C-Leanship A/S

Lyngsø Allé 3, 2970 Hørsholm

CVR no. 33 39 24 27

Annual report 2017

Approved at the Company's annual general meeting on 29 May 2018

Chairman:

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Building a better
working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of C-Leanship A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 May 2018
Executive Board:

Roger Lennert Valentin Persson

Board of Directors:

Flemming Edvard Ipsen Chairman	Henrik Lars Olof Engqvist	Roger Lennert Valentin Persson
Jesper Højer		

Independent auditor's report

To the shareholders of C-Leanship A/S

Opinion

We have audited the financial statements of C-Leanship A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Material uncertainty related to going concern

We draw attention to the fact that the Company's ability to continue as a going concern is associated with significant uncertainty. We refer to note 2 in the financial statements, which describes the uncertainty in respect of going concern and assumptions applied by Management. We have not modified our opinion in respect of this mattter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen
State Authorised Public Accountant
MNE no.: mne33234

Rasmus Bloch Jespersen
State Authorised Public Accountant
MNE no.: mne35503

Management's review

Business review

During 2017 C-leanship started to build up sales volume by establishing repeat business mainly with the worlds largest container shipping lines. C-leanship offer their customer a full hull cleaning in port during cargo operation. This not just save fuel for our customers it also eliminate off hire time since the vessels can be cleaned without being taken out of schedule. The Company have confirmations from our customers that they save both valuable fuel and operations time by cleaning in port.

The service that C-leanship offers the market is new as the cleaning can be performed in one 'port call' safely without divers. By offering our customers reliable services in our first port in Singapore we are now focusing on building up the sales volumes by convincing our customer to move cleanings from other ports and suppliers to C-leanship in Singapore.

C-leanships long term plan is to establish hull cleaning services in multiple ports around the world.

The market for hull cleanings is expected to grow in the future for the following reasons:
- Availability of safe, gentle and environmental friendly cleanings with no negative impact on operations is expected to increase the cleaning frequency as Shipping lines save substantial amount of fuel by operating with clean hulls
- New environmental legislations to avoid spreading of invasive species will request the shipping lines to clean their hulls frequently

C-leanship has established a solid foundation for future expansion by building up a market position, developing a technology to provide its services and developing the organization and operational skills to offer the market hull cleanings that address the customers current and future needs.

Recognition and measurement uncertainties

The Company's completed development project 'ShipShiner', is capitalized in the balance sheet at DKK 25,978 thousand, of which DKK 18,295 thousand and DKK 7,684 thousand are classified as Intangible assets and tangibles assets, respectively.

C-leanship has verified its technology and the concept of cleaning a large vessel in port during one port call in a safe, gentle and environmental friendly way.

C-leanship plan to develop a second generation Shipshiner (the machine that perfom the underwater cleanings) based upon the experience from the first machine. There is always risk involved in developing a new machine and C-leanship has taken several steps to mitigate those risks by establishing a project organization with large experience in this kind of development. Over the last years C-leanship has build up extensive experience in underwater hull cleaning. This experience is of large value in our future development.

C-leanship is offering a service that to some extent has not been available on the market before. Most hull cleanings have been done by divers at anchorage. There is always a risk that it take longer time than expected to get customers to recognize and accept new services or services delivered in a new way. C-leanship needs to work closely with existing and new customer to present our services and convince them to use them.

C-leanship expect to have competitors offering similar services. By having access to Saab leading underwater technology we believe that we can develop our services to secure that we always can offer the market an attractive services. C-leanships future business case is based on the assumption that the company will have competitors offering similar services.

Management has completed an impairment test calculating the recoverable amount of the capitalized development expenditures at 31 December 2017, which has been determined based on a value in use calculation using projected cash-flows generated by the business to be stablished.

As a result of the value in use calculation, Management did not identify any needs for impairment of the completed development project. As such, the Company has not accounted for impairment losses.

Due to uncertainties as to future income and cash flows from the ShipShiner, the valuation of the completed development is subject to Management's assessments and estimations and, consequently, to measurement uncertainties.

Management's review

Unusual matters having affected the financial statements

Going concern

The Company's operations are financed by operational cash-flows from sale of hull cleaning services and capital injections from investors and issuance of convertible debt to the current shareholders.

Management assesses that the Company will have sufficient funds from existing assets and cash flows from projected revenue to meet the Company's operational liquidity requirements through the beginning of June 2018. A group of the Company's shareholders has entered into a non-binding agreement to provide loans and equity to fund the company's operations through 2018 and 2019 and to fund the acquisition of a new 'ShipShiner'. Decisions on this additional funding, including form and respective tranches are expected to be made on the Company's annual general meeting of shareholders on 29 May 2018, where the shareholders are expected to give a mandate to the Board of Directors to execute the agreement.

