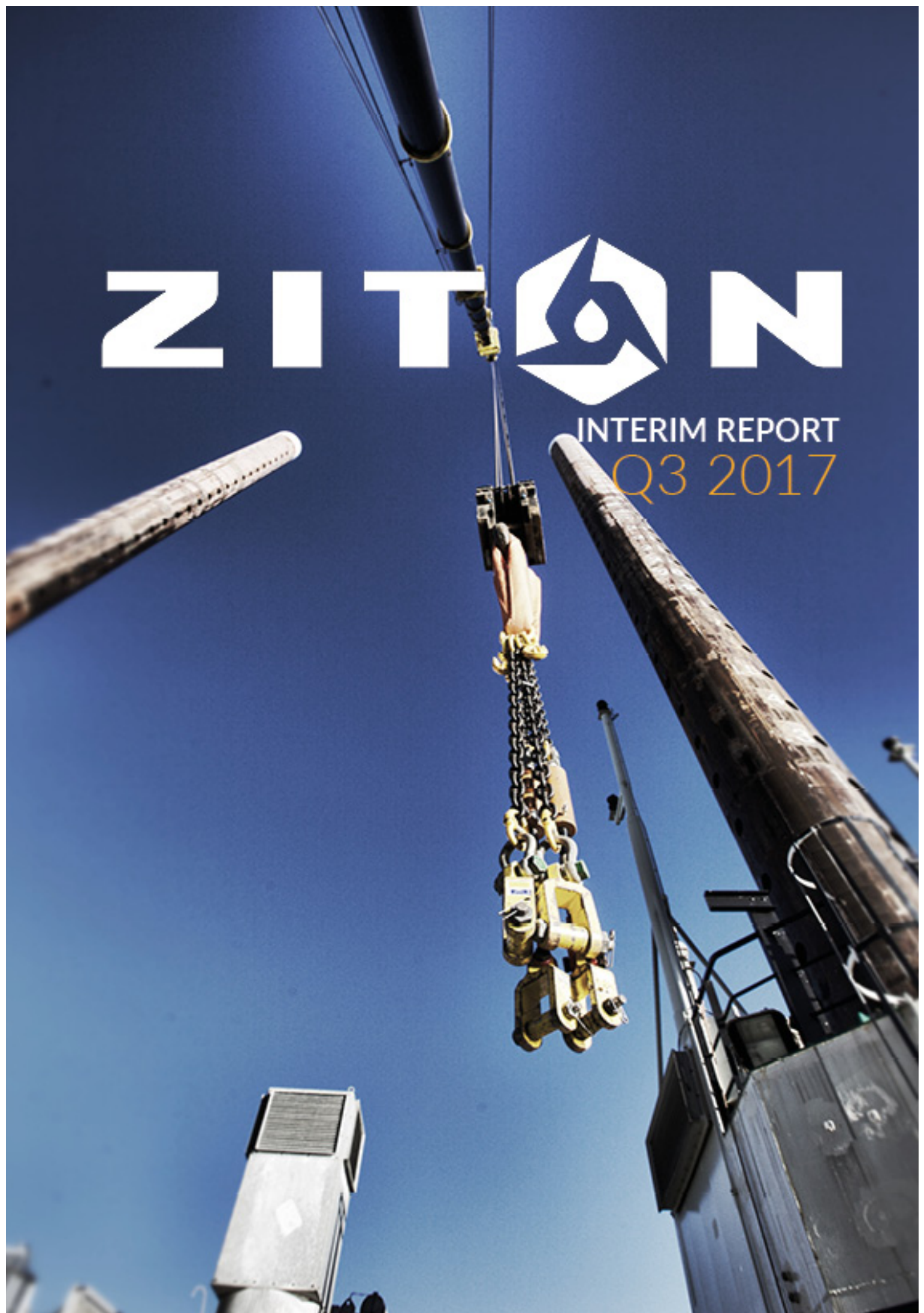


The ZITON logo features the word "ZITON" in a bold, white, sans-serif font. The letter "O" is replaced by a stylized white geometric icon consisting of a hexagon with internal lines forming a circular shape.

