ZITON A/S

Interim report 1th quarter 2017

Highlights of the report

Highlights of Q1 2017

- EBITDA was a EUR 5.0m profit in Q1 2017 compared to a profit of EUR 1.4m in Q1 2016. The main reasons for the strong improvement in EBITDA is the increase in revenue.
- The weighted average utilisation rate for Q1 2017 was at 73%, compared to 34% realised in the same quarter 2016.
- Revenue for Q1 2017 was EUR 8.9m compared to EUR 4.2m in Q1 2016. The strong growth came on the back of the time charter with Siemens Wind Power. Furthermore, we benefitted from framework agreements with DONG Energy and Vattenfall signed in the second half 2017.
- ZITON's core business has always been to own and operate jack-up vessels. While that will not change, we are getting requests from certain customer segments for assistance in a number of services closely related to our core business. As a result, we established ZITON Contractors A/S in February 2017 to offer customers specialised tools & lifting equipment, yoke operators and technicians, thus expanding our scope of solutions.
- Our expectations for 2017 remain unchanged:
  - Weighted average utilisation rate in the range of 75%-85%.
  - EBITDA in the range of EUR 23-26m.
  - Cash flow from operating activities in the range of EUR 12-15m.
  - CAPEX of up to EUR 5m.

Information in this report

The information in this interim report is submitted in accordance with the Bond Agreement on FRN ZITON A/S Senior Secured Callable Bond Issue 2016/2019 (ISIN NO 0010751332) dated 25 November 2015 between ZITON A/S and, representing the bondholders, Nordic Trustee ASA.

According to the Bond Agreement, the consolidated financial statements of ZITON A/S are prepared in accordance with IFRS with Euro as the reporting currency.

This report has not been reviewed by the company's auditors.

Disclaimer

This report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Although the Company believes that these assumptions were reasonable when made, the statements provided in this report are solely opinions and forecasts which are uncertain and subject to risks, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. A multitude of factors can cause actual results to differ significantly from any anticipated development expressed or implied in this document. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved and you are cautioned not to place any undue reliance on any forward-looking statement.

Management Review

Market activity
The first quarter of the calendar year is traditionally the low season for the offshore wind operations & maintenance (O&M) industry, mainly due to adverse seasonal weather conditions.

Nevertheless, demand was satisfactory in the first quarter for the following reasons:

- The fixed time charter with Siemens Wind Power provides a stable revenue stream.
- Framework agreements with MHI Vestas Offshore Wind, DONG Energy and Vattenfall contributed during the quarter.
- Decommissioning of two met masts also contributed.

Contract developments
ZITON has entered into contracts with four of the leading customers within offshore wind O&M:

- The three-year charter with Siemens Wind Power for J/U WIND SERVER; commenced on 14 March 2016.
- The framework agreement with MHI Vestas Offshore Wind; running until the end of 2017.
- The three-year framework agreement with DONG Energy; announced in August 2016.
- The three-year framework agreement with Vattenfall; announced in November 2016.

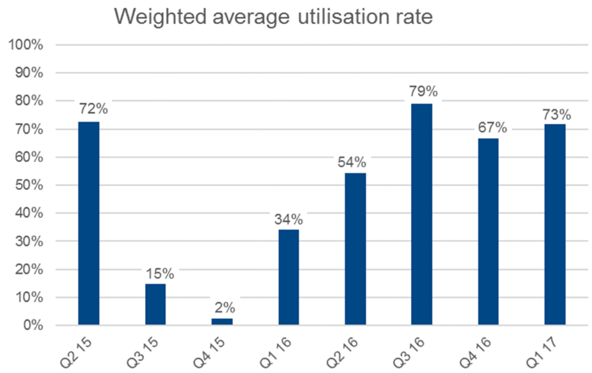
Having contracts with four of the leading players within the offshore wind industry demonstrates the strength ZITON's business model of providing dedicated offshore wind O&M services and having vessels available at all times to ensure reduced wind turbine down-time.

