

**DANISH SHIP FINANCE A/S  
(DANMARKS SKIBSKREDIT A/S)**

**INTERIM REPORT  
FIRST HALF-YEAR 2008**

The Board of Directors of Danish Ship Finance A/S has today considered the interim report for the first half of 2008. The accounting policies are unchanged from those applied in the interim report for the first half of 2007 and the annual report for 2007. Effective 1 January 2009, Danish Ship Finance will be presenting its accounts in accordance with the international financial reporting standards (IFRS) by using the rules set out in the Danish FSA's executive order on financial reports by credit institutions, etc.

As in previous years, the interim report is unaudited.

Highlights of the first half-year:

- The overall trends in the bond and equity markets in the first half of 2008 affected the company's financial performance for the first half of 2008, during which period the company recorded a loss of DKK 36.1 million. This figure includes negative value adjustments of bonds and equities totalling DKK 359.7 million. The bond portfolio consists almost exclusively of Danish government and mortgage bonds.
- A higher level of activity in lending operations contributed to an increase in net interest and fee income. Net interest and fee income for the first half of 2008 totalled DKK 395.5 million, an increase of 19.8% on the year-earlier period. The increase was distributed on Danish as well as international customers.
- The shipping market remains strong, and shipping companies are generally in a financially favourable position. Credit quality in the loan portfolio remains quite high, as illustrated by losses and writedowns on debtors, which represented an income of DKK 0.1 million in the first half of 2008.
- High credit quality and risk diversification are decisive factors for growth in the loan portfolio, which amounted to DKK 48.1 billion at 30 June 2008. As mentioned by the chairman in his report at the annual general meeting held on 24 April 2008, Danish Ship Finance aims to have a loan portfolio in which the risk is diversified on a greater number of vessel types. The group of targeted vessels has therefore been extended to include cruise vessels, LNG vessels and semi-submersible vessels. LNG vessels transport liquid natural gas. Semi-submersible vessels are floating units for use in the off-shore industry, including drilling units. The full wording of the chairman's report is available at [www.shipfinance.dk](http://www.shipfinance.dk).

## Key figures for Danish Ship Finance A/S

DKK million	1st half 2008	1st half 2007	Full year 2007
Net interest income from lending operations	118	86	174
Net interest income from financing operations	230	221	443
Total net interest income	348	307	617
Net interest and fee income	396	330	659
Market value adjustments	(360)	(125)	(160)
Staff costs and administrative expenses	(49)	(45)	(86)
Losses and writedowns on debtors	0	43	104
Net profit before tax	(12)	204	519
Net profit/loss for the period	(36)	163	394
Loans	48,107	41,943	42,690
Due from credit institutions	2,199	4,305	10,550
Bonds	25,867	15,395	21,394
Capital and reserves	8,806	8,946	9,177
Total assets	79,177	64,543	76,660
Solvency ratio	14.0	15.9	15.3
Return on equity, % p.a.	(0.8)	3.6	4.3

## Management's review

### Profit and loss account

The loss for the period after tax amounted to DKK 36.1 million compared with a profit of DKK 163.2 million in the first half of 2007.

Earnings from lending operations were higher than last year, with total earnings including fees from lending operations amounting to DKK 148.6 million for the period, up from DKK 106.9 million in the first half of 2007. The increase in earnings was attributable to a fair increase in loans disbursed at rising credit margins during the period.

Interest and dividend earnings from financing operations also rose to DKK 246.9 million from DKK 223.1 million in the first half of 2007. This increase was attributable to the general increase in market interest rates during the period with rising short-term and long-term interest rates and higher dividends from unit trust certificates.

Net interest and fee income rose to DKK 395.5 million from DKK 330.0 million in the first half of 2007.

Market value adjustments of securities and foreign exchange amounted to a loss of DKK 359.7 million compared with a loss of DKK 124.6 million in the same period of last year. The securities portfolio consists primarily of Danish government bonds and mortgage bonds

or bonds with similar security, while a small proportion has been invested in shares (unit trust certificates).

The market value adjustment for the period was due partly to the rising level of interest rates for the bond portfolio, partly to the slump in the equity markets, which had an adverse impact on the portfolio of unit trust certificates. The duration of the bond portfolio was reduced marginally from 4.4 at the beginning of the year to 4.3 at 30 June 2008. The annual return in the first six months of 2008 has been calculated at (0.6) % on the bond portfolio and (13.4) % on the equity portfolio.

Staff costs and administrative expenses were up from DKK 45.4 million in the first half of 2007 to DKK 49.1 million in the same period of this year. The average number of employees was 58 during the first half of 2008, against 53 employees in the year-earlier period.

Losses and writedowns on debtors for the first half of 2008 amounted to a net income of DKK 0.1 million compared with a net income of DKK 42.7 million in the same period of last year. Accumulated writedowns on debtors rose marginally from DKK 730.8 million at year-end 2007 to DKK 731.3 million at 30 June 2008. Total writedowns made up 1.5% of total lending as compared with 1.8% at 30 June 2007 and 1.7 % at 31 December 2007.

Tax on the loss for the period represents an expense of DKK 24.0 million against an expense of DKK 40.5 million in the first half of 2007. The estimated amount has been adjusted to reflect the fact that the unrealised losses on unit trust certificates are not included in the taxable income.