ZITON

INTERIM REPORT
Q3 2017



Highlights of the report

Highlights of Q3 2017

- We maintained a satisfactory market share in Q3 2017, however the activity level in the third quarter did not meet overall market expectations. The reason is partly postponement of orders to the fourth quarter, and partly lower need for major component replacement as turbines had fewer breakdowns than projected. It can be difficult to project the level of breakdowns in the short term. Consequently, deviations occur from quarter to quarter. In the beginning of fourth quarter we have seen a much stronger market, and expect utilisation in the 75-85% range for Q4 2017.
- EBITDA was a EUR 4.4m profit in Q3 2017 compared to a profit of EUR 6.6m in Q3 2016. The main reason for the decline in EBITDA is the lower than expected market activity level.
- The weighted average utilisation rate for Q3 2017 was at 59%, lower than the expected range of 75-85% expected for the full year, and notably lower than the 79% realised in the same quarter 2016.
- Revenue for Q3 2017 was EUR 7.4m compared to EUR 9.8m in Q3 2016. The main reason for the decline in revenue is the lower than expected market activity.
- As a consequence of the lower than expected market activity during Q3 2017, combined with a strong market going into Q4 2017, we reduce our guidance for the full year 2017 to expectations of:
 - Weighted average utilisation rate. We expect a utilisation rate of around 70%, compared to previous guidance in the range of 75%-85%.
 - EBITDA. We expect EBITDA to be in the range of EUR 21-22m, compared to our previous guidance of EUR 23-26m.
 - 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 11-13m, compared to our previous guidance of EUR 12-15m.

- CAPEX. We expect CAPEX of up to EUR 4.0m, compared to our previous guidance of up to EUR 5.0m.
- 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 third quarter is traditionally the last part of the high season for the offshore wind operations & maintenance industry, as good weather conditions permit safe operations at sea.

We maintained a satisfactory market share in Q3 2017, however the activity level in the third quarter did not meet overall market expectations. The reason is partly postponement of orders to the fourth quarter, and partly lower need for major component replacement as turbines had fewer breakdowns than projected.

It can be difficult to project the level of breakdowns in the short term. Consequently, deviations occur from quarter to quarter. In the beginning of fourth quarter we have seen a much stronger market, and expect utilisation in the 75-85% range for Q4 2017.

Contract developments

No new contract development took place in the third quarter. ZITON's current contracts within offshore wind O&M includes:

- 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 Ørsted; 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.

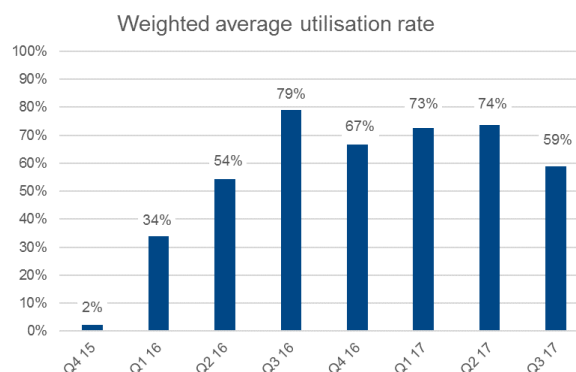
Vessel status

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 Ørsted, Vattenfall and MHI Vestas Offshore Wind.

Utilisation rates

The weighted average utilisation rate for Q3 2017 was at 59%, lower than the expected range of 75-85% expected for the full year, and notably lower than the 79% 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

As a consequence of the lower than expected market activity during Q3 2017, combined with a strong market going into Q4 2017, we reduce our guidance for the full year 2017 to expectations of:

- **Weighted average utilisation rate.** We expect a utilisation rate of around 70%, compared to previous guidance in the range of 75%-85%.
- **EBITDA.** We expect EBITDA to be in the range of EUR 21-22m, compared to our previous guidance of EUR 23-26m.
- **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 11-13m, compared to our previous guidance of EUR 12-15m.

