ZITON

INTERIM REPORT

Q2 2017

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Highlights of the report

Highlights of Q2 2017

- EBITDA was a profit of EUR 5.6m in Q2 2017 compared to a profit of EUR 3.6m in Q2 2016. The main reason for the strong improvement in EBITDA is the increase in revenue.
- The weighted average utilisation rate for Q2 2017 was at 74%, compared to 54% realised in the same quarter 2016.
- Revenue for Q2 2017 was EUR 9.1m compared to EUR 6.7m in Q2 2016. The majority of revenue relates to the time charter with Siemens Gamesa Renewable Energy, while the growth was achieved from framework agreements with DONG Energy, Vattenfall and MHI Vestas Offshore Wind.
- Our expectations for 2017 remain unchanged, however we expect the utilisation rate and EBITDA to be in the lower end of the range presented:
  - 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.
- ZITON A/S will be considering its refinancing options over the next 12 months.

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 second quarter of the calendar year traditionally marks the beginning of the high season for the offshore wind operations & maintenance (O&M) industry, as weather permits more days with favourable weather conditions.

We maintained a satisfactory market share in Q2 2017, however the activity level in the second quarter did not improve much compared to the first quarter. Nevertheless, the activity level was significantly higher compared to the second quarter 2016, as framework agreements with DONG Energy, Vattenfall MHI Vestas Offshore Wind contributed positively to the development.

Contract developments

ZITON currently into contracts with four of the leading customers within offshore wind O&M:

- The three-year charter with Siemens Gamesa Renewable Energy 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 of 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 of new wind farms as their primary business.

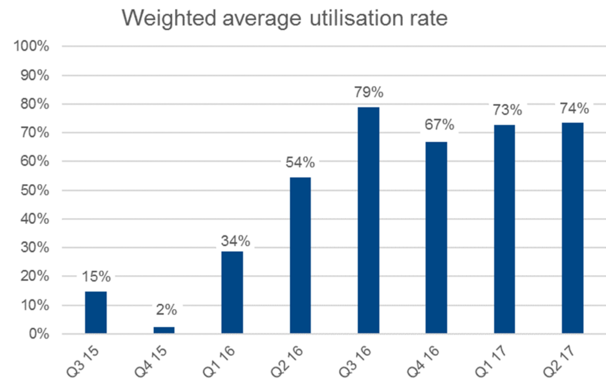
Vessel status

J/U WIND SERVER remains on charter with Siemens Gamesa Renewable Energy, 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 Q2 2017 was at 74%, just below the expected range of 75-85% expected for the full year. The utilisation rate compares favourably to 54% 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

We maintain the guidance set out in the annual report 2016, however we expect the utilisation rate and EBITDA to be in the lower end of the range presented:

- **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 Q2 2017

EUR´000	Q2 17	Q2 16	Change	YTD 17	YTD 16	Change
Revenue	**9 072**	**6 697**	**2 375**	**17 924**	**10 893**	**7 031**
OPEX and project-related expenses	-2 408	-2 111	-297	-4 836	-4 175	-661
SG&A	-1 041	-1 005	-36	-2 502	-1 785	-717
EBITDA	**5 623**	**3 581**	**2 042**	**10 586**	**4 933**	**5 653**
Depreciation	-1 980	-1 968	-12	-3 937	-3 832	-105
EBIT	**3 643**	**1 613**	**2 030**	**6 649**	**1 101**	**5 548**
Financials, net	-3 228	-3 244	16	-6 559	-6 462	-97
Income before tax	**415**	**-1 631**	**2 046**	**90**	**-5 361**	**5 451**
Key ratios						
EBITDA margin	62.0%	53.5%	8.5%	59.1%	45.3%	13.8%

Review of income statement for Q2 2017

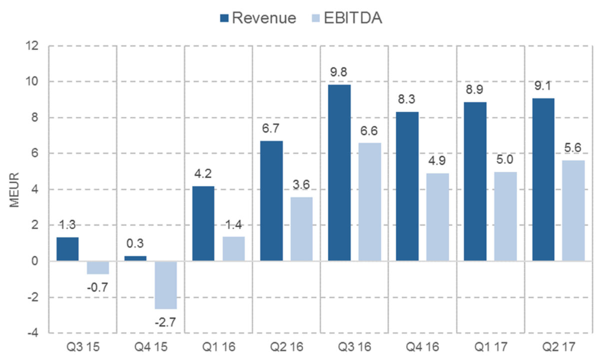
The fully consolidated results for ZITON A/S shows net revenue for Q2 2017 of EUR 9.1m compared to EUR 6.7m in Q2 2016. The main reason for the increase in revenue is the contribution from framework agreements with DONG Energy and Vattenfall entered into in the second half 2017.

