100	Bed Bath & Beyond Inc.*	4,036,721
130,100	CarMax, Inc.*	3,317,550
40,950	Expedia, Inc.*	1,198,811
39,550	IAC/InterActiveCorp*	1,368,430
95,150	Liberty Media Corp. - Interactive, Series A*	2,124,224
101,700	Lowe's Cos, Inc.	3,121,173
9,200	Sears Holdings Corp.*	1,559,216
		<u>22,056,433</u>

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS VALUE PORTFOLIO – (Continued)**  
June 30, 2007 (Unaudited)

<b>Shares/Principal</b>	<b>Security</b>	<b>Value (Note 1)</b>
<b>COMMON STOCK – (Continued)</b>		
<b>SOFTWARE &amp; SERVICES – (3.21%)</b>		
2,690	Google Inc., Class A* .....	\$ 1,407,865
282,639	Iron Mountain Inc.* .....	7,385,357
476,700	Microsoft Corp. ....	14,043,582
		<u>22,836,804</u>
<b>TECHNOLOGY HARDWARE &amp; EQUIPMENT – (2.49%)</b>		
93,100	Agilent Technologies, Inc.* .....	3,578,764
265,400	Dell Inc.* .....	7,573,189
100,700	Hewlett-Packard Co. ....	4,493,234
72,800	Nokia Oyj, ADR (Finland) .....	2,046,408
		<u>17,691,595</u>
<b>TELECOMMUNICATION SERVICES – (1.58%)</b>		
127,100	SK Telecom Co., Ltd., ADR (South Korea) .....	3,476,185
373,100	Sprint Nextel Corp. ....	7,726,901
		<u>11,203,086</u>
<b>TRANSPORTATION – (2.23%)</b>		
73,300	Asciano Group* (Australia) .....	629,516
1,223,694	China Merchants Holdings International Co., Ltd. (China) .....	5,915,648
939,200	Cosco Pacific Ltd. (China) .....	2,456,343
29,000	Kuehne & Nagel International AG, Registered (Switzerland) .....	2,678,019
98,400	Toll Holdings Ltd. (Australia) .....	1,208,807
40,900	United Parcel Service, Inc., Class B .....	2,985,700
		<u>15,874,033</u>
	Total Common Stock – (identified cost \$431,121,444) .....	<u>700,057,426</u>
<b>CONVERTIBLE BONDS – (0.43%)</b>		
<b>TELECOMMUNICATION SERVICES – (0.43%)</b>		
\$ 1,600,000	Level 3 Communications, Inc., Conv. Sr. Notes, 10.00%, 05/01/11 (identified cost \$1,600,000) .....	<u>3,068,000</u>

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS VALUE PORTFOLIO – (Continued)**  
June 30, 2007 (Unaudited)

<u>Principal</u>	<u>Security</u>	<u>Value (Note 1)</u>
<b>SHORT TERM INVESTMENTS – (0.70%)</b>		
\$ 1,535,000	ABN AMRO Inc. Joint Repurchase Agreement, 5.38%, 07/02/07, dated 06/29/07, repurchase value of \$1,535,688 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 4.50%-5.50%, 12/01/18-06/01/36, total market value \$1,565,700) .....	\$ 1,535,000
701,000	Goldman, Sachs & Co. Joint Repurchase Agreement, 5.35%, 07/02/07, dated 06/29/07, repurchase value of \$701,313 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 4.00%-7.00%, 04/01/08-05/01/37, total market value \$715,020) .....	701,000
1,645,000	Nomura Securities International, Inc. Joint Repurchase Agreement, 5.38%, 07/02/07, dated 06/29/07, repurchase value of \$1,645,738 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 3.979%-7.245%, 01/01/23-11/01/46, total market value \$1,677,900) .....	1,645,000
1,096,000	UBS Securities LLC Joint Repurchase Agreement, 5.38%, 07/02/07, dated 06/29/07, repurchase value of \$1,096,491 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 5.50%-6.00%, 03/01/34-07/01/37, total market value \$1,117,920) .....	1,096,000
	Total Short Term Investments – (identified cost \$4,977,000).....	<u>4,977,000</u>
	Total Investments – (99.71%) – (identified cost \$437,698,444) – (a).....	708,102,426
	Other Assets Less Liabilities – (0.29%).....	<u>2,040,985</u>
	Net Assets – (100%).....	<u>\$ 710,143,411</u>

\*Non-Income Producing Security.

ADR: American Depositary Receipt

(a) Aggregate cost for Federal Income Tax purposes is \$438,928,152. At June 30, 2007 unrealized appreciation (depreciation) of securities for Federal Income Tax purposes is as follows:

Unrealized appreciation.....	\$ 270,363,832
Unrealized depreciation.....	(1,189,558)
Net unrealized appreciation.....	<u>\$ 269,174,274</u>

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS FINANCIAL PORTFOLIO**  
June 30, 2007 (Unaudited)

Shares	Security	Value (Note 1)
<b>COMMON STOCK – (98.97%)</b>		
<b>CAPITAL GOODS – (5.11%)</b>		
223,100	Tyco International Ltd. ....	\$ 7,538,549
<b>CAPITAL MARKETS – (8.24%)</b>		
63,660	Ameriprise Financial, Inc. ....	4,046,866
156,300	Bank of New York Mellon Corp. (formerly Mellon Financial Corp.).....	6,877,200
62,000	RHJ International* (Japan) .....	1,225,142
		<u>12,149,208</u>
<b>COMMERCIAL BANKS – (18.29%)</b>		
179,900	Commerce Bancorp, Inc. ....	6,654,501
359,229	HSBC Holdings PLC (United Kingdom).....	6,600,517
13,300	ICICI Bank Ltd., ADR (India).....	653,695
62,148	State Bank of India Ltd., GDR (India).....	5,481,454
216,000	Wells Fargo & Co. ....	7,596,720
		<u>26,986,887</u>
<b>COMMERCIAL SERVICES &amp; SUPPLIES – (3.07%)</b>		
44,000	D&B Corp. ....	4,531,120
<b>CONSUMER FINANCE – (14.62%)</b>		
222,800	American Express Co. ....	13,630,904
205,650	First Marblehead Corp. ....	7,946,316
		<u>21,577,220</u>
<b>CONSUMER SERVICES – (1.91%)</b>		
120,200	H&R Block, Inc. ....	2,809,074
<b>DIVERSIFIED FINANCIAL SERVICES – (10.78%)</b>		
147,048	JPMorgan Chase & Co. ....	7,124,476
132,000	Moody’s Corp. ....	8,210,400
14,000	Oaktree Capital Group LLC* (b).....	574,000
		<u>15,908,876</u>
<b>LIFE &amp; HEALTH INSURANCE – (3.16%)</b>		
86,933	China Life Insurance Co., Ltd., ADR (China).....	4,665,694
<b>MATERIALS – (2.90%)</b>		
137,800	Sealed Air Corp. ....	4,274,556
<b>MULTI-LINE INSURANCE – (11.17%)</b>		
100,387	American International Group, Inc. ....	7,030,102
185,400	Loews Corp. ....	9,451,692
		<u>16,481,794</u>

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS FINANCIAL PORTFOLIO – (Continued)**  
June 30, 2007 (Unaudited)