- **CAPEX.** We expect CAPEX of up to EUR 4.0m, compared to our previous guidance 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 Q3 2017

INCOME STATEMENT EUR '000	Q3 17	Q3 16	Change	YTD 17	YTD 16	Change
Revenue	7 353	9 835	-2 482	25 277	20 728	4 549
OPEX and project-related expenses	-1 895	-2 401	506	-6 733	-6 576	-157
SG&A	-1 078	-860	-218	-3 580	-2 645	-935
EBITDA	4 380	6 574	-2 194	14 964	11 507	3 457
Depreciation	-1 997	-1 968	-29	-5 935	-5 800	-135
EBIT	2 383	4 606	-2 223	9 029	5 707	3 322
Financials, net	-3 302	-3 424	122	-9 862	-9 886	24
Income before tax	-919	1 182	-2 101	-833	-4 179	3 346
Key ratios						
EBITDA margin	59.6%	66.8%	-7.3%	59.2%	55.5%	3.7%

Review of income statement for Q3 2017

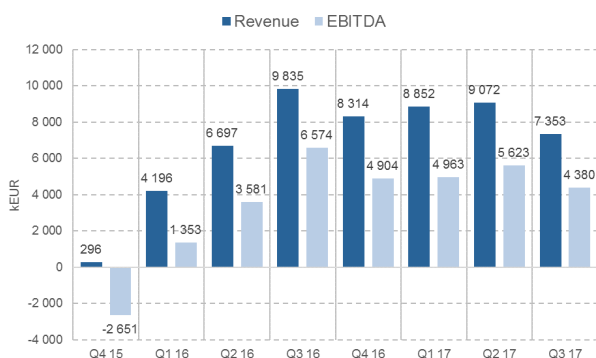
The fully consolidated results for ZITON A/S shows net revenue for Q3 2017 of EUR 7.4m compared to EUR 9.8m in Q3 2016. The main reason for the decline in revenue is the lower than expected market activity.

Vessel OPEX and project related costs declined to EUR 1.9m in Q3 2017 from EUR 2.4m in Q3 2016. The main reason for the decline is the lower than expected activity level.

SG&A expenses amounted to EUR 1.1m in Q3 2017, an increase of EUR 0.2m compared to Q3 2016.

EBITDA was a EUR 4.4m profit in Q3 2017 compared to a profit of EUR 6.6m in Q3 2016. The main reason for the decline in EBITDA is the lower than expected market activity level.

The illustration below shows the quarterly development realised during the last two years, as well as the strong correlation between revenue and EBITDA.



Depreciation charges of EUR 2.0m in Q3 2017 were, more or less, unchanged compared to Q3 2016.

EBIT was a EUR 2.4m profit in Q3 2017 compared to a profit of EUR 4.6m in Q3 2016. The main reason for the decline is the lower than expected market activity level.

Financials, net was EUR -3.3m in Q3 2017 compared to EUR -3.4m in Q3 2016.

Income before tax was a EUR 0.9m loss in Q3 2017 compared to a EUR 1.2m profit in Q3 2016.

Review of income statement YTD 2017

The fully consolidated results for ZITON A/S shows net revenue for the first three quarters 2017 of EUR 25.3m compared to EUR 20.7m in the same period 2016, an increase of 22%. 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.

Vessel OPEX and project related costs increased to EUR 6.7m for the first three quarters 2017 compared to EUR 6.6m in the same period 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 three quarters 2017 amounted to EUR 3.6m compared to EUR 2.6m in

the same period 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 15.0m profit for the first three quarters 2017 compared to EUR 11.5m in the same period 2016. The main reason for the improvement in EBITDA is increased revenue.

Depreciation charges amounted to EUR 5.9m in the first three quarters 2017 compared to EUR 5.8m in the same period 2016. The benign increase mainly reflects higher depreciation on J/U WIND following five-year classification renewal of the vessel in the beginning of 2016.

EBIT was a profit of EUR 9.0m in the first three quarters 2017 compared to EUR 5.7m in the same period 2016. The main reason for the improved EBIT is higher revenue.

Financials, net was EUR -9.9m the first three quarters 2017 compared to EUR -9.9m in the same period 2016.

Income before tax was a EUR 0.8m loss for the first three quarters 2017 compared to a EUR 4.2m loss in the same period 2016.