ZITON operates in a satisfactory competitive environment, being the only dedicated provider of O&M services for major components replacement. All other jack-up companies have installation as their primary business.

Vessel status
J/U WIND SERVER remains on charter with Siemens Wind Power, having commenced a three-year charter on 14 March 2016.

J/U WIND PIONEER and J/U WIND mainly operate on the framework agreements with DONG Energy, Vattenfall and MHI Vestas Offshore Wind.

Utilisation rates
The weighted average utilisation rate for Q1 2017 was at 73%, below the expected range of 75-85% expected for the full year, but satisfactory as Q1 is the low season. The utilisation rate compares favourably to 34% realised in the same quarter 2016.



Note: the weighted average utilisation rate is calculated as revenue during the quarter divided by full utilisation at standard rates. Each vessel has a different weighting depending on its specifications. J/U WIND PIONEER was included from the beginning of Q4 2015.

Outlook for 2017
Our strong contract portfolio underpins the outlook for 2017. We maintain the guidance set out in the annual report 2016:

- **Weighted average utilisation rate**. We expect a utilisation rate in the range of 75%-85%, mainly based on the framework agreements signed in 2017, and on J/U WIND SERVER being on time charter for the entire year.
- **EBITDA**. We expect EBITDA to be in the range of EUR 23-26m, mainly driven by higher revenue, as fixed costs account for most of the overall vessel OPEX.
- **Cash flow from operating activities** is defined as EBITDA less changes in working capital and financial payments. We expect cash flows from operating activities of EUR 12-15m.
- **CAPEX.** We expect CAPEX of up to EUR 5.0m.

Risks and uncertainties

ZITON A/S is exposed to various risks that may be of significance to the company's future operations, results and financial position. We have identified no specific risks affecting the outlook for the remainder of the financial year 2017. For a description of ZITON A/S risks, please refer to the Risk Management section on pages 36-37 and note 4.1 "Risk management" in the annual report 2016 pages 69-70.

Financial Review

REVIEW OF THE INCOME STATEMENT FOR Q1 2017

EUR´000	Q1 17	Q1 16	Change
Revenue	**8 852**	**4 196**	**4 656**
OPEX and project-related expenses	-2 429	-2 064	-365
SG&A	-1 460	-780	-680
EBITDA	**4 963**	**1 351**	**3 612**
Depreciation	-1 957	-1 864	-93
EBIT	**3 006**	**-513**	**3 519**
Financials, net	-3 332	-3 217	-115
Income before tax	**-326**	**-3 730**	**3 404**
Key ratio			
EBITDA margin	56.1%	32.2%	23.9%

Review of income statement for Q1 2017

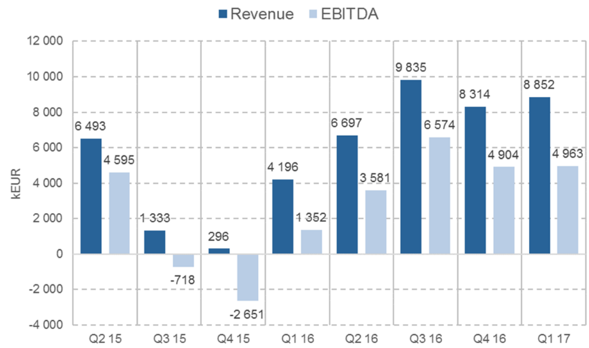
The fully consolidated results for ZITON A/S shows net revenue for Q1 2017 of EUR 8.9m compared to EUR 4.2m in Q1 2016. The main reason for the increase in revenue is that J/U WIND SERVER has been charter with Siemens Wind Power since 14 March 2016, thus resulting in limited revenue during Q1 2016. Furthermore, we have benefitted from our existing framework agreements with MHI Vestas Offshore Wind, DONG Energy and Vattenfall.

