

31 August 2010

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

**INTERIM REPORT  
FIRST HALF-YEAR 2010**

The Board of Directors of Danish Ship Finance A/S has today considered the interim report for the first half of 2010.

Danish Ship Finance presents its financial statements in accordance with the rules set out in the Danish FSA's executive order on financial reports by credit institutions, etc. The accounting policies are unchanged from those applied in the interim report for the first half of 2009 and the annual report for 2009.

As in previous years, the interim report is unaudited and not reviewed.

Highlights of the first half-year:

- The profit for the period amounted to DKK 187 million compared with a profit of DKK 93 million in the first half of 2009.
- Net interest income from lending operations rose by DKK 115 million as a result of rising interest income from new and existing loans and lower funding costs. This increase, however, should be seen against the background of extraordinarily low interest income in the first half of 2009.
- Loan impairment charges amounted to DKK 276 million, which is almost DKK 100 million less than in the year-earlier period. The accumulated impairment ratio totalled 3.7% as compared with 2.8% at the same time last year. The accumulated impairment ratio was unchanged relative to 31 December 2009. There has been no increase in impairment charges since the beginning of the year measured in lending currency (primarily US dollars). During the period, Danish Ship Finance recorded a loss on loans of DKK 0.2 million.
- The return on asset management activities remains positively affected by the declining rates of interest. However, positive value adjustments were nearly DKK 100 million lower than in the year-earlier period.
- The solvency ratio was 13.6% at the end of the first half of 2010, against 14.3% at 31 December 2010. Accordingly, the solvency ratio is well above the minimum requirement of 8%.

<b>Key figures for Danish Ship Finance A/S</b>			
DKK million	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Full year 2009</b>
Net interest income from lending operations	172	57	234
Net interest income from financing operations	264	248	489
Total net interest income	436	305	723
Net interest and fee income	475	344	772
Market value adjustments	98	196	508
Staff costs and administrative expenses	(45)	(43)	(82)
Loan impairment charges, etc.	(276)	(374)	(874)
Profit/loss before tax	252	122	323
Profit/loss for the period	187	93	263
Loans	55,487	46,917	48,438
Bonds	30,762	30,125	30,616
Subordinated debt	898	-	897
Equity	9,191	8,873	9,043
Total assets	90,235	85,446	84,947

<b>Ratios</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Full year 2009</b>
Solvency ratio	13.6	12.9	14.3
Tier 1 capital ratio	13.6	12.9	14.3
Return on equity before tax (%)	2.8	1.4	3.6
Return on equity after tax in (%)	2.1	1.0	2.9
Income/cost ratio (DKK) *)	1.8	1.3	1.3
Income/cost ratio (ex. impairment charges)	12.6	12.2	15.3
Foreign exchange position (%)	13.8	11.6	13.3
Gearing of loans and advances	6.0	5.3	5.4
Growth in lending for the period (%)	14.6	(2.5)	0.7
Impairment ratio for the period	0.5	0.8	1.7
Accumulated impairment ratio	3.7	2.8	3.7

Key ratios are calculated in accordance with Appendix 6 of the Danish FSA's instructions for financial reporting in credit institutions, etc.

\*) In accordance with the instructions, the income/cost ratio must be calculated including loan impairment charges. In the overview, this would lead to negative figures if a period's net figure includes reversed impairment charges that exceed staff costs and administrative expenses.

Consequently, the list of key ratios also includes an income/cost ratio in which impairment charges are not included.

## **Management's review**

### **Income statement**

The profit for the period after tax amounted to DKK 186.9 million compared with a profit of DKK 92.7 million in the first half of 2009.

Net earnings from lending operations including fees were higher than last year, with total earnings amounting to DKK 205.1 million for the period, up from DKK 85.2 million in the first half of 2009. Credit margins on loans have risen compared with the year-earlier period, and developments in the exchange rate of the USD against DKK resulted in decent growth in total lending and a resulting increase in earnings. Furthermore, funding costs were lower than in the same period of last year because the turmoil on the financial markets has abated.

Interest and dividend earnings from financing operations rose to DKK 270.3 million from DKK 258.6 million in the first half of 2009.

Net interest and fee income rose to DKK 475.4 million from DKK 343.8 million in the first half of 2009.

Market value adjustments of securities and foreign exchange amounted to an income of DKK 98.3 million compared with an income of DKK 196.3 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 primarily to consistently falling interest rates for the portfolio of bonds and other fixed-income instruments. The option-adjusted duration of the portfolio of bonds and fixed-income instruments was reduced from 2.4 at the beginning of 2010 to 1.2 at 30 June 2010.

Staff costs and administrative expenses were up from DKK 43.3 million in the first half of 2009 to DKK 44.6 million in the same period of this year. The average number of employees was 58 during the first half of 2010, against 59 employees in the year-earlier period.

Loan impairment charges for the first half of 2010 amounted to a net expense of DKK 276.0 million compared with an expense of DKK 374.3 million in the same period of last year. Accumulated impairment charges increased from DKK 1,871.7 million at year-end 2009 to DKK 2,157.0 million at 30 June 2010. Total impairment charges made up 3.7 % of total lending and guarantees as compared with 2.8 % at 30 June 2009 and 3.7% at 31 December 2009. During the first half of 2010, Danish Ship Finance recorded a loss on loans of merely DKK 0.2 million.

The mortgaged vessels are valued at least every six months by an approved, independent broker with knowledge about the vessel type in question. Danish Ship Finance occasionally make these valuations based on recent ship transactions or sister ships. Subsequently, any impairment is calculated on the basis of the financial standing of the shipowner and the estimated value of the mortgaged vessels in a forced sale.

Tax on the profit for the period represents an expense of DKK 65.4 million against an expense of DKK 28.9 million in the first half of 2009.

## Balance sheet and capital structure

Total assets increased to DKK 90,235.0 million from DKK 85,445.9 million at 30 June 2009.

Total lending increased by DKK 8,569.6 million, from DKK 46,917.1 million at 30 June 2009 to DKK 55,486.7 million at 30 June 2010. Relative to 31 December 2009, lending rose by 14.5% to DKK 7,049.1 million. As most of the loans are denominated in US dollars, the increase is attributable to the fact the exchange rate of the USD against DKK has risen by 17% since 1 January. The exchange rate adjustment amounts to DKK 7,607.0 million.

During the first half of 2010, there was an increase in new loans of DKK 3,508.5 million, whilst existing customers repaid loans in the amount of DKK 3,757.8 million. Note 11 provides a detailed description of loan developments.

Issued bonds declined from DKK 65,552.5 million at 30 June 2009 to DKK 65,339.5 million at 30 June 2010. As part of its efforts to retain strong liquidity resources, Danish Ship Finance regularly issues bonds in advance of the expected cash outflow resulting from the disbursement of new loans. This policy makes the company financially strong to short-term fluctuations in the capital market.

The bond portfolio rose to DKK 30,762.0 million from DKK 30,125.1 million at 30 June 2009. Part of the bond portfolio can be attributed to proceeds from issued bonds, which have not yet been disbursed as already granted or expected loans.

After giving effect to the retained profit for the period after tax, the company's equity amounted to DKK 9,190.5 million as compared with DKK 8,873.0 million at 30 June 2009. In April 2010, an amount of DKK 39.4 million was distributed as dividend to the B shareholder in accordance with the profit allocation adopted at the annual general meeting in 2009.

