

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

INTERIM REPORT  
 FIRST HALF-YEAR 2007

The Board of Directors of Danish Ship Finance A/S has today considered the interim report for the first half of 2007. The accounting policies are unchanged from those applied in the interim report for the first half of 2006 and the annual report for 2006.

As in previous years, the interim report is unaudited.

**Key figures for Danish Ship Finance A/S**

DKK million	1st half 2007	1st half 2006	Full year 2006
Net interest income from lending operations	86	84	174
Net interest income from financing operations	221	195	411
Total net interest income	307	279	585
Net interest and fee income	330	297	630
Market value adjustments	(125)	(165)	(123)
Staff costs and administrative expenses	(45)	(43)	(80)
Losses and writedowns on debtors	43	81	176
Profit before tax	204	171	606
Profit for the period	163	123	443
Loans	41,943	36,954	37,746
Capital and reserves	8,946	8,839	9,158
Total assets	64,543	66,839	62,542
Solvency ratio	15.9	18.9	17.9
Return on equity, % p.a.	3.6	2.8	5.0

## **Management's review**

### **Profit and loss account**

The profit for the period before tax amounted to DKK 203.7 million compared with DKK 171.1 million in the first half of 2006.

Earnings from lending operations were higher than last year, with total earnings including fees from lending operations amounting to DKK 106.8 million for the period, up from DKK 101.2 million in the first half of 2006.

Net interest and fee income rose to DKK 330.0 million from DKK 296.6 million in the first half of 2006. The improvement in earnings was attributable primarily to a rise in net earnings from financing operations from DKK 194.8 million in 2006 to DKK 220.9 million in 2007. The reason was overall movements in interest rates as both short-term and long-term interest rose during the first half of 2007 relative to 2006 and the fact that bonds were converted from lower to higher nominal coupons.

Market value adjustments of securities and foreign exchange for the period amounted to a loss of DKK 124.6 million compared with a loss of DKK 164.7 million in the same period of last year. The negative market value adjustments for the period were partly due to rising interest rates, partly to reductions in terms to maturity in the bond portfolio.

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 overall annualised return in the first six months of 2007 has been calculated at 1.0% for the bond portfolio and X.X% for the share portfolio.

Staff costs and administrative expenses were up from DKK 43.4 million in the first half of 2006 to DKK 45.4 million in the same period of this year. The average number of employees was 53 during the first half of 2007, which is unchanged from the year-earlier period.

Losses and writedowns on debtors for the first half of 2007 amounted to a net income of DKK 42.7 million compared with a net income of DKK 81.3 million in the same period of last year. Accumulated writedowns on debtors decreased from DKK 829.7 million at year-end 2006 to DKK 791.1 million at 30 June 2007. Total writedowns made up 1.8% of total lending as compared with 2.4% at 30 June 2006 and 2.2 % at 31 December 2006.

Tax for the period represented an expense of DKK 40.5 million (tax rate of 25) against DKK 47.9 million (tax rate of 28) in the first half of 2006.

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

Total assets fell to DKK 64,542.7 million from DKK 66,839.2 million at 30 June 2006.

Lending calculated at hedged values less writedowns rose by DKK 4,989.6 million from DKK 36,953.8 million at 30 June 2006 to DKK 41,943.4 million at 30 June 2007.

Issued bonds declined from DKK 55,684.7 million at 30 June 2006 to DKK 52,851.0 million at 30 June 2007. Danish Ship Finance often issues bonds in advance of the loan disbursements. This process provides Danish Ship Finance with a strong cash position, which makes the company less sensitive to short-term fluctuations in the capital markets.

When marked-to-market, the net bond portfolio amounted to DKK 15,394.5 million against DKK 19,775.4 million at 30 June 2006. The reduction compared with 2006 was primarily due to a decline 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 8,946.0 million as compared with DKK 8,838.9 million at 30 June 2006. An amount of DKK 375.4 million was distributed as dividend to shareholders in April 2007.

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 15.9 % as at 30 June 2007 as compared with 18.9 % as at 30 June 2006. 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. Danish Ship Finance has no investments directly related to the subprime market in the USA.

### **Outlook for the second half of 2007**

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.

As in earlier periods, the combined results for the second quarter 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. If the market continues at the current high level, the company would expect to reverse writedowns in the second half.

