

24 August 2009

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

**INTERIM REPORT  
FIRST HALF-YEAR 2009**

The Board of Directors of Danish Ship Finance A/S has today considered the interim report for the first half of 2009.

Effective 1 January 2009, Danish Ship Finance began to present 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 have been changed accordingly, and the effect thereof has been recognised directly in equity at 1 January 2009 and has also resulted in a restatement of the comparative figures for the first half of 2008 and the full-year 2008.

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

Highlights of the first half-year:

- The company reported a profit for the period of DKK 93 million following a six-month period of rising funding costs and a DKK 374 million increase in impairment charges. The impairment charges were made because of the falling freight rates and the resulting decline in ship prices that have affected large parts of the shipping industry. Danish Ship Finance's clients are also affected by the developments, but no losses were recorded in the loan portfolio in the first half-year. The return on asset management activities was positively affected by the large proportion of Danish mortgage bonds in the securities portfolio.
- The solvency ratio was 12.9%, well above the minimum requirement of 8%. Via the Danish Act on State-Funded Capital Injections, Danish Ship Finance has applied for DKK 1.98 billion of hybrid core (Tier 1) capital, equal to an increase of the core capital (Tier 1) ratio of up to 3 percentage points. Relative to the present business volume, there is no immediate need to strengthen the company's solvency. The purpose of raising hybrid (Tier 1) capital is to source new lending capacity for our clients while also maintaining a solvency ratio that retains the credit quality for our bondholders. A decision on the size of the hybrid (Tier 1) capital applied for is not expected to be made until in the fourth quarter.
- In July, Moody's Investor Service announced that Danish Ship Finance and a number of other Danish credit institutions had been put on the watchlist for a possible rating downgrade. Bonds issued by Danish Ship Finance currently hold an Aa3 rating, and Danish Ship Finance's issuer rating is also Aa3.

**Financial highlights –  
Danish Ship Finance A/S**

DKK million	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Full year 2008</b>
Net interest income from lending operations	57	118	256
Net interest income from financing operations	248	230	470
Total net interest income	305	348	726
Net interest and fee income	344	388	788
Market value adjustments	196	(359)	(406)
Staff costs and administrative expenses	(43)	(47)	(87)
Impairment charges on loans, advances and receivables etc.	(374)	(140)	(703)
Net profit/loss before tax	122	(158)	(410)
Net profit/loss for the period	93	(146)	(367)
Loans	46,917	42,607	48,118
Due from credit institutions	1,549	1,788	1,103
Bonds	30,125	25,609	26,521
Equity	8,873	9,007	8,786
Total assets	85,446	78,778	81,724

**Key figures**

	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Full year 2008</b>
Solvency ratio	12.9	14.2	12.8
Core (Tier 1) capital ratio	12.9	14.2	12.8
Return on equity before tax in %	1.38	(1.71)	(4.49)
Return on equity after tax in %	1.05	(1.64)	(4.01)
Cost/income ratio (DKK)	1.29	0.15	0.48
Foreign exchange position	0.12	0.08	0.11
Accumulated impairment ratio	2.79	0.97	1.99
Impairment ratio for the period	0.77	0.32	1.42
Growth in loans and advances for the period in %	(2.50)	9.93	24.14
Gearing of loans and advances	5.29	4.73	5.48

## **Management's review**

### **Income statement**

The profit for the period after tax amounted to DKK 92.7 million compared with a loss of DKK 145.7 million in the first half of 2008.

Net earnings from lending operations including fees were lower than last year, with total earnings amounting to DKK 85.2 million for the period, down from DKK 140.7 million in the first half of 2008. Credit margins on loans increased relative to the same period of last year due to decent growth in disbursed loans in the second half of 2008 at rising credit margins. However, this trend was far from sufficient to counter the impact of the turmoil in the financial markets, which had a dramatic effect on the fixing of interbank rates, among other things. This led to higher funding costs because it was no longer possible to hedge the difference between already fixed interest rate periods for funding and the interest rate periods selected by the clients.

Interest and dividend earnings from financing operations rose to DKK 258.6 million from DKK 246.9 million in the first half of 2008.

Net interest and fee income fell to DKK 343.8 million from DKK 387.6 million in the first half of 2008.

Market value adjustments of securities and foreign exchange amounted to an income of DKK 196.3 million compared with an expense of DKK 358.9 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 falling interest rates for the bond portfolio since the beginning of the year. The improvement in equity markets in the first half of 2009 had a positive impact on the holding of unit trust certificates. The duration of the bond portfolio was increased from 2.8 at the beginning of 2009 to 3.3 at 30 June 2009. The annual return in the first six months of 2009 has been calculated at 8.4 % on bonds and financial instruments and 3.7 % on the equity portfolio.

Staff costs and administrative expenses were reduced from DKK 46.5 million in the first half of 2008 to DKK 43.3 million in the same period of this year. The average number of employees was 59 during the first half of 2009, against 58 employees in the year-earlier period.

Losses and impairment charges on receivables for the first half of 2009 amounted to a net expense of DKK 374.3 million compared with a net expense of DKK 139.7 million in the same period of last year. Accumulated impairment charges on receivables increased from DKK 985.6 million at year-end 2008 to DKK 1,360.5 million at 30 June 2009. Total impairment charges made up 2.8 % of total lending and guarantees as compared with 1.0 % at 30 June 2008 and 2.0 % at 31 December 2008. In the period until 30 June 2009, no losses were incurred on loans.

Tax on the profit for the period represents an expense of DKK 28.9 million against an income of DKK 12.5 million in the first half of 2008. The estimated amounts for tax on results for the period have 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 85,445.9 million from DKK 78,777.7 million at 30 June 2008.

Lending calculated at amortised cost before impairment charges rose by DKK 4,309.8 million from DKK 42,607.3 million at 30 June 2008 to DKK 46,917.1 million at 30 June 2009. Compared with 31 December 2008, lending was reduced by DKK 1,200.6 million.