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 13.6% as at 30 June 2010 as compared with 12.9% as at 30 June 2009. The higher solvency ratio is explained especially by the hybrid Tier 1 capital raised under the Second Bank Package and consolidation of the profit for 2009, whereas the increase in the loan portfolio has the opposite effect on the solvency ratio. Note 26 provides a specification of the company's solvency.

The adequate capital base amounted to DKK 4.2 billion at 30 June 2010, corresponding to a calculated individual solvency need of 6.1%. The individual solvency need has been fixed at 8%, which is equal to the minimum statutory requirement.

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

## **Impact of US dollar on income statement, balance sheet and capital structure**

The exchange rate of the USD against DKK rose from 519.01 at 1 January 2010 to 607.02 at 30 June, equal to an appreciation of 17.0%. The average USD/DKK exchange rate for the six-month period was approximately 561.

Other things being equal, developments in the exchange rate of the US dollar in the first half of 2010 had a positive impact on net interest and fee income of DKK 30.4 million and an adverse impact on impairment charges in the amount of DKK 339.9 million. Profit after tax and equity were reduced by DKK 232.1 thousand from the change. The changing US dollar rate increased total assets by DKK 7.6 billion and reduced the solvency by 1.7% because of an increase in weighted items for lending.

## **Outlook for the second half of 2010**

At the beginning of the second half-year, much uncertainty remained about the prospects for economic developments in various regions around the world, and experience suggests that this leads to great uncertainty about developments in demand for sea transports.

On the supply side, postponed and cancelled orders for the past 18 months have resulted in weaker growth in the volume of new tonnage than expected at the onset of the crisis. At the beginning of the year, most large segments still had well-filled order books. Therefore, the fact that there is renewed contracting appetite, especially in the dry cargo segment, in the first half of 2010 gives rise to continuing concern.

Consequently, the crisis in the shipping industry cannot be called off just yet, even though a number of segments have experienced improved rate levels.

Danish Ship Finance will therefore continue its highly selective lending operations in order to retain the sound credit quality and, by extension, a high level of security towards the bond owners.

In spite of the prudent lending policy, the necessity of additional impairment charges in the second half of 2010 obviously cannot be ruled out. Furthermore, losses are expected to be incurred in the second half on individual exposures on which the amount has been written off.

The company's earnings and solvency ratio are affected by developments in the USD/DKK exchange rate because the bulk of the loans are denominated in USD. The appreciating USD has a direct positive impact on earnings on lending operations but an adverse effect on impairment charges and the solvency ratio. Measured in terms of earnings currency, the company forecasts a small increase in earnings in the second half of 2010, and at the present USD/DKK exchange rate earnings measured in Danish kroner are expected to be higher than in the first half of 2010.

In addition, the financial performance in the second half will be affected by market value adjustments of bonds and shares (unit trust certificates).

Danish Ship Finance has resolved to continue recent years' policy of not issuing quarterly reports in 2010. The company currently publishes full-year and half-year reports. It is believed that more frequent reports would not affect the pricing of the bonds issued.

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

The Board of Directors and the Management Board have today considered and adopted the interim report for the first half of 2010 of Danish Ship Finance A/S (Danmarks Skibskredit A/S). The interim report has been prepared in accordance with Executive Order no. 1202 dated 11 December 2008 on a Ship Finance Institute and the Danish Financial Business Act, including the Danish FSA's executive order on financial reports by credit institutions and investment companies, etc. (“executive order on financial reporting”).

We consider the applied accounting policies appropriate for the interim financial statements to provide a true and fair view of the company’s financial position at 30 June 2010 as well as of its activities for the first half of 2010.

We consider the management’s review to give a fair review of developments in the activities and financial position of the company and to describe significant risk and uncertainty factors that may affect the company.

Copenhagen, 31 August 2010

### **Management Board**

Erik I. Lassen

Per Schnack

### **Board of Directors**

Per Skovhus  
Chairman

Jens Thomsen  
Deputy Chairman

Fatiha Benali

Thorkil H. Christensen

Flemming Ipsen

Michael Rasmussen

Erling Garrelts

Lisbeth Navntoft Pedersen

Henrik Rohde Søgaaard

## INCOME STATEMENT

DKK million

	1st half 2010	1st half 2009	Year 2009
--	------------------	------------------	--------------

Note:

1	<b>Interest income</b>	<b>1,628.8</b>	1,637.7	3,588.4
2	<b>Interest expenses</b>	<b>(1,192.8)</b>	(1,332.7)	(2,865.6)
3	<b>Net interest income</b>	<b>436.0</b>	305.0	722.8
	<b>Dividends on shares, etc.</b>	<b>6.2</b>	10.2	10.2
4	<b>Fee and commission income</b>	<b>34.4</b>	28.6	39.3
	<b>Fees and commissions paid</b>	<b>(1.2)</b>	-	(0.5)
	<b>Net interest and fee income</b>	<b>475.4</b>	343.8	771.8
5	<b>Market value adjustments</b>	<b>98.3</b>	196.3	507.8
6.7	<b>Staff costs and administrative expenses</b>	<b>(44.6)</b>	(43.3)	(81.8)
17.18	<b>Depreciation and impairment of property, plant and equipment</b>	<b>(0.8)</b>	(0.9)	(1.8)
13	<b>Impairment charges on loans and receivables</b>	<b>(276.0)</b>	(374.3)	(873.5)
	<b>Profit/loss before tax</b>	<b>252.3</b>	121.6	322.5
9	<b>Tax</b>	<b>(65.4)</b>	(28.9)	(59.9)
	<b>Profit/loss for the period</b>	<b>186.9</b>	92.7	262.6

<b>BALANCE SHEET</b>	<i>DKK million</i>			
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009	
Note:				
<b>ASSETS</b>				
10	Due from credit institutions and central banks	212.9	1,548.5	759.4
11,12,13	Loans at amortised cost	55,486.7	46,917.1	48,437.6
14.15	Bonds at fair value	30,762.0	30,125.1	30,616.1
16	Shares, etc.	509.0	450.0	519.7
17	Land and buildings			
	Domicile property	64.7	64.8	64.7
18	Other tangible assets	7.9	8.2	8.0
	Current tax assets	72.4	-	2.4
23	Deferred tax assets	120.5	180.1	210.8
19	Other assets	2,998.9	6,152.1	4,328.1
	Total assets	<u>90,235.0</u>	<u>85,445.9</u>	<u>84,946.8</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
20	Due to credit institutions and central banks	9,046.8	7,140.3	8,303.4
21	Issued bonds at amortised cost	65,339.5	65,552.5	63,056.9
	Current tax liabilities	0.0	198.7	-
22	Other liabilities	5,745.4	3,640.4	3,601.3
	Total liabilities	<u>80,131.7</u>	<u>76,531.9</u>	<u>74,961.6</u>
<b>Provisions</b>				
	Other provisions	15.0	41.0	45.0
	Total provisions	<u>15.0</u>	<u>41.0</u>	<u>45.0</u>
24	<b>Subordinated debt</b>			
	Subordinated debt	897.8	-	897.3
25	<b>Equity</b>			
	Share capital	333.3	333.3	333.3
	Tied-up reserve capital	8,343.1	8,343.1	8,343.1
	Revaluation reserves	9.6	9.6	9.6
	Profit brought forward	317.6	94.3	356.9
	Retained profit	186.9	92.7	-
	Total equity	<u>9,190.5</u>	<u>8,873.0</u>	<u>9,042.9</u>
	Total liabilities and equity	<u>90,235.0</u>	<u>85,445.9</u>	<u>84,946.8</u>
<b>Off-balance sheet items</b>				
27	Contingent liabilities	595.5	479.1	467.1
28	Other binding agreements	5,928.1	10,836.7	8,767.7
	Total off-balance sheet items	<u>6,523.6</u>	<u>11,315.8</u>	<u>9,234.8</u>