Danish Ship Finance has resolved to continue recent years' policy of not issuing quarterly accounts in 2007. 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**

In connection with an organisational reshuffle at Danish Ship Finance in March 2007, Per Schnack assumed the overall responsibility for the Treasury, IT and Finance departments.

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

The Board of Directors and the Management have today considered and adopted the interim report for the first half of 2007 of Danish Ship Finance A/S.

The interim report has been prepared in accordance with the provisions of Danish legislation on the presentation of accounts. Management considers the accounting policies to be appropriate to the effect that the interim report gives a true and fair view of the company's assets and liabilities, financial position and results of operations.

Copenhagen, 30 August 2007

#### **Management**

Bo Jagd

#### **Board of Directors**

Peter Schütze  
Chairman

Per Skovhus  
Deputy Chairman

Thorkil H. Christensen

Peter Falkenham

Flemming Ipsen

Jens Thomsen

**PROFIT AND LOSS ACCOUNT***Amounts in DKK million*

	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
--	--------------------------	--------------------------	----------------------

Note:

1	<b>Interest income</b>	<b>1,159.1</b>	1,174.2	2,376.9
2	<b>Interest expenses</b>	<b>(852.1)</b>	(895.3)	(1,791.8)
3	<b>Net interest income</b>	<b>307.0</b>	278.9	585.1
	<b>Dividends on shares</b>	<b>2.2</b>	0.6	0.6
	<b>Fee and commission income</b>	<b>22.5</b>	17.1	44.8
	<b>Fees and commissions paid</b>	<b>(1.7)</b>	0.0	(0.2)
	<b>Net interest and fee income</b>	<b>330.0</b>	296.6	630.3
4	<b>Market value adjustments</b>	<b>(124.6)</b>	(164.7)	(122.5)
	<b>Other operating income</b>	<b>1.5</b>	1.8	3.3
5.6	<b>Staff costs and administrative expenses</b>	<b>(45.4)</b>	(43.4)	(80.3)
15	<b>Depreciation and write-downs of tangible assets</b>	<b>(0.5)</b>	(0.5)	(1.0)
11	<b>Losses and writedowns on debtors</b>	<b>42.7</b>	81.3	176.0
	<b>Profit before tax</b>	<b>203.7</b>	171.1	605.8
7	<b>Tax</b>	<b>(40.5)</b>	(47.9)	(163.3)
	<b>Profit for the period</b>	<b>163.2</b>	123.2	442.5

BALANCE SHEET	<i>Amounts in DKK million</i>		
	as at 30 June 2007	as at 30 June 2006	as at 31 December 2006
Note:			
<b>ASSETS</b>			
8 Due from credit institutions and central banks	4,305.4	7,828.8	6,149.8
9,10,11 Loans	41,943.4	36,953.8	37,745.7
12,13 Bonds	15,394.5	19,775.4	16,893.4
14 Shares, etc.	689.2	18.8	446.0
Holdings in subsidiary undertakings	-	0.5	0.0
15 Tangible assets	53.8	53.9	53.5
16 Other assets	2,156.4	2,208.0	1,253.2
Total assets	<u>64,542.7</u>	<u>66,839.2</u>	<u>62,541.6</u>
<b>LIABILITIES, CAPITAL AND RESERVES</b>			
<b>Liabilities</b>			
17 Due to credit institutions and central banks	1,525.3	935.2	2,446.2
18 Issued bonds	52,851.0	55,684.7	50,039.2
19 Other liabilities	1,220.4	1,380.4	898.0
Total liabilities	<u>55,596.7</u>	<u>58,000.3</u>	<u>53,383.4</u>
20 <b>Capital and reserves</b>			
Share capital	333.3	333.3	333.3
Undistributable reserve capital	8,343.1	8,343.1	8,343.1
Profit brought forward	106.4	39.3	481.8
Retained profit	163.2	123.2	-
Total capital and reserves	<u>8,946.0</u>	<u>8,838.9</u>	<u>9,158.2</u>
Total liabilities, capital and reserves	<u>64,542.7</u>	<u>66,839.2</u>	<u>62,541.6</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 2007			
27 Exchange rate risk and use of derivative financial instruments at 30 June 2007			