Issued bonds also rose from DKK 61,330.8 million at 30 June 2008 to DKK 65,552.5 million at 30 June 2009. As part of its efforts to maintain strong liquidity resources, Danish Ship Finance issues bonds well 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 30,125.1 million from DKK 25,608.6 million at 30 June 2008. The increase compared with 2008 was primarily due to an increase in the proportion of 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 equity amounted to DKK 8,873.1 million as compared with DKK 9,006.8 million at 30 June 2008. An amount of DKK 5.6 million was distributed as dividend to the B shareholder in April 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 12.9 % as at 30 June 2009 as compared with 14.2 % as at 30 June 2008. As from 1 January 2009, the minimum requirement was lowered from 10% to 8%, which is the minimum capital requirement that generally applies to financial enterprises. The reduced solvency ratio was due especially to the increase in the loan portfolio. Note 24 provides a specification of the company's solvency.

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

### **Changes in accounting policies**

Effective 1 January 2009, Danish Ship Finance started to present 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 have been changed significantly compared with last year due to the implementation of the recognition and measurement provisions of the executive order on financial reporting.

In accordance with the rules of the Danish FSA, the company has restated the comparative figures.

### Effect of the policy changes

The policy changes resulted in an increase of equity at 1 January 2008 of DKK 310.4 million, a reduction of equity at 1 January 2009 of DKK 93.3 million, whilst the company's total assets and liabilities at 1 January 2009 increased by DKK 92.2 million.

The type of the specific changes in accounting policies, their effect on the financial figures and the reason for the change are described in the comments on changes in accounting policies in note 1 to the interim report.

The effect of the policy changes has been recognised directly in equity at 1 January 2009, and the comparative figures for 2008 have been restated as a result of the policy changes. The statement of changes in equity sets out the total impact of the policy changes at 1 January 2008 broken down by the various types.

The effect of the policy changes on equity at 1 January 2009 is illustrated below:

<b>Statement of changes in equity at 1 January 2009</b>	<b>DKK million</b>
<b>Equity at 31 December 2008</b>	<b><u>8,879.1</u></b>
Impact on equity at 1 January 2009 from transition to executive order on financial reports by credit institutions:	
Amortised cost on loans	(62.5)
Fair-value adjustment of fixed-rate bonds hedged using derivatives	(25.5)
Adjustment of loan impairment charges	(53.2)
Revaluation of real property	12.7
Other tangible assets	7.2
Staff benefits	(3.1)
Change in deferred tax resulting from the effects	<u>31.1</u>
Total impact on equity at 1 January 2009	<u>(93.3)</u>
<b>Equity at 1 January 2009</b>	<b><u><u>8,785.8</u></u></b>

## **Outlook for the second half of 2009**

The company has applied for hybrid Tier 1 capital under the Second Bank Package, and if the entire amount applied for (DKK 1.98 billion) is utilised, the solvency ratio is expected to be strengthened by up to approximately 3 percentage points by the end of the year. This will provide the foundation for increased lending to the initial benefit of the company's existing clients. It is doubtful whether this potential growth will be discernible already in the year-end balance sheet figures. Generally, the company expects a small increase in total lending. The company has not yet decided how much hybrid Tier 1 capital it will apply for.

During the past 12 months, the large vessel segments have recorded drastically falling ship prices. The falling prices were triggered by falling rates, which obviously affect the shipping companies' ability to repay. In its lending operations, Danish Ship Finance seeks to provide loans to shipping companies which have the financial ability and the practical experience to make it through an economic downturn. The loan portfolio is thus well prepared to resist the present turmoil, but the company cannot rule out a further increase in impairment charges in the second half-year.

It is impossible to assess the extent to which developments will trigger any actual losses, but the impairment charges made are deemed sufficient to absorb any losses, given the current outlook.

If the financial markets do not return to normal efficiency levels, earnings on lending operations in the second half are also expected to be affected by the imbalances that impacted first-half earnings. However, the effect is expected to be somewhat lower as a number of the impacts will not recur. In spite of rising gross earnings on lending operations, net earnings on lending for the full-year 2009 are expected to be lower than the full-year 2008 level due to the above-mentioned factors.

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

Danish Ship Finance has resolved to continue recent years' policy of not issuing quarterly reports in 2009. The company's financial results, total assets and equity are strongly influenced by movements in the line item losses and impairment charges on receivables. Presently, the line item is calculated every six months on the basis of the financial standing of the shipowner and the value of the financed vessels. The financed vessels are valued at least once every six months on the basis of supply and demand. The valuation is made by Danish Ship Finance or by an approved, independent broker with knowledge about the vessel type in question. A more frequent calculation of the line item losses and impairment charges on receivables 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 equity that would have an effect on the pricing of the bonds issued.

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

At the annual general meeting held on 16 April 2009, Fatiha Benali was appointed as a new member of the Board of Directors. At the same time, Torben Schelde Jørgensen retired from the Board of Directors.

## **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 2009 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 report to provide a true and fair view of the company's financial position at 30 June 2009 as well as of its activities for the first half of 2009.

We consider the management's review to give a true and fair view 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, 24 August 2009

### **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 Søggaard

**INCOME STATEMENT***Amounts in DKK million***1st half  
2009****1st half  
2008****Year  
2008**

Note:

2	<b>Interest income</b>	<b>1,637.7</b>	1,830.7	3,875.3
3	<b>Interest expenses</b>	<b>(1,332.7)</b>	(1,482.4)	(3,149.3)
4	<b>Net interest income</b>	<b>305.0</b>	348.3	726.0
	<b>Dividends on shares</b>	<b>10.2</b>	16.9	16.9
5	<b>Fee and commission income</b>	<b>28.6</b>	22.4	45.0
	<b>Fees and commissions paid</b>	<b>0.0</b>	0.0	0.0
	<b>Net interest and fee income</b>	<b>343.8</b>	387.6	787.9
6	<b>Market value adjustments</b>	<b>196.3</b>	(358.9)	(406.4)
7.8	<b>Staff costs and administrative expenses</b>	<b>(43.3)</b>	(46.5)	(86.7)
17.18	<b>Depreciation and impairment of tangible assets</b>	<b>(0.9)</b>	(0.7)	(1.4)
13	<b>Losses and impairment charges on receivables</b>	<b>(374.3)</b>	(139.7)	(703.4)
	<b>Profit before tax</b>	<b>121.6</b>	(158.2)	(410.0)
9	<b>Tax</b>	<b>(28.9)</b>	12.5	43.3
	<b>Profit for the period</b>	<b>92.7</b>	(145.7)	(366.7)