Vessel OPEX and project related costs increased to EUR 2.4m in Q1 2017 from EUR 2.1m in Q1 2016. The main reason for the EUR 0.3m increase is costs related to decommissioning project in Q1 2017, as well as increased OPEX due to a higher activity level.

SG&A expenses amounted to EUR 1.5m in Q1 2017, compared to EUR 0.8m in Q1 2016. The increase of EUR 0.7m is mainly related to staff costs for additional employees and one-off costs related to a strategy project carried out in Q1 2017.

EBITDA was a EUR 5.0m profit in Q1 2017 compared to a profit of EUR 1.4m in Q1 2016. The main reasons for the strong improvement in EBITDA is the increase in revenue.

The illustration below shows the strong improvement quarter by quarter realised during the last year, as well as the strong correlation between revenue and EBITDA.



Depreciation charges increased by EUR 0.1m. The benign increase mainly reflects higher depreciation on J/U WIND following five-year classification renewal of the vessel in the beginning of 2016.7

EBIT was a EUR 3.0m profit in Q1 2017 compared to a loss of EUR 0.5m in Q1 2016. The main reasons for the improved EBIT is higher revenue.

Financials, net was EUR -3.3m in Q1 2017 compared to EUR -3.2m in Q1 2016.

Income before tax was a EUR 0.3m loss in Q1 2017 compared to a EUR 3.7m loss in Q1 2016.

REVIEW OF BALANCE SHEET AT THE END OF Q1 2017

EUR´000	Q1 17	Q1 16	Change	Q1 17	Q4 16	Change
Assets						
Vessel, including fixtures & equipment	160 072	165 877	-5 805	160 072	161 313	-1 241
Other non-current assets	6 057	6 892	-835	6 057	6 057	-
Non-current assets	**166 129**	**172 769**	**-6 640**	**166 129**	**167 370**	**-1 241**
Trade and other receivables	5 689	2 857	2 832	5 689	4 454	1 235
Cash and cash equivalents	2 360	799	1 561	2 360	1 944	416
Current assets	**8 049**	**3 656**	**4 393**	**8 049**	**6 398**	**1 651**
Total assets	**174 178**	**176 425**	**-2 247**	**174 178**	**173 768**	**410**
Equity and Liabilities						
Equity	**36 288**	**39 644**	**-3 356**	**36 288**	**36 824**	**-536**
Subordinated loans	33 329	30 237	3 092	33 329	32 373	956
Bond loans	96 000	97 937	-1 936	96 000	95 856	144
Bank loans and lease liabilities	2 964	4 775	-1 812	2 964	2 653	311
Other liabilities	5 597	3 832	1 765	5 597	6 062	-465
Total liabilities	**137 890**	**136 781**	**1 109**	**137 890**	**136 944**	**946**
Total equity and liabilites	**174 178**	**176 425**	**-2 247**	**174 178**	**173 768**	**410**
Key ratios						
Subordinated capital ratio	40.0%	39.6%	0.4%	40.0%	39.8%	0.1%
NIBD (adjusted for capitalised financing costs)	98 106	103 976	-5 870	98 106	98 209	-103
Loan to Vessel ratio (NIBD/Vessel book value)	61.3%	62.7%	-1.4%	61.3%	60.9%	0.4%

Review of balance end of Q1 2017

The total value of the vessels amounted to EUR 160.1m at the end of Q1 2017. This compares to EUR 165.9m at the end of Q1 2016, and EUR 161.3m at the end of Q4 2016. The reduced value reflects depreciation.

Total equity declined to EUR 36.3m at the end of Q1 2017. This compares to EUR 39.6m at the end of Q1 2016, and EUR 36.8m at the end of Q4 2016. The lower equity mainly relates to losses during the period.

The subordinated capital ratio (defined as total equity plus subordinated capital divided by total assets) at end Q1 2017 was 40.0%. This is higher than 39.6% end Q1 2016 and 39.8% end of Q4 2016. The subordinated capital ratio has a safe margin relative to the company's only financial covenant, which requires a subordinated capital ratio of 33.0% or higher, at the end of Q1 2017.