## 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 2006</b>	<u>333.3</u>	<u>8,343.1</u>	<u>39.3</u>	<u>249.8</u>	<u>8,965.5</u>
Dividends distributed	-	-	-	(249.8)	(249.8)
Profit for the period	-	-	67.1	375.4	442.5
<b>Capital and reserves at 31 December 2006</b>	<u>333.3</u>	<u>8,343.1</u>	<u>106.4</u>	<u>375.4</u>	<u>9,158.2</u>
Dividends distributed	-	-	-	(375.4)	(375.4)
Profit for the period	-	-	163.2	-	163.2
<b>Capital and reserves at 30 June 2007</b>	<u>333.3</u>	<u>8,343.1</u>	<u>269.6</u>	<u>0.0</u>	<u>8,946.0</u>

**CASH FLOW STATEMENT**

	<b>1st half 2007</b>	<i>Amounts in DKK million</i> <b>1st half 2006</b>	<b>Year 2006</b>
<b>Cash flows from operating activities</b>			
Profit for the period after tax	163.2	123.2	442.5
Adjustment for non-cash operating items	(25.0)	(92.7)	(188.9)
Profit for the year adjusted for non-cash operating items	<u>138.2</u>	<u>30.5</u>	<u>253.6</u>
<b>Change in working capital</b>			
Loans	(4,159.1)	326.5	(370.5)
Issued bonds	2,811.8	4,152.8	(1,492.7)
Other operating capital	(1,212.5)	(901.2)	(854.7)
Total	<u>(2,559.8)</u>	<u>3,578.1</u>	<u>(2,717.9)</u>
Cash flows from operating activities	<u>(2,421.6)</u>	<u>3,608.6</u>	<u>(2,464.3)</u>
<b>Cash flows from investing activities</b>			
Liquidation proceeds from subsidiary undertakings			0.7
Purchase of tangible assets	(0.8)	(0.1)	(0.4)
Dividend distributed to shareholders	-	-	0.5
Total	<u>(0.8)</u>	<u>(0.1)</u>	<u>0.8</u>
Cash and cash equivalents, 1 January	20,597.0	23,060.5	23,060.5
Change in cash and cash equivalents	<u>(2,422.4)</u>	<u>3,608.5</u>	<u>(2,463.5)</u>
Cash and cash equivalents, at the end of the period	<u>18,174.6</u>	<u>26,669.0</u>	<u>20,597.0</u>
<b>Cash and cash equivalents at the end of the period, consist of:</b>			
Due from credit institutions and central banks	4,305.4	7,828.8	6,149.8
Bonds	15,394.5	19,775.4	16,893.4
Due to credit institutions and central banks	(1,525.3)	(935.2)	(2,446.2)
Cash and cash equivalents at the end of the period	<u>18,174.6</u>	<u>26,669.0</u>	<u>20,597.0</u>

**NOTE 1.**

<b>INTEREST INCOME</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
Interest from credit institutions	<b>100.8</b>	68.0	186.1
Interest on loans	<b>1,084.5</b>	889.0	1,913.6
Index revaluations of index-linked loans	<b>15.6</b>	32.0	36.2
Interest on bonds	<b>338.8</b>	335.6	662.0
Other interest income	<b>3.3</b>	0.0	43.7
Derivative financial instruments			
Interest rate contracts	<b>(384.8)</b>	(154.4)	(474.2)
Foreign exchange contracts	<b>0.9</b>	4.0	9.5
Total interest income	<b>1,159.1</b>	1,174.2	2,376.9

**NOTE 2.**

<b>INTEREST EXPENSES</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
Interest to credit institutions	<b>(34.3)</b>	(38.9)	(60.5)
Interest on issued bonds	<b>(782.1)</b>	(815.5)	(1,632.2)
Index revaluations on issued bonds	<b>(15.6)</b>	(32.0)	(36.2)
Other interest expenses	<b>(20.1)</b>	(8.9)	(62.9)
Total interest expenses	<b>(852.1)</b>	(895.3)	(1,791.8)