REVIEW OF BALANCE SHEET AT THE END OF Q3 2017

BALANCE SHEET EUR '000	Q3 17	Q3 16	Change	Q3 17	Q4 16	Change
Assets						
Vessel, including fixtures & equipment	156 431	162 843	-6 412	156 431	161 313	-4 882
Other non-current assets	6 158	7 159	-1 001	6 158	6 057	101
Non-current assets	162 589	170 002	-7 413	162 589	167 370	-4 781
Trade and other receivables	2 837	6 553	-3 716	2 837	4 454	-1 617
Cash and cash equivalents	4 847	2 436	2 411	4 847	1 944	2 903
Current assets	7 684	8 989	-1 305	7 684	6 398	1 286
Total assets	170 273	178 991	-8 718	170 273	173 768	-3 495
Equity and Liabilities						
Equity	34 505	37 999	-3 494	34 505	36 824	-2 319
Subordinated loans	35 249	31 997	3 252	35 249	32 373	2 876
Bond loans	93 781	98 215	-4 434	93 781	95 856	-2 075
Bank loans and lease liabilities	168	5 069	-4 901	168	2 653	-2 485
Other liabilities	6 570	5 711	859	6 570	6 062	508
Total liabilities	135 768	140 992	-5 224	135 768	136 944	-1 176
Total equity and liabilities	170 273	178 991	-8 718	170 273	173 768	-3 495
Key ratios						
Subordinated capital ratio	41.0%	39.1%	1.9%	41.0%	39.8%	1.1%
NIBD (adjusted for capitalised financing costs)	90 321	102 629	-12 309	90 321	98 209	-7 888
Loan to Vessel ratio (NIBD/Vessel book value)	57.7%	63.0%	-5.3%	57.7%	60.9%	-3.1%

Review of balance end of Q3 2017

The total value of the vessels amounted to EUR 156.4m at the end of Q3 2017. This compares to EUR 162.8m at the end of Q3 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 34.5m at the end of Q3 2017. This compares to EUR 38.0m at the end of Q3 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 Q3 2017 was 41.0%. This is higher than 39.1% end Q3 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 Q3 2017.

Senior Net Interest-Bearing Debt (NIBD) amounted to EUR 90.3m at the end of Q3 2017. This is lower than EUR 102.6m end Q3 2016 and EUR 98.2m end of Q4 2016. Hence, the senior Loan to Vessel value stood at 57.7% at the end of the period.

REVIEW OF STATEMENT OF CASH FLOWS FOR Q3 2017

CASH FLOWS EUR '000	Q3 17	Q3 16	Change	YTD 17	YTD 16	Change
EBITDA	4 380	6 574	-2 194	14 964	11 507	3 457
Working capital adjustments	1 082	-809	1 891	570	-5 726	6 296
Financial payments, net	-2 088	-2 297	209	-6 402	-6 868	466
Other adjustments	-50	-285	235	146	488	-342
Net cash flows from operating activities	3 324	3 183	141	9 278	-599	9 877
Investing activities	-248	-187	-61	-1 271	-2 162	891
Net cash flows after investing activities	3 076	2 996	80	8 007	-2 761	10 768
Financing activities	-	-	-	-2 500	-	-2 500
Net cash flows after financing activities	3 076	2 996	80	5 507	-2 761	8 268
Available liquidity						
Cash and cash equivalents	4 847	2 436	2 411			
Cash on retention account	2 699	2 408	291			
Liquidity	2 148	28	2 120			
Available draw on working capital facility	6 706	5 033	1 673			
Available liquidity	8 854	5 061	3 793			

Cash flows from operating activities was positive of EUR 3.3m in Q3 2017 as result of positive EBITDA and positive working capital adjustments, that was partly counterbalanced by financial payments. For the three quarters 2017 cash flows from operating activities amounted to EUR 9.3m compared to negative cash flow of EUR 0.9m in the same period 2016.

Investing activities was at EUR 0.2m during Q3 2017 and EUR 1.3m for the first three quarters 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 8.9m at the end of Q3 2017. This is EUR 3.8m higher than at the end of Q3 2016, mainly due to positive EBITDA during the period.

Consolidated financial statements for ZITON A/S

INCOME STATEMENT

EUR '000	Note	Q3 17	Q3 16	YTD 17	YTD 16
Revenue	2	7 353	9 835	25 277	20 728
Project-related expenses		-61	-414	-928	-767
Operating expenses		-1 834	-1 987	-5 805	-5 809
Gross profit		5 458	7 434	18 544	14 152
Administrative expenses		-389	-310	-1 518	-954
Staff costs, office staff		-689	-550	-2 062	-1 691
EBITDA		4 380	6 574	14 964	11 507
Depreciation		-1 997	-1 968	-5 935	-5 800
EBIT		2 383	4 606	9 029	5 707
Financial income		-	177	-	595
Financial expenses		-3 302	-3 601	-9 862	-10 481
Income before tax		-919	1 182	-833	-4 179
Tax on profit (loss)		-610	-1 085	-1 550	-431
Income for the year		-1 529	97	-2 383	-4 610
<i>Attributable to:</i>					
Owners of ZITON A/S		-2 257	-651	-4 551	-6 218
Non-controlling interests		728	748	2 168	1 608
Income for the year		-1 529	97	-2 383	-4 610

STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	Q3 17	Q3 16	YTD 17	YTD 16
Income for the year		-1 529	97	-2 383	-4 610
<i>Items that will be reclassified subsequently to the income statement when specific conditions are met:</i>					
Exchange adjustments of foreign entities, net of tax		23	-23	61	29
Total comprehensive income for the year, after tax		-1 506	74	-2 322	-4 581
<i>Attributable to:</i>					
Owners of ZITON A/S		-2 233	-674	-4 489	-6 188
Non-controlling interests		727	748	2 167	1 607
Total comprehensive income for the year, after tax		-1 506	74	-2 322	-4 581

BALANCE SHEET EUR '000		Q3 17	YTD 16	Q3 16
Assets				
<i>Non-current assets</i>				
Vessels, including fixtures & equipment	3	156 431	161 313	162 843
Intangible assets		101	-	-
Financial assets		6 057	6 057	6 057
Deferred tax assets		-	-	1 102
Non-current assets		162 589	167 370	170 002
<i>Current assets</i>				
Trade and other receivables		2 837	4 454	6 553
Cash and cash equivalents		4 847	1 944	2 436
Current assets		7 684	6 398	8 989
Total assets		170 273	173 768	178 991
Equity and Liabilities				
<i>Equity</i>				
Share capital		11 093	11 093	11 093
Reserves		250	188	170
Retained earnings		5 287	9 838	11 803
Total equity attributable to owners of ZITON A/S		16 630	21 119	23 066
Non-controlling interests		17 875	15 705	14 933
Total equity		34 505	36 824	37 999
<i>Liabilities</i>				
<i>Non-current liabilities</i>				
Subordinated loans		35 249	32 373	31 997
Bank and bond loans		88 345	90 919	93 779
Deferred income tax liabilities		4 098	2 441	2 719
Provision for other liabilities		-	236	288
Total non-current liabilities		127 692	125 969	128 783
<i>Current liabilities</i>				
Bank and bond loans		5 604	7 590	9 505
Trade and other payables		1 602	2 762	2 233
Provision for other liabilities		870	623	471
Total current liabilities		8 076	10 975	12 209
Total liabilities		135 768	136 944	140 992
Total equity and liabilities		170 273	173 768	178 991

STATEMENT OF CASH FLOWS

EUR '000

Note	Q3 17	Q3 16	YTD 17	YTD 16
Income before tax	-919	1 182	-833	-4 179
Operating activities				
<i>Adjustments for non-cash items</i>				
Reversal financial expenses, net	3 302	3 425	9 862	9 891
Depreciation and writedowns for the period	1 997	1 968	5 935	5 800
Other adjustments	-50	-286	146	483
<i>Working capital adjustments</i>				
Change in trade receivables	1 490	-967	1 620	-5 818
Change in trade payables	-408	158	-1 050	92
<i>Financial payments</i>				
Financial receipts	-	-	-	-
Financial payments	-2 088	-2 297	-6 402	-6 868
<i>Income tax expense</i>				
Income tax expense	-	-	-	-
Net cash flows from operating activities	3 324	3 183	9 278	-599
Investing activities				
Purchase of vessel, including fixtures & equipment (excl. interest)	-248	-187	-1 271	-2 162
Other cash flows from investing activities	-	-	-	-
Net cash used in investing activities	-248	-187	-1 271	-2 162
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	-
Net cash used/received in financing activities	-	-	-2 500	-
Net (decrease)/increase in cash and cash equivalents	3 076	2 996	5 507	-2 761
Cash and cash equivalents at beginning of period	1 761	-5 593	-670	162
Exchange gains/losses on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at end of period*	4 837	-2 597	4 837	-2 599