### **Balance sheet and capital structure**

Total assets increased to DKK 79,177.1 million from DKK 64,542.7 million at 30 June 2007.

Lending, calculated at hedged values, rose by DKK 6,163.8 million before writedowns from DKK 41,943.4 million at 30 June 2007 to DKK 48,107.2 million at 30 June 2008.

Issued bonds also rose from DKK 52,851.0 million at 30 June 2007 to DKK 65,674.5 million at 30 June 2008. As part of its efforts to maintain strong liquidity resources, Danish Ship Finance issues bonds in advance of the loan disbursements, which makes the company less sensitive to short-term fluctuations in the capital market.

The bond portfolio rose to DKK 25,867.0 million from DKK 15,394.5 million at 30 June 2007. The increase compared with 2007 was primarily due to an increase in the proportion of the loans granted, but still not disbursed, which is invested in short-term bonds until the loans are disbursed.

After giving effect to the retained profit for the period after tax, the company's capital and reserves amounted to DKK 8,806.0 million as compared with DKK 8,946.0 million at 30 June 2007. An amount of DKK 335.2 million was distributed as dividend to shareholders in April 2008.

Danish Ship Finance is subject to the capital adequacy rules of section 143 of the Danish Financial Business Act. The solvency ratio has been calculated at 14.0% as at 30 June 2008 as compared with 15.9% as at 30 June 2007. The minimum requirement for Danish Ship Finance is fixed at 10%. In connection with the implementation of the act on covered bonds,

the Danish Ministry of Economic and Business Affairs has indicated that the minimum capital requirement will be lowered to 8%, which is the minimum capital requirement that generally applies to financial enterprises. The lowering is expected to be effected in connection with an upcoming revision of the executive order on a ship finance institute.

No events have occurred after the balance sheet date that have a material effect on the company's accounts.

### **Outlook for the second half of 2008**

Lending is expected to continue to rise in the second half, albeit at a slower pace than during the first six months. Earnings from lending operations are also expected to rise by a small margin. Earnings are sensitive to factors such as fluctuations in the DKK/USD exchange rate.

Danish Ship Finance has obtained funding to cover all loan offers submitted. Consequently, the current financial crisis only has a moderate impact on anticipated earnings from existing loans and the portfolio of accepted offers.

As in earlier periods, the combined results for the second half will depend on price adjustments to the company's securities portfolio and the level of losses and writedowns on debtors. The latter item is dependent on developments in the borrowers' creditworthiness and movements in the value of the pledged assets. Danish Ship Finance does not expect any major deterioration in the borrowers' creditworthiness, while movements in tonnage values are somewhat more unpredictable.

Danish Ship Finance has resolved to continue recent years' policy of not issuing quarterly accounts in 2008. The company's financial results, total assets and capital and reserves are strongly influenced by movements in the line item losses and writedowns on debtors. Presently, the item is calculated every six months on the basis of external broker assessments of the mortgaged vessels and the financial standing of each shipowner. A more frequent calculation of the line item would require a large amount of resources and, it is believed, would not lead to fluctuations in the company's financial results, total assets and capital and reserves that would have an effect on the pricing of the bonds issued.

### **Changes to the company's management**

Bo Jagd, the managing director of Danish Ship Finance since 1992, stepped down as managing director effective 9 April 2008. On the same date, senior vice president Erik I. Lassen and senior vice president Per Schnack were appointed as members of the company's Management Board. Erik I. Lassen was appointed managing director. See Announcement No. 6.

At the annual general meeting held on 24 April 2008, Torben Schelde Jørgensen and Michael Rasmussen were appointed as new members of the Board of Directors. At the same time, Peter Schütze and Peter Falkenham retired from the Board of Directors. See Announcement No. 9 (only available in Danish).

Effective from the annual general meeting, the employees of Danish Ship Finance resolved to introduce employee representation on the Board of Directors, increasing the number of board members from six to nine. The employees have elected Henrik Rohde Søgård,

Lisbeth Navntoft Pedersen and Erling Garrelts as their representatives. See Announcement No. 9 (only available in Danish).

### **Statement by the Board of Directors and the Management Board**

The Board of Directors and the Management Board have today considered and adopted the interim report for the first half of 2008 of Danish Ship Finance A/S (Danmarks Skibskredit A/S). The interim report has been prepared in accordance with the provisions of Danish legislation on the presentation of accounts.

The Management's review includes a fair presentation of the developments in the company's activities and financial position as well as a description of the most material risks and elements of uncertainty that may affect the company.

The Board of Directors and the Management Board consider the applied accounting policies appropriate for the interim report to provide a true and fair view of the company's financial position at 30 June 2008 as well as of its activities for the first half of 2008.