## STATEMENT OF CHANGES IN EQUITY

*Amounts in DKK million*

	<u>Share capital</u>	<u>Tied-up reserve capital</u>	<u>Tied-up reserve capital</u>	<u>Proposed dividends for the financial year</u>	<u>Total</u>
<b>Equity at 1 January 2009</b>	<u>333.3</u>	<u>8,343.1</u>	<u>103.9</u>	<u>5.6</u>	<u>8,785.9</u>
Dividends distributed	-	-	-	-5.6	-5.6
Profit for the period	<u>-</u>	<u>-</u>	<u>223.2</u>	<u>39.4</u>	<u>262.6</u>
<b>Equity at 31 December 2009</b>	<u>333.3</u>	<u>8,343.1</u>	<u>327.2</u>	<u>39.4</u>	<u>9,042.9</u>
Dividends distributed	-	-	-	-39.4	-39.4
Profit for the period	<u>-</u>	<u>-</u>	<u>186.9</u>	<u>-</u>	<u>186.9</u>
<b>Equity at 30 June 2010</b>	<u>333.3</u>	<u>8,343.1</u>	<u>514.1</u>	<u>0.0</u>	<u>9,190.5</u>

---

**LIST OF NOTES**

---

1	Interest income
2	Interest expenses
3	Net interest income
4	Fee and commission income
5	Market value adjustments
6	Staff costs and administrative expenses
7	Remuneration of Board of Directors and Management Board
8	Audit fees
9	Tax
10	Due from credit institutions and central banks
11	Loans at amortised cost. Developments during the year
12	Loans at amortised cost. Specification of loans at year-end
13	Impairment charges
14	Bonds at fair value
15	Bond holdings by time to maturity
16	Shares, etc.
17	Land and buildings. Domicile property
18	Other tangible assets
19	Other assets
20	Due to credit institutions and central banks
21	Issued bonds at amortised cost
22	Other liabilities
23	Deferred tax
24	Subordinated debt
25	Equity
26	Solvency
27	Contingent liability
28	Other binding agreements
29	Related parties
30	Hedge accounting at 30 June 2010
31	Notional principals of outstanding derivatives at 30 June
32	Market values of outstanding derivatives at 30 June 2010
33	Exchange rate risk and use of derivatives at 30 June 2010
34	Market risk sensitivity
35	Fair value of financial instruments measured at cost
36	Credit risk
37	Reference note

**NOTE 1.**

	<i>DKK million</i>		
	<b>1st half</b>	<b>1st half</b>	<b>Year</b>
<b>INTEREST INCOME</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
Interest from credit institutions	1.9	7.7	10.6
Interest on loans	789.2	912.8	1,639.3
Index revaluations of index-linked loans	-	2.9	2.9
Interest on bonds	482.1	586.2	1,146.1
Other interest income	3.7	14.8	25.0
Derivatives			
Interest rate contracts	358.1	101.9	759.8
Foreign exchange contracts	(6.2)	11.4	4.7
Total interest income	<u>1,628.8</u>	<u>1,637.7</u>	<u>3,588.4</u>
Of this amount, income from genuine purchase and resale transactions recognised in			
Due from credit institutions and central banks	-	-	-

**NOTE 2.**

	<i>DKK million</i>		
	<b>1st half</b>	<b>1st half</b>	<b>Year</b>
<b>INTEREST EXPENSES</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
Interest to credit institutions	(38.3)	(117.7)	(161.4)
Interest on issued bonds	(1,100.0)	(1,191.9)	(2,658.5)
Index revaluations on issued bonds	-	(2.9)	(2.9)
Interest on subordinated debt	(42.2)	-	(3.5)
Other interest expenses	(12.3)	(20.2)	(39.3)
Total interest expenses	<u>(1,192.8)</u>	<u>(1,332.7)</u>	<u>(2,865.6)</u>
Of this amount, interest expenses on genuine sale and repurchase transactions recognised in			
Due to credit institutions and central banks	38.2	-	159.2

<b>NOTE 3.</b>	<i>DKK million</i>		
<b>NET INTEREST INCOME</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Year 2009</b>
<b>Net interest income from lending operations</b>			
Interest on loans	789.1	915.5	1,641.8
Interest on bonds	192.9	320.8	639.8
Interest on block issues included in interest			
due from credit institutions	2.8	(6.2)	(9.5)
Interest to credit institutions	(10.3)	(78.2)	(110.9)
Interest expenses on issued bonds	(1,100.0)	(1,194.8)	(2,661.4)
Interest on subordinated debt	(42.2)	-	(3.5)
Other interest expenses	(12.3)	(13.8)	(26.9)
Derivatives			
Interest rate contracts	358.1	101.9	759.8
Foreign exchange contracts	(6.2)	11.4	4.7
Total net interest income from lending operations	<u>171.9</u>	<u>56.6</u>	<u>233.9</u>
<b>Net interest income from financing operations</b>			
Interest on bonds	289.2	265.4	506.3
Interest on loans	0.1	0.2	0.4
Interest due from credit institutions			
excluding interest on block issues	(0.9)	13.8	20.1
Other interest income	3.7	14.8	25.0
Interest to credit institutions	(28.0)	(39.5)	(50.5)
Other interest expenses	0.0	(6.3)	(12.4)
Total net interest income from financing operations	<u>264.1</u>	<u>248.4</u>	<u>488.9</u>
Total net interest income	<u><u>436.0</u></u>	<u><u>305.0</u></u>	<u><u>722.8</u></u>

<b>NOTE 4.</b>	<i>DKK million</i>		
<b>FEE AND COMMISSION INCOME</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Year 2009</b>
Guarantee commission	1.7	1.5	3.0
Fee and other commission income	32.7	27.1	36.3
Total fee and commission income	<u>34.4</u>	<u>28.6</u>	<u>39.3</u>

<b>NOTE 5.</b>	<i>DKK million</i>		
<b>MARKET VALUE ADJUSTMENTS</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Year 2009</b>
Market value adjustment of bonds	275.5	242.0	504.7
Market value adjustment of shares	(9.4)	6.3	94.8
Exchange rate adjustments	22.2	11.5	16.6
Market value adjustment of financial instruments	(190.0)	(63.5)	(108.3)
Total market value adjustments	<u>98.3</u>	<u>196.3</u>	<u>507.8</u>