Vessel OPEX and project related costs increased to EUR 2.4m in Q2 2017 from EUR 2.1m in Q2 2016. The main reason for the increase is the higher activity level.

SG&A expenses amounted to EUR 1.0m in Q2 2017, a slight increase compared to Q2 2016.

EBITDA was a EUR 5.6m profit in Q2 2017 compared to a profit of EUR 3.6m in Q2 2016. The main reason 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 of EUR 2.0m in Q2 2017 were, more or less, unchanged compared to Q2 2016.

EBIT was a EUR 3.6m profit in Q2 2017 compared to a profit of EUR 1.6m in Q2 2016. The main reason for the improved EBIT is higher revenue.

Financials, net was EUR -3.2m in Q2 2017 compared to EUR -3.2m in Q2 2016.

Income before tax was a EUR 0.4m profit in Q2 2017 compared to a EUR 1.6m loss in Q2 2016.

Review of income statement YTD 2017

The fully consolidated results for ZITON A/S shows net revenue for the first half 2017 of EUR 17.9m compared to EUR 10.9m in first half 2016, an increase of 65%. The main reason for the increase in revenue is that J/U WIND SERVER has been on charter with Siemens Gamesa Renewable Energy since 14 March 2016, thus resulting in limited revenue during Q1 2016. Furthermore, we have benefitted from our existing framework agreements with DONG Energy, Vattenfall and MHI Vestas Offshore Wind.

Vessel OPEX and project related costs increased to EUR 4.8m the first half 2017 compared to EUR 4.2m in first half 2016. The main reason for the increase is the higher activity level, as well as costs related to a decommissioning project in Q1 2017.

SG&A expenses for the first half 2017 amounted to EUR 2.5m compared to EUR 1.8m in first half 2016. The increase 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 10.6m profit for the first half 2017 compared to EUR 4.9m in first half 2016. The main reason for the strong improvement in EBITDA is increased revenue.

Depreciation charges amounted to EUR 3.9m in the first half 2017 compared to EUR 3.8m in the first half 2016. The benign increase mainly reflects higher depreciation on J/U WIND following five-year classification renewal of the vessel in the beginning of 2017.

EBIT was a profit of EUR 6.6m in the first half 2017 compared to EUR 1.1m in first half 2016. The main reason for the improved EBIT is higher revenue.

Financials, net was EUR -6.6m in the first half 2017 compared to EUR -6.5m in first half 2016.

Income before tax was a EUR 0.1m profit in the first half 2017 compared to a EUR 5.4m loss in the first half 2016.

REVIEW OF BALANCE SHEET AT THE END OF Q2 2017

EUR´000	Q2 17	Q2 16	Change	Q2 17	Q4 16	Change
Assets						
Vessel, including fixtures & equipment	158 482	164 768	-6 286	158 482	161 313	-2 831
Other non-current assets	6 103	7 546	-1 443	6 103	6 057	46
Non-current assets	**164 585**	**172 314**	**-7 729**	**164 585**	**167 370**	**-2 785**
Trade and other receivables	4 319	5 277	-958	4 319	4 454	-135
Cash and cash equivalents	1 824	1 192	632	1 824	1 944	-120
Current assets	**6 143**	**6 469**	**-326**	**6 143**	**6 398**	**-255**
Total assets	**170 728**	**178 783**	**-8 055**	**170 728**	**173 768**	**-3 040**
Equity and Liabilities						
Equity	**36 011**	**37 985**	**-1 974**	**36 011**	**36 824**	**-813**
Subordinated loans	34 305	31 167	3 138	34 305	32 373	1 932
Bond loans	93 639	98 075	-4 436	93 639	95 856	-2 217
Bank loans and lease liabilities	226	6 828	-6 602	226	2 653	-2 427
Other liabilities	6 547	4 728	1 819	6 547	6 062	485
Total liabilities	**134 717**	**140 798**	**-6 081**	**134 717**	**136 944**	**-2 227**
Total equity and liabilites	**170 728**	**178 783**	**-8 055**	**170 728**	**173 768**	**-3 040**
Key ratios						
Subordinated capital ratio	41.2%	38.7%	2.5%	41.2%	39.8%	1.4%
NIBD (adjusted for capitalised financing costs)	93 402	105 636	-12 235	93 402	98 209	-4 807
Loan to Vessel ratio (NIBD/Vessel book value)	58.9%	64.1%	-5.2%	58.9%	60.9%	-1.9%