<b>BALANCE SHEET</b>		<i>Amounts in DKK million</i>		
		as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
Note:				
<b>ASSETS</b>				
10	Due from credit institutions and central banks	1,548.5	1,787.7	1,102.7
11,12,13	Loans	46,917.1	42,607.3	48,117.7
14.15	Bonds	30,125.1	25,608.6	26,520.5
16	Shares, etc.	450.0	572.4	444.2
17	Land and buildings			
	Domicile property	64.8	65.0	64.9
18	Other tangible assets	8.2	8.1	8.5
	Deferred tax assets	180.1	-	180.1
19	Other assets	6,152.1	8,128.6	5,285.2
	Total assets	<u>85,445.9</u>	<u>78,777.7</u>	<u>81,723.8</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
20	Due to credit institutions and central banks	7,140.3	3,047.9	8,412.1
21	Issued bonds	65,552.5	61,330.8	60,006.5
	Current tax liabilities	198.7	-	201.3
22	Other liabilities	3,640.4	5,258.0	4,278.1
	Total liabilities	<u>76,531.9</u>	<u>69,636.7</u>	<u>72,898.0</u>
<b>Provisions</b>				
	Provisions for deferred tax	-	134.1	-
	Provisions for losses on guarantees, etc.	41.0	0.1	40.0
	Total provisions	<u>41.0</u>	<u>134.2</u>	<u>40.0</u>
23	<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	94.3	466.5	99.8
	Retained profit	92.7	(145.7)	-
	Total equity	<u>8,873.0</u>	<u>9,006.8</u>	<u>8,785.8</u>
	Total liabilities and equity	<u>85,445.9</u>	<u>78,777.7</u>	<u>81,723.8</u>
<b>Off-balance-sheet items</b>				
25	Contingent liabilities	479.1	406.0	523.0
26	Other commitments	10,836.7	13,901.3	11,069.1
	Total off-balance-sheet items	<u>11,315.8</u>	<u>14,307.3</u>	<u>11,592.1</u>
1	Changes in accounting policies			
24	Solvency			
27	Related parties			
28	Notional principals of outstanding derivative financial instruments as at the end of the period			
29	Market values of outstanding derivative financial instruments as at 30 June 2009			
30	Exchange rate risk and use of derivative financial instruments at 30 June 2009			

## STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million

	<u>Share capital</u>	<u>Tied-up reserve capital</u>	<u>Profit brought forward</u>	<u>Proposed dividends for the financial year</u>	<u>Total</u>
<b>Equity at 31 December 2007</b>	<b>333.3</b>	<b>8,343.1</b>	<b>165.7</b>	<b>335.2</b>	<b>9,177.3</b>
Impact on equity at 1 January 2008 from transition to executive order on financial reports by credit institutions etc.:					
Amortised cost on loans	-	-	(55.0)	-	(55.0)
Fair-value adjustment of fixed-rate bonds hedged using derivatives	-	-	3.1	-	3.1
Adjustment of loan impairment charges	-	-	450.5	-	450.5
Revaluation of real property	-	-	12.2	-	12.2
Other tangible assets	-	-	8.0	-	8.0
Staff benefits	-	-	(5.0)	-	(5.0)
Change in deferred tax from the effects	-	-	(103.4)	-	(103.4)
Total impact on equity at 1 January 2008	-	-	<b>310.4</b>	-	<b>310.4</b>
<b>Equity at 1 January 2008</b>	<b>333.3</b>	<b>8,343.1</b>	<b>476.1</b>	<b>335.2</b>	<b>9,487.7</b>
Dividends distributed	-	-	-	(335.2)	(335.2)
Profit for the period	-	-	(372.3)	5.6	(366.7)
<b>Equity at 31 December 2008</b>	<b>333.3</b>	<b>8,343.1</b>	<b>103.8</b>	<b>5.6</b>	<b>8,785.9</b>
Dividends distributed	-	-	-	(5.6)	(5.6)
Profit for the period	-	-	92.7	-	92.7
<b>Equity at 30 June 2009</b>	<b>333.3</b>	<b>8,343.1</b>	<b>196.5</b>	<b>0.0</b>	<b>8,873.0</b>

	<u>Share capital</u>	<u>Tied-up reserve capital</u>	<u>Profit brought forward</u>	<u>Proposed dividends for the financial year</u>	<u>Total</u>
<b>Equity reconciliation</b>					
<b>Equity at 31 December 2007</b>	<b>333.3</b>	<b>8,343.1</b>	<b>165.7</b>	<b>335.2</b>	<b>9,177.3</b>
Dividends distributed	-	-	-	(335.2)	(335.2)
Profit for the period	-	-	31.4	5.6	37.0
<b>Equity at 31 December 2008 according to previous accounting policies</b>	<b>333.3</b>	<b>8,343.1</b>	<b>197.1</b>	<b>5.6</b>	<b>8,879.2</b>
Impact on equity at 1 January 2008 from transition to executive order on financial reports by credit institutions etc. See the Management's review on page 5	-	-	(93.3)	-	(93.3)
<b>Equity at 1 January 2009</b>	<b>333.3</b>	<b>8,343.1</b>	<b>103.8</b>	<b>5.6</b>	<b>8,785.9</b>
Dividends distributed	-	-	-	(5.6)	(5.6)
Profit for the period	-	-	92.7	-	92.7
<b>Equity at 30 June 2009</b>	<b>333.3</b>	<b>8,343.1</b>	<b>196.5</b>	<b>0.0</b>	<b>8,873.0</b>

## **Note 1**

### **Changes in accounting policies**

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”).

The accounting policies have been changed significantly compared with last year due to the implementation of the recognition and measurement provisions of the executive order on financial reporting.

In accordance with the rules of the Danish FSA, the company has restated the comparative figures.

### **Effect of the policy changes**

The policy changes resulted in an increase of equity at 1 January 2008 of DKK 310.4 million, a reduction of equity at 1 January 2009 of DKK 93.3 million, whilst the company's total assets and liabilities at 1 January 2009 increased by DKK 92.2 million.