<b>NOTE 6.</b>	<i>DKK million</i>		
<b>STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Year 2009</b>
<b>Remuneration of Board of Directors and Management Board</b>			
Board of Directors	(2.6)	(2.5)	(4.8)
Management Board	(0.9)	(0.8)	(1.7)
<b>Staff costs</b>			
Wages	(20.8)	(20.5)	(37.7)
Pensions	(2.3)	(2.3)	(4.7)
Social security costs and financial services employer tax	(4.9)	(3.6)	(8.5)
Other administrative expenses	<u>(13.1)</u>	<u>(13.6)</u>	<u>(24.4)</u>
Total staff costs and administrative expenses	<u>(44.6)</u>	<u>(43.3)</u>	<u>(81.8)</u>
Number of employees - full-time equivalents	57	59	59
Average number of employees - full-time equivalents	58	59	59

<b>NOTE 7.</b>	<i>DKK '000</i>					
<b>REMUNERATION OF MANAGEMENT BOARD</b>	<b>1st half 2010</b>		<b>1st half 2009</b>		<b>Year 2009</b>	
<b>Remuneration of Management board</b>						
	Erik I. Lassen	Per Schnack	Erik I. Lassen	Per Schnack	Erik I. Lassen	Per Schnack
Contractual remuneration	1,146	999	1,102	968	2,204	1,936
Pension	142	123	136	120	272	239
Tax value of car	59	63	59	38	119	75
Cash bonus	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-
Total	<u>1,347</u>	<u>1,185</u>	<u>1,297</u>	<u>1,126</u>	<u>2,595</u>	<u>2,250</u>

Erik I. Lassen and Per Schnack joined the Management Board on 9 April 2008.

The pension scheme is a defined contribution scheme, and there are no unusual severance terms for members of the Management Board.

During the period when Danish Ship Finance has received capital injections pursuant to the agreement on a state-funded injection, tax deductions will be made for 50% of the salary of each member of the Management Board

For 2009, a deduction in the taxable income of DKK 2.4 million has been made in respect of remuneration to the Management Board.

<b>REMUNERATION OF THE BOARD OF DIRECTORS</b>	<b>Per year</b>
Chairman	300
Deputy Chairman	225
Other board members	150
In addition, members of the Audit Committee will receive	50

<b>NOTE 8.</b>	<i>DKK million</i>		
<b>AUDIT FEES</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Year 2009</b>
Audit fees, statutory audit	(0.4)	(0.4)	(0.8)
Non-audit services	<u>(0.4)</u>	<u>(0.6)</u>	<u>(1.1)</u>
Total fees	<u>(0.8)</u>	<u>(1.0)</u>	<u>(1.9)</u>

<b>NOTE 9.</b>	<i>DKK million</i>		
<b>TAX</b>	<b>1st half 2010</b>	<b>1st half 2009</b>	<b>Year 2009</b>
<b>Tax on profit/loss for the year</b>			
Estimated tax on profit/loss for the year	(65.4)	(28.9)	(90.6)
Changes in deferred tax	(90.3)	0.0	30.7
Adjustment of prior-year tax charges	<u>90.3</u>	<u>0.0</u>	<u>0.0</u>
Total tax	<u>(65.4)</u>	<u>(28.9)</u>	<u>(59.9)</u>
<b>Effective tax rate</b>			
Tax rate in Denmark	Pct. 25.0	Pct. 25.0	Pct. 25.0
Non-taxable income and non-deductible expenses	0.9	(0.6)	(6.4)
Adjustment of prior-year tax charges	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Effective tax rate	<u>25.9</u>	<u>24.4</u>	<u>18.6</u>

<b>NOTE 10.</b>	<i>DKK million</i>		
<b>DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
Genuine purchase and resale transactions (repo reverse)	-	-	-
Other receivables	<u>212.9</u>	<u>1,548.5</u>	<u>759.4</u>
Total due from credit institutions and central banks	<u>212.9</u>	<u>1,548.5</u>	<u>759.4</u>
<b>Broken down by due date:</b>			
Demand deposits	112.6	22.4	29.7
Up to 3 months	83.8	1,511.7	715.6
From 3 months to 1 year	0.0	0.0	0.0
From 1 to 5 years	16.5	14.4	14.1
Over 5 years	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total due from credit institutions and central banks	<u>212.9</u>	<u>1,548.5</u>	<u>759.4</u>

<b>NOTE 11.</b>	<i>DKK million</i>		
<b>LOANS AT AMORTISED COST</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
At 1 January	48,437.6	48,117.7	48,117.7
Additions	3,508.5	3,106.9	9,001.0
Index revaluations during the period	-	2.9	2.9
Ordinary repayments and redemptions	(2,435.5)	(2,561.0)	(5,221.6)
Extraordinary prepayments	(1,322.3)	(374.3)	(834.1)
Net change concerning revolving credit facilities	12.2	(918.1)	(1,276.0)
Net change concerning debentures with Danmarks Nationalbank	-	(79.5)	(105.3)
Exchange adjustment of loans	7,607.0	5.0	(328.0)
Change in amortised cost for the year	(5.5)	(7.6)	(34.5)
Depreciation, amortisation and impairment for the year	(315.3)	(374.9)	(884.5)
At the end of the period	<u>55,486.7</u>	<u>46,917.1</u>	<u>48,437.6</u>

<b>NOTE 12.</b>	<i>DKK million</i>		
<b>LOANS AT AMORTISED COST SPECIFICATION OF LOANS AT PERIOD END</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
Loans secured against a ship's mortgage	57,628.7	48,210.8	50,264.3
Danmarks Nationalbank	-	25.8	-
Gross loans at exchange rates at the balance sheet date	57,628.7	48,236.6	50,264.3
Loan impairment charges	(2,142.0)	(1,319.5)	(1,826.7)
Total loans	<u>55,486.7</u>	<u>46,917.1</u>	<u>48,437.6</u>
<b>Total loans broken down by due date:</b>			
Demand deposits	-	-	-
Up to 3 months	1,526.3	651.8	1,609.1
From 3 months to 1 year	4,383.6	4,044.7	4,851.7
From 1 to 5 years	27,497.5	21,489.0	23,291.8
Over 5 years	22,079.3	20,731.6	18,685.0
Total loans	<u>55,486.7</u>	<u>46,917.1</u>	<u>48,437.6</u>
<b>Total loans</b>			
Loans at fair value	56,550.2	47,523.4	48,996.5
Loans at amortised cost	55,486.7	46,917.1	48,437.6

Loans at fair value is an approximation based on amortised cost with the addition of the value of fixed-rate loans.