Copenhagen, 25 August 2008

### **Management Board**

Erik I. Lassen

Per Schnack

### **Board of Directors**

Per Skovhus  
Chairman

Jens Thomsen  
Deputy Chairman

Thorkil H. Christensen

Flemming Ipsen

Torben Schelde Jørgensen

Michael Rasmussen

Erling Garrelts

Lisbeth Navntoft Pedersen

Henrik Rohde Søgaaard

<b>PROFIT AND LOSS ACCOUNT</b>		<i>Amounts in DKK million</i>		
		<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
Note:				
1	<b>Interest income</b>	<b>1,587.4</b>	1,159.1	2,412.9
2	<b>Interest expenses</b>	<b>(1,239.1)</b>	(852.1)	(1,795.8)
3	<b>Net interest income</b>	<b>348.3</b>	307.0	617.1
	<b>Dividends on shares</b>	<b>16.9</b>	2.2	2.2
	<b>Fee and commission income</b>	<b>30.3</b>	22.5	41.4
	<b>Fees and commissions paid</b>	<b>0.0</b>	(1.7)	(2.1)
	<b>Net interest and fee income</b>	<b>395.5</b>	330.0	658.6
4	<b>Market value adjustments</b>	<b>(359.7)</b>	(124.6)	(160.0)
	<b>Other operating income</b>	<b>1.7</b>	1.5	3.2
5.6	<b>Staff costs and administrative expenses</b>	<b>(49.1)</b>	(45.4)	(85.9)
15	<b>Depreciation and write-downs of tangible assets</b>	<b>(0.6)</b>	(0.5)	(1.1)
11	<b>Losses and writedowns on debtors</b>	<b>0.1</b>	42.7	103.7
	<b>Profit before tax</b>	<b>(12.1)</b>	203.7	518.5
7	<b>Tax</b>	<b>(24.0)</b>	(40.5)	(124.1)
	<b>Profit for the period</b>	<b>(36.1)</b>	163.2	394.4

BALANCE SHEET	as at 30 June 2008	Amounts in DKK million		
		as at 30 June 2007	as at 31 December 2007	
Note:				
<b>ASSETS</b>				
8	Due from credit institutions and central banks	2,198.6	4,305.4	10,550.4
9,10,11	Loans	48,107.2	41,943.4	42,689.8
12,13	Bonds	25,867.0	15,394.5	21,394.4
14	Shares, etc.	572.4	689.2	679.9
15	Tangible assets	53.0	53.8	53.6
16	Other assets	2,378.9	2,156.4	1,291.8
	Total assets	<u>79,177.1</u>	<u>64,542.7</u>	<u>76,659.9</u>
<b>LIABILITIES, CAPITAL AND RESERVES</b>				
<b>Liabilities</b>				
17	Due to credit institutions and central banks	3,080.4	1,525.3	1,333.8
18	Issued bonds	65,674.5	52,851.0	64,962.3
19	Other liabilities	1,616.2	1,220.4	1,186.6
	Total liabilities	<u>70,371.1</u>	<u>55,596.7</u>	<u>67,482.7</u>
20	<b>Capital and reserves</b>			
	Share capital	333.3	333.3	333.3
	Tied-up reserve capital	8,343.1	8,343.1	8,343.1
	Profit brought forward	165.7	106.4	500.8
	Retained profit	(36.1)	163.2	-
	Total capital and reserves	<u>8,806.0</u>	<u>8,946.0</u>	<u>9,177.2</u>
	Total liabilities, capital and reserves	<u>79,177.1</u>	<u>64,542.7</u>	<u>76,659.9</u>
21	Solvency			
22	Guarantee commitments			
23	Other commitments			
24	Related parties			
25	Notional principals of outstanding derivative financial instruments as at the end of the period			
26	Market values of outstanding derivative financial instruments as at 30 June 2008			
27	Exchange rate risk and use of derivative financial instruments at 30 June 2008			

## STATEMENT OF CHANGES IN CAPITAL AND RESERVE

*Amounts in DKK million*

	<u>Share capital</u>	<u>Undistributable reserve capital</u>	<u>Profit brought forward</u>	<u>Proposed dividends for the financial year</u>	<u>Total</u>
<b>Capital and reserves at 1 January 2007</b>	<b>333.3</b>	<b>8,343.1</b>	<b>106.4</b>	<b>375.4</b>	<b>9,158.2</b>
Dividends distributed	-	-	-	(375.4)	(375.4)
Profit for the period	-	-	59.3	335.2	394.4
<b>Capital and reserves at 31 December 2007</b>	<b>333.3</b>	<b>8,343.1</b>	<b>165.7</b>	<b>335.2</b>	<b>9,177.2</b>
Dividends distributed	-	-	-	(335.2)	(335.2)
Profit for the period	-	-	(36.1)	-	(36.1)
<b>Capital and reserves at 30 June 2008</b>	<b>333.3</b>	<b>8,343.1</b>	<b>129.6</b>	<b>0.0</b>	<b>8,806.0</b>