The type of the specific changes in accounting policies, their effect on the financial figures and the reason for the change are described in the comments on the individual line items.

The effect of the policy changes has been recognised directly in equity at 1 January 2009, and the comparative figures for 2008 have been restated as a result of the policy changes. The total tax effect of the changes has been calculated at DKK 31.1 million, which is recognised under other assets.

### **Recognition and measurement**

On initial recognition, assets and liabilities are measured at fair value. However, property, plant and equipment, including properties, are measured at cost on initial recognition. On subsequent recognition, assets and liabilities are measured as described below in respect of each relevant item. Financial instruments are recognised at the trading date.

### **Properties (Land and buildings)**

The company's property is used for the company's own operations (domicile property). Properties used for the company's own operations are measured at revalued amount. Previously, properties were measured at cost plus any improvements and less depreciation and impairment charges.

The financial impact is DKK 12.7 million.

## **Changes in accounting policies – continued**

### **Other tangible assets**

Tangible assets are measured at cost less accumulated depreciation and impairment charges. Depreciation is provided on a straight-line basis over the expected useful life of the assets considering the assets' residual values. No changes have been made to this policy.

However, minor assets (additions below DKK 250 thousand) and art were previously written off in the year of acquisition over income statement. Going forward, all assets will be recognised as additions and depreciated over their expected useful lives. As a result of this change, tangible assets that had previously been written off on acquisition, have been recognised as assets in the opening balance sheet and will be depreciated over their expected useful residual lives.

The financial impact is DKK 7.2 million.

### **Loans**

From 1 January 2009, loans are measured at amortised cost (i.e. including fees and commission, which are considered an integral part of the effective rate of interest). Previously, loans were measured at cost, whilst fees and commission income were recognised in the income statement when the loan was established.

The financial impact is negative at DKK 62.5 million.

Impairment charges on loans, advances and receivables, etc. are made individually and collectively. Impairment charges are made when there is an objective indication of impairment.

Previously, loans were written down when losses were considered likely.

For individual impairment charges, objective indication is considered to exist for example in case of breach of covenants, and the financial standing of the shipowner is included in the assessment. For collective impairment charges, an objective indication is considered to exist for example in case of large rate falls within a vessel segment and such fall is expected to be of long duration, or the expected addition of new tonnage is likely to have an adverse effect on the rate level.

Impairment charges are made individually and collectively when an objective indication has been ascertained and the discounted value of the expected future cash flows is lower than the carrying amount of the loan or groups of loans.

The expected future payments are calculated based on the likelihood with which they are expected to reduce the cash flow from the loan. When calculating the value of future cash flows, the security values are included on the basis of an assessment of the ship mortgages against the background of supply and demand, after which adjustments are made for matters such as freight rates, age and turnover rate. The effective interest rate on the loan is used as discount factor.

The financial impact is a negative DKK 53.2 million.

## Changes in accounting policies – continued

### Bonds

Bonds are measured at fair value.

For listed bonds, the fair value is calculated as the officially quoted closing prices.

To the extent the fair value of the bonds cannot be derived from an active market, it is necessary for the management to assess and choose an appropriate method for determining the fair values. In this connection valuation methods generally accepted for the instrument in question are used. For these bonds, the fair value is calculated at the discounted value of the future cash flows based on observable market rates or indices.

Listed securities were previously measured at the officially quoted prices at the balance sheet date, and unlisted securities were measured at the market value on the balance sheet date.

Bonds were previously recognised at the hedged values if a concurrent swap agreement providing effective hedging (asset swap) had been concluded.

The financial impact of the changes in measurement policies (valuation) for bonds is DKK 111.7 million, whilst the impact for hedging swaps (derivative financial instrument) is a negative DKK 137.2 million. The net financial impact of the measurement changes is thus a negative DKK 25.5 million.

Another effect of the change is that a net amount of DKK 330.7 million will be reclassified from interest-rate and currency-hedged bonds to other assets (fair value of derivative financial instruments).

### Issued bonds

From 1 January 2009, issued bonds are measured at amortised cost (i.e. including discount at issuance and any commission that is considered an integral part of the effective rate of interest). Issued fixed-rate bonds were previously recognised in the balance sheet at nominal values, as they were valued together with swap agreements.

As a result of the change, issued bonds have been adjusted to the lower amount of DKK 2,385.7 million, which represents a discount on the issued fixed-rate bonds at 1 January 2009. The amount has been reclassified to other liabilities (fair value of derivative financial instruments).

The company complies with the rules on applying hedge accounting for issued fixed-rate bonds. This resulted in an adjustment concerning hedge accounting of issued bonds in the amount of DKK 127.6 million.

The financial impact on equity is DKK 0.0 million.

## **Changes in accounting policies – continued**

### **Provisions and guarantees**

Provisions and guarantees are basically recognised in the same way as before. Unlike previously, however, a staff obligation (holiday pay obligation, variable pay components, etc.) is recognised successively, regardless of whether the future payment is conditional on employment at the time of disbursement. Thus, what is emphasised is the probability of disbursement, whereas previously it was the actual obligation that was expensed at the time of disbursement.

This means that obligations, guarantees and other liabilities which are uncertain in respect of size or time of settlement are recognised as provisions when it is probable that the obligation will cause the company to incur costs. The obligation is calculated at the present value of the costs required to settle the obligation.

The financial impact is negative at DKK 3.1 million.

### **Derivative financial instruments**

All derivative financial instruments are measured at fair value at the balance sheet date.

The company previously omitted to make value adjustments of certain types of transactions hedged in terms of interest rate and foreign currency in connection with hedging of fixed-rate issued bonds and loans, whilst other derivative financial instruments were measured at market value.

The company complies with the rules on applying hedge accounting for issued fixed-rate bonds.

Fair value adjustment of swaps concerning the portfolio of fixed-rate bonds, which is described under the line item bonds in this note 1, amounts to a negative DKK 137.2 million.

Except for the fair value adjustment of swaps concerning the portfolio of fixed-rate bonds, the financial impact on equity is DKK 0.0 million.

### **Hedge accounting**

As mentioned above, the company will henceforth apply the special rules on hedge accounting to avoid the inconsistency that occurs when certain financial assets or financial liabilities (the hedged items) are measured at amortised cost, while derivative financial instruments (the hedging instruments) are measured at fair value. In the company, the hedge is established at the portfolio level for the following accounting items: loans, issued bonds and derivative financial instruments. The effectiveness is measured in an ongoing process.