**NOTE 3.**

<b>NET INTEREST INCOME</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
<b>Net interest income from lending operations</b>			
Interest on loans	<b>1,099.7</b>	920.7	1,949.1
Interest on bonds	<b>102.4</b>	98.8	205.2
Interest on block issues included in interest due from credit institutions	<b>83.1</b>	76.4	184.5
Interest to credit institutions	<b>(0.7)</b>	(5.0)	(12.0)
Interest expenses on issued bonds	<b>(797.7)</b>	(847.5)	(1,668.4)
Other interest expenses	<b>(16.8)</b>	(8.9)	(20.1)
Derivative financial instruments			
Interest rate contracts	<b>(384.8)</b>	(154.4)	(474.2)
Foreign exchange contracts	<b>0.9</b>	4.0	9.5
Total net interest income on lending operations	<b>86.1</b>	84.1	173.6
<b>Net interest income from financing operations</b>			
Interest on bonds	<b>236.4</b>	236.8	456.8
Interest on loans	<b>0.4</b>	0.4	0.8
Interest due from credit institutions excluding interest on block issues	<b>17.7</b>	(8.4)	1.5
Other interest income	<b>3.3</b>	0.0	43.6
Interest to credit institutions	<b>(33.5)</b>	(34.0)	(48.5)
Other interest expenses	<b>(3.4)</b>	0.0	(42.7)
Total net interest income from financing operations	<b>220.9</b>	194.8	411.5
Total net interest income	<b>307.0</b>	278.9	585.1

**NOTE 4.**

<b>MARKET VALUE ADJUSTMENTS</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
<b>Market value adjustments of bonds</b>			
Realised gains/losses on redemption and sales	36.3	33.7	(27.6)
Unrealised market value adjustment	<u>(266.9)</u>	<u>(217.1)</u>	<u>(136.8)</u>
Total market value adjustment of bonds	<b>(230.6)</b>	(183.4)	(164.4)
<b>Market value adjustments of shares</b>			
Market value adjustments of shares	36.1	(0.1)	27.7
Exchange rate adjustments	1.0	4.2	8.3
Market value adjustments of financial instruments	<u>68.9</u>	<u>14.6</u>	<u>5.9</u>
Total market value adjustments	<u><b>(124.6)</b></u>	<u>(164.7)</u>	<u>(122.5)</u>

**NOTE 5.**

<b>STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
Remuneration, Board of Directors and Board of Representatives	(0.6)	(0.4)	(0.8)
Staff costs	(29.5)	(26.9)	(50.5)
Other administrative expenses	<u>(15.3)</u>	<u>(16.1)</u>	<u>(29.0)</u>
Total staff costs and administrative expenses	<u><b>(45.4)</b></u>	<u>(43.4)</u>	<u>(80.3)</u>
Number of employees - full-time equivalents	53	54	54
Average number of employees - full-time equivalents	53	53	53

**NOTE 6.**

<b>AUDIT FEES</b>	<i>Amounts in DKK million</i>		
	<b>1st half 2007</b>	<b>1st half 2006</b>	<b>Year 2006</b>
Audit fees for statutory audit	(0.2)	(0.4)	(0.8)
Fees for consultancy services and other professional services	<u>(0.2)</u>	<u>(0.4)</u>	<u>(0.6)</u>
Total audit fees	<u><b>(0.4)</b></u>	<u>(0.8)</u>	<u>(1.4)</u>

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

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, but on the basis of the corporate tax rate of 28% that applied at the time.

The deferred tax obligation amounted to DKK 14.2 million at 1 January 2007, based on a corporate tax rate of 28%. As a result of the decision to lower the corporate tax rate to 25%, the deferred tax obligation at 1 January 2007 has been adjusted by DKK 1.5 million, as a result of which the expected weighted average tax rate for the year has dropped to 25%.

During the period, DSF paid on-account tax of DKK 26.9 million, including surcharges. Tax payable for 2006 amounts to DKK 6.7 million. The tax calculated for the period with the addition of tax payable for 2006 and offset against on-account payments has been provided in the balance sheet.

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

<b>DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
Repo/reverse transactions	1,049.4	0.0	1,963.1
Other debtors	<u>3,256.0</u>	<u>7,828.8</u>	<u>4,186.7</u>
Total due from credit institutions and central banks	<u><u>4,305.4</u></u>	<u><u>7,828.8</u></u>	<u><u>6,149.8</u></u>

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

<b>LOANS</b>	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
At 1 January	37,745.7	37,199.7	37,199.7
Additions	6,878.8	3,658.2	9,106.8
Index revaluations during the year	15.6	32.0	36.3
Ordinary repayments and redemptions	(2,085.0)	(1,963.8)	(3,916.9)
Extraordinary prepayments	(808.7)	(1,165.3)	(1,734.9)
Net change concerning revolving credit facilities	817.5	159.0	167.7
Net change concerning debentures with Danmarks Nationbank	(176.3)	(513.3)	(694.7)
Exchange rate adjustment of additions and disposals at hedged exchange rate	(482.8)	(533.7)	(2,593.6)
Losses and writedowns for the period	<u>38.6</u>	<u>81.0</u>	<u>175.3</u>
At the end of the period	<u><u>41,943.4</u></u>	<u><u>36,953.8</u></u>	<u><u>37,745.7</u></u>