Senior Net Interest-Bearing Debt (NIBD) amounted to EUR 98.1m at the end of Q1 2017. This is lower than EUR 104.0m end Q1 2016 and EUR 98.2m end of Q4 2016. Hence, the senior Loan to Vessel value stood at 61.3% at the end of the period.

REVIEW OF STATEMENT OF CASH FLOWS FOR Q1 2017

EUR´000	YTD 17	YTD 16	Change
EBITDA	**4 963**	**1 351**	**3 612**
Working capital adjustments	-1 941	-2 279	338
Financial payments, net	-2 195	-2 310	115
Other adjustments	-19	379	-398
Net cash flows from operating activities	**808**	**-2 859**	**3 667**
Investing activities (CAPEX)	-574	-1 231	657
Net cash flows after investing activities	**234**	**-4 090**	**4 324**
Financing activities	-	-	-
Net cash flows after financing activities	**234**	**-4 090**	**4 324**
Available liquidity			
Cash and cash equivalents	**2 360**	**799**	**1 561**
Cash on retention account	2 323	732	1 591
Liquidity	**37**	**67**	**-31**
Available draw on working capital facility	3 926	5 335	-1 409
Available liquidity	**3 963**	**5 402**	**-1 439**

Cash flows from operating activities was positive of EUR 0.8m in Q1 2017 as result of positive EBITDA that was partly counterbalanced by negative working capital adjustments and financial payments.

Investing activities was at EUR 0.6m during Q1 2017, mainly related to improvements on the jacking and dynamic position system of J/U WIND PIONEER.

Available liquidity including available draw on working capital facility amounted to EUR 4.0m at the end of Q1 2017. This is EUR 1.4m lower than at the end of Q1 2016, as the Super Senior Working Capital Facility was reduced from DKK 75m (≈EUR 10.1m) to DKK 50m (≈EUR 6.7m) on 26 November 2017, as stated in the bond agreement.

Consolidated financial statements for ZITON A/S

INCOME STATEMENT

EUR´000	Note	Q1 17	Q1 16
Revenue	2	**8 852**	**4 196**
Project-related expenses		-607	-324
Operation of vessels		-1 822	-1 740
Gross profit (net earnings from vessel activities)		**6 423**	**2 132**
Administrative expenses		-807	-290
Staff costs, office staff		-653	-490
Earnings before interest, tax, depreciation etc. (EBITDA)		**4 963**	**1 351**
Depreciation		-1 957	-1 864
Earnings before interest and tax (EBIT)		**3 006**	**-513**
Financial income		129	191
Financial expenses		-3 461	-3 408
Income before tax		**-326**	**-3 730**
Tax on profit (loss)		-255	774
Income for the year		**-581**	**-2 956**
Attributable to:			
Owners of ZITON A/S		-1 299	-3 082
Non-controlling interests		718	126
Income for the year		**-581**	**-2 956**

STATEMENT OF COMPREHENSIVE INCOME

EUR´000	Note	Q1 17	Q1 16
Income for the year		**-581**	**-2 956**
Items that will be reclassified subsequently to the income statement when specific conditions are met:			
Exchange adjustments of foreign entities, net of tax		42	21
Total comprehensive income for the year, after tax		**-539**	**-2 935**
Attributable to:			
Owners of ZITON A/S		-1 260	-3 061
Non-controlling interests		721	126
Total comprehensive income for the year, after tax		**-539**	**-2 935**