<b>NOTE 2.</b>	<i>Amounts in DKK million</i>		
<b>INTEREST INCOME</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
Interest from credit institutions	7.7	95.3	147.5
Interest on loans	912.8	1,006.7	2,188.9
Index revaluations of index-linked loans	2.9	6.4	8.7
Interest on bonds	586.2	609.7	1,265.1
Other interest income	14.8	4.6	12.5
Derivative financial instruments			
Interest rate contracts	101.9	98.7	237.9
Foreign exchange contracts	11.4	9.3	14.7
Total interest income	<u>1,637.7</u>	<u>1,830.7</u>	<u>3,875.3</u>

<b>NOTE 3.</b>	<i>Amounts in DKK million</i>		
<b>INTEREST EXPENSES</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
Interest to credit institutions	(117.7)	(45.0)	(149.6)
Interest on issued bonds	(1,191.9)	(1,415.6)	(2,961.1)
Index revaluations on issued bonds	(2.9)	(6.4)	(8.7)
Other interest expenses	(20.2)	(15.4)	(29.9)
Total interest expenses	<u>(1,332.7)</u>	<u>(1,482.4)</u>	<u>(3,149.3)</u>

<b>NOTE 4.</b>	<i>Amounts in DKK million</i>		
<b>NET INTEREST INCOME</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
<b>Net interest income from lending operations</b>			
Interest on loans	915.5	1,012.7	2,197.1
Interest on bonds	320.8	334.4	712.2
Interest on block issues included in interest			
due from credit institutions	(6.2)	101.0	126.2
Interest to credit institutions	(78.2)	(0.5)	(32.9)
Interest expenses on issued bonds	(1,194.8)	(1,422.0)	(2,969.8)
Other interest expenses	(13.8)	(15.3)	(29.9)
Derivative financial instruments			
Interest rate contracts	101.9	98.7	237.9
Foreign exchange contracts	11.4	9.3	14.7
Total net interest income on lending operations	<u>56.6</u>	<u>118.3</u>	<u>255.5</u>
<b>Net interest income from financing operations</b>			
Interest on bonds	265.4	275.3	553.0
Interest on loans	0.2	0.3	0.5
Interest due from credit institutions			
excluding interest on block issues	13.8	(5.7)	21.2
Other interest income	14.8	4.6	12.5
Interest to credit institutions	(39.5)	(44.5)	(116.7)
Other interest expenses	(6.3)	0.0	0.0
Total net interest income from financing operations	<u>248.4</u>	<u>230.0</u>	<u>470.5</u>
Total net interest income	<u>305.0</u>	<u>348.3</u>	<u>726.0</u>

**NOTE 5.**

	<i>Amounts in DKK million</i>		
<b>FEE AND COMMISSION INCOME</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
Guarantee commission	1.5	0.7	2.1
Fee and other commission income	<u>27.1</u>	<u>21.7</u>	<u>42.9</u>
Total fee and other commission income	<u><u>28.6</u></u>	<u><u>22.4</u></u>	<u><u>45.0</u></u>

**NOTE 6.**

	<i>Amounts in DKK million</i>		
<b>MARKET VALUE ADJUSTMENTS</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
<b>Market value adjustments of bonds</b>			
Realised gains/losses on redemption and sales	5.0	3.2	(75.4)
Unrealised market value adjustment	<u>237.0</u>	<u>(520.7)</u>	<u>185.4</u>
Total market value adjustment of bonds	<u>242.0</u>	<u>(517.5)</u>	<u>110.0</u>
<b>Market value adjustments of shares</b>			
Market value adjustments of shares	6.3	(106.4)	(232.8)
Exchange rate adjustments	11.5	(1.8)	38.2
Market value adjustments of financial instruments	<u>(63.5)</u>	<u>266.8</u>	<u>(321.8)</u>
Total market value adjustments	<u><u>196.3</u></u>	<u><u>(358.9)</u></u>	<u><u>(406.4)</u></u>

**NOTE 7.**

	<i>Amounts in DKK million</i>		
<b>STAFF COSTS AND ADMINISTRATIVE EXPENSES</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
<b>Remuneration of the Board of Directors and Management Board</b>			
Management Board	(2.5)	(2.8)	(5.0)
Board of Directors	<u>(0.8)</u>	<u>(0.6)</u>	<u>(1.4)</u>
<b>Staff costs</b>			
Wages and salaries	(20.5)	(21.5)	(38.9)
Pension	(2.3)	(1.9)	(3.9)
Social security costs and financial services employer tax	<u>(3.6)</u>	<u>(5.3)</u>	<u>(10.3)</u>
<b>Other administrative expenses</b>	<u>(13.6)</u>	<u>(14.4)</u>	<u>(27.2)</u>
Total staff costs and administrative expenses	<u><u>(43.3)</u></u>	<u><u>(46.5)</u></u>	<u><u>(86.7)</u></u>
Number of employees - full-time equivalents	59	59	58
Average number of employees - full-time equivalents	59	58	57

**NOTE 8.**

	<i>Amounts in DKK million</i>		
<b>AUDIT FEES</b>	<b>1st half 2009</b>	<b>1st half 2008</b>	<b>Year 2008</b>
Audit fees for statutory audit	(0.4)	(0.2)	(0.8)
Fees for consultancy services and other professional services	<u>(0.6)</u>	<u>(0.7)</u>	<u>(1.0)</u>
Total audit fees	<u><u>(1.0)</u></u>	<u><u>(0.9)</u></u>	<u><u>(1.8)</u></u>



**NOTE 9.***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.

During the period, Danish Ship Finance paid on-account tax of DKK 31.5 million, including surcharges. Tax payable for 2008 amounts to DKK 201.3 million. The tax calculated for the period, adjusted for the tax payable for 2008 and offset against on-account payments, has been recognised in the balance sheet.

The tax payable for 2008 is primarily due to the effect of the tax treatment of the value adjustment of issued bonds, which triggered an advancement of the tax payment.