**NOTE 10.**

<b>LOANS</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
Loans secured against a ship's mortgage	<b>39,215.2</b>	33,121.5	35,109.7
Financial debtors	<b>9.7</b>	154.6	74.2
The Financial Administration Agency	<b>58.3</b>	161.8	108.7
Compensation from the Danish State for interest subsidies and inflation guarantees	<b>2.1</b>	8.8	5.0
Danmarks Nationalbank	<b>519.2</b>	858.1	679.8
Gross loans at exchange rates at the balance-sheet date	<b>39,804.5</b>	34,304.8	35,977.4
Exchange rate adjustments at hedged exchange rates	<b>2,929.9</b>	3,572.9	2,597.9
Accumulated writedowns	<b>(791.0)</b>	(923.9)	(829.6)
Total loans	<b>41,943.4</b>	36,953.8	37,745.7

"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.**

<b>ACCUMULATED WRITEDOWNS</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
<b>The following writedowns have been made on debtors</b>			
1 writedowns which involve a probable risk of losses	<b>778.1</b>	901.0	811.4
2 writedowns which involve losses that are deemed unavoidable	<b>13.0</b>	23.2	18.3
Total accumulated writedowns	<b>791.1</b>	924.2	829.7
<b>As a percentage of loans and writedowns</b>			
1 writedowns which involve a probable risk of losses	<b>1.8</b>	2.3	2.1
2 writedowns which involve losses that are deemed unavoidable	<b>0.0</b>	0.1	0.1
Total accumulated writedowns	<b>1.8</b>	2.4	2.2
<b>Total accumulated writedowns consist of:</b>			
Set off against loans	<b>791.0</b>	923.9	829.6
Provisions made for other liabilities	<b>0.1</b>	0.3	0.1
Total accumulated writedowns	<b>791.1</b>	924.2	829.7

**Movements in accumulated provisions**

	<b>Profit and loss account</b>	<b>Balance sheet</b>	<b>Profit and loss account</b>	<b>Balance sheet</b>	<b>Profit and loss account</b>	<b>Balance sheet</b>
At 1 January	-	<b>829.7</b>	-	1,005.1	-	1,005.1
Losses covered by prior-year writedowns	-	-	-	(0.3)	-	(0.3)
Losses not covered by prior-year writedowns	-	-	-	-	-	-
New writedowns made	<b>(171.4)</b>	<b>171.4</b>	(174.8)	174.8	(314.9)	314.9
Reversed writedowns	<b>210.0</b>	<b>(210.0)</b>	255.4	(255.4)	490.0	(490.0)
Recovered from claims previously written off	<b>4.1</b>	-	0.7	-	0.9	-
Total accumulated writedowns / losses and writedowns on debtors, at the end of the period	<b>42.7</b>	<b>791.1</b>	81.3	924.2	176.0	829.7

<b>NOTE 12.</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June</b>	<b>as at 30 June</b>	<b>as at 31 December</b>
<b>BONDS</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>Bond portfolio</b>			
Non-callable bonds	8,527.1	13,769.4	10,660.0
Callable bonds	<u>6,867.4</u>	<u>6,006.0</u>	<u>6,233.4</u>
Total bonds	<u>15,394.5</u>	<u>19,775.4</u>	<u>16,893.4</u>

<b>NOTE 13.</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June</b>	<b>as at 30 June</b>	<b>as at 31 December</b>
<b>BOND HOLDINGS SPECIFIED BY TIME TO MATURITY</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
<b>Bond portfolio</b>			
Bonds with a maturity of up to and including 1 year	1,499.4	7,976.0	4,675.0
Bonds with a maturity of over 1 year and up to and including 5 years	6,510.5	5,111.2	4,916.1
Bonds with a maturity of over 5 years and up to and including 10 years	651.6	845.2	1,261.6
Bonds with a maturity of over 10 years	<u>6,733.0</u>	<u>5,843.0</u>	<u>6,040.7</u>
Total bond holdings specified by time to maturity	<u>15,394.5</u>	<u>19,775.4</u>	<u>16,893.4</u>