CASH FLOW STATEMENT	<i>Amounts in DKK million</i>		
	1st half 2008	1st half 2007	Year 2007
<b>Cash flows from operating activities</b>			
Profit for the period after tax	(36.1)	163.2	394.4
Adjustment for non-cash operating items	(9.4)	(25.0)	(78.9)
Profit for the year adjusted for non-cash operating items	(45.5)	138.2	315.5
<b>Change in working capital</b>			
Loans	(5,417.9)	(4,159.1)	(4,845.2)
Issued bonds	712.2	2,811.8	14,923.1
Other operating capital	(874.6)	(1,212.5)	(378.6)
Total	(5,580.3)	(2,559.8)	9,699.3
Cash flows from operating activities	(5,625.8)	(2,421.6)	10,014.8
<b>Cash flows from investing activities</b>			
Purchase of tangible assets	-	(0.8)	(0.8)
Sale of tangible assets	-	-	0.0
Total	0.0	(0.8)	(0.8)
Cash and cash equivalents, 1 January	30,611.0	20,597.0	20,597.0
Change in cash and cash equivalents	(5,625.8)	(2,422.4)	10,014.0
Cash and cash equivalents, at the end of the period	24,985.2	18,174.6	30,611.0
<b>Cash and cash equivalents at the end of the period, consist of</b>			
Due from credit institutions and central banks	2,198.6	4,305.4	10,550.4
Bonds	25,867.0	15,394.5	21,394.4
Due to credit institutions and central banks	(3,080.4)	(1,525.3)	(1,333.8)
Cash and cash equivalents at the end of the period	24,985.2	18,174.6	30,611.0

<b>NOTE 1.</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
<b>INTEREST INCOME</b>			
Interest from credit institutions	95.3	100.8	293.8
Interest on loans	1,006.7	1,084.5	2,204.3
Index revaluations of index-linked loans	6.4	15.6	16.1
Interest on bonds	609.7	338.8	661.4
Other interest income	4.6	3.3	3.3
Derivative financial instruments			
Interest rate contracts	(144.6)	(384.8)	(775.9)
Foreign exchange contracts	9.3	0.9	9.9
Total interest income	<u>1,587.4</u>	<u>1,159.1</u>	<u>2,412.9</u>

<b>NOTE 2.</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
<b>INTEREST EXPENSES</b>			
Interest to credit institutions	(45.0)	(34.3)	(47.4)
Interest on issued bonds	(1,172.3)	(782.1)	(1,693.2)
Index revaluations on issued bonds	(6.4)	(15.6)	(16.1)
Other interest expenses	(15.4)	(20.1)	(39.1)
Total interest expenses	<u>(1,239.1)</u>	<u>(852.1)</u>	<u>(1,795.8)</u>

<b>NOTE 3.</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
<b>NET INTEREST INCOME</b>			
<b>Net interest income from lending operations</b>			
Interest on loans	1,012.7	1,099.7	2,219.8
Interest on bonds	334.4	102.4	170.1
Interest on block issues included in interest			
due from credit institutions	101.0	83.1	294.7
Interest to credit institutions	(0.5)	(0.7)	(1.9)
Interest expenses on issued bonds	(1,178.7)	(797.7)	(1,709.3)
Other interest expenses	(15.3)	(16.8)	(32.9)
Derivative financial instruments			
Interest rate contracts	(144.6)	(384.8)	(775.9)
Foreign exchange contracts	9.3	0.9	9.9
Total net interest income on lending operations	<u>118.3</u>	<u>86.1</u>	<u>174.5</u>
<b>Net interest income from financing operations</b>			
Interest on bonds	275.3	236.4	491.3
Interest on loans	0.3	0.4	0.7
Interest due from credit institutions			
excluding interest on block issues	(5.7)	17.7	(1.0)
Other interest income	4.6	3.3	3.3
Interest to credit institutions	(44.5)	(33.5)	(45.5)
Other interest expenses	0.0	(3.4)	(6.2)
Total net interest income from financing operations	<u>230.0</u>	<u>220.9</u>	<u>442.6</u>
Total net interest income	<u>348.3</u>	<u>307.0</u>	<u>617.1</u>

<b>NOTE 4.</b>	<i>Amounts in DKK million</i>		
<b>MARKET VALUE ADJUSTMENTS</b>	<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
<b>Market value adjustments of bonds</b>			
Realised gains/losses on redemption and sales	3.2	36.3	(12.7)
Unrealised market value adjustment	<u>(331.2)</u>	<u>(266.9)</u>	<u>(200.2)</u>
Total market value adjustment of bonds	<b>(328.0)</b>	(230.6)	(212.9)
<b>Market value adjustments of shares</b>			
Exchange rate adjustments	(106.4)	36.1	28.3
Market value adjustments of financial instruments	<u>(1.8)</u>	<u>1.0</u>	<u>4.3</u>
	<b>76.5</b>	68.9	20.3
Total market value adjustments	<u><u>(359.7)</u></u>	<u><u>(124.6)</u></u>	<u><u>(160.0)</u></u>

<b>NOTE 5.</b>	<i>Amounts in DKK million</i>		
<b>STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>	<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
Remuneration, Board of Directors	(0.6)	(0.6)	(1.1)
Staff costs	(32.4)	(29.5)	(54.9)
Other administrative expenses	<u>(16.1)</u>	<u>(15.3)</u>	<u>(29.9)</u>
Total staff costs and administrative expenses	<u><u>(49.1)</u></u>	<u><u>(45.4)</u></u>	<u><u>(85.9)</u></u>
Number of employees - full-time equivalents	59	53	57
Average number of employees - full-time equivalents	58	53	55

<b>NOTE 6.</b>	<i>Amounts in DKK million</i>		
<b>AUDIT FEES</b>	<b>1st half 2008</b>	<b>1st half 2007</b>	<b>Year 2007</b>
Audit fees for statutory audit	(0.2)	(0.2)	(0.7)
Fees for consultancy services and other professional services	<u>(0.7)</u>	<u>(0.2)</u>	<u>(1.0)</u>
Total audit fees	<u><u>(0.9)</u></u>	<u><u>(0.4)</u></u>	<u><u>(1.7)</u></u>

**NOTE 7.***Amounts in DKK million***SKAT**

Tax has been calculated and provided at the current tax rate of 25 per cent of the pre-tax profit for the year, adjusted for large non-deductible costs and non-taxable income. Comparative figures have been calculated accordingly.