BALANCE SHEET *EUR´000*		Q1 17	Q4 16	Q1 16
Assets				
Non-current assets				
Vessels, including fixtures & equipment	3	160 072	161 313	165 877
Financial assets		6 057	6 057	6 057
Deferred tax assets		-	-	835
Non-current assets		**166 129**	**167 370**	**172 769**
Current assets				
Trade and other receivables		5 689	4 454	2 857
Cash and cash equivalents		2 360	1 944	799
Current assets		**8 049**	**6 398**	**3 656**
Total assets		**174 178**	**173 768**	**176 425**
Equity and Liabilities				
Equity				
Share capital		11 093	11 093	11 093
Reserves		230	188	161
Retained earnings		8 539	9 838	14 938
Total equity attributable to owners of ZITON A/S		**19 862**	**21 119**	**26 192**
Non-controlling interests		16 426	15 705	13 452
Total equity		**36 288**	**36 824**	**39 644**
Liabilities				
Non-current liabilities				
Subordinated loans		33 329	32 373	30 237
Bank and bond loans		90 565	90 919	96 006
Deferred income tax liabilities		2 696	2 441	1 204
Provision for other liabilities		-	236	252
Total non-current liabilities		**126 590**	**125 969**	**127 699**
Current liabilites				
Bank and bond loans		8 399	7 590	6 706
Trade and other payables		2 060	2 762	1 978
Provision for other liabilities		841	623	397
Total current liabilites		**11 300**	**10 975**	**9 082**
Total liabilities		**137 890**	**136 944**	**136 781**
Total equity and liabilites		**174 178**	**173 768**	**176 425**

STATEMENT OF CASH FLOWS

EUR´000	Note	Q1 17	Q1 16
Income before tax		**-326**	**-3 729**
Operating activities			
Adjustments for non-cash items			
Reversal financial expenses, net		3 332	3 223
Depreciation and writedowns for the period		1 957	1 864
Other adjustments		-19	372
Working capital adjustments			
Change in trade receivables		-1 267	-2 382
Change in trade payables		-674	103
Financial payments			
Financial receipts		-	-
Financial payments		-2 195	-2 310
Income tax expense			
Income tax expense		-	-
Net cash flows from operating activities		**808**	**-2 859**
Investing activities			
Purchase of vessel, including fixtures & equipment (excl. interest)		-574	-1 231
Other cash flows from investing activites		-	-
Net cash used in investing activities		**-574**	**-1 231**
Financing activities			
Proceeds from issuance of ordinary shares		-	-
Proceeds from bank and bond loans		-	-
Change of subordinated loans		-	-
Repayment of debt to bank and bond holders		-	-
Net cash used/received in financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**234**	**-4 090**
Cash and cash equivalents at beginning of period		-670	162
Exchange gains/losses on cash and cash equivalents		-	-
Cash and cash equivalents at end of period*		**-436**	**-3 928**

** Cash and cash equivalents in the cash flow statement include drawings on working capital facility*

STATEMENT OF CHANGES IN EQUITY

YTD 17			Attributable to owners of ZITON A/S					
EUR ´000	Share capital	*Reserve for warrants*	*Translation reserves*	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2016	**11 093**	*143*	*45*	**188**	**9 838**	**21 119**	**15 705**	**36 824**
Total comprehensive income for the year, after tax	-	-	42	42	-1 299	-1 257	721	-536
Balance at YTD	**11 093**	*143*	*87*	**230**	**8 539**	**19 862**	**16 426**	**36 288**

Share capital
In 2017, the share capital consisted of 82,782,192 shares of DKK 1 each (EUR 11,093K). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 67,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

Reserves
Reserves on equity consist of the following:
Reserve for warrants consists of warrants to management, selected employees and the subordinated loan provider.
The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from DKK and translation from the functional currency to the presentation currency.

YTD 16			Attributable to owners of ZITON A/S					
EUR ´000	Share capital	*Reserve for warrants*	*Translation reserves*	Total reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2015	**11 093**	***136***	***4***	**140**	**18 021**	**29 254**	**13 326**	**42 580**
Total comprehensive income for the year, after tax	-	-	21	21	-3 082	-3 061	126	-2 935
Balance at YTD	**11 093**	*136*	*25*	**161**	**14 938**	**26 193**	**13 452**	**39 644**

Share capital
In 2016, the share capital consisted of 82,782,192 shares of DKK 1 each (EUR 11,093K). The shares are divided into two classes: 11,118,416 A shares of DKK 1 each and 67,663,782 B shares of DKK 1 each. Each A share carries one vote, while B shares do not carry voting rights, but carry preferential rights of dividend.