<u>Shares/Principal</u>	<u>Security</u>	<u>Value (Note 1)</u>
<b>COMMON STOCK – (Continued)</b>		
<b>PROPERTY &amp; CASUALTY INSURANCE – (8.91%)</b>		
52,100	FPIC Insurance Group, Inc.* .....	\$ 2,122,814
13,600	Markel Corp.* .....	6,590,016
185,400	Progressive Corp. (Ohio) .....	4,436,622
		<u>13,149,452</u>
<b>REINSURANCE – (10.81%)</b>		
33,300	Everest Re Group, Ltd. ....	3,617,712
173,437	Transatlantic Holdings, Inc. ....	12,336,574
		<u>15,954,286</u>
	Total Common Stock – (identified cost \$97,969,766) .....	<u>146,026,716</u>
<b>SHORT TERM INVESTMENTS – (1.05%)</b>		
\$ 479,000	ABN AMRO Inc. Joint Repurchase Agreement, 5.38%, 07/02/07, dated 06/29/07, repurchase value of \$479,215 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 4.50%-5.50%, 12/01/18-06/01/36, total market value \$488,580) .....	479,000
218,000	Goldman, Sachs & Co. Joint Repurchase Agreement, 5.35%, 07/02/07, dated 06/29/07, repurchase value of \$218,097 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 4.00%-7.00%, 04/01/08-05/01/37, total market value \$222,360) .....	218,000
513,000	Nomura Securities International, Inc. Joint Repurchase Agreement, 5.38%, 07/02/07, dated 06/29/07, repurchase value of \$513,230 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 3.979%-7.245%, 01/01/23-11/01/46, total market value \$523,260) .....	513,000
342,000	UBS Securities LLC Joint Repurchase Agreement, 5.38%, 07/02/07, dated 06/29/07, repurchase value of \$342,153 (collateralized by: U.S. Government agency mortgages in a pooled cash account, 5.50%-6.00%, 03/01/34-07/01/37, total market value \$348,840) .....	342,000
	Total Short Term Investments – (identified cost \$1,552,000) .....	<u>1,552,000</u>

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS FINANCIAL PORTFOLIO – (Continued)**  
June 30, 2007 *(Unaudited)*

---

Total Investments – (100.02%) – (identified cost \$99,521,766) – (a) .....	\$ 147,578,716
Liabilities Less Other Assets – (0.02%).....	<u>(24,345)</u>
Net Assets – (100%).....	<u>\$ 147,554,371</u>

\*Non-Income Producing Security.

ADR: American Depositary Receipt

GDR: Global Depositary Receipt

(a) Aggregate cost for Federal Income Tax purposes is \$99,833,740. At June 30, 2007 unrealized appreciation (depreciation) of securities for Federal Income Tax purposes is as follows:

Unrealized appreciation .....	\$ 47,904,735
Unrealized depreciation .....	<u>(159,759)</u>
Net unrealized appreciation .....	<u>\$ 47,744,976</u>

(b) Illiquid Security – See Note 7 of the Notes to Financial Statements.

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS REAL ESTATE PORTFOLIO**  
June 30, 2007 *(Unaudited)*

Shares	Security	Value (Note 1)
<b>COMMON STOCK – (86.60%)</b>		
<b>CAPITAL GOODS – (2.29%)</b>		
43,600	General Electric Co. ....	\$ 1,669,008
<b>DIVERSIFIED REITS – (4.27%)</b>		
107,300	Cousins Properties, Inc. ....	3,112,773
<b>INDUSTRIAL REITS – (7.90%)</b>		
394,900	Brixton PLC (United Kingdom) .....	3,477,301
103,400	DCT Industrial Trust Inc. ....	1,112,584
49,900	First Potomac Realty Trust .....	1,162,171
		<u>5,752,056</u>
<b>MORTGAGE REITS – (0.58%)</b>		
15,200	Gramercy Capital Corp. ....	418,608
<b>OFFICE REITS – (20.96%)</b>		
44,000	Alexandria Real Estate Equities, Inc. ....	4,260,080
29,100	Boston Properties, Inc. ....	2,971,983
69,400	Corporate Office Properties Trust.....	2,846,094
69,800	Duke Realty Corp. ....	2,489,766
21,770	SL Green Realty Corp. ....	2,697,085
		<u>15,265,008</u>
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT – (14.33%)</b>		
77,500	Derwent London PLC (United Kingdom) (b).....	2,855,770
94,100	Forest City Enterprises, Inc., Class A .....	5,785,268
83,540	Minerva PLC* (United Kingdom).....	593,020
25,900	St. Joe Co. ....	1,200,206
		<u>10,434,264</u>
<b>RESIDENTIAL REITS – (6.25%)</b>		
57,500	American Campus Communities, Inc. ....	1,626,675
8,400	AvalonBay Communities, Inc. ....	998,592
3,800	Essex Property Trust, Inc. ....	441,940
56,400	UDR, Inc. ....	1,483,320
		<u>4,550,527</u>
<b>RETAIL REITS – (14.18%)</b>		
56,742	General Growth Properties, Inc. ....	3,004,489
45,600	Hammerson PLC (United Kingdom).....	1,313,105
74,604	Kimco Realty Corp. ....	2,840,174
36,900	Regency Centers Corp. ....	2,601,450
11,400	Taubman Centers, Inc. ....	565,554
		<u>10,324,772</u>

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
**DAVIS REAL ESTATE PORTFOLIO – (Continued)**  
June 30, 2007 (Unaudited)

Shares/Principal	Security	Value (Note 1)
<b>COMMON STOCK – (Continued)</b>		
<b>SPECIALIZED REITS – (7.58%)</b>		
79,700	Host Hotels & Resorts Inc. ....	\$ 1,842,664
101,500	Ventas, Inc. ....	3,679,375
		<u>5,522,039</u>
<b>TRANSPORTATION – (8.26%)</b>		
43,300	Alexander & Baldwin, Inc. ....	2,300,529
23,100	Burlington Northern Santa Fe Corp. ....	1,966,734
21,100	Florida East Coast Industries, Inc. ....	1,750,878
		<u>6,018,141</u>
	Total Common Stock – (identified cost \$52,572,692).....	<u>63,067,196</u>
<b>PREFERRED STOCK – (0.19%)</b>		
<b>RESIDENTIAL REITS – (0.19%)</b>		
2,000	Equity Residential, 7.00%, Series E, Cum. Conv. Pfd. ....	102,000
1,600	Equity Residential, 8.60%, Series D, Cum. Pfd. ....	39,912
	Total Preferred Stock – (identified cost \$102,954).....	<u>141,912</u>
<b>CONVERTIBLE BONDS – (10.43%)</b>		
<b>DIVERSIFIED REITS – (4.81%)</b>		
\$ 3,590,900	Vornado Realty Trust, Conv. Sr. Deb., 3.625%, 11/15/26.....	<u>3,501,128</u>
<b>INDUSTRIAL REITS – (2.89%)</b>		
2,220,000	ProLogis, Ser. 144A Conv. Sr. Notes, 2.25%, 4/1/37 (c) .....	<u>2,103,450</u>
<b>OFFICE REITS – (0.17%)</b>		
130,000	SL Green Realty Corp., Ser. 144A Conv. Sr. Notes, 3.00%, 3/30/27 (c).....	<u>123,987</u>
<b>RETAIL REITS – (2.56%)</b>		
2,010,000	General Growth Properties, Inc., Ser. 144A Conv. Sr. Notes, 3.98%, 4/15/27 (c).....	<u>1,866,788</u>
	Total Convertible Bonds – (identified cost \$7,788,387).....	<u>7,595,353</u>
	Total Investments – (97.22%) – (identified cost \$60,464,033) – (a) .....	70,804,461
	Other Assets Less Liabilities – (2.78%).....	<u>2,021,000</u>
	Net Assets – (100%).....	<u>\$ 72,825,461</u>

\*Non-Income Producing Security.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
SCHEDULE OF INVESTMENTS  
**DAVIS REAL ESTATE PORTFOLIO – (Continued)**  
June 30, 2007 *(Unaudited)*

---

(a) Aggregate cost for Federal Income Tax purposes is \$60,464,253. At June 30, 2007 unrealized appreciation (depreciation) of securities for Federal Income Tax purposes is as follows:

Unrealized appreciation .....	\$ 11,551,945
Unrealized depreciation .....	<u>(1,211,737)</u>
Net unrealized appreciation .....	<u>\$ 10,340,208</u>

(b) Security has elected for tax treatment as a U.K. REIT to take effect on July 1, 2007.