During the period, Danish Ship Finance paid on-account tax of DKK 33.9 million, including surcharges. Tax receivable for 2007 amounts to DKK 44.5 million. The tax calculated for the period, adjusted for the tax receivable for 2007 and offset against on-account payments, has been recognised in the balance sheet.

**NOTE 8.***Amounts in DKK million*

<b>DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>	<b>as at 30 June 2008</b>	<b>as at 30 June 2007</b>	<b>as at 31 December 2007</b>
Repo/reverse transactions	590.4	1,049.4	0.0
Other debtors	1,608.2	3,256.0	10,550.4
Total due from credit institutions and central banks	2,198.6	4,305.4	10,550.4

**NOTE 9.***Amounts in DKK million*

<b>LOANS</b>	<b>as at 30 June 2008</b>	<b>as at 30 June 2007</b>	<b>as at 31 December 2007</b>
At 1 January	42,689.8	37,745.7	37,745.7
Additions	8,466.3	6,878.8	11,760.3
Index revaluations during the year	6.4	15.6	16.1
Ordinary repayments and redemptions	(2,573.2)	(2,085.0)	(4,156.3)
Extraordinary prepayments	(758.0)	(808.7)	(2,735.5)
Net change concerning revolving credit facilities	1,309.4	817.5	2,008.2
Net change concerning debentures with Danmarks Nationalbank	(149.0)	(176.3)	(334.3)
Exchange rate adjustment of additions and disposals at hedged exchange rate	(884.0)	(482.8)	(1,713.3)
Losses and writedowns for the period	(0.5)	38.6	98.9
At the end of the period	48,107.2	41,943.4	42,689.8

NOTE 10. LOANS	Amounts in DKK million		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
Loans secured against a ship's mortgage	42,875.4	39,215.2	38,730.7
Financial debtors	-	9.7	-
The Financial Administration Agency	-	58.3	6.3
Compensation from the Danish State for interest subsidies and inflation guarantees	0.0	2.1	0.2
Danmarks Nationalbank	215.4	519.2	358.1
Gross loans at exchange rates at the balance-sheet date	43,090.8	39,804.5	39,095.3
Exchange rate adjustments at hedged exchange rates	5,747.6	2,929.9	4,325.2
Accumulated writedowns	(731.2)	(791.0)	(730.7)
Total loans	48,107.2	41,943.4	42,689.8

"Exchange rate adjustments at hedged exchange rates" relate to the difference between the value of loans calculated at exchange rates at the balance-sheet date and the value of loans calculated at hedged exchange rates, as all significant foreign exchange risks are fully hedged.

NOTE 11. ACCUMULATED WRITEDOWNS	Amounts in DKK million					
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007			
<b>The following writedowns have been made on debtors</b>						
1 writedowns which involve a probable risk of losses	690.1	778.1	720.1			
2 writedowns which involve losses that are deemed unavoidable	41.2	13.0	10.7			
Total accumulated writedowns	731.3	791.1	730.8			
<b>As a percentage of loans and writedowns</b>						
1 writedowns which involve a probable risk of losses	1.4	1.8	1.7			
2 writedowns which involve losses that are deemed unavoidable	0.1	0.0	0.0			
Total accumulated writedowns	1.5	1.8	1.7			
<b>Total accumulated writedowns consist of</b>						
Set off against loans	731.2	791.0	730.7			
Provisions made for other liabilities	0.1	0.1	0.1			
Total accumulated writedowns	731.3	791.1	730.8			
<b>Movements in accumulated writedowns</b>						
	Profit and loss account	Balance sheet	Profit and loss account	Balance sheet	Profit and loss account	Balance sheet
At 1 January	-	730.8	-	829.7	-	829.7
Losses covered by prior-year writedowns	-	-	-	-	-	-
Losses not covered by prior-year writedowns	-	-	-	-	-	-
New writedowns made	(240.5)	240.5	(171.4)	171.4	(361.4)	361.4
Reversed writedowns	240.0	(240.0)	210.0	(210.0)	460.3	(460.3)
Recovered from claims previously written off	0.6	-	4.1	-	4.8	-
Total accumulated writedowns / losses and writedowns on debtors, at the end of the period	0.1	731.3	42.7	791.1	103.7	730.8

NOTE 12. BONDS	as at 30 June 2008	Amounts in DKK million	
		as at 30 June 2007	as at 31 December 2007
<b>Bond portfolio</b>			
Non-callable bonds	17,915.7	8,527.1	13,511.0
Callable bonds	<u>7,951.3</u>	<u>6,867.4</u>	<u>7,883.4</u>
Total bonds	<u>25,867.0</u>	<u>15,394.5</u>	<u>21,394.4</u>