Note 1 – Total Comprehensive Income by Quarter

INCOME STATEMENT BY QUARTER *EUR´000*	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Revenue	**8 852**	**8 314**	**9 835**	**6 697**	**4 196**
Project related expenses	-607	-394	-414	-29	-324
Operation of vessels	-1 822	-2 037	-1 987	-2 082	-1 740
Gross profit (net earnings from vessel activities)	**6 423**	**5 883**	**7 434**	**4 586**	**2 132**
Administrative expenses	-807	-340	-310	-354	-290
Staff costs, office staff	-653	-639	-550	-651	-490
Earnings before interest, tax, depreciation etc. (EBITDA)	**4 963**	**4 904**	**6 574**	**3 581**	**1 352**
Depreciation	-1 957	-1 975	-1 968	-1 968	-1 864
Earnings before interest and tax (EBIT)	**3 006**	**2 929**	**4 606**	**1 613**	**-512**
Financial income	129	358	177	228	191
Financial expenses	-3 461	-3 659	-3 601	-3 472	-3 408
Income before tax	**-326**	**-372**	**1 182**	**-1 631**	**-3 729**

Note 2 - Segment reporting

Operating segments

The internal reporting framework used for reporting on revenue and expenses to the Executive Management Team and the Board of Directors has been set up to reflect and report on revenue and expenses for the segments; jack-up vessels and contractors.

Reportable segments

Reportable segments are segments accountable for 10 per cent or more of the combined revenue, profit or assets. The jack-up vessel segment account for more than 90 per cent of combined revenue, profit or assets, thus there is only one reportable segment.

Revenue

The Group operates in northern Europe. The geographical distribution of revenue is based on the country in which the wind farm is located.

Geographical distribution of revenue	Q1 17	Q1 16
EUR´000		
Denmark	420	348
UK	8 002	3 848
Germany	-	-
Holland	430	-
Belgium	-	-
Total	**8 852**	**4 196**

Sales to the two largest customers (above 10% of total revenue) make up 66% and 14%, respectively, of total revenue in YTD 2017 (YTD 2016: Top three was 54%, 30% and 15%, respectively).

Note 3 - Vessels and equipment

YTD 17 *EUR´000*	Fixtures & equipment	Vessels	Total
Cost at 1 January	693	183 395	184 088
Exchange rate adjustments	-	-47	-47
Additions	209	586	795
Disposals	-94	-	-94
Cost YTD	**808**	**183 934**	**184 742**
Depreciation at 1 January	-318	-22 458	-22 776
Exchange rate adjustments	-	6	6
Depreciation	-38	-1 912	-1 950
Disposals	50	-	50
Depreciation YTD	**-306**	**-24 364**	**-24 670**
Impairment losses at 1 January	-	-	-
Impairment losses YTD	-	-	-
Carrying amount YTD	**502**	**159 570**	**160 072**
- of which capitalised interests		17 959	17 959

YTD 16 *EUR´000*	Fixtures & equipment	Vessels	Total
Cost at 1 January	779	180 679	181 458
Exchange rate adjustments	1	156	157
Additions	4	1 257	1 261
Disposals	-	-	-
Cost YTD	**784**	**182 092**	**182 876**
Depreciation at 1 January	-301	-14 805	-15 106
Exchange rate adjustments	-	-29	-29
Depreciation	-42	-1 822	-1 864
Disposals	-	-	-
Depreciation YTD	**-343**	**-16 656**	**-16 999**
Impairment losses at 1 January	-	-	-
Impairment losses YTD	-	-	-
Carrying amount YTD	**441**	**165 436**	**165 877**
- of which capitalised interests		18 644	18 644

Impairment of vessels

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount – measured using the higher of the fair value less cost to sell and value in use. An impairment loss is recognised if the higher of the fair value less cost to sell and value in use is less than the carrying amount of the assets.