(c) These securities are subject to Rule 144A. The Board of Directors of the Fund has determined that there is sufficient liquidity in these securities to realize current valuations. These securities amounted to \$4,094,225, or 5.62% of the Fund's net assets, as of June 30, 2007.

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**STATEMENTS OF ASSETS AND LIABILITIES**  
At June 30, 2007 *(Unaudited)*

	<u>Davis Value Portfolio</u>	<u>Davis Financial Portfolio</u>	<u>Davis Real Estate Portfolio</u>
<b>ASSETS:</b>			
Investments in securities, at value* (see accompanying Schedules of Investments) .....	\$ 708,102,426	\$ 147,578,716	\$ 70,804,461
Cash .....	404,797	119,139	-
Receivables:			
Dividends and interest .....	690,019	149,242	304,409
Capital stock sold .....	364,269	11,987	23,792
Investment securities sold .....	3,264,147	-	6,194,029
Prepaid expenses .....	3,265	543	541
Total assets .....	<u>712,828,923</u>	<u>147,859,627</u>	<u>77,327,232</u>
<b>LIABILITIES:</b>			
Cash overdraft .....	-	-	3,572,772
Payables:			
Capital stock redeemed .....	416,394	117,145	609,109
Investment securities purchased .....	1,744,285	60,511	243,585
Accrued expenses .....	65,170	31,840	21,937
Accrued management fees .....	459,663	95,760	54,368
Total liabilities .....	<u>2,685,512</u>	<u>305,256</u>	<u>4,501,771</u>
<b>NET ASSETS</b> .....	<u>\$ 710,143,411</u>	<u>\$ 147,554,371</u>	<u>\$ 72,825,461</u>
<b>SHARES OUTSTANDING (NOTE 4)</b> .....	<u>45,467,277</u>	<u>8,763,339</u>	<u>3,770,906</u>
<b>NET ASSET VALUE</b> , offering, and redemption price per share .....	<u>\$ 15.62</u>	<u>\$ 16.84</u>	<u>\$ 19.31</u>
<b>NET ASSETS CONSIST OF:</b>			
Par value of shares of capital stock .....	\$ 45,467	\$ 8,763	\$ 3,771
Additional paid-in capital .....	420,234,658	94,732,296	47,671,343
Undistributed net investment income .....	4,366,323	695,827	735,445
Accumulated net realized gains from investments and foreign currency transactions .	15,092,589	4,060,535	14,073,454
Net unrealized appreciation on investments and foreign currency transactions .....	270,404,374	48,056,950	10,341,448
Net Assets .....	<u>\$ 710,143,411</u>	<u>\$ 147,554,371</u>	<u>\$ 72,825,461</u>
 * Including cost of .....	 \$ 437,698,444	 \$ 99,521,766	 \$ 60,464,033

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**STATEMENTS OF OPERATIONS**  
For the six months ended June 30, 2007 *(Unaudited)*

	<u>Davis Value Portfolio</u>	<u>Davis Financial Portfolio</u>	<u>Davis Real Estate Portfolio</u>
<b>INVESTMENT INCOME:</b>			
Income:			
Dividends* .....	\$ 6,797,264	\$ 1,103,109	\$ 1,155,577
Interest .....	351,536	231,256	215,635
Total income .....	<u>7,148,800</u>	<u>1,334,365</u>	<u>1,371,212</u>
Expenses:			
Management fees (Note 2) .....	2,698,477	570,563	342,676
Custodian fees .....	94,100	24,573	20,245
Transfer agent fees .....	7,351	4,390	4,097
Audit fees .....	9,600	8,400	8,400
Accounting fees (Note 2) .....	3,000	3,000	3,000
Legal fees .....	8,241	1,731	1,015
Reports to shareholders .....	27,479	9,987	751
Directors' fees and expenses .....	54,696	13,476	9,152
Registration and filing fees .....	602	100	69
Miscellaneous .....	7,043	3,563	3,070
Total expenses .....	<u>2,910,589</u>	<u>639,783</u>	<u>392,475</u>
Expenses paid indirectly (Note 5) .....	(199)	(466)	(166)
Net expenses .....	<u>2,910,390</u>	<u>639,317</u>	<u>392,309</u>
Net investment income .....	<u>4,238,410</u>	<u>695,048</u>	<u>978,903</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b>			
Net realized gain (loss) from:			
Investment transactions .....	24,256,030	4,367,672	10,715,822
Foreign currency transactions .....	(16,504)	(51)	(2,190)
Net increase (decrease) in unrealized appreciation on investments and foreign currency transactions .....	<u>20,112,669</u>	<u>(142,744)</u>	<u>(15,765,874)</u>
Net realized and unrealized gain (loss) on investments and foreign currency .....	<u>44,352,195</u>	<u>4,224,877</u>	<u>(5,052,242)</u>
Net increase (decrease) in net assets resulting from operations .....	<u>\$ 48,590,605</u>	<u>\$ 4,919,925</u>	<u>\$ (4,073,339)</u>
* Net of foreign taxes withheld as follows .....	\$ 82,926	\$ -	\$ -

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
For the six months ended June 30, 2007 *(Unaudited)*

	<u>Davis Value Portfolio</u>	<u>Davis Financial Portfolio</u>	<u>Davis Real Estate Portfolio</u>
<b>OPERATIONS:</b>			
Net investment income .....	\$ 4,238,410	\$ 695,048	\$ 978,903
Net realized gain from investments and foreign currency transactions .....	24,239,526	4,367,621	10,713,632
Net increase (decrease) in unrealized appreciation on investments and foreign currency transactions .....	<u>20,112,669</u>	<u>(142,744)</u>	<u>(15,765,874)</u>
Net increase (decrease) in net assets resulting from operations.....	48,590,605	4,919,925	(4,073,339)
<b>DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>			
Net investment income .....	-	-	(449,214)
<b>CAPITAL SHARE TRANSACTIONS (NOTE 4).....</b>			
	<u>(110,275,522)</u>	<u>(13,172,614)</u>	<u>(12,390,081)</u>
Total decrease in net assets.....	(61,684,917)	(8,252,689)	(16,912,634)
<b>NET ASSETS:</b>			
Beginning of period .....	771,828,328	155,807,060	89,738,095
End of period* .....	<u>\$ 710,143,411</u>	<u>\$ 147,554,371</u>	<u>\$ 72,825,461</u>
* Including undistributed net investment income of...	\$ 4,366,323	\$ 695,827	\$ 735,445

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
For the year ended December 31, 2006