NOTE 13.	<i>DKK million</i>					
IMPAIRMENT CHARGES	as at 30 June 2010		as at 30 June 2009		as at 31 December 2009	
<b>The following impairment charges were made on receivables</b>						
Individual impairment charges	1,011.4		999.9		1,090.7	
Impairment charges with a collective component	<u>1,145.6</u>		<u>360.6</u>		<u>781.0</u>	
Total impairment charges	<u><u>2,157.0</u></u>		<u><u>1,360.5</u></u>		<u><u>1,871.7</u></u>	
<b>As a percentage of loans and impairment charges</b>						
Individual impairment charges	1.7		2.1		2.2	
Impairment charges with a collective component	<u>2.0</u>		<u>0.7</u>		<u>1.5</u>	
Total impairment charges	<u><u>3.7</u></u>		<u><u>2.8</u></u>		<u><u>3.7</u></u>	
<b>Distribution of impairment charges</b>						
Amount set off against loans	2,142.0		1,319.5		1,826.7	
Provisions made for other liabilities	<u>15.0</u>		<u>41.0</u>		<u>45.0</u>	
Total impairment charges	<u><u>2,157.0</u></u>		<u><u>1,360.5</u></u>		<u><u>1,871.7</u></u>	
<b>Movements in impairment charges</b>						
	<b>Income st.</b>	<b>Balance s.</b>	<b>Income st.</b>	<b>Balance s.</b>	<b>Income st.</b>	<b>Balance s.</b>
At 1 January	-	1,871.7	-	985.6	-	985.6
Losses covered by impairment charges	-	(0.2)	-	-	-	(2.6)
Losses not covered by impairment charges	-	-	-	-	(0.9)	-
Addition of new impairment charges	(495.5)	495.5	(726.0)	726.0	(1,353.7)	1,353.7
Reversals of impairment charges from previous years	210.0	(210.0)	351.1	(351.1)	465.0	(465.0)
Reclassification of interest	9.5	-	-	-	14.5	-
Received on claims previously written off	<u>0.0</u>	-	<u>0.6</u>	-	<u>1.6</u>	-
Impairment charges, year-end/total losses on receivables	<u><u>(276.0)</u></u>	<u><u>2,157.0</u></u>	<u><u>(374.3)</u></u>	<u><u>1,360.5</u></u>	<u><u>(873.5)</u></u>	<u><u>1,871.7</u></u>
	as at 30 June 2010		as at 30 June 2009		as at 31 December 2009	
<b>Loans and receivables subject to individual impairment charges (breach of covenant)</b>						
Values of loans with objective evidence of impairment:						
Loans and receivables before impairment charges	7,359.1		8,784.0		8,584.9	
Impairment charges	<u>(1,011.4)</u>		<u>(999.9)</u>		<u>(1,090.7)</u>	
Total impaired loans and receivables	<u><u>6,347.7</u></u>		<u><u>7,784.1</u></u>		<u><u>7,494.2</u></u>	



**NOTE 14.**

<b>BONDS AT FAIR VALUE</b>	<i>DKK million</i>		
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
<b>Bond portfolio</b>			
Non-callable bonds	22,288.4	22,009.8	22,262.2
Callable bonds	<u>8,473.5</u>	<u>8,115.3</u>	<u>8,353.9</u>
Total bond portfolio	<u><u>30,761.9</u></u>	<u><u>30,125.1</u></u>	<u><u>30,616.1</u></u>
<b>Bond portfolio</b>			
Government bonds and bonds issued by KommuneKredit	2,490.1	2,444.9	2,401.8
Mortgage bonds	<u>28,271.8</u>	<u>27,680.2</u>	<u>28,214.3</u>
Total bond portfolio	<u><u>30,761.9</u></u>	<u><u>30,125.1</u></u>	<u><u>30,616.1</u></u>

**NOTE 15.**

<b>BOND HOLDINGS BY TIME TO MATURITY</b>	<i>DKK million</i>		
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
<b>Bond portfolio</b>			
Bonds with a maturity of up to and including 1 year	5,595.1	81.3	4,804.7
Bonds with a maturity of over 1 year and up to and including 5 years	18,117.3	21,702.2	17,969.4
Bonds with a maturity of over 5 years and up to and including 10 years	1,921.4	1,796.6	2,008.7
Bonds with a maturity of over 10 years	<u>5,128.1</u>	<u>6,545.0</u>	<u>5,833.3</u>
Total bond holdings specified by time to maturity	<u><u>30,761.9</u></u>	<u><u>30,125.1</u></u>	<u><u>30,616.1</u></u>

**NOTE 16.**

<b>SHARES, ETC.</b>	<i>DKK million</i>		
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
Unit trust certificates (shares) listed on NASDAQ OMX Copenhagen	313.9	263.3	315.6
Unlisted shares/unit trust certificates recognised at fair value	<u>195.1</u>	<u>186.7</u>	<u>204.1</u>
Total shares, etc.	<u><u>509.0</u></u>	<u><u>450.0</u></u>	<u><u>519.7</u></u>

<b>NOTE 17.</b>	<i>DKK million</i>		
<b>LAND AND BUILDINGS</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
<b>Domicile property</b>			
Revaluation, 1 January	<b>65.0</b>	71.6	65.0
Property improvements during the year	<b>0.0</b>	0.0	0.0
Revaluation incl. improvements, 31 December	<b>65.0</b>	71.6	65.0
Accumulated depreciation, 1 January	<b>0.3</b>	6.7	0.1
Depreciation for the year	<b>0.0</b>	0.1	0.2
Accumulated depreciation, 31 December	<b>0.3</b>	6.8	0.3
Total revaluation, 31 December	<b>64.7</b>	64.8	64.7

The domicile property was revalued at 1 January 2008 on transition to the executive order on financial reporting. No external experts were involved in valuing the domicile property.

Since 1 January 2008, no value adjustments have been recognised in equity.

The domicile property comprises the office property at Sankt Annæ Plads 1-3, Copenhagen, the public valuation of which was assessed at DKK 93.0 million at 1 October 2009.

<b>NOTE 18.</b>	<i>DKK million</i>		
<b>OTHER TANGIBLE ASSETS</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
Cost, 1 January	<b>21.0</b>	20.1	20.1
Additions during the year	<b>0.6</b>	0.5	1.3
Disposals during the year	<b>-</b>	-	(0.4)
Cost, 31 December	<b>21.6</b>	20.6	21.0
Accumulated depreciation, 1 January	<b>13.0</b>	11.6	11.6
Disposals during the year	<b>-</b>	-	(0.3)
Depreciation during the year	<b>0.7</b>	0.8	1.7
Accumulated depreciation, 31 December	<b>13.7</b>	12.4	13.0
Total other tangible assets	<b>7.9</b>	8.2	8.0

**NOTE 19.**

<b>OTHER ASSETS</b>	<i>DKK million</i>		
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
Interest receivable	771.0	1,681.8	780.2
Prepayments to swap counterparties	343.4	514.6	13.0
Receivables concerning CIRR financing	94.3	119.7	106.7
Market value of derivatives	1,780.6	3,823.9	3,402.7
Miscellaneous receivables	9.6	12.1	25.5
<b>Total other assets</b>	<b>2,998.9</b>	<b>6,152.1</b>	<b>4,328.1</b>

**NOTE 20.**

<b>DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>	<i>DKK million</i>		
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
Repo transactions	9,046.8	7,102.9	8,301.4
Other amounts due	0.0	37.4	2.0
<b>Total due to credit institutions and central banks</b>	<b>9,046.8</b>	<b>7,140.3</b>	<b>8,303.4</b>
<b>Broken down by due date:</b>			
On demand	0.0	37.4	2.0
Up to 3 months	9,046.8	7,102.9	8,301.4
From 3 months to 1 year	-	-	-
From 1 to 5 years	-	-	-
Over 5 years	-	-	-
<b>Total due to credit institutions and central banks</b>	<b>9,046.8</b>	<b>7,140.3</b>	<b>8,303.4</b>