**NOTE 10.***Amounts in DKK million*

<b>DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>	<b>as at 30 June 2009</b>	<b>as at 30 June 2008</b>	<b>as at 31 December 2008</b>
Repo/reverse transactions	<b>0.0</b>	1,049.4	0.0
Other receivables	<b>1,548.5</b>	738.3	1,102.7
Total due from credit institutions and central banks	<b>1,548.5</b>	1,787.7	1,102.7

**NOTE 11.***Amounts in DKK million*

<b>LOANS AT AMORTISED COST</b>	<b>as at 30 June 2009</b>	<b>as at 30 June 2008</b>	<b>as at 31 December 2008</b>
At 1 January	<b>48,117.7</b>	38,760.0	38,760.0
Additions	<b>3,106.9</b>	8,466.3	12,897.2
Index revaluations during the year	<b>2.9</b>	6.4	8.7
Ordinary repayments and redemptions	<b>(2,561.0)</b>	(2,573.2)	(5,172.0)
Extraordinary prepayments	<b>(374.3)</b>	(758.0)	(1,574.4)
Net change concerning revolving credit facilities	<b>(918.1)</b>	1,309.4	2,243.3
Net change concerning debentures with Danmarks Nationalbank	<b>(79.5)</b>	(149.0)	(264.2)
Exchange adjustment of additions and disposals during the year	<b>5.0</b>	(2,306.4)	1,931.9
Change in amortised cost for the period	<b>(7.6)</b>	(7.9)	(7.5)
Depreciation, amortisation and impairment for the period	<b>(374.9)</b>	(140.3)	(705.3)
At the end of the period	<b>46,917.1</b>	42,607.3	48,117.7

**NOTE 12.**

<b>LOANS AT AMORTISED COST</b>	<b>as at 30 June 2009</b>	<i>Amounts in DKK million</i>	
		<b>as at 30 June 2008</b>	<b>as at 31 December 2008</b>
Loans secured against a ship's mortgage	<b>48,210.8</b>	42,812.4	48,960.9
Danmarks Nationalbank	<u>25.8</u>	<u>215.4</u>	<u>102.4</u>
Gross loans at exchange rates at the balance-sheet date	<b>48,236.6</b>	43,027.8	49,063.3
Loan impairment charges	<u>(1,319.5)</u>	<u>(420.5)</u>	<u>(945.6)</u>
Total loans	<u><b>46,917.1</b></u>	<u>42,607.3</u>	<u>48,117.7</u>

**NOTE 13.**

<b>IMPAIRMENT</b>	<b>as at 30 June 2009</b>	<i>Amounts in DKK million</i>				
		<b>as at 30 June 2008</b>	<b>as at 31 December 2008</b>			
<b>The following impairment charges have been made on receivables</b>						
Individual impairment charges	<b>999.9</b>	44.1	750.1			
Impairment charges with a collective component	<u>360.6</u>	<u>376.5</u>	<u>235.5</u>			
Total impairment	<u><b>1,360.5</b></u>	<u>420.6</u>	<u>985.6</u>			
<b>As a percentage of loans and impairment charges</b>						
Individual impairment charges	<b>2.1</b>	0.1	1.5			
Impairment charges with a collective component	<u>0.7</u>	<u>0.9</u>	<u>0.5</u>			
Total impairment	<u><b>2.8</b></u>	<u>1.0</u>	<u>2.0</u>			
<b>Distribution of impairment charges:</b>						
Amount set off against loans	<b>1,319.5</b>	420.5	945.6			
Amount allocated under other liabilities	<u>41.0</u>	<u>0.1</u>	<u>40.0</u>			
Total impairment	<u><b>1,360.5</b></u>	<u>420.6</u>	<u>985.6</u>			
<b>Changes 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>
Beginning of year	-	<b>985.6</b>	-	280.3	-	280.3
Losses covered by impairment charges	-	-	-	-	-	-
Losses not covered by impairment charges	-	-	-	-	-	-
Addition of new impairment charges	<b>(726.0)</b>	<b>726.0</b>	(269.3)	269.3	(812.7)	812.7
Reversals of impairment charges from previous years	<b>351.1</b>	<b>(351.1)</b>	129.0	(129.0)	107.4	(107.4)
Received on claims previously written off	<b>0.6</b>	-	0.6	-	1.9	-
Impairment charges, year-end/total losses on receivables	<u><b>(374.3)</b></u>	<u><b>1,360.5</b></u>	<u>(139.7)</u>	<u>420.6</u>	<u>(703.4)</u>	<u>985.6</u>

NOTE 14. BONDS AT FAIR VALUE	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008

<b>Bond portfolio</b>			
Non-callable bonds	22,009.8	17,657.3	17,753.8
Callable bonds	<u>8,115.3</u>	<u>7,951.3</u>	<u>8,766.7</u>
Total bonds	<u>30,125.1</u>	<u>25,608.6</u>	<u>26,520.5</u>

NOTE 15. BOND HOLDINGS SPECIFIED BY TIME TO MATURITY	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008

<b>Bond portfolio</b>			
Bonds with a maturity of up to and including 1 year	81.3	1,243.7	81.9
Bonds with a maturity of over 1 year and up to and including 5 years	21,702.2	15,950.6	16,307.8
Bonds with a maturity of over 5 years and up to and including 10 years	1,796.6	1,403.3	2,919.5
Bonds with a maturity of over 10 years	<u>6,545.0</u>	<u>7,011.0</u>	<u>7,211.3</u>
Total bond holdings specified by time to maturity	<u>30,125.1</u>	<u>25,608.6</u>	<u>26,520.5</u>

NOTE 16. SHARES, ETC.	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008

Shares/unit trust certificates listed on OMX The Nordic Exchange Copenhagen	263.3	357.5	255.4
Unlisted shares/unit trust certificates recognised at fair value	<u>186.7</u>	<u>214.9</u>	<u>188.8</u>
Total shares, etc.	<u>450.0</u>	<u>572.4</u>	<u>444.2</u>

NOTE 17. LAND AND BUILDINGS	Amounts in DKK million		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
<b>Domicile property</b>			
Purchase price including leasehold improvements, 1 January	71.6	71.6	71.6
Leasehold improvements during year	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Purchase price including leasehold improvements, at the end of the period	<u>71.6</u>	<u>71.6</u>	<u>71.6</u>
Accrued depreciation, 1 January	6.7	6.6	6.6
Depreciation during the year	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>
Accrued depreciation, at the end of the period	<u>6.8</u>	<u>6.6</u>	<u>6.7</u>
Total domicile property	<u>64.8</u>	<u>65.0</u>	<u>64.9</u>

The asset comprises the office property at Sankt Annæ Plads 1-3, Copenhagen, the public valuation of which is assessed at DKK 93.0 million at 1 October 2008.