	<u>Davis Value Portfolio</u>	<u>Davis Financial Portfolio</u>	<u>Davis Real Estate Portfolio</u>
<b>OPERATIONS:</b>			
Net investment income .....	\$ 5,722,122	\$ 844,169	\$ 1,243,199
Net realized gain from investments and foreign currency transactions .....	14,151,661	2,407,878	11,308,050
Net increase in unrealized appreciation on investments and foreign currency transactions .....	<u>80,121,104</u>	<u>19,346,243</u>	<u>9,914,836</u>
Net increase in net assets resulting from operations .....	99,994,887	22,598,290	22,466,085
<b>DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>			
Net investment income .....	(5,581,446)	(842,056)	(2,403,658)
Realized gains from investment transactions .....	-	(98,309)	(8,766,221)
<b>CAPITAL SHARE TRANSACTIONS (NOTE 4) .....</b>			
	<u>57,046,031</u>	<u>10,089,243</u>	<u>13,885,472</u>
Total increase in net assets .....	151,459,472	31,747,168	25,181,678
<b>NET ASSETS:</b>			
Beginning of year .....	<u>620,368,856</u>	<u>124,059,892</u>	<u>64,556,417</u>
End of year* .....	<u>\$ 771,828,328</u>	<u>\$ 155,807,060</u>	<u>\$ 89,738,095</u>
* Including undistributed net investment income of...	\$ 127,913	\$ 779	\$ 205,756

*See Notes to Financial Statements*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Davis Variable Account Fund, Inc. (a Maryland corporation), consists of three series of funds, Davis Value Portfolio, Davis Financial Portfolio, and Davis Real Estate Portfolio (collectively “the Funds”). Davis Value Portfolio and Davis Financial Portfolio are registered under the Investment Company Act of 1940, as amended, as diversified, open-end management investment companies. Davis Real Estate Portfolio is registered under the Investment Company Act of 1940, as amended, as a non-diversified, open-end management investment company. Insurance companies, for the purpose of funding variable annuity or variable life insurance contracts, may only purchase shares of the Funds. The Funds account separately for the assets, liabilities and operations of each series. The following is a summary of significant accounting policies followed by the Funds in the preparation of financial statements.

**A. VALUATION OF SECURITIES** - The Funds calculate the net asset value of their shares as of the close of the New York Stock Exchange (“Exchange”), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. Securities listed on the Exchange (and other national exchanges) are valued at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market (e.g. NASDAQ) and listed securities for which no sale was reported on that date are stated at the average of closing bid and asked prices. Securities traded on foreign exchanges are valued based upon the last sales price on the principal exchange on which the security is traded prior to the time when the Funds’ assets are valued. Securities (including restricted securities) for which market quotations are not readily available are valued at their fair value. Foreign and domestic securities whose values have been materially affected by what Davis Advisors, the Funds’ investment adviser (“Adviser”), identifies as a significant event occurring before the Funds’ assets are valued but after the close of their respective exchanges will be fair valued. Fair value is determined in good faith using consistently applied procedures under the supervision of the Board of Directors. Short-term securities purchased within 60 days to maturity are valued at amortized cost, which approximates market value. These valuation procedures are reviewed and subject to approval by the Board of Directors.

**B. MASTER REPURCHASE AGREEMENTS** - The Funds, along with other affiliated funds, may transfer uninvested cash balances into one or more master repurchase agreement accounts. These balances are invested in one or more repurchase agreements, secured by U.S. Government securities. A custodian bank holds securities pledged as collateral for repurchase agreements until the agreements mature. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal; however, in the event of default by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

**C. CURRENCY TRANSLATION** - The market values of all assets and liabilities denominated in foreign currencies are recorded in the financial statements after translation to the U.S. Dollar based upon the mean between the bid and offered quotations of the currencies against U.S. Dollars on the date of valuation. The cost basis of such assets and liabilities is determined based upon historical exchange rates. Income and expenses are translated at average exchange rates in effect as accrued or incurred.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. FOREIGN CURRENCY** - The Funds may enter into forward purchases or sales of foreign currencies to hedge certain foreign currency denominated assets and liabilities against declines in market value relative to the U.S. Dollar. Forward currency contracts are marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the forward currency contract is closed, the Funds record a realized gain or loss equal to the difference between the value of the forward currency contract at the time it was opened and value at the time it was closed. Investments in forward currency contracts may expose the Funds to risks resulting from unanticipated movements in foreign currency exchange rates or failure of the counter-party to the agreement to perform in accordance with the terms of the contract.

Reported net realized foreign exchange gains or losses arise from the sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Funds' books, and the U.S. Dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at fiscal year end, resulting from changes in the exchange rate. The Funds include foreign currency gains and losses realized on the sale of investments together with market gains and losses on such investments in the statement of operations.

**E. FEDERAL INCOME TAXES** - It is each Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, and to distribute substantially all of its taxable income, including any net realized gains on investments not offset by loss carryovers, to shareholders. Therefore, no provision for Federal Income or Excise Tax is required. At June 30, 2007, Davis Value Portfolio had approximately \$803,000 of post October 2006 losses available to offset future capital gains, if any, which expire in 2015. At June 30, 2007, the Davis Value Portfolio had available for Federal Income Tax purposes unused capital loss carryforwards as follows:

	<b>DAVIS VALUE PORTFOLIO</b>
<b>Expiring</b>	
12/31/2011	\$ 3,583,000
12/31/2012	<u>3,532,000</u>
<b>Total</b>	<b>\$ 7,115,000</b>

**F. USE OF ESTIMATES IN FINANCIAL STATEMENTS** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. INDEMNIFICATION** - Under the Funds' organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, some of the Funds' contracts with its service providers contain general indemnification clauses. The Funds' maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined and the Funds have no historical basis for predicting the likelihood of any such claims.

**H. SECURITIES TRANSACTIONS AND RELATED INVESTMENT INCOME** - Securities transactions are accounted for on the trade date (date the order to buy or sell is executed) with realized gain or loss on the sale of securities being determined based upon identified cost. Dividend income is recorded on the ex-dividend date. Dividend income from REIT securities may include return of capital. Upon notification from the issuer, the amount of the return of capital is reclassified to adjust dividend income, reduce the cost basis, and/or adjust realized gain. Interest income, which includes accretion of discount and amortization of premium, is accrued as earned.

**I. DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS** - Dividends and distributions to shareholders are recorded on the ex-dividend date. Net investment income (loss), net realized gains (losses), and net unrealized appreciation (depreciation) on investments may differ for financial statement and tax purposes primarily due to differing treatments of wash sales, foreign currency transactions, and net operating losses. The character of dividends and distributions made during the fiscal year from net investment income and net realized securities gains may differ from their ultimate characterization for Federal Income Tax purposes. Also, due to the timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which income or realized gain was recorded by the Funds. The Funds adjust the classification of distributions to shareholders to reflect the differences between financial statement amounts and distributions determined in accordance with income tax regulations.

**J. NEW ACCOUNTING PRONOUNCEMENT** - In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes*. This standard defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. FIN 48 is effective as of the beginning of the first fiscal year beginning after December 15, 2006. As of June 30, 2007, the Adviser has evaluated the implication of FIN 48 and does not currently anticipate any impact to the Funds' financial statements. The Adviser will continue to monitor the Funds' tax positions prospectively for potential future impacts.

In September 2006, FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal periods. As of June 30, 2007, the Adviser does not believe the adoption of SFAS No. 157 will materially impact the financial statement amounts; however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain measurements on changes in net assets for the period.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
 NOTES TO FINANCIAL STATEMENTS - (Continued)  
 June 30, 2007 *(Unaudited)*

---

**NOTE 2 - INVESTMENT ADVISORY FEES**

Advisory fees are paid monthly to the Adviser. The fee for each of the Davis Value Portfolio, Davis Financial Portfolio, and Davis Real Estate Portfolio is 0.75% of the respective Fund's average net assets.