NOTE 21.	<i>DKK million</i>		
<b>ISSUED BONDS AT AMORTISED COST</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
At 1 January	<b>63,056.9</b>	60,006.5	60,006.5
Additions in conjunction with block issues	<b>2,682.7</b>	4,840.0	9,043.8
Amortisation of cost	<b>237.5</b>	228.0	494.1
Adjustment for hedge accounting	<b>887.6</b>	1,468.7	603.0
Index revaluations during the year	-	2.9	2.9
Ordinary redemptions	<b>(1,525.2)</b>	(993.6)	(7,093.4)
At the end of the period	<b><u>65,339.5</u></b>	<u>65,552.5</u>	<u>63,056.9</u>
<b>Specification of issued bonds</b>			
<b>Bonds issued in DKK</b>			
Bullet bonds	<b>52,831.9</b>	54,533.6	51,620.9
Amortising CIRR bonds	<b>321.9</b>	-	-
Index-linked bonds, nominal value	-	43.1	10.5
Total nominal value	<b>53,153.8</b>	54,576.7	51,631.4
Index premium	-	62.2	15.3
Total Danish bonds	<b><u>53,153.8</u></b>	<u>54,638.9</u>	<u>51,646.7</u>
<b>Bonds issued in foreign currency</b>			
Amortising CIRR bonds, at year-end exchange rates	<b>11,329.1</b>	10,913.6	10,554.4
Bullet bonds, at year-end exchange rates	<b>856.6</b>	-	855.8
Total bonds issued in foreign currency	<b><u>12,185.7</u></b>	<u>10,913.6</u>	<u>11,410.2</u>
<b>Total issued bonds</b>	<b><u><u>65,339.5</u></u></b>	<u><u>65,552.5</u></u>	<u><u>63,056.9</u></u>
<b>Broken down by term to maturity:</b>			
At call	-	-	-
Up to 3 months	-	-	313.0
From 3 months to 1 year	<b>3,502.3</b>	5,014.4	5,568.0
From 1 to 5 years	<b>21,708.9</b>	21,484.7	22,677.7
Over 5 years	<b>40,128.3</b>	39,053.4	34,498.2
Total issued bonds	<b><u><u>65,339.5</u></u></b>	<u><u>65,552.5</u></u>	<u><u>63,056.9</u></u>

NOTE 22.	<i>DKK million</i>		
<b>OTHER LIABILITIES</b>	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
Interest payable	700.3	1,437.5	566.1
Market value of derivatives	5,025.4	2,177.1	3,016.7
Other liabilities	<u>19.7</u>	<u>25.8</u>	<u>18.5</u>
Total other liabilities	<u><u>5,745.4</u></u>	<u><u>3,640.4</u></u>	<u><u>3,601.3</u></u>

NOTE 23.	<i>DKK million</i>		
<b>DEFERRED TAX</b>	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
Deferred tax, 1 January	(210.8)	(180.1)	(180.1)
Estimated deferred tax on the profit for the year	-	0.0	(30.7)
Adjustment due to change in accounting policies	<u>90.3</u>	<u>-</u>	<u>-</u>
Total deferred tax	<u><u>(120.5)</u></u>	<u><u>(180.1)</u></u>	<u><u>(210.8)</u></u>

	as at 30 June 2010	as at 30 June 2010	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
	Deferred tax assets	Deferred tax liabilities	Deferred tax net	Deferred tax net	Deferred tax net
Property, plant and equipment	(0.4)	4.3	3.9	3.9	3.9
Loans	(80.5)	26.7	(53.8)	(17.0)	(14.4)
Issued bonds	0.0		0.0	(159.8)	(199.9)
Employee obligations	(0.4)		(0.4)	(0.8)	(0.4)
Other	(70.2)		(70.2)	(6.4)	-
Total deferred tax	<u><u>(151.5)</u></u>	<u><u>31.0</u></u>	<u><u>(120.5)</u></u>	<u><u>(180.1)</u></u>	<u><u>(210.8)</u></u>

<b>NOTE 24.</b>	<i>DKK million</i>		
<b>SUBORDINATED DEBT</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
Principal	<b>900.0</b>	-	900.0
Origination fees for amortisation	<b>(2.2)</b>	-	(2.7)
Subordinated debt	<b>897.8</b>	<b>0.0</b>	<b>897.3</b>

Subordinated debt consists of liabilities in the form of hybrid tier 1 capital which, in the event of the company's voluntary or compulsory winding up, will not be repaid until after the claims of ordinary creditors have been met. Hybrid tier 1 capital is subordinated loan capital.

Prepayment of subordinated debt must be approved by the Danish FSA.

Subordinated debt is included in the capital base pursuant to the Danish Financial Business Act.

The hybrid tier 1 capital was received under the Second Bank Package.

<b>NOTE 25.</b>	<i>DKK million</i>		
<b>EQUITY</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
<b>Share capital</b>			
A shares	<b>300.0</b>	300.0	300.0
B shares	<b>33.3</b>	33.3	33.3
Total share capital	<b>333.3</b>	333.3	333.3
Tied-up reserve capital	<b>8,343.1</b>	8,343.1	8,343.1
Revaluation reserves	<b>9.6</b>	9.6	9.6
Profit brought forward	<b>317.6</b>	94.3	356.9
Retained profit	<b>186.9</b>	92.7	-
<b>Total equity</b>	<b>9,190.5</b>	<b>8,873.0</b>	<b>9,042.9</b>
<i>of which proposed dividend, cf. allocation of profit</i>			<b>39.4</b>

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 26.	<i>DKK million</i>		
SOLVENCY	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
<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
Retained earnings	317.6	94.3	356.9
Retained profit	186.9	92.7	-
Total tier 1 capital	<u>9,180.9</u>	<u>8,863.4</u>	<u>9,033.3</u>
<b>Deductions in Tier 1 capital</b>			
Proposed dividend	-	-	39.4
Deferred tax assets	120.5		210.8
Retained profit	186.9	92.7	-
Additional straining relative to the Executive Order on a Ship Finance Institute	378.5	359.9	432.9
Total deductions in tier 1 capital	<u>685.9</u>	<u>452.6</u>	<u>683.1</u>
<b>Tier 1 capital less deductions</b>	<u>8,495.0</u>	<u>8,410.8</u>	<u>8,350.2</u>
<b>Subordinated debt</b>			
Subordinated debt	897.8	-	897.3
Total tier 1 capital	<u>9,392.8</u>	<u>8,410.8</u>	<u>9,247.5</u>
<b>Supplementary capital</b>			
Revaluation reserves	9.6	9.6	9.6
<b>Supplementary capital less deductions</b>	<u>9.6</u>	<u>9.6</u>	<u>9.6</u>
<b>Capital base less deductions</b>	<u>9,402.4</u>	<u>8,420.4</u>	<u>9,257.1</u>
Weighted items not included in the trading portfolio	58,368.3	51,122.2	52,349.7
Weighted off-balance sheet items	3,555.7	5,905.3	4,830.8
Weighted items involving counterparty risk outside the trading portfolio	602.3	865.2	793.2
Weighted items involving market risk, etc.	5,169.5	6,476.1	5,527.8
Weighted items involving operational risk	1,377.1	896.2	1,377.1
<b>Total weighted items</b>	<u>69,072.9</u>	<u>65,265.0</u>	<u>64,878.6</u>
<b>Tier 1 capital less deductions as a percentage of total risk-weighted items</b>	<u>13.6</u>	<u>12.9</u>	<u>14.3</u>
<b>Solvency ratio pursuant to the Executive Order on a Ship Finance Institute</b>			
Minimum requirement fixed at 8%	<u>13.6</u>	<u>12.9</u>	<u>14.3</u>
<b>Weighted items with market risk, etc. consist of</b>			
Items with position risk: Debt instruments	3,359.0	5,037.6	3,774.1
Items with position risk: Shares	511.1	459.6	521.8
Total currency position	<u>1,299.4</u>	<u>978.9</u>	<u>1,231.9</u>
Total weighted items with market risk, etc.	<u>5,169.5</u>	<u>6,476.1</u>	<u>5,527.8</u>