The value in use is calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives. This includes any concluded framework agreements and signed charters and by using estimated utilisation and average day rates for the "open charter periods".

- The estimated utilisation is based on projected future installation of offshore turbines, the average rate which a turbine needs assistance from a jack-up vessel in the turbine's lifetime and ZITON´s expected market share.
- Average day rates are based on either already signed framework agreement or historical prices.

Hence, the exact value used to measure impairment charges is subject to certain uncertainty and is based on what the company believes is the best estimate of the fair value. The budget used for impairment test is based on a five-year period, including a terminal period.

Management's assessment of indication of impairment on vessels is based on the cash-generating unit (CGU) in which all jack-up vessels are included (jack-up vessel segment).

An impairment test is carried out based on value in use. The impairment test is performed by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows during the rest of the vessels' economic lives and a determined WACC of 8.2% and a growth rate in the terminal period of 0%.

The value in use was estimated to be materially higher than the carrying amount of EUR 159,570k

Management assesses that the long-term value at the close of the financial period exceeds the carrying amounts, and accordingly, there is no indication of impairment.

Note 4 - Commitments and contingencies

Since the end of 2016, no significant changes have occurred to contingent assets and liabilities other than those referred to in the annual report for 2016. The performance guarantee to Siemens, amounts to EUR 4,738k end of the Q1 2017 (end 2016: EUR 5,330k).

Note 5 - Related party transactions

No significant changes have occurred to related parties or types and scale of transactions with these parties other than what is disclosed in the annual report for 2016.

Note 6 - Subsequent events

Other than the developments disclosed in the review, no significant events have occurred between the end of the quarter and publication of this interim report which materially affect the results for the period or the financial position.

Note 7 – Basis of reporting

Accounting policies

Basis of consolidation

The interim report has been prepared in accordance with the international financial reporting standard IAS 34 on interim reports. No interim report has been prepared for the parent company (ZITON A/S).

The consolidated annual report for 2016 has been prepared in accordance with the International Financial Reporting Standards (IFRS). Accounting policies have not changed in relation to this, except for all new, amended or revised accounting standards and interpretations (IFRSs) endorsed by the EU effective for the accounting period beginning on the 1 of January, 2017. These IFRSs have not had any impact on the Groups interim report.

For a complete description of accounting policies, please refer to the pages 57-59 in the consolidated annual report for 2016.

Risks

We have identified no specific risks affecting the outlook for the remainder of the financial year 2017. For a description of ZITON A/S risks, please refer to the Risk Management section on pages 36-37 and note 4.1 "Risk management" in the consolidated annual report 2016 pages 69-70.

Management statement
The Board of Directors and Executive Management have considered and approved the interim report for ZITON A/S for the first three months of 2017. The interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first three months of 2017 has been prepared in accordance with IAS 34, and disclosure requirements for issuers of bonds listed on the Oslo Stock Exchange.

In our opinion the interim report gives a true and fair view of the ZITON's assets, liabilities, and financial position at 31 March 2017, and of the results of the ZITON's operations and cash flow for the first three months of 2017.

We further consider that the Management review gives a true and fair view of the development in the ZITION's activities and business, the results for the period and the ZITON's financial position as a whole, and a description of the most significant risks and uncertainties to which the ZITON is subject.

Horsens, 18 May 2017

Executive Management

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Thorsten Jalk
CEO

Board of Directors

_________________________ Vagn Lehd Møller Chairman	_________________________ Ove Carsten Eriksen	_________________________ Esben Bay Jørgensen
_________________________ Lars Thorsgaard Jensen	_________________________ Niels Ørskov Christensen	_________________________ Morten Melin

Financial calendar 2017
Interim report Q2 2017 – 24 August 2017
Interim report Q3 2017 – 14 November 2017

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