Boston Financial Data Services, Inc. ("BFDS") is the Funds' primary transfer agent. State Street Bank and Trust Company ("State Street Bank") is the Funds' primary accounting provider. Fees for such services are included in the custodian fee as State Street Bank also serves as the Funds' custodian. The Adviser is also paid for certain accounting services. The fee for the six months ended June 30, 2007 for Davis Value Portfolio, Davis Financial Portfolio, and Davis Real Estate Portfolio amounted to \$3,000 for each fund. Certain directors and officers of the Funds are also directors and officers of the general partner of the Adviser.

Davis Selected Advisers – NY, Inc. ("DSA-NY"), a wholly-owned subsidiary of the Adviser, acts as sub-adviser to the Funds. The Funds pay no fees directly to DSA-NY.

**NOTE 3 - PURCHASES AND SALES OF SECURITIES**

Purchases and sales of investment securities (excluding short-term securities) for the six months ended June 30, 2007 were as follows:

	<b>DAVIS VALUE PORTFOLIO</b>	<b>DAVIS FINANCIAL PORTFOLIO</b>	<b>DAVIS REAL ESTATE PORTFOLIO</b>
Cost of purchases.....	\$ 27,385,522	\$ 8,747,930	\$ 22,952,002
Proceeds of sales .....	\$ 97,645,291	\$ 11,631,322	\$ 30,370,632

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2007 (Unaudited)

**NOTE 4 - CAPITAL STOCK**

At June 30, 2007, there were 5 billion shares of capital stock (\$0.001 par value per share) authorized. Transactions in capital stock were as follows:

	<b>Six months ended June 30, 2007</b>		
	<b>(Unaudited)</b>		
	<b>Davis Value Portfolio</b>	<b>Davis Financial Portfolio</b>	<b>Davis Real Estate Portfolio</b>
Shares sold.....	1,864,827	652,419	399,973
Shares issued in reinvestment of distributions.....	—	—	21,080
	<u>1,864,827</u>	<u>652,419</u>	<u>421,053</u>
Shares redeemed.....	(9,339,131)	(1,451,734)	(1,041,777)
Net decrease.....	<u>(7,474,304)</u>	<u>(799,315)</u>	<u>(620,724)</u>
Proceeds from shares sold.....	\$ 27,906,676	\$ 10,598,022	\$ 8,572,182
Proceeds from shares issued in reinvestment of distributions.....	—	—	449,214
	<u>27,906,676</u>	<u>10,598,022</u>	<u>9,021,396</u>
Cost of shares redeemed.....	(138,182,198)	(23,770,636)	(21,411,477)
Net decrease.....	<u>\$ (110,275,522)</u>	<u>\$ (13,172,614)</u>	<u>\$ (12,390,081)</u>

	<b>Year ended December 31, 2006</b>		
	<b>Davis Value Portfolio</b>	<b>Davis Financial Portfolio</b>	<b>Davis Real Estate Portfolio</b>
Shares sold.....	11,945,395	2,006,880	919,623
Shares issued in reinvestment of distributions.....	380,703	57,524	539,914
	<u>12,326,098</u>	<u>2,064,404</u>	<u>1,459,537</u>
Shares redeemed.....	(7,955,715)	(1,474,873)	(793,313)
Net increase.....	<u>4,370,383</u>	<u>589,531</u>	<u>666,224</u>
Proceeds from shares sold.....	\$ 157,592,888	\$ 30,212,476	\$ 18,459,121
Proceeds from shares issued in reinvestment of distributions.....	5,581,115	940,365	11,169,879
	<u>163,174,003</u>	<u>31,152,841</u>	<u>29,629,000</u>
Cost of shares redeemed.....	(106,127,972)	(21,063,598)	(15,743,528)
Net increase.....	<u>\$ 57,046,031</u>	<u>\$ 10,089,243</u>	<u>\$ 13,885,472</u>

**NOTE 5 - EXPENSES PAID INDIRECTLY**

Under an agreement with State Street Bank, custodian fees are reduced for earnings on cash balances maintained at the custodian by the Funds. Such reductions amounted to \$199, \$466, and \$166 for Davis Value Portfolio, Davis Financial Portfolio, and Davis Real Estate Portfolio, respectively, during the six months ended June 30, 2007.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2007 *(Unaudited)*

---

**NOTE 6 - BANK BORROWINGS**

Each Fund may borrow up to 5% of its assets from a bank to purchase portfolio securities or for temporary and emergency purposes. The purchase of securities with borrowed funds creates leverage in the Fund. Each Fund has entered into an agreement, which enables it to participate with certain other funds managed by the Adviser in an unsecured line of credit with a bank, which permits borrowings up to \$50 million, collectively. Interest is charged based on its borrowings, at a rate equal to the overnight Federal Funds Rate plus 0.75%. The Funds had no borrowings outstanding for the six months ended June 30, 2007.

**NOTE 7 - ILLIQUID SECURITIES**

Securities may be considered illiquid if they lack a readily available market or if valuation has not changed for a certain period of time. The aggregate value of illiquid securities in Davis Financial Portfolio amounted to \$574,000 or 0.39% of the Fund's net assets as of June 30, 2007.

<u>Fund</u>	<u>Security</u>	<u>Acquisition Date</u>	<u>Shares</u>	<u>Cost per Share</u>	<u>Valuation per Share as of June 30, 2007</u>
Davis Financial Portfolio	Oaktree Capital Group LLC	05/21/07	14,000	\$ 44.00	\$ 41.00

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS VALUE PORTFOLIO**

Financial Highlights for a share of capital stock outstanding throughout each period:

	Six months ended June 30, 2007 (Unaudited)	Year ended December 31,				
		2006	2005	2004	2003	2002
Net Asset Value, Beginning of Period .....	\$ 14.58	\$ 12.77	\$ 11.78	\$ 10.57	\$ 8.20	\$ 9.87
<b>Income (Loss) from Investment Operations:</b>						
Net Investment Income.....	0.09	0.11	0.12	0.09	0.07	0.06
Net Realized and Unrealized Gains (Losses) .....	0.95	1.81	0.99	1.21	2.37	(1.66)
Total from Investment Operations.....	1.04	1.92	1.11	1.30	2.44	(1.60)
<b>Dividends and Distributions:</b>						
Dividends from Net Investment Income .....	—	(0.11)	(0.11)	(0.09)	(0.07)	(0.06)
Return of Capital .....	—	—	—	<sup>4</sup> —	—	(0.01)
Distributions in Excess of Net Investment Income.....	—	—	(0.01)	—	—	—
Total Dividends and Distributions .....	—	(0.11)	(0.12)	(0.09)	(0.07)	(0.07)
Net Asset Value, End of Period.....	\$ 15.62	\$ 14.58	\$ 12.77	\$ 11.78	\$ 10.57	\$ 8.20
Total Return <sup>1</sup> .....	7.13%	15.00%	9.44%	12.33%	29.76%	(16.26)%
<b>Ratios/Supplemental Data:</b>						
Net Assets, End of Period (000 omitted) .....	\$ 710,143	\$ 771,828	\$ 620,369	\$ 684,723	\$ 485,002	\$ 283,039
Ratio of Expenses to Average Net Assets:						
Gross.....	0.81%*	0.81%	0.81%	0.81%	0.82%	0.83%
Net <sup>3</sup> .....	0.81%*	0.81%	0.81%	0.81%	0.82%	0.83%
Ratio of Net Investment Income to Average Net Assets .....	1.18%*	0.83%	0.87%	0.87%	0.90%	0.70%
Portfolio Turnover Rate <sup>2</sup> .....	4%	19%	14%	4%	7%	24%

<sup>1</sup> Assumes hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods of less than one year and do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

<sup>2</sup> The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

<sup>3</sup> The Net ratio of expenses to average net assets reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.