NOTE 13. BOND HOLDINGS SPECIFIED BY TIME TO MATURITY	as at 30 June 2008	Amounts in DKK million	
		as at 30 June 2007	as at 31 December 2007
<b>Bond portfolio</b>			
Bonds with a maturity of up to and including 1 year	1,243.7	1,499.4	-
Bonds with a maturity of over 1 year and up to and including 5 years	16,209.0	6,510.5	12,743.8
Bonds with a maturity of over 5 years and up to and including 10 years	1,403.3	651.6	641.1
Bonds with a maturity of over 10 years	<u>7,011.0</u>	<u>6,733.0</u>	<u>8,009.5</u>
Total bond holdings specified by time to maturity	<u>25,867.0</u>	<u>15,394.5</u>	<u>21,394.4</u>

NOTE 14. SHARES, ETC.	as at 30 June 2008	Amounts in DKK million	
		as at 30 June 2007	as at 31 December 2007
Shares/unit trust certificates listed on OMX The Nordic Exchange Copenhagen	357.5	442.5	445.3
Unlisted shares/unit trust certificates recognised at fair value	<u>214.9</u>	<u>246.7</u>	<u>234.6</u>
Total shares, etc.	<u>572.4</u>	<u>689.2</u>	<u>679.9</u>

NOTE 15.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>TANGIBLE ASSETS</b>			
<b>Office property</b>			
Purchase price including leasehold improvements, 1 January	59.4	59.0	59.0
Leasehold improvements during year	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>
Purchase price including leasehold improvements, at the end of the period	<u>59.4</u>	<u>59.0</u>	<u>59.4</u>
Accrued depreciation, 1 January	6.6	6.0	6.0
Depreciation during the year	<u>0.3</u>	<u>0.3</u>	<u>0.6</u>
Accrued depreciation, at the end of the period	<u>6.9</u>	<u>6.3</u>	<u>6.6</u>
Total office property	<u>52.5</u>	<u>52.7</u>	<u>52.8</u>
The asset comprises the office property at Sankt Annæ Plads 1-3, Copenhagen, the public valuation of which is assessed at DKK 81.0 million at 1 October 2006.			
<b>Other tangible assets</b>			
Purchase price, 1 January	1.9	1.9	1.9
Disposals during the year	-	-	0.0
Additions during the year	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Purchase price, at the end of the period	<u>2.7</u>	<u>2.7</u>	<u>2.7</u>
Accumulated depreciation, 1 January	1.9	1.4	1.4
Disposals during the year	-	-	0.0
Depreciation during the year	<u>0.3</u>	<u>0.2</u>	<u>0.5</u>
Accumulated depreciation, at the end of the period	<u>2.2</u>	<u>1.6</u>	<u>1.9</u>
Total other tangible assets	<u>0.5</u>	<u>1.1</u>	<u>0.8</u>
Other tangible assets comprise acquisitions with a purchase price exceeding DKK 250,000.00.			
Total tangible assets	<u>53.0</u>	<u>53.8</u>	<u>53.6</u>

NOTE 16.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>OTHER ASSETS</b>			
Interest receivable	1,544.1	1,378.7	1,013.2
Prepayments to swap counterparties	518.1	517.7	-
Receivable concerning CIRRR funding	148.1	179.6	163.5
On-account corporation tax receivable	54.6	-	44.5
Market value of forward rate agreements	103.6	72.7	26.2
Miscellaneous receivables	<u>10.4</u>	<u>7.7</u>	<u>44.4</u>
Total other assets	<u>2,378.9</u>	<u>2,156.4</u>	<u>1,291.8</u>

NOTE 17.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
Repo transactions	3,045.6	1,049.4	1,274.2
Debt to Danmarks Nationalbank	-	400.0	-
Other creditors	34.8	75.9	59.6
Total due to credit institutions and central banks	<u>3,080.4</u>	<u>1,525.3</u>	<u>1,333.8</u>

NOTE 18.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>ISSUED BONDS</b>			
At 1 January	64,962.3	50,039.3	50,039.2
Additions in conjunction with new loans and block issues	1,377.6	3,705.6	24,021.3
Amortisation of cost for floating rate issues	5.0		
Index revaluations during the year	6.4	15.6	16.1
Ordinary redemptions	(676.8)	(909.5)	(9,114.3)
Extraordinary repayments and prepayments	0.0	0.0	-
At the end of the period	<u>65,674.5</u>	<u>52,851.0</u>	<u>64,962.3</u>

#### Specification of issued bonds

##### Bonds issued in DKK:

Bullet bonds	57,349.3	45,123.6	57,488.2
Index-linked loans, nominal value	157.6	382.2	255.0
Total nominal value	57,506.9	45,505.8	57,743.2
Index premium	213.4	501.1	334.9
Total issued bonds in DKK	<u>57,720.3</u>	<u>46,006.9</u>	<u>58,078.1</u>

##### Bonds issued in foreign currency

Amortising CIRR bonds, at year-end exchange rates	7,954.2	6,333.9	6,884.2
Bullet bonds at exchange rates at the balance-sheet date	-	496.4	-
Exchange rate adjustments at hedged exchange rates	-	13.8	-
Total issued bonds in foreign currency	<u>7,954.2</u>	<u>6,844.1</u>	<u>6,884.2</u>
Total issued bonds	<u>65,674.5</u>	<u>52,851.0</u>	<u>64,962.3</u>