<b>NOTE 27.</b>	<i>DKK million</i>		
<b>CONTINGENT LIABILITIES</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
In the ordinary course of its lending operations, Danish Ship Finance has undertaken guarantee commitments of	<b>590.1</b>	414.6	445.4
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	-	59.3	-
Other financial guarantees	-	-	16.5
Payment guarantee provided to the Danish Securities Centre	<b>3.7</b>	3.6	3.6
Guarantees provided to the Danish Securities Centre	<u><b>1.7</b></u>	<u>1.6</u>	<u>1.6</u>
Total contingent liabilities	<u><b>595.5</b></u>	<u>479.1</u>	<u>467.1</u>

<b>NOTE 28.</b>	<i>DKK million</i>		
<b>OTHER BINDING AGREEMENTS</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
In the ordinary course of its lending operations, Danish Ship Finance has undertaken commitments in relation to unutilised drawing rights on loans with revolving credit facilities in the amount of	<b>1,513.2</b>	1,638.8	1,490.7
In the ordinary course of its lending operations, Danish Ship Finance has undertaken commitments relating to irrevocable credit commitments on loans with revolving credit facilities in the amount of	<b>289.6</b>	537.0	409.5
In the ordinary course of its lending operations, Danish Ship Finance has undertaken commitments relating to irrevocable credit commitments on other loans in the amount of	<u><b>4,125.3</b></u>	<u>8,660.9</u>	<u>6,867.5</u>
Total other binding agreements	<u><b>5,928.1</b></u>	<u>10,836.7</u>	<u>8,767.7</u>



**NOTE 29.****RELATED PARTIES**

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

Transactions with the Management Board and Board of Directors only concern remuneration. See notes 6 and 7.

Other related-party transactions involving deposits and debt and transactions with financial instruments in the form of swaps 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.

The company has no related parties with a controlling influence.

**NOTE 30.***DKK million***HEDGE ACCOUNTING AT 30 JUNE 2010**

The company regularly hedges the interest rate risk on fixed-rate assets and liabilities. The effectiveness of such hedges is measured on a regular basis.

	<b>Nominal value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Commitments</b>			
Issued bonds	35,580.3	34,759.4	35,141.4
Total commitments	35,580.3	34,759.4	35,141.4
<b>Derivatives</b>			
Interest rate swaps	(35,580.3)	(1,363.2)	(1,363.2)
Total derivatives	(35,580.3)	(1,363.2)	(1,363.2)
Net	0.0	33,396.2	33,778.2

**NOTE 31.***DKK million*

<b>NOTIONAL PRINCIPALS OF OUTSTANDING DERIVATIVES AT 30 JUNE</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
----------------------------------------------------------------------	-------------------------------	-------------------------------	-----------------------------------

*Swap agreements*

Swap agreements have been made with the following parties to hedge the exchange rate exposure on loans and issued bonds:

Danmarks Nationalbank	<b>231.6</b>	1,105.3	680.7
Banks	<b>51,396.2</b>	49,800.3	49,418.8

Swap agreements have been made with the following parties to hedge the interest rate exposure on loans, bonds and issued bonds:

Receivables	<b>531.1</b>	461.0	454.1
Banks	<b>64,608.0</b>	67,873.4	64,304.1

Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:

Banks	<b>3,849.2</b>	5,048.4	4,253.7
-------	----------------	---------	---------

*Forward interest rate and currency agreements:*

Forward interest rate and currency agreements have been made with the following parties to hedge interest rate and exchange rate risk

Banks	<b>5,961.6</b>	3,512.1	1,199.2
-------	----------------	---------	---------

*Forward securities transactions*

Buying	-	-	100.0
Selling	-	-	-

NOTE 32.	<i>DKK million</i>	
MARKET VALUES OF OUTSTANDING DERIVATIVES AT 30 JUNE 2010	Positive	Negative
<b><i>Swap agreements:</i></b>		
Swap agreements have been made with the following parties to hedge the exchange rate exposure on loans and issued bonds:		
Danmarks Nationalbank	66.5	-
Banks	1,106.3	3,707.1
Swap agreements have been made with the following parties to hedge the interest rate exposure on loans, bonds and issued bonds:		
Receivables	-	108.3
Banks	955.3	1,170.0
Swap agreements, for which financial risks are not fully hedged, have been made with the following parties:		
Banks	57.2	166.7
<b><i>Forward interest rate and currency agreements:</i></b>		
Forward interest rate and currency agreements have been made with the following parties to hedge interest rate and exchange rate risk		
Banks	5.8	19.9
<b><i>Forward securities transaction:</i></b>		
Buying	-	-
Selling	-	-
<b><i>Netting of exposure value</i></b>		
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%	66.5	
Counterparty with risk weight of 20%	623.5	
Value of total counterparty risk calculated according to the market valuation method for counterparty risk		
Counterparty with risk weight of 0%	66.5	
Counterparty with risk weight of 20%	2,124.6	

## NOTE 33.

**EXCHANGE RATE RISK AND USE OF DERIVATIVES  
AT 30 JUNE 2010**

The total unhedged foreign currency position at 30 June 2009, translated at year-end exchange rates into DKK amounts to DKK 981.6 million (DKK 587.7 million at 30 June 2009).

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

The net position is specified as follows:

*Amounts in DKK million*

	USD	Other currencies	Total foreign currency	DKK	Total
Loans at year-end exchange rates	51,623.3	4,765.4	<b>56,388.7</b>	1,240.0	<b>57,628.7</b>
Impairment charges				-2,142.0	-2,142.0
<b>Loans as per the balance sheet</b>					<b>55,486.7</b>
Due from credit institutions and central banks	174.7	32.5	<b>207.2</b>	5.7	212.9
Bond portfolios		709.7	<b>709.7</b>	30,052.3	30,762.0
Interest receivable, etc.	304.4	98.2	<b>402.6</b>	368.4	771.0
Other assets		2.4	<b>2.4</b>	3,000.0	3,002.4
<b>Total assets as per the balance sheet</b>	<b>52,102.4</b>	<b>5,608.2</b>	<b>57,710.6</b>	<b>32,524.4</b>	<b>90,235.0</b>
Issued bonds at year-end exchange rates	-11,329.1	-856.6	<b>-12,185.7</b>	-53,153.8	-65,339.5
<b>Issued bonds as per the balance sheet</b>					<b>-65,339.5</b>
Due to banks	0.0	0.0	<b>0.0</b>	-9,046.8	-9,046.8
Interest payable	-192.2	-69.8	<b>-262.0</b>	-438.3	-700.3
Other payables	-9.8		<b>-9.8</b>	-5,948.1	-5,957.9
Total equity				-9,190.5	-9,190.5
<b>Total liabilities as per the balance sheet</b>	<b>-11,531.1</b>	<b>-926.4</b>	<b>-12,457.5</b>	<b>-77,777.5</b>	<b>-90,235.0</b>
Derivative financial instruments - receivables	233.4	6,768.0	<b>7,001.4</b>		
Derivative financial instruments - payables	-40,657.8	-10,615.1	<b>-51,272.9</b>		
<b>Total net position</b> (translated into DKK)	<b>146.9</b>	<b>834.7</b>	<b>981.6</b>		

**NOTE 34.**

	as at 30 June 2010	as at 30 June 2009	<i>DKK million</i> as at 31 December 2009
<b>MARKET RISK SENSITIVITY</b>			

The company is exposed to several types of market risk. To illustrate the impact or sensitivity relative to each type of risk, the table below describes the amounts by which the company's results and equity are expected to change in various, fairly likely scenarios. Also indicated is the solvency impact due to a change in the exchange rate of the USD vis-à-vis DKK.