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

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity YTD 17

EUR '000	Share capital	Attributable to owners of ZITON A/S					Non-controlling interests	Total equity
		Reserve for warrants	Translation reserves	Total reserves	Retained earnings	Total		
Balance at 31 December 2016	11 093	143	45	188	9 838	21 119	15 705	36 824
Total comprehensive income, after tax	-	-	62	62	-4 551	-4 489	2 167	-2 322
Balance at YTD	11 093	143	107	250	5 287	16 630	17 872	34 502

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

EUR '000	Share capital	Attributable to owners of ZITON A/S					Non-controlling interests	Total equity
		Reserve for warrants	Translation reserves	Total reserves	Retained earnings	Total		
Balance at 31 December 2015	11 093	136	4	140	18 021	29 254	13 326	42 580
Total comprehensive income, after tax	-	-	29	29	-6 217	-6 188	1 607	-4 581
Balance at YTD	11 093	136	33	169	11 804	23 066	14 933	37 999

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	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
Revenue	7 353	9 072	8 852	8 314	9 835
Project-related expenses	-61	-260	-607	-394	-414
Operating expenses	-1 834	-2 148	-1 822	-2 037	-1 987
Gross profit	5 458	6 664	6 423	5 883	7 434
Administrative expenses	-389	-322	-807	-340	-310
Staff costs, office staff	-689	-719	-653	-639	-550
EBITDA	4 380	5 623	4 963	4 904	6 574
Depreciation	-1 997	-1 980	-1 957	-1 975	-1 968
EBIT	2 383	3 643	3 006	2 929	4 606
Financial income	-	25	-	358	177
Financial expenses	-3 302	-3 253	-3 332	-3 659	-3 601
Income before tax	-919	415	-326	-372	1 182

Note 2 - Segment reporting

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 jack-up vessel revenue and expenses. As all three jack-up vessels operate on similar assignments, management reviews the results of the Group as a whole to assess performance. Thus, there is only one operating 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	Q3 17	Q3 16	YTD 17	YTD 16
Denmark	4 699	5 144	11 556	7 889
UK	2 397	1 729	12 858	7 912
Germany	257	2 025	257	3 989
Holland	-	756	606	756
Belgium	-	181	-	181
Total	7 353	9 835	25 277	20 727

Sales to the two largest customers (above 10% of total revenue) make up 70% and 11%, respectively, of total revenue in YTD 2017 (YTD 2016: Top three was 66%, 14% and 11%, respectively).

Note 3 - Vessels and equipment

YTD 17	Fixtures & equipment	Vessels	Total
EUR '000			
Cost at 1 January	693	183 395	184 088
Exchange rate adjustments	-	80	80
Additions	270	726	996
Disposals	-94	-	-94
Cost YTD	869	184 201	185 070
Depreciation at 1 January	-318	-22 458	-22 776
Exchange rate adjustments	-	-13	-13
Depreciation	-131	-5 771	-5 902
Disposals	50	-	50
Depreciation YTD	-399	-28 242	-28 641
Impairment losses at 1 January	-	-	-
Impairment losses YTD	-	-	-
Carrying amount YTD	470	155 959	156 429
- of which capitalised interests		18 501	18 501
YTD 16	Fixtures & equipment	Vessels	Total
EUR '000			
Cost at 1 January	778	180 680	181 458
Exchange rate adjustments	1	213	214
Additions	-65	2 227	2 162
Disposals	-153	-	-153
Cost YTD	561	183 120	183 681
Depreciation at 1 January	-301	-14 806	-15 107
Exchange rate adjustments	-	-17	-17
Depreciation	30	-5 830	-5 800
Disposals	85	-	85
Depreciation YTD	-186	-20 653	-20 839
Impairment losses at 1 January	-	-	-
Impairment losses YTD	-	-	-
Carrying amount YTD	375	162 467	162 842
- of which capitalised interests		18 306	18 306

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 155,959k

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 3,553k end of the Q3 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 quarters of 2017. The interim report has not been audited or reviewed by the company's independent auditor.

The interim report for the first three quarters 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 September 2017, and of the results of the ZITON's operations and cash flow for the first three quarters of 2017.

We further consider that the Management review gives a true and fair view of the development in the ZITON'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, 14 November 2017

Executive Management

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 2017/18

Interim report Q4 2017 - 27 February 2018
Annual report 2017 - 19 April 2018
Interim report Q1 2018 - 24 May 2018
Interim report Q2 2018 - 23 August 2018
Interim report Q3 2018 - 15 November 2018

For further information, please contact

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