Review of balance end of Q2 2017

The total value of the vessels amounted to EUR 158.5m at the end of Q2 2017. This compares to EUR 164.8m at the end of Q2 2016, and EUR 161.3m at the end of Q4 2016. The reduced value is due to depreciation of the vessels.

Total equity declined to EUR 36.0m at the end of Q2 2017. This compares to EUR 38.0m at the end of Q2 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 Q2 2017 was 41.2%. This is higher than 38.7% end Q2 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 Q2 2017.

Senior Net Interest-Bearing Debt (NIBD) amounted to EUR 93.4m at the end of Q2 2017. This is lower than EUR 105.6m end Q2 2016 and EUR 98.2m end of Q4 2016. Hence, the senior Loan to Vessel value stood at 58.9% at the end of the period.

REVIEW OF STATEMENT OF CASH FLOWS FOR Q2 2017

EUR ´000	Q2 17	Q2 16	Change	YTD 17	YTD 16	Change
EBITDA	**5 623**	**3 581**	**2 042**	**10 586**	**4 933**	**5 653**
Working capital adjustments	1 429	-2 639	4 068	-513	-4 917	4 404
Financial payments, net	-2 119	-2 261	142	-4 314	-4 571	257
Other adjustments	214	378	-164	196	773	-577
Net cash flows from operating activities	**5 147**	**-941**	**6 088**	**5 955**	**-3 782**	**9 737**
Investing activities	-449	-717	268	-1 023	-1 976	953
Net cash flows after investing activities	**4 698**	**-1 658**	**6 356**	**4 932**	**-5 758**	**10 690**
Financing activities	-2 500	-	-2 500	-2 500	-	-2 500
Net cash flows after financing activities	**2 198**	**-1 658**	**3 856**	**2 432**	**-5 758**	**8 190**
Available liquidity						
Cash and cash equivalents	**1 824**	**1 192**	**632**			
Cash on retention account	1 203	1 158	45			
Liquidity	**621**	**34**	**587**			
Available draw on working capital facility	6 660	3 297	3 363			
Available liquidity	**7 281**	**3 330**	**3 950**			

Cash flows from operating activities was positive of EUR 5.1m in Q2 2017 as result of positive EBITDA and positive working capital adjustments, that was partly counterbalanced by financial payments. For the first half 2017 cash flows from operating activities amounted to EUR 6.0m compared to negative cash flow of EUR 3.8m in first half 2016.

Investing activities was at EUR 0.4m during Q2 2017 and EUR 1.0m for the first half 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 7.3m at the end of Q2 2017. This is EUR 4.0m higher than at the end of Q2 2016, mainly due to positive EBITDA during the period.