**Interest rate risk**

An interest rate increase of 1 percentage point

Change in results	(172.7)	(261.1)	(181.5)
Change in equity	(172.7)	(261.1)	(181.5)

An interest rate fall of 1 percentage point

Change in results	172.7	261.1	181.5
Change in equity	172.7	261.1	181.5

**Equity risk**

An increase in the value of the shares of 10 percentage points

Change in results	50.9	45.0	52.0
Change in equity	50.9	45.0	52.0

A decline in the value of the shares of 10 percentage points

Change in results	(50.9)	(45.0)	(52.0)
Change in equity	(50.9)	(45.0)	(52.0)

**Exchange rate risk**

An appreciation of the USD exchange rate vis-à-vis DKK

Change in results	(206.4)	(154.5)	(223.2)
Change in equity	(206.4)	(154.5)	(223.2)
Percentage change in solvency	(1,6%)	(1,6%)	(1,8%)

A depreciation of the USD exchange rate vis-à-vis DKK

Change in results	206.4	154.5	223.2
Change in equity	206.4	154.5	223.2
Percentage change in solvency	1,6%	1,6%	1,8%

The impact on the profit and equity from a change in the exchange rate of USD vis-à-vis DKK assumes a permanent change of DKK 1 during an entire financial year. The impact comprises the change in the value of ongoing net interest and fee income as well as the change in the need for impairment charges due to the change in the exchange rate of USD.

If the exchange rate sensitivity is calculated ex. impairment charges, the profit and equity at 30 June 2010 is changed by DKK 60.2 million (at 31 December 2009: DKK 47.3 million).

The impact on solvency from a change in the exchange rate of USD takes effect immediately on a change in the exchange rate because the predominant part of loans, guarantees and loan offers submitted are made in that currency.

**NOTE 35.***DKK million*

<b>FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT AMORTISED COST</b>	<b>as at 30 June 2010</b>	<b>as at 30 June 2009</b>	<b>as at 31 December 2009</b>
---------------------------------------------------------------------------	-------------------------------	-------------------------------	-----------------------------------

Financial instruments are measured in the balance sheet at fair value or amortised cost.

The difference between carrying amounts and fair-value based values, which are not recognised in the income statement and which are attributable to the difference between the amortised cost and the calculated fair value is shown below.

**Loans**

Measured at amortised cost	<b>55,486.7</b>	46,917.1	48,437.6
Measured at fair value	<b>56,550.2</b>	47,523.4	48,996.5

For loans, the fair value is calculated as an approximation based on amortised cost for unmatched loans with the addition of the fair value of fixed-rate matched loans

**Issued bonds**

Measured at amortised cost, incl. hedging	<b>65,339.5</b>	65,552.5	63,056.9
Measured at fair value	<b>66,073.3</b>	64,333.4	63,326.0

For issued bonds, the fair value is calculated on the basis of quoted market prices. For unlisted bonds, the fair value is calculated on the basis of observable market data.

**NOTE 36.**

<b>CREDIT RISK</b>	<i>DKK million</i>		
	as at 30 June 2010	as at 30 June 2009	as at 31 December 2009
Total credit exposure distributed on balance sheet and off-balance sheet items			
Due from credit institutions and central banks	212.9	1,548.5	759.4
Loans at amortised cost	55,486.7	46,917.1	48,437.6
Bonds at fair value	30,762.0	30,125.1	30,616.1
Shares etc.	509.0	450.0	519.7
Derivatives	1,780.6	3,823.9	3,402.7
Total balance sheet items	<u>88,751.2</u>	<u>82,864.6</u>	<u>83,735.5</u>
<b>Off-balance sheet items</b>			
Contingent liabilities	595.5	479.1	467.1
Other binding agreements	5,928.1	10,836.7	8,767.7
Total off-balance sheet items	<u>6,523.6</u>	<u>11,315.8</u>	<u>9,234.8</u>

**Credit risk in the loan portfolio****Maximum credit risk without regard to collateral**

All loans have been reviewed to identify any evidence of impairment. The company believes that the carrying amount of loans subsequently stated best represents the maximum credit risk.

**Description of collateral**

The loans are generally secured through first priority ship's mortgages.

**Percentage distribution of loans including guarantees after impairment calculated in the LTV ranges, measured in terms of nominal residual debt.**

Loan-to-value range	Share of loans 30 June 2010	Share of loans 30 June 2009	Share of loans 31 December 2009
0 - 20 %	32%	28%	29%
20 - 40 %	31%	26%	27%
40 - 60 %	27%	23%	23%
60 - 80 %	8%	14%	16%
80 - 100 %	1%	5%	2%
Over 100 %	1%	3%	3%

Loans for shipbuilding financing is included in the "over 100%" category in the table above. No mortgage is registered on vessels during the building period, but the company receives a guarantee from the borrower, and is secured through assignment and subrogation in the building contract and subrogation in the refundment guarantee provided by the shipyard's bank. Loans for shipbuilding accounted for 1.0 pct. of the loan portfolio at 30 June 2010 (2.4 pct. at 31 December 2009).

It appears from the table above that 90 pct. of the loan amounts is secured through mortgages within 60 pct. of the most recently calculated market value of the mortgage, and 98 pct. of the loans are within 80 pct. of the most recently calculated market value of the mortgage.

The market value of ships has generally increased by about 28 pct. since December 2009 in DKK and about 14 pct. in US dollars.

**Credit quality on loans neither subject to default or impairment**

The shipping markets are currently affected by the general economic slowdown combined with a general excess supply of ships. All loans have been reviewed to identify any evidence of impairment, and the company has made the impairment charges it considered necessary.

The credit quality of loans that are subsequently not subject to impairment or arrears, is considered strong.

**Arrears**

There are no loans in arrears on which the company has not made impairment charges.

---

**NOTE 37.****REFERENCE NOTE**

---

The list of key figures and ratios is set out in the management's review, to which reference is made.

Danish Ship Finance presents its financial statements in accordance with the rules set out in the Danish FSA's executive order on financial reports by credit institutions, etc. (Executive Order on Financial Reporting). The accounting policies are unchanged from the policies applied in the annual report for 2009. The accounting policies are described in note 2 to the annual report for 2009, to which reference is made.

The description of financial risks and policies for financial risk management is set out in the risk management section of the annual report for 2009, to which reference is made.