<sup>4</sup> Less than \$0.005 per share.

\* Annualized.

*See Notes to Financial Statements*

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS FINANCIAL PORTFOLIO**

Financial Highlights for a share of capital stock outstanding throughout each period:

	<b>Six months ended June 30, 2007 (Unaudited)</b>	<b>Year ended December 31,</b>				
		<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Net Asset Value, Beginning of Period .....	\$ 16.29	\$ 13.83	\$ 12.82	\$ 11.66	\$ 8.85	\$ 10.67
<b>Income (Loss) from Investment</b>						
<b>Operations:</b>						
Net Investment Income .....	0.08	0.09	0.07	0.04	0.04	0.02
Net Realized and Unrealized Gains (Losses) .....	0.47	2.47	1.00	1.16	2.81	(1.82)
Total from Investment Operations .....	0.55	2.56	1.07	1.20	2.85	(1.80)
<b>Dividends and Distributions:</b>						
Dividends from Net Investment Income .....	-	(0.09)	(0.06)	(0.04)	(0.04)	(0.02)
Distributions from Realized Gains .....	-	(0.01)	-	-	-	-
Total Dividends and Distributions .....	-	(0.10)	(0.06)	(0.04)	(0.04)	(0.02)
Net Asset Value, End of Period .....	\$ 16.84	\$ 16.29	\$ 13.83	\$ 12.82	\$ 11.66	\$ 8.85
Total Return <sup>1</sup> .....	3.38%	18.50%	8.38%	10.32%	32.15%	(16.84)%
<b>Ratios/Supplemental Data:</b>						
Net Assets, End of Period (000 omitted) .....	\$ 147,554	\$ 155,807	\$ 124,060	\$ 109,274	\$ 71,179	\$ 31,709
<b>Ratio of Expenses to Average Net Assets:</b>						
Gross .....	0.84%*	0.84%	0.85%	0.85%	0.90%	0.99%
Net <sup>3</sup> .....	0.84%*	0.84%	0.85%	0.85%	0.90%	0.99%
Ratio of Net Investment Income to Average Net Assets .....	0.91%*	0.66%	0.52%	0.40%	0.48%	0.32%
Portfolio Turnover Rate <sup>2</sup> .....	6%	9%	21%	6%	10%	23%

<sup>1</sup> Assumes hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods of less than one year and do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

<sup>2</sup> The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

<sup>3</sup> The Net ratio of expenses to average net assets reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.

\* Annualized.

**See Notes to Financial Statements**

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**FINANCIAL HIGHLIGHTS**  
**DAVIS REAL ESTATE PORTFOLIO**

Financial Highlights for a share of capital stock outstanding throughout each period:

	Six months ended June 30, 2007 (Unaudited)	Year ended December 31,				
		2006	2005	2004	2003	2002
Net Asset Value, Beginning of Period .....	\$ 20.43	\$ 17.33	\$ 16.80	\$ 13.47	\$ 10.49	\$ 10.35
<b>Income (Loss) from Investment Operations:</b>						
Net Investment Income .....	0.25	0.34	0.30	0.34	0.44	0.36
Net Realized and Unrealized Gains (Losses) .....	(1.27)	5.58	1.86	4.07	3.34	0.25
Total from Investment Operations .....	(1.02)	5.92	2.16	4.41	3.78	0.61
<b>Dividends and Distributions:</b>						
Dividends from Net Investment Income .....	(0.10)	(0.60)	(0.54)	(0.48)	(0.55)	(0.36)
Return of Capital .....	—	—	—	—	—	(0.11)
Distributions from Realized Gains .....	—	(2.22)	(1.09)	(0.60)	(0.25)	—
Total Dividends and Distributions .....	(0.10)	(2.82)	(1.63)	(1.08)	(0.80)	(0.47)
Net Asset Value, End of Period .....	\$ 19.31	\$ 20.43	\$ 17.33	\$ 16.80	\$ 13.47	\$ 10.49
Total Return <sup>1</sup> .....	(5.03)%	34.37%	13.14%	33.35%	36.79%	5.89%
<b>Ratios/Supplemental Data:</b>						
Net Assets, End of Period (000 omitted) .....	\$ 72,825	\$ 89,738	\$ 64,556	\$ 58,279	\$ 35,663	\$ 18,806
Ratio of Expenses to Average Net Assets:						
Gross .....	0.86%*	0.86%	0.87%	0.89%	0.98%	1.10%
Net <sup>3</sup> .....	0.86%*	0.86%	0.87%	0.89%	0.98%	1.00%
Ratio of Net Investment Income to Average Net Assets .....	2.14%*	1.63%	1.71%	2.30%	3.74%	3.54%
Portfolio Turnover Rate <sup>2</sup> .....	27%	38%	28%	32%	22%	52%

<sup>1</sup> Assumes hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods of less than one year and do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

<sup>2</sup> The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

<sup>3</sup> The Net ratio of expenses to average net assets reflects the impact, if any, of the reduction of expenses paid indirectly and of certain reimbursements from the Adviser.

\* Annualized.

**See Notes to Financial Statements**

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
FUND INFORMATION

---

**Portfolio Proxy Voting Policies and Procedures**

The Funds have adopted Portfolio Proxy Voting Policies and Procedures under which the Funds vote proxies relating to securities held by the Funds. A description of the Funds' Portfolio Proxy Voting Policies and Procedures is available (i) without charge, upon request, by calling the Funds toll-free at 1-800-279-0279, (ii) on the Funds' website at [www.davisfunds.com](http://www.davisfunds.com), and (iii) on the SEC's website at [www.sec.gov](http://www.sec.gov).

In addition, the Funds are required to file Form N-PX, with their complete proxy voting record for the 12 months ended June 30<sup>th</sup>, no later than August 31<sup>st</sup> of each year. The Funds' Form N-PX filing is available (i) without charge, upon request, by calling the Funds toll-free at 1-800-279-0279, (ii) on the Funds' website at [www.davisfunds.com](http://www.davisfunds.com), and (iii) on the SEC's website at [www.sec.gov](http://www.sec.gov).

**Form N-Q**

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Form N-Q is available without charge, upon request by calling 1-800-279-0279, or on the Funds' website at [www.davisfunds.com](http://www.davisfunds.com), or on the SEC's website at [www.sec.gov](http://www.sec.gov). The Funds' Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and that information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
**DIRECTOR APPROVAL OF ADVISORY AGREEMENTS**

---

**Process of Annual Review**

The Board of Directors of the Davis Funds oversees the management of each Davis Fund and, as required by law, determines annually whether to approve the continuance of each Davis Fund's advisory agreement with Davis Selected Advisers, L.P. and sub-advisory agreement with Davis Selected Advisers-NY, Inc. (jointly "Davis Advisors" and "Advisory Agreements").

As a part of this process the Independent Directors, with the assistance of counsel for the Independent Directors, prepared questions submitted to Davis Advisors in anticipation of the annual contract review. In a separate contract review meeting held in March 2007 the Independent Directors reviewed and evaluated all information, which they deemed reasonably necessary in the circumstances. Upon completion of this review, the Independent Directors found that the terms of the Advisory Agreements are fair and reasonable and that continuation of the Advisory Agreements was in the best interests of each Fund and its shareholders.

**Reasons the Independent Directors Approved Continuation of the Advisory Agreements**

The Independent Directors' determinations were based upon a comprehensive consideration of all information provided to the Independent Directors and were not the result of any single factor. The following facts and conclusions were important, but not exclusive, in the Independent Directors' recommendation to renew the Advisory Agreements.