Consolidated financial statements for ZITON A/S

INCOME STATEMENT

EUR´000	Note	Q2 17	Q2 16	YTD 17	YTD 16
Revenue	2	**9 072**	**6 697**	**17 924**	**10 893**
Project-related expenses		-260	-29	-866	-353
Operating expenses		-2 148	-2 082	-3 970	-3 822
Gross profit		**6 664**	**4 586**	**13 088**	**6 718**
Administrative expenses		-322	-354	-1 129	-644
Staff costs, office staff		-719	-651	-1 373	-1 141
EBITDA		**5 623**	**3 581**	**10 586**	**4 933**
Depreciation		-1 980	-1 968	-3 937	-3 832
EBIT		**3 643**	**1 613**	**6 649**	**1 101**
Financial income		25	228	-	418
Financial expenses		-3 253	-3 472	-6 559	-6 880
Income before tax		**415**	**-1 631**	**90**	**-5 361**
Tax on profit (loss)		-685	-119	-939	654
Income for the year		**-270**	**-1 750**	**-849**	**-4 707**
Attributable to:					
Owners of ZITON A/S		-990	-2 484	-2 290	-5 567
Non-controlling interests		720	734	1 441	860
Income for the year		**-270**	**-1 750**	**-849**	**-4 707**

STATEMENT OF COMPREHENSIVE INCOME

EUR´000	Note	Q2 17	Q2 16	YTD 17	YTD 16
Income for the year		**-270**	**-1 750**	**-849**	**-4 707**
Items that will be reclassified subsequently to the income statement when specific conditions are met:					
Exchange adjustments of foreign entities, net of tax		-6	22	34	45
Total comprehensive income for the year, after tax		**-276**	**-1 728**	**-815**	**-4 662**
Attributable to:					
Owners of ZITON A/S		-996	-2 462	-2 256	-5 521
Non-controlling interests		719	734	1 441	860
Total comprehensive income for the year, after tax		**-276**	**-1 728**	**-815**	**-4 661**

BALANCE SHEET *EUR´000*		Q2 17	Q4 16	Q2 16
Assets				
Non-current assets				
Vessels, including fixtures & equipment	3	158 482	161 313	164 768
Intangible assets		46	-	-
Financial assets		6 057	6 057	6 057
Deferred tax assets		-	-	1 489
Non-current assets		**164 585**	**167 370**	**172 314**
Current assets				
Trade and other receivables		4 319	4 454	5 277
Cash and cash equivalents		1 824	1 944	1 192
Current assets		**6 143**	**6 398**	**6 469**
Total assets		**170 728**	**173 768**	**178 783**
Equity and Liabilities				
Equity				
Share capital		11 093	11 093	11 093
Reserves		222	188	184
Retained earnings		7 548	9 838	12 522
Total equity attributable to owners of ZITON A/S		**18 863**	**21 119**	**23 799**
Non-controlling interests		17 148	15 705	14 186
Total equity		**36 011**	**36 824**	**37 985**
Liabilities				
Non-current liabilities				
Subordinated loans		34 305	32 373	31 167
Bank and bond loans		88 203	90 919	93 139
Deferred income tax liabilities		3 491	2 441	1 954
Provision for other liabilities		-	236	267
Total non-current liabilities		**125 999**	**125 969**	**126 527**
Current liabilites				
Bank and bond loans		5 662	7 590	11 764
Trade and other payables		2 229	2 762	2 055
Provision for other liabilities		827	623	452
Total current liabilites		**8 718**	**10 975**	**14 271**
Total liabilities		**134 717**	**136 944**	**140 798**
Total equity and liabilites		**170 728**	**173 768**	**178 783**

STATEMENT OF CASH FLOWS

EUR´000	Note	Q2 17	Q2 16	YTD 17	YTD 16
Income before tax		**415**	**-1 631**	**90**	**-5 361**
Operating activities					
Adjustments for non-cash items					
Reversal financial expenses, net		3 227	3 245	6 559	6 467
Depreciation and writedowns for the period		1 980	1 968	3 937	3 832
Other adjustments		215	377	196	768
Working capital adjustments					
Change in trade receivables		1 397	-2 470	130	-4 851
Change in trade payables		32	-169	-643	-66
Financial payments					
Financial receipts		-	-	-	-
Financial payments		-2 119	-2 261	-4 314	-4 571
Income tax expense					
Income tax expense		-	-	-	-
Net cash flows from operating activities		**5 147**	**-941**	**5 955**	**-3 782**
Investing activities					
Purchase of vessel, including fixtures & equipment (excl. interest)		-449	-717	-1 023	-1 976
Other cash flows from investing activites		-	-	-	-
Net cash used in investing activities		**-449**	**-717**	**-1 023**	**-1 976**
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		-2 500	-	-2 500	-
Net cash used/received in financing activities		**-2 500**	**-**	**-2 500**	**-**
Net (decrease)/increase in cash and cash equivalents		**2 198**	**-1 658**	**2 432**	**-5 758**
Cash and cash equivalents at beginning of period		-436	-3 936	-670	162
Exchange gains/losses on cash and cash equivalents		-	-	-	-
Cash and cash equivalents at end of period*		**1 762**	**-5 594**	**1 762**	**-5 596**