<b>NOTE 14.</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June</b>	<b>as at 30 June</b>	<b>as at 31 December</b>
<b>SHARES, ETC.</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
Shares/unit trust certificates listed on			
OMX The Nordic Exchange Copenhagen	442.5	-	207.0
Unlisted shares/unit trust certificates recognised at fair value	<u>246.7</u>	<u>18.8</u>	<u>239.0</u>
Total shares, etc.	<u>689.2</u>	<u>18.8</u>	<u>446.0</u>

**NOTE 15.**

<b>TANGIBLE ASSETS</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
<b>Office property:</b>			
Purchase price including leasehold improvements, 1 January	<b>59.0</b>	58.9	58.9
Leasehold improvements during year	<b>0.0</b>	0.1	0.1
Purchase price including leasehold improvements, at the end of the period	<b>59.0</b>	59.0	59.0
Accrued depreciation, 1 January	<b>6.0</b>	5.4	5.4
Depreciation during the year	<b>0.3</b>	0.3	0.6
Accrued depreciation, at the end of the period	<b>6.3</b>	5.7	6.0
Total office property	<b>52.7</b>	53.3	53.0
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	<b>1.9</b>	2.2	2.2
Disposals during the year	-	-	(0.7)
Additions during the year	<b>0.8</b>	-	0.4
Purchase price, at the end of the period	<b>2.7</b>	2.2	1.9
Accumulated depreciation, 1 January	<b>1.4</b>	1.3	1.3
Disposals during the year	-	-	(0.3)
Depreciation during the year	<b>0.2</b>	0.3	0.4
Accumulated depreciation, at the end of the period	<b>1.6</b>	1.6	1.4
Total other tangible assets	<b>1.1</b>	0.6	0.5
Other tangible assets comprise acquisitions with a purchase price exceeding DKK 250,000.00.			
Total tangible assets	<b>53.8</b>	53.9	53.5

**NOTE 16.**

<b>OTHER ASSETS</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
Interest receivable	<b>1,378.7</b>	1,444.2	1,007.2
Prepayments to swap counterparties	<b>517.7</b>	517.0	-
Receivable concerning CIRR funding	<b>179.6</b>	207.6	196.4
On-account corporation tax receivable	-	3.8	-
Market value of forward rate agreements	<b>72.7</b>	21.6	6.5
Miscellaneous receivables	<b>7.7</b>	13.8	43.1
Total other assets	<b>2,156.4</b>	2,208.0	1,253.2

NOTE 17.	<i>Amounts in DKK million</i>		
	as at 30 June 2007	as at 30 June 2006	as at 31 December 2006
<b>DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
Repo transactions	1,049.4	74.4	1,963.1
Debt to Danmarks Nationalbank	400.0	800.0	400.0
Other creditors	75.9	60.8	83.1
Total due to credit institutions and central banks	<u>1,525.3</u>	<u>935.2</u>	<u>2,446.2</u>

NOTE 18.	<i>Amounts in DKK million</i>		
	as at 30 June 2007	as at 30 June 2006	as at 31 December 2006
<b>ISSUED BONDS</b>			
At 1 January	50,039.3	51,531.9	51,531.9
Additions in conjunction with new loans and block issues	3,705.6	5,454.0	6,845.3
Index revaluations during the year	15.6	32.0	36.2
Ordinary redemptions	(909.5)	(703.2)	(7,631.3)
Extraordinary repayments and prepayments	0.0	(630.0)	(742.9)
At the end of the period	<u>52,851.0</u>	<u>55,684.7</u>	<u>50,039.2</u>

**Specification of issued bonds:**

**Bonds issued in DKK:**

Bullet bonds	45,123.6	49,751.8	43,348.7
Index-linked loans, nominal value	382.2	682.5	523.1
Total nominal value	45,505.8	50,434.3	43,871.8
Index premium	501.1	861.5	664.5
Total issued bonds in DKK	<u>46,006.9</u>	<u>51,295.8</u>	<u>44,536.3</u>

**Bonds issued in foreign currency:**

Amortising CIRR bonds, at year-end exchange rates	6,333.9	3,456.0	4,583.1
Bullet bonds at exchange rates at the balance-sheet date	496.4	861.9	885.1
Exchange rate adjustments at hedged exchange rates	13.8	71.0	34.7
Total issued bonds in foreign currency	<u>6,844.1</u>	<u>4,388.9</u>	<u>5,502.9</u>
Total issued bonds	<u>52,851.0</u>	<u>55,684.7</u>	<u>50,039.2</u>