NOTE 18. OTHER TANGIBLE ASSETS	Amounts in DKK million		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
Purchase price, 1 January	20.1	19.0	19.0
Disposals during the year	0.5	0.8	1.8
Additions during the year	<u>-</u>	<u>-</u>	<u>(0.7)</u>
Purchase price, at the end of the period	<u>20.6</u>	<u>19.8</u>	<u>20.1</u>
Accumulated depreciation, 1 January	11.6	11.0	11.0
Disposals during the year	-	-	(0.7)
Depreciation during the year	<u>0.8</u>	<u>0.7</u>	<u>1.3</u>
Accumulated depreciation, at the end of the period	<u>12.4</u>	<u>11.7</u>	<u>11.6</u>
Total other tangible assets	<u>8.2</u>	<u>8.1</u>	<u>8.5</u>

NOTE 19. OTHER ASSETS	Amounts in DKK million		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
Interest receivable	1,681.8	1,544.1	1,418.8
Prepayments to swap counterparties	514.6	518.1	-
Receivable concerning CIRR funding	119.7	148.1	133.6
Market value of forward rate agreements	3,823.9	5,816.8	3,698.3
Miscellaneous receivables	<u>12.1</u>	<u>101.5</u>	<u>34.5</u>
Total other assets	<u>6,152.1</u>	<u>8,128.6</u>	<u>5,285.2</u>

NOTE 20. DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS	as at 30 June 2009	Amounts in DKK million	
		as at 30 June 2008	as at 31 December 2008
Repo transactions	7,102.9	3,045.6	8,412.0
Other creditors	37.4	2.3	0.1
Total due to credit institutions and central banks	7,140.3	3,047.9	8,412.1

NOTE 21. ISSUED BONDS AT AMORTISED COST	as at 30 June 2009	Amounts in DKK million	
		as at 30 June 2008	as at 31 December 2008
At 1 January	60,006.5	61,095.4	61,095.4
Additions in conjunction with new loans and block issues	4,840.0	1,377.6	5,524.2
Cost amortisation	228.0	248.3	492.6
Adjustment for hedge accounting	1,468.7	(720.1)	872.6
Index revaluations during the year	2.9	6.4	8.7
Ordinary redemptions	(993.6)	(676.8)	(7,987.0)
At the end of the period	65,552.5	61,330.8	60,006.5

#### Specification of issued bonds

##### Bonds issued in DKK:

Bullet bonds	54,533.6	53,005.6	49,841.8
Index-linked loans, nominal value	43.1	157.6	91.5
Total nominal value	54,576.7	53,163.2	49,933.3
Index premium	62.2	213.4	126.2
Total issued bonds in DKK	54,638.9	53,376.6	50,059.5

##### Bonds issued in foreign currency

Amortising CIRR bonds, at year-end exchange rates	10,913.6	7,954.2	9,947.0
Total issued bonds in foreign currency	10,913.6	7,954.2	9,947.0
Total issued bonds	65,552.5	61,330.8	60,006.5

NOTE 22.	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
<b>OTHER LIABILITIES</b>			
Interest payable	1,437.5	1,567.6	1,429.8
Market value of financial instruments	2,177.1	3,672.6	2,833.3
Miscellaneous liabilities	<u>25.8</u>	<u>17.8</u>	<u>15.0</u>
Total other liabilities	<u><u>3,640.4</u></u>	<u><u>5,258.0</u></u>	<u><u>4,278.1</u></u>

NOTE 23.	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
<b>EQUITY</b>			
<b>Share capital</b>			
A shares	300.0	300.0	300.0
B shares	<u>33.3</u>	<u>33.3</u>	<u>33.3</u>
Total 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	94.3	466.5	99.8
Retained profit	<u>92.7</u>	<u>(145.7)</u>	<u>-</u>
<b>Total equity</b>	<u><u>8,873.0</u></u>	<u><u>9,006.8</u></u>	<u><u>8,785.8</u></u>
<i>of which proposed dividend, cf. allocation of profit</i>			<u><u>5.6</u></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

<b>NOTE 24.</b>	<i>Amounts in DKK million</i>		
<b>SOLVENCY</b>	<b>as at 30 June 2009</b>	<b>as at 30 June 2008</b>	<b>as at 31 December 2008</b>
<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	94.3	466.5	99.8
Retained profit/loss for the year	92.7	(145.7)	-
<b>Total Tier 1 capital</b>	<b>8,863.4</b>	<b>8,997.2</b>	<b>8,776.2</b>
<b>Deductions in Tier 1 capital</b>			
Proposed dividends	-	-	5.6
Retained profit	92.7	-	-
Additional straining relative to the Executive Order on a Ship Finance Institute	359.9	98.1	280.2
<b>Total deductions in Tier 1 capital</b>	<b>452.6</b>	<b>98.1</b>	<b>285.8</b>
<b>Tier 1 capital less deductions</b>	<b>8,410.8</b>	<b>8,899.1</b>	<b>8,490.4</b>
<b>Supplementary capital</b>			
Revaluation reserves	9.6	9.6	9.6
<b>Supplementary capital less deductions</b>	<b>9.6</b>	<b>9.6</b>	<b>9.6</b>
<b>Capital base less deductions</b>	<b>8,420.4</b>	<b>8,908.7</b>	<b>8,500.0</b>
<b>Weighted items not included in the trading portfolio</b>	<b>51,122.2</b>	<b>45,919.7</b>	<b>52,032.1</b>
Weighted off-balance sheet items	5,905.3	7,326.7	6,024.5
Weighted items involving counterparty risk outside the trading portfolio	865.2	982.0	582.9
Weighted items involving market risk, etc.	6,476.1	7,602.6	6,794.5
Weighted items involving operational risk	896.2	718.2	717.0
<b>Total weighted items</b>	<b>65,265.0</b>	<b>62,549.2</b>	<b>66,151.0</b>
<b>Tier 1 capital less deductions as a percentage of total risk-weighted items</b>	<b>12.9</b>	<b>14.2</b>	<b>12.8</b>
<b>Solvency ratio pursuant to the Executive Order on a Ship Finance Institute</b>	<b>12.9</b>	<b>14.2</b>	<b>12.8</b>
The minimum requirement was fixed at 8 per cent from 1 January 2009			
<b>Weighted items with market risk, etc. consist of</b>			
Items with position risk: Debt instruments	5,037.6	6,002.9	5,418.9
Items with position risk: Shares	459.6	858.5	454.1
Total currency position	978.9	741.2	921.5
<b>Total weighted items with market risk, etc.</b>	<b>6,476.1</b>	<b>7,602.6</b>	<b>6,794.5</b>