The Independent Directors considered not only the investment performance of each Fund, but also the full range and quality of services provided by Davis Advisors to each Fund and its shareholders, including whether it:

1. Achieves satisfactory investment results over the long-term after all costs;
2. Handles shareholder transactions, inquiries, requests, and records efficiently and effectively, and provides quality accounting, legal, and compliance services, and oversight of third party service providers; and
3. Fosters healthy investor behavior.

Davis Advisors is reimbursed a portion of its costs in providing some, but not all, of these services.

A shareholder's ultimate return is the product of a fund's results, as well as the shareholder's behavior, specifically in selecting when to invest and which fund to invest in. The Independent Directors concluded that through its actions and communications, Davis Advisors has attempted to have a meaningful, positive impact on investor behavior.

The Independent Directors observed that Davis Advisors has consistently demonstrated an orientation in line with shareholders. Davis Advisors and the Davis Funds have continued to receive recognition in the press, and among industry observers and participants, for the quality of its investment process, as well as its shareholder orientation and integrity.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
DIRECTOR APPROVAL OF ADVISORY AGREEMENTS – (Continued)

---

**Reasons the Independent Directors Approved Continuation of the Advisory Agreements – (Continued)**

The Independent Directors noted the importance of reviewing quantitative measures, but also recognized that qualitative factors could be equally, or more important, in assessing whether Davis Fund shareholders are likely to be well served by the renewal of the Advisory Agreements. They noted both the value and shortcomings of purely quantitative measures, including the data provided by independent service providers, and concluded that while such measures and data can inform, they should not supersede the judgment of the Independent Directors who take many factors, including those listed below, into consideration in representing the shareholders of the Davis Funds. In connection with reviewing comparative performance information, the Independent Directors generally give weight to longer-term measurements.

The Independent Directors expect Davis Advisors to employ a disciplined, company specific, research driven, businesslike, long-term investment philosophy.

The Independent Directors recognized Davis Advisors' (a) efforts to minimize transaction costs by generally having a long-term time horizon and low portfolio turnover; (b) record of generally producing satisfactory results over longer-term periods; (c) efforts towards fostering healthy investor behavior by, among other things, providing informative and substantial educational material; and (d) efforts to promote shareholder interests by actively speaking out on corporate governance issues.

The Independent Directors reviewed (a) comparative fee and expense information for other funds, as selected and analyzed by a nationally recognized independent service provider; (b) information regarding fees charged by Davis Advisors to other advisory clients, including funds which it sub-advises and private accounts, as well as the differences in the services provided to such other clients; and (c) the fee schedules of each of the Funds, including an assessment of competitive fee schedules.

The Independent Directors reviewed the management fee schedule for each Fund, profitability of each Fund to Davis Advisors, the extent to which economies of scale would be realized if a Fund's net assets increase, and whether the fee level reflects those potential economies of scale. The Independent Directors considered various potential benefits that Davis Advisors may receive in connection with the services it provides under the Advisory Agreements with the Funds, including a review of portfolio brokerage practices. The Independent Directors noted that Davis Advisors does not use client commissions to pay for publications that are available to the general public or for third-party research services.

**Davis Value Portfolio**

The Independent Directors noted that Davis Value Portfolio out-performed its benchmark, the Standard & Poor's 500<sup>®</sup> Index, and exceeded the average performance of its peer group over longer-term investment horizons.

The Independent Directors considered the total expense ratio for Davis Value Portfolio, noting that it was reasonable and competitive with the range of average expense ratios of its peer group. The Independent Directors considered the fixed advisory fee schedule for Davis Value Portfolio and noted that it is above the average of its peer group, but within the range of its peers. The Fund's total expense ratio is also above the average of its peer group, but within the range of its peers.

The Independent Directors concluded that the advisory fee schedule represents an appropriate sharing between Davis Value Portfolio shareholders and Davis Advisors of such economies of scale as may exist in the management of the Fund at current asset levels.

**Reasons the Independent Directors Approved Continuation of the Advisory Agreements – (Continued)**

**Davis Financial Portfolio**

The Independent Directors noted that Davis Financial Portfolio out-performed its benchmark, the Standard & Poor's 500<sup>®</sup> Index over the 1-year and 5-year investment horizons (essentially matching the Index over 3-years). Davis Financial Portfolio exceeded the 1-year average performance of its peer group and essentially matched the peer group over the 3- year and 5-year investment horizons.

The Independent Directors considered the total expense ratio for Davis Financial Portfolio, noting that it was reasonable and competitive with the range of average expense ratios of its peer group. The Independent Directors considered the fixed advisory fee schedule for Davis Financial Portfolio and noted that it is above the average of its peer group, but within the range of its peers. The Fund's total expense ratio is below the average of its peer group and within the range of its peers.

The Independent Directors concluded that the advisory fee schedule represents an appropriate sharing between Davis Financial Portfolio shareholders and Davis Advisors of such economies of scale as may exist in the management of the Fund at current asset levels.

**Davis Real Estate Portfolio**

The Independent Directors noted that Davis Real Estate Portfolio trailed its benchmark, the Dow Jones Wilshire Real Estate Securities Index over the 1-year and 3-year investment horizons, and matched the Index over the 5-year investment horizon. Davis Real Estate Portfolio under-performed the average performance of its peer group over the 1- and 3-year investment horizons and out-performed over the 5-year investment horizon.

The Independent Directors considered the total expense ratio for Davis Real Estate Portfolio, noting that it was reasonable and competitive with the range of average expense ratios of its peer group. The Independent Directors considered the fixed advisory fee schedule for Davis Real Estate Portfolio and noted that it is below the average of its peer group and within the range of its peers. The Fund's total expense ratio is below the average of its peer group and within the range of its peers.

The Independent Directors concluded that the advisory fee schedule represents an appropriate sharing between Davis Real Estate Portfolio shareholders and Davis Advisors of such economies of scale as may exist in the management of the Fund at current asset levels.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
DIRECTOR APPROVAL OF ADVISORY AGREEMENTS – (Continued)

---

**Approval of Advisory Arrangements**

The Independent Directors concluded that Davis Advisors had provided Davis Value Portfolio, Davis Financial Portfolio, and Davis Real Estate Portfolio and their shareholders a reasonable level of both investment and non-investment services. The Independent Directors further concluded that shareholders have received a significant benefit from Davis Advisors' shareholder oriented approach, as well as the successful execution of its investment discipline.

The Independent Directors determined that the advisory fees for Davis Value Portfolio, Davis Financial Portfolio, and Davis Real Estate Portfolio were reasonable in light of the nature, quality and extent of the services being provided to the Funds, the costs incurred by Davis Advisors in providing such service, and in comparison to the range of the average advisory fees of its peer group as determined by an independent service provider. The Independent Directors found that the terms of the Advisory Agreements are fair and reasonable and that continuation of the Advisory Agreements is in the best interests of each Fund and its shareholders. The Independent Directors and the full Board of Directors therefore voted to continue the Advisory Agreements.

**DAVIS VARIABLE ACCOUNT FUND, INC.**

2949 East Elvira Road, Suite 101

Tucson, Arizona 85706

**DIRECTORS**

For the purposes of their service as directors to the Davis Funds, the business address for each of the directors is 2949 E. Elvira Road, Suite 101, Tucson, AZ 85706. Each Director serves until their retirement, resignation, death or removal. Subject to exceptions and exemptions, which may be granted by the Independent Directors, Directors must retire at the close of business on the last day of the calendar year in which the Director attains age seventy-four (74).