NOTE 19.	<i>Amounts in DKK million</i>		
	as at 30 June 2007	as at 30 June 2006	as at 31 December 2006
<b>OTHER LIABILITIES</b>			
Interest payable	1,171.5	1,265.9	820.7
Provision for the Danish government concerning CIRR funding	-	75.0	35.0
Corporation tax payable	20.3	-	4.8
Market value of forward rate agreements	-	-	11.9
Deferred tax	12.7	13.5	14.2
Provision guarantees, etc.	0.1	0.3	0.1
Miscellaneous liabilities	15.8	25.7	11.3
Total other liabilities	<u>1,220.4</u>	<u>1,380.4</u>	<u>898.0</u>

## NOTE 20.

CAPITAL AND RESERVES	Amounts in DKK million		
	as at 30 June 2007	as at 30 June 2006	as at 31 December 2006
<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	106.4	39.3	481.8
Retained profit	163.2	123.2	-
<b>Total capital and reserves</b>	<b>8,946.0</b>	<b>8,838.9</b>	<b>9,158.2</b>
<i>of which proposed dividend, cf. allocation of profit</i>			<u>375.4</u>

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 2007	as at 30 June 2006	as at 31 December 2006
<b>Tier 1 capital</b>			
Share capital	333.3	333.3	333.3
Undistributable reserve capital	8,343.1	8,343.1	8,343.1
Profit brought forward	106.4	39.3	481.8
Retained profit	163.2	123.2	-
Total Tier 1 capital	8,946.0	8,838.9	9,158.2
<b>Deductions in Tier 1 capital</b>			
Proposed dividends	-	-	375.4
Retained profit	163.2	123.2	-
Additional straining relative to the Executive Order on a Ship Finance Institute	98.1	119.2	12.1
Total deductions in Tier 1 capital	261.3	242.4	387.5
<b>Tier 1 capital less deductions</b>	<b>8,684.7</b>	<b>8,596.5</b>	<b>8,770.7</b>
<b>Capital base</b>	<b>8,684.7</b>	<b>8,596.5</b>	<b>8,770.7</b>
Weighted items not included in the trading portfolio	48,297.2	41,326.8	43,689.2
Weighted items with market risk, etc.	6,178.3	4,075.4	5,372.4
<b>Total weighted items</b>	<b>54,475.5</b>	<b>45,402.2</b>	<b>49,061.6</b>
Tier 1 capital less deductions as a percentage of total risk-weighted items	15.9	18.9	17.9
Solvency ratio pursuant to the Executive Order on a Ship Finance Institute	15.9	18.9	17.9
Minimum requirement fixed at 10 per cent			

**NOTE 22.**

<b>GUARANTEE COMMITMENTS</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
In the ordinary course of its lending operations, Danish Ship Finance has undertaken guarantee commitments of	<b>259.3</b>	95.0	221.4
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	<b>62.0</b>	66.0	63.7
Payment guarantee provided to the Danish Securities Centre	<b>3.7</b>	4.4	4.4
Guarantees provided to the Danish Securities Centre	<b>1.7</b>	2.0	2.0
Total guarantee commitments	<b><u>326.7</u></b>	<u>167.4</u>	<u>291.5</u>

**NOTE 23.**

<b>OTHER COMMITMENTS</b>	<i>Amounts in DKK million</i>		
	<b>as at 30 June 2007</b>	<b>as at 30 June 2006</b>	<b>as at 31 December 2006</b>
As a normal part of its lending operations, DSF has undertaken obligations in connection with unutilised drawing rights on loans with revolving credit facilities in the amount of	<b><u>1,961.6</u></b>	<u>1,922.8</u>	<u>2,096.2</u>

**NOTE 24.****RELATED PARTIES**

Related parties comprise members of the company's Management 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.