NOTE 25. <b>CONTINGENT LIABILITIES</b>	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
In the ordinary course of its lending operations, Danish Ship Finance has undertaken guarantee commitments of	414.6	348.1	458.8
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	53.2	59.5
Payment guarantee provided to the Danish Securities Centre	3.6	3.2	3.2
Guarantees provided to the Danish Securities Centre	1.6	1.5	1.5
Total contingent liabilities	<u>479.1</u>	<u>406.0</u>	<u>523.0</u>

NOTE 26. <b>OTHER COMMITMENTS</b>	<i>Amounts in DKK million</i>		
	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
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	1,638.8	1,520.5	1,123.7
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	537.0	1,760.8	1,062.1
In the ordinary course of its lending operations, Danish Ship Finance has undertaken commitments relating to irrevocable credit commitments on loans in the amount of	8,660.9	10,620.0	8,883.3
Total other commitments	<u>10,836.7</u>	<u>13,901.3</u>	<u>11,069.1</u>

#### NOTE 27.

##### **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 note 7.

Other 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 28.

*Amounts in DKK million*

NOTIONAL PRINCIPALS OF OUTSTANDING DERIVATIVE FINANCIAL INSTRUMENTS AS AT THE END OF THE PERIOD	as at 30 June 2009	as at 30 June 2008	as at 31 December 2008
--	-----------------------	-----------------------	---------------------------

*Swap agreements*

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

Danmarks Nationalbank	1,105.3	1,530.0	1,105.3
Banks	49,800.3	46,652.9	48,599.6

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

Debtors	461.0	414.0	654.9
Banks	67,873.4	57,608.1	58,299.2

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

Debtors	-	1.1	-
Banks	-	1.1	-

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

Banks	5,048.4	3,551.5	4,387.2
-------	---------	---------	---------

*Forward currency agreements*

Forward currency sales	-	-	132.1
------------------------	---	---	-------

*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	3,512.1	3,980.5	1,955.8
-------	---------	---------	---------

*Forward securities transactions*

Buying	-	-	-
Selling	-	832.1	751.8

## NOTE 29.

*Amounts in DKK million***MARKET VALUES OF OUTSTANDING DERIVATIVE  
FINANCIAL INSTRUMENTS AS AT 30 JUNE 2009****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	404.1	-
Banks	4,227.0	675.3

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

Debtors		69.7
Banks	637.2	1,940.8

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	137.5	94.3
-------	-------	------

*Forward currency agreements*

Forward currency sales

-	-
---	---

*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	2.3	38.2
-------	-----	------

*Forward securities transactions*

Buying

-	-
---	---

Selling

-	-
---	---

*Netting of exposure value*

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%	404.1	
Counterparty with risk weight of 20%	2,388.1	

Value of total counterparty risk calculated according to the market valuation method for counterparty risk

Counterparty with risk weight of 0%	404.1	
Counterparty with risk weight of 20%	5,004.1	

---

**NOTE 30.****EXCHANGE RATE RISK AND USE OF DERIVATIVE  
FINANCIAL INSTRUMENTS AT 30 JUNE 2009**

---

The total unhedged foreign currency position at 30 June 2009, translated at year-end exchange rates into DKK amounts to DKK 587.7 million (DKK 741.2 million at 30 June 2008).

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	42,075.0	4,620.2	<b>46,695.2</b>	1,541.4	<b>48,236.6</b>
Provision for loans				(1,319.5)	(1,319.5)
<b>Loans as per the balance sheet</b>					<b>46,917.1</b>
Due from credit institutions and central banks	1,727.4	154.0	<b>1,881.4</b>	(332.9)	1,548.5
Bond portfolios		3,402.1	<b>3,402.1</b>	26,723.0	30,125.1
Interest receivable, etc.	243.1	129.6	<b>372.7</b>	1,309.1	1,681.8
Other assets		15.4	<b>15.4</b>	5,158.0	5,173.4
<b>Total assets as per the balance sheet</b>	<b>44,045.5</b>	<b>8,321.3</b>	<b>52,366.8</b>	<b>33,079.1</b>	<b>85,445.9</b>
Issued bonds at year-end exchange rates	(10,938.9)	0.0	<b>(10,938.9)</b>	(54,613.6)	(65,552.5)
<b>Issued bonds as per the balance sheet</b>					<b>(65,552.5)</b>
Due to banks	(26.0)	(12.9)	<b>(38.9)</b>	(7,101.4)	(7,140.3)
Interest payable	(242.1)	(85.7)	<b>(327.8)</b>	(1,109.7)	(1,437.5)
Other payables			<b>0.0</b>	(2,442.6)	(2,442.6)
Total equity				(8,873.0)	(8,873.0)
<b>Total liabilities as per the balance sheet</b>	<b>(11,207.0)</b>	<b>(98.6)</b>	<b>(11,305.6)</b>	<b>(74,140.3)</b>	<b>(85,445.9)</b>
Derivative financial instruments - receivables	707.2	4,659.8	<b>5,367.0</b>		
Derivative financial instruments - payables	(33,666.3)	(12,174.2)	<b>(45,840.5)</b>		
<b>Total net position</b> (translated into DKK)	<b>(120.6)</b>	<b>708.3</b>	<b>587.7</b>		