<b>Name</b> (birthdate)	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<i>Independent Directors</i>					
<b>Marc P. Blum</b> (9/9/42)	Director	Director since 1986	Chief Executive Officer, World Total Return Fund, LLLP; of Counsel to Gordon, Feinblatt, Rothman, Hoffberger and Hollander, LLC (law firm).	13	Director, Legg Mason Investment Counsel & Trust Company, N.A. (asset management company) and Rodney Trust Company (Delaware).
<b>John S. Gates, Jr.</b> (8/2/53)	Director	Director since 2007	Chairman and Chief Executive Officer of PortaeCo LLC, a private investment company (beginning in 2006); Co-founder of Centerpoint Properties Trust (REIT) and former Co-chairman and Chief Executive Officer for the last 22 years (until 2006).	13	Director, DCT Industrial Trust (a REIT).
<b>Thomas S. Gayner</b> (12/16/61)	Director	Director since 2004	Executive Vice President and Chief Investment Officer, Markel Corporation (insurance company).	13	Director, First Market Bank; Director, Washington Post Co. (newspaper publisher).
<b>Jerry D. Geist</b> (5/23/34)	Director	Director since 1986	Chairman, Santa Fe Center Enterprises (energy project development).	13	Director, CH2M-Hill, Inc. (engineering); Member, Investment Committee for Microgeneration Technology Fund; UTECH Funds.

**DAVIS VARIABLE ACCOUNT FUND, INC.**

2949 East Elvira Road, Suite 101

Tucson, Arizona 85706

**DIRECTORS – (Continued)**

<b>Name (birthdate)</b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<i>Independent Directors – (Continued)</i>					
<b>G. Bernard Hamilton</b> (3/18/37)	Director	Director since 1978	Managing General Partner, Avanti Partners, L.P. (investment partnership), retired 2005.	13	none
<b>Samuel H. Iapalucci</b> (7/19/52)	Director	Director since 2006	Executive Vice President and Chief Financial Officer, CH2M- Hill, Inc., (engineering).	13	none
<b>Robert P. Morgenthau</b> (3/22/57)	Director	Director since 2002	Chairman, NorthRoad Capital Management, LLC (an investment management firm) since June 2002; President of Private Advisory Services of Bank of America (an investment management firm) from 2001 until 2002; prior to that a Managing Director and Global Head of Marketing and Distribution for Lazard Asset Management (an investment management firm) for ten years.	13	none
<b>Christian R. Sonne</b> (5/6/36)	Director	Director since 1990	General Partner, Tuxedo Park Associates (land holding and development firm).	13	none

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
 2949 East Elvira Road, Suite 101  
 Tucson, Arizona 85706

**DIRECTORS – (Continued)**

<b>Name (birthdate)</b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<b><i>Independent Directors – (Continued)</i></b>					
<b>Marsha Williams</b> (3/28/51)	Director	Director since 1999	Senior Vice President and Chief Financial Officer, Orbitz Worldwide (travel-services provider); through March 2007, Executive Vice President and Chief Financial Officer, Equity Office Properties Trust (a real estate investment trust); former Chief Administrative Officer, Crate & Barrel (home furnishings retailer); former Vice President and Treasurer, Amoco Corporation (oil & gas company).	16	Director, the Selected Funds (consisting of three portfolios) since 1996; Director, Modine Manufacturing, Inc. (heat transfer technology); Director, Chicago Bridge & Iron Company, N.V. (industrial construction and engineering).
<b><i>Inside Directors*</i></b>					
<b>Jeremy H. Biggs</b> (8/16/35)	Director/ Chairman	Director since 1994	Vice Chairman, Member of the Audit Committee and Member of the International Investment Committee, former Chief Investment Officer (1980 through 2005), all for Fiduciary Trust Company International (money management firm); Consultant to Davis Selected Advisers, L.P.	13	none

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
 2949 East Elvira Road, Suite 101  
 Tucson, Arizona 85706

**DIRECTORS – (Continued)**

<b>Name (birthdate)</b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<i>Inside Directors* – (Continued)</i>					
<b>Andrew A. Davis</b> (6/25/63)	Director	Director since 1997	President or Vice President of each Davis Fund and Selected Fund; President, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser.	16	Director, the Selected Funds (consisting of three portfolios) since 1998.
<b>Christopher C. Davis</b> (7/13/65)	Director	Director since 1997	President or Vice President of each Davis Fund, Selected Fund, and Clipper Fund; Chairman, Davis Selected Advisers, L.P., and also serves as an executive officer in certain companies affiliated with the Adviser, including sole Member of the Adviser's general partner, Davis Investments, LLC; Employee of Shelby Cullom Davis & Co. (registered broker/dealer).	16	Director, the Selected Funds (consisting of three portfolios) since 1998; Director, Washington Post Co. (newspaper publisher).

\* Jeremy H. Biggs, Andrew A. Davis, and Christopher C. Davis own partnership units (directly, indirectly, or both) of the Adviser and are considered to be "interested persons" of the Funds as defined in the Investment Company Act of 1940. Andrew A. Davis and Christopher C. Davis are brothers.

**DAVIS VARIABLE ACCOUNT FUND, INC.**  
2949 East Elvira Road, Tucson, Arizona 85706

---

**Directors**

Jeremy H. Biggs  
Marc P. Blum  
Andrew A. Davis  
Christopher C. Davis  
John S. Gates, Jr.  
Thomas S. Gayner  
Jerry D. Geist  
G. Bernard Hamilton  
Samuel H. Iapalucci  
Robert P. Morgenthau  
Christian R. Sonne  
Marsha Williams

**Officers**

Jeremy H. Biggs  
*Chairman*  
Christopher C. Davis  
*President – Davis Value Portfolio, Davis Financial  
Portfolio, & Vice President – Davis Real Estate Portfolio*  
Andrew A. Davis  
*President – Davis Real Estate Portfolio,  
Vice President – Davis Value Portfolio, Davis Financial  
Portfolio*  
Kenneth C. Eich  
*Executive Vice President & Principal  
Executive Officer*  
Sharra L. Haynes  
*Vice President & Chief Compliance Officer*  
Douglas A. Haines  
*Vice President & Principal Accounting Officer*  
Thomas D. Tays  
*Vice President & Secretary*

**Investment Adviser**

Davis Selected Advisers, L.P. (Doing business as “Davis Advisors”)  
2949 East Elvira Road, Suite 101  
Tucson, Arizona 85706  
(800) 279-0279

**Distributor**

Davis Distributors, LLC  
2949 East Elvira Road, Suite 101  
Tucson, Arizona 85706

**Transfer Agent**

Boston Financial Data Services, Inc.  
c/o The Davis Funds  
P.O. Box 8406  
Boston, Massachusetts 02266-8406

**Custodian**

State Street Bank and Trust Co.  
One Lincoln Street  
Boston, Massachusetts 02111

**Counsel**

Seyfarth Shaw LLP  
131 South Dearborn Street, Suite 2400  
Chicago, Illinois 60603-5577

**Independent Registered Public Accounting Firm**

KPMG LLP  
707 Seventeenth Street, Suite 2700  
Denver, Colorado 80202

---

*For more information about Davis Variable Account Fund, Inc. including management fee, charges and expenses, see the current prospectus, which must precede or accompany this report. The Funds’ Statement of Additional Information contains additional information about the Funds’ Directors and is available without charge upon request by calling 1-800-279-0279, or on the Funds’ website at [www.davisfunds.com](http://www.davisfunds.com). Quarterly Fact sheets are available on the Funds’ website at [www.davisfunds.com](http://www.davisfunds.com).*

---

**Davis Advisors**  
**2949 East Elvira Road**  
**Suite 101**  
**Tucson, AZ 85706**  
**800-279-0279**  
**[davisfunds.com](http://davisfunds.com)**