*Amounts in DKK million*

NOTIONAL PRINCIPALS OF OUTSTANDING DERIVATIVE FINANCIAL INSTRUMENTS AS AT THE END OF THE PERIOD	as at 30 June 2007	as at 30 June 2006	as at 31 December 2006
--	-----------------------	-----------------------	---------------------------

*Swap agreements:*

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

Danmarks Nationalbank	1,954.6	2,379.3	1,954.6
Banks	34,316.6	31,185.1	32,324.6

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

Banks	58,257.8	73,890.2	61,697.2
-------	----------	----------	----------

Matching swap agreements have been made with debtors and banks as follows:

Debtors	3.8	6.8	5.2
Banks	3.8	6.8	5.2

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

Banks	2,072.0	2,200.2	2,117.7
-------	---------	---------	---------

*Forward currency agreements:*

Forward currency sales	67.2	41.9	11.7
------------------------	------	------	------

*Forward Rate Agreements:*

Forward Rate Agreements with banks and debtors to hedge interest rate exposure

Banks	253.5	-	301.0
-------	-------	---	-------

*Swaption:*

Swaption with Banks	-	216.3	-
---------------------	---	-------	---

*Forward securities transactions:*

Buying	-	200.0	-
Selling	-	1,335.8	780.0

## NOTE 26.

*Amounts in DKK million***MARKET VALUES OF OUTSTANDING DERIVATIVE  
FINANCIAL INSTRUMENTS AS AT 30 JUNE 2007****Positive****Negative***Swap agreements:*

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

Danmarks Nationalbank	433.2	-
Banks	3,055.8	76.8

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

Banks	467.1	4,072.1
-------	-------	---------

Matching swap agreements have been made  
with debtors and banks as follows:

Debtors	-	0.1
Banks	0.1	-

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

Banks	56.0	-
-------	------	---

*Forward currency agreements:*

Forward currency sales	0.9	-
------------------------	-----	---

*Forward Rate Agreements:*

Forward Rate Agreements with banks and debtors  
to hedge interest rate exposure

Banks	3.4	0.8
-------	-----	-----

*Swaption:*

Swaption with Banks	-	-
---------------------	---	---

*Forward securities transactions:*

Buying	-	-
Selling	-	-

## NOTE 27.

**EXCHANGE RATE RISK AND USE OF DERIVATIVE  
FINANCIAL INSTRUMENTS AT 30 JUNE 2007**

The total unhedged foreign currency position at 30 June, translated at period-end exchange rates into DKK amounts to DKK 96.1 million. (DKK (77.1) million at 30 June 2006)

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	31,775.4	5,560.5	<b>37,335.9</b>	2,468.6	<b>39,804.5</b>
Foreign exchange adjustment at hedge price				2,929.9	2,929.9
Accumulated writedowns				(791.0)	(791.0)
<b>Loans as per the balance sheet</b>					<b>41,943.4</b>
Due from credit institutions and central banks	635.8	229.8	<b>865.6</b>	3,439.8	4,305.4
Bond portfolios		668.8	<b>668.8</b>	14,725.7	15,394.5
Interest receivable, etc.	253.7	68.6	<b>322.3</b>	1,056.4	1,378.7
Other assets		14.0	<b>14.0</b>	1,506.7	1,520.7
<b>Total assets as per the balance sheet</b>	<b>32,664.9</b>	<b>6,541.7</b>	<b>39,206.6</b>	<b>25,336.1</b>	<b>64,542.7</b>
Issued bonds at period-end exchange rates	(6,609.5)	(220.8)	<b>(6,830.3)</b>	(46,006.9)	(52,837.2)
Foreign exchange adjustment at hedge price				(13.8)	(13.8)
<b>Issued bonds as per the balance sheet</b>					<b>(52,851.0)</b>
Due to banks		(18.8)	<b>(18.8)</b>	(1,506.5)	(1,525.3)
Interest payable	(250.8)	(75.8)	<b>(326.6)</b>	(844.9)	(1,171.5)
Other creditors			<b>0.0</b>	(48.9)	(48.9)
Total capital and reserves				(8,946.0)	(8,946.0)
<b>Total liabilities as per the balance sheet</b>	<b>(6,860.3)</b>	<b>(315.4)</b>	<b>(7,175.7)</b>	<b>(57,367.0)</b>	<b>(64,542.7)</b>
Derivative financial instruments - debtors	630.5	220.8	<b>851.3</b>		
Derivative financial instruments - creditors	(26,400.3)	(6,385.8)	<b>(32,786.1)</b>		
<b>Total net position</b> (translated into DKK)	<b>34.8</b>	<b>61.3</b>	<b>96.1</b>		

The net position is primarily the result of earned, unrealised marginal earnings (interest rate margins), because the currency swap agreements are fully hedged along with the underlying assets and liabilities.