NOTE 19.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>OTHER LIABILITIES</b>			
Interest payable	1,567.6	1,171.5	1,141.3
Corporation tax payable	-	20.3	-
Deferred tax	30.7	12.7	30.7
Provision guarantees, etc.	0.1	0.1	0.1
Miscellaneous liabilities	17.8	15.8	14.5
Total other liabilities	<u>1,616.2</u>	<u>1,220.4</u>	<u>1,186.6</u>

NOTE 20. CAPITAL AND RESERVES	Amounts in DKK million		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>Share capital</b>			
A shares	300.0	300.0	300.0
B shares	33.3	33.3	33.3
Total share capital	333.3	333.3	333.3
Tied-up reserve capital	8,343.1	8,343.1	8,343.1
Profit brought forward	165.7	106.4	500.8
Retained profit	(36.1)	163.2	-
<b>Total capital and reserves</b>	<b>8,806.0</b>	<b>8,946.0</b>	<b>9,177.2</b>
<i>of which proposed dividend, cf. allocation of profit</i>			335.2

The share capital is divided into the following denominations:

A shares 300,000,000 shares of DKK 1.00 each  
B shares 33,333,334 shares of DKK 1.00 each

Each A share of DKK 1.00 entitles the holder to 10 votes

Each B share of DKK 1.00 entitles the holder to 1 vote

NOTE 21. SOLVENCY	Amounts in DKK million		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>Tier 1 capital</b>			
Share capital	333.3	333.3	333.3
Tied-up reserve capital	8,343.1	8,343.1	8,343.1
Profit brought forward	165.7	106.4	500.8
Retained profit/loss for the year	(36.1)	163.2	-
Total Tier 1 capital	8,806.0	8,946.0	9,177.2
<b>Deductions in Tier 1 capital</b>			
Proposed dividends	-	-	335.2
Retained profit	-	163.2	-
Additional straining relative to the Executive Order on a Ship Finance Institute	64.4	98.1	38.2
Total deductions in Tier 1 capital	64.4	261.3	373.4
<b>Tier 1 capital less deductions</b>	<b>8,741.6</b>	<b>8,684.7</b>	<b>8,803.8</b>
<b>Capital base</b>	<b>8,741.6</b>	<b>8,684.7</b>	<b>8,803.8</b>
Weighted items not included in the trading portfolio	45,919.7	40,009.9	42,069.1
Weighted off-balance sheet items	7,326.7	7,873.4	6,158.2
Weighted items involving counterparty risk outside the trading portfolio	982.0	413.9	629.9
Weighted items involving market risk, etc.	7,602.6	6,178.3	8,808.9
Weighted items involving operational risk	718.2	-	-
<b>Total weighted items</b>	<b>62,549.2</b>	<b>54,475.5</b>	<b>57,666.1</b>
Tier 1 capital less deductions as a percentage of total risk-weighted items	14.0	15.9	15.3
<b>Solvency ratio pursuant to the Executive Order on a Ship Finance Institute</b>	<b>14.0</b>	<b>15.9</b>	<b>15.3</b>
Minimum requirement fixed at 10 per cent			

NOTE 22.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>GUARANTEE COMMITMENTS</b>			
In the ordinary course of its lending operations, Danish Ship Finance has undertaken guarantee commitments of	348.1	259.3	380.2
In the ordinary course of its lending operations, Danish Ship Finance has undertaken obligations to take over loan commitments at the end of syndication periods expiring before the loans mature for an amount of	53.2	62.0	57.1
Payment guarantee provided to the Danish Securities Centre	3.2	3.7	3.7
Guarantees provided to the Danish Securities Centre	1.5	1.7	1.7
Total guarantee commitments	<u>406.0</u>	<u>326.7</u>	<u>442.7</u>

NOTE 23.	<i>Amounts in DKK million</i>		
	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<b>OTHER COMMITMENTS</b>			
As a normal part of its lending operations, Danish Ship Finance has undertaken obligations in connection with unutilised drawing rights on loans with revolving credit facilities in the amount of	<u>1,520.5</u>	<u>1,961.6</u>	<u>1,444.5</u>

#### NOTE 24.

##### **RELATED PARTIES**

Related parties comprise members of the company's Management Board and Board of Directors and subsidiaries. Related parties also comprise shareholders who hold more than 20% of the shares or more than 20% of the voting rights in the company.

All related-party transactions involving deposits and debt and transactions with financial instruments in the form of swap agreements, forward currency agreements, forward rate agreements and forward securities transactions, etc. are made on an arm's length basis. In special cases, however, the terms and conditions are made in accordance with shipyard subsidy schemes or international rules on government participation in the financing of newbuildings.