** 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**	**15 707**	**36 826**
Total comprehensive income, after tax	-	-	34	34	-2 290	-2 256	1 441	-815
Balance at YTD	**11 093**	*143*	*79*	**222**	**7 548**	**18 863**	**17 148**	**36 011**

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, after tax	-	-	*45*	45	-5 499	-5 454	860	-4 595
Balance at YTD	**11 093**	*136*	*49*	**185**	**12 522**	**23 800**	**14 186**	**37 985**

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*	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16
Revenue	**9 072**	**8 852**	**8 314**	**9 835**	**6 697**
Project-related expenses	-260	-607	-394	-414	-29
Operating expenses	-2 148	-1 822	-2 037	-1 987	-2 082
Gross profit	**6 664**	**6 423**	**5 883**	**7 434**	**4 586**
Administrative expenses	-322	-807	-340	-310	-354
Staff costs, office staff	-719	-653	-639	-550	-651
EBITDA	**5 623**	**4 963**	**4 904**	**6 574**	**3 581**
Depreciation	-1 980	-1 957	-1 975	-1 968	-1 968
EBIT	**3 643**	**3 006**	**2 929**	**4 606**	**1 613**
Financial income	25	-	358	177	228
Financial expenses	-3 253	-3 332	-3 659	-3 601	-3 472
Income before tax	**415**	**-326**	**-372**	**1 182**	**-1 631**

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 *EUR´000*	Q2 17	Q2 16	YTD 17	YTD 16
Denmark	6 434	2 396	6 854	2 745
UK	2 464	2 338	10 465	6 185
Germany	-	1 963	-	1 963
Holland	174	-	605	-
Belgium	-	-	-	-
Total	**9 072**	**6 697**	**17 924**	**10 893**

Sales to the two largest customers (above 10% of total revenue) make up 66% and 12%, respectively, of total revenue in YTD 2017 (YTD 2016: Top two was 76% and 12%, respectively).

Note 3 - Vessels and equipment

EUR´000	Fixtures & equipment	Vessels	Total
Cost at 1 January	693	183 395	184 088
Exchange rate adjustments	1	116	117
Additions	266	763	1 029
Disposals	-94	-	-94
Cost YTD	**866**	**184 274**	**185 140**
Depreciation at 1 January	-318	-22 458	-22 776
Exchange rate adjustments	-	-18	-18
Depreciation	-84	-3 831	-3 915
Disposals	50	-	50
Depreciation YTD	**-352**	**-26 307**	**-26 659**
Impairment losses at 1 January	-	-	-
Impairment losses YTD	-	-	-
Carrying amount YTD	**514**	**157 967**	**158 481**
- of which capitalised interests		17 747	17 747

YTD 16

EUR´000	Fixtures & equipment	Vessels	Total
Cost at 1 January	779	180 679	181 458
Exchange rate adjustments	2	303	305
Additions	17	1 959	1 976
Disposals	-	-	-
Cost YTD	**798**	**182 941**	**183 739**
Depreciation at 1 January	-301	-14 805	-15 106
Exchange rate adjustments	-1	-30	-31
Depreciation	-88	-3 743	-3 831
Disposals	-	-	-
Depreciation YTD	**-390**	**-18 578**	**-18 968**
Impairment losses at 1 January	-	-	-
Impairment losses YTD	-	-	-
Carrying amount YTD	**408**	**164 363**	**164 771**
- of which capitalised interests		18 486	18 486

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 157,967k

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 Gamesa Renewable Energy, amounts to EUR 4,146k end of the Q2 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 six months of 2017. The interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first six 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 30 June 2017, and of the results of the ZITON's operations and cash flow for the first six 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, 24 August 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 Q3 2017 – 14 November 2017

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