NOTE 25.	<i>Amounts in DKK million</i>		
NOTIONAL PRINCIPALS OF OUTSTANDING DERIVATIVE FINANCIAL INSTRUMENTS AS AT THE END OF THE PERIOD	as at 30 June 2008	as at 30 June 2007	as at 31 December 2007
<i>Swap agreements</i>			
Swap agreements have been made with the following parties to hedge the exchange rate exposure on loans and issued bonds:			
Danmarks Nationalbank	1,530.0	1,954.6	1,530.0
Banks	46,652.9	34,316.6	38,548.5
Swap agreements have been made with the following parties to hedge the interest rate exposure on loans and issued bonds:			
Debtors	414.0	-	444.1
Banks	57,608.1	58,257.8	49,867.1
Matching swap agreements have been made with debtors and banks as follows:			
Debtors	1.1	3.8	2.3
Banks	1.1	3.8	2.3
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:			
Banks	3,551.5	2,072.0	1,738.4
<i>Forward currency agreements</i>			
Forward currency sales	-	67.2	11.3
<i>Forward Interest Rate and Currency Agreements</i>			
Forward Interest Rate and Currency Agreements have been made with the following parties to hedge interest rate and exchange rate risk			
Banks	3,980.5	253.5	394.5
<i>Forward securities transactions</i>			
Buying	-	-	-
Selling	832.1	-	830.0

NOTE 26.	<i>Amounts in DKK million</i>	
<b>MARKET VALUES OF OUTSTANDING DERIVATIVE FINANCIAL INSTRUMENTS AS AT 30 JUNE 2007</b>	<b>Positive</b>	<b>Negative</b>
<i>Swap agreements</i>		
Swap agreements have been made with the following parties to hedge the exchange rate exposure on loans and issued bonds:		
Danmarks Nationalbank	532.5	-
Banks	6,024.6	229.6
Swap agreements have been made with the following parties to hedge the interest rate exposure on loans and issued bonds:		
Debtors		32.8
Banks	531.9	4,020.6
Matching swap agreements have been made with debtors and banks as follows:		
Debtors	-	0.0
Banks	0.0	-
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:		
Banks	86.0	3.8
<i>Forward currency agreements</i>		
Forward currency sales	-	-
<i>Forward Interest Rate and Currency Agreements</i>		
Forward Interest Rate and Currency Agreements have been made with the following parties to hedge interest rate and exchange rate risk		
Banks	4.0	16.2
<i>Forward securities transactions</i>		
Buying	-	-
Selling	19.0	-
<i>Netting of exposure value</i>		
The positive gross fair value of financial contracts after netting, pursuant to appendix 17 to the Danish Executive Order on Capital Adequacy		
Counterparty with risk weight of 0%	532.5	
Counterparty with risk weight of 20%	3,116.7	
Value of total counterparty risk calculated according to the market valuation method for counterparty risk		
Counterparty with risk weight of 0%	532.5	
Counterparty with risk weight of 20%	6,665.5	

## NOTE 27.

**EXCHANGE RATE RISK AND USE OF DERIVATIVE  
FINANCIAL INSTRUMENTS AT 30 JUNE 2008**

The total unhedged foreign currency position at 30 June, translated at period-end exchange rates into DKK amounts to DKK 741.2 million. (DKK 96.1 million at 30 June 2007).

All amounts are translated into DKK at the period-end exchange rates.

The net position is specified as follows

*Amounts in DKK million*

	USD	Other currencies	Total foreign currency	DKK	Total
Loans at period-end exchange rates	35,969.5	5,221.7	<b>41,191.2</b>	1,899.6	<b>43,090.8</b>
Foreign exchange adjustment at hedge price				5,747.6	5,747.6
Accumulated writedowns				(731.2)	(731.2)
<b>Loans as per the balance sheet</b>					<b>48,107.2</b>
Due from credit institutions and central banks	714.3	178.0	<b>892.3</b>	1,306.3	2,198.6
Bond portfolios		5,004.6	<b>5,004.6</b>	20,862.4	25,867.0
Interest receivable, etc.	231.0	144.8	<b>375.8</b>	1,168.3	1,544.1
Other assets		15.3	<b>15.3</b>	1,444.9	1,460.2
<b>Total assets as per the balance sheet</b>	<b>36,914.8</b>	<b>10,564.4</b>	<b>47,479.2</b>	<b>31,697.9</b>	<b>79,177.1</b>
Issued bonds at period-end exchange rates	(7,954.2)	0.0	<b>(7,954.2)</b>	(57,720.3)	(65,674.5)
Foreign exchange adjustment at hedge price				0.0	0.0
<b>Issued bonds as per the balance sheet</b>					<b>(65,674.5)</b>
Due to banks	(2.2)	(0.1)	<b>(2.3)</b>	(3,078.1)	(3,080.4)
Interest payable	(238.2)	(130.0)	<b>(368.2)</b>	(1,199.4)	(1,567.6)
Other creditors			<b>0.0</b>	(48.6)	(48.6)
Total capital and reserves				(8,806.0)	(8,806.0)
<b>Total liabilities as per the balance sheet</b>	<b>(8,194.6)</b>	<b>(130.1)</b>	<b>(8,324.7)</b>	<b>(70,852.4)</b>	<b>(79,177.1)</b>
Derivative financial instruments - debtors	1,372.2	990.9	<b>2,363.1</b>		
Derivative financial instruments - creditors	(29,960.9)	(10,815.5)	<b>(40,776.4)</b>		
<b>Total net position</b> (translated into DKK)	<b>131.5</b>	<b>609.7</b>	<b>741.2</b>		