As such, management expects that the non-binding agreement will materialize in due time and that the Company will be able to secure additional funding from existing or new investors to meet the Company's operational liquidity requirements to discharge the Company's obligations as they fall due, at least throughout 2018.

On this basis, Management presents the financial statements for 2017 on a going concern assumption.

Due to the uncertainties associated with the timing and volume of the cash flows from operations and expected additional funding activities, significant uncertainties regarding going concern exists, and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Financial review

The income statement for 2017 shows a loss of DKK 22,753,164 against a loss of DKK 21,149,232 last year, and the balance sheet at 31 December 2017 shows a negative equity of DKK 14,210,920.

On the extraordinary general meeting of shareholders dated 6 October 2017, the shareholders made decision to accept the plan to either restore equity by issuance of new shares to a third party, or alternatively convertible loans were subordinated (repayment conditioned by restored equity) to compensate for the negative equity.

It is the expectation of management, that company in 2018 will re-establish its shareholders equity via issuance of new share or conversion of convertible debt, or a combination of the two.

Events after the balance sheet date

Subsequent to the balance sheet date, the Company issued convertible and subordinated long term debt instruments of USD 600 thousand to current shareholders.

In Aprli 2018, the company extended the maturity date of convertible loan notes totalling USD 900 thousand from 31 August 2018 to 31 August 2019.

In May 2018, the company issued a short term loan of USD 300 thousand, which is expect to be replaced by convertible subordinated loans in June 2018.

No other significant events have occurred subsequent to the end of the financial year.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross loss	-15,028,246	-16,235,772
6	Staff costs	-2,784,898	-3,195,699
7	Amortisation/depreciation of intangible assets and property, plant and equipment	-7,327,349	-1,225,865
8	Other operating expenses	0	-253,796
	Profit/loss before net financials	-25,140,493	-20,911,132
9	Financial income	2,970,898	18,968
10	Financial expenses	-2,194,565	-2,136,377
	Profit/loss before tax	-24,364,160	-23,028,541
11	Tax for the year	1,610,996	1,879,309
	Profit/loss for the year	-22,753,164	-21,149,232

Recommended appropriation of profit/loss		
Reserve for development costs	-49,802	-10,641
Retained earnings/accumulated loss	-22,703,362	-21,138,591
	-22,753,164	-21,149,232

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Non-current assets		
12	Intangible assets		
	Completed development projects	18,294,535	21,430,741
	Development projects in progress	548,917	0
		18,843,452	21,430,741
13	Property, plant and equipment		
	Operational equipment	7,683,763	11,874,906
	Other fixtures and fittings, tools and equipment	0	0
		7,683,763	11,874,906
14	Financial assets		
	Investments in group entities	532,294	532,294
	Other receivables	39,929	39,257
		572,223	571,551
	Total non-current assets	27,099,438	33,877,198
	Current assets		
	Receivables		
	Trade receivables	1,375,412	659,572
	Income taxes receivable	120,760	2,496,610
	Other receivables	150,399	66,011
	Prepayments	96,322	213,024
		1,742,893	3,435,217
	Cash	1,292,576	2,132,785
	Total current assets	3,035,469	5,568,002
	TOTAL ASSETS	30,134,907	39,445,200

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
15	Share capital	601,368	588,868
	Share premium account	62,189,701	60,123,826
	Reserve for development costs	718,666	340,313
	Retained earnings	-77,720,655	-54,589,138
	Total equity	-14,210,920	6,463,869
16	**Non-current liabilities**		
	Deferred tax	5,326,926	6,817,161
	Convertible debt instruments	6,080,438	15,724,356
	Convertible and subordinated debt instruments	20,224,829	0
	Grants payables	1,830,387	1,497,521
	Total non-current liabilities	33,462,580	24,039,038
	Current liabilities		
	Other credit institutions	976,932	527,658
	Convertible debt instruments	33,323	0
	Trade payables	266,356	493,707
	Payables to group entities	3,367,294	1,724,545
	Payables to company participants	5,466,193	5,324,232
	Other payables	773,149	872,151
	Total current liabilities	10,883,247	8,942,293
	Total liabilities	44,345,827	32,981,331
	TOTAL EQUITY AND LIABILITIES	30,134,907	39,445,200

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17 Contractual obligations and contingencies, etc.
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Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January :	588,868	60,123,826	340,313	-54,589,138	6,463,869
Capital increase	12,500	2,065,875	0	0	2,078,375
Transfer through appropriation of loss	0	0	-49,802	-22,703,362	-22,753,164
Development costs capitalised in the year	0	0	428,155	-428,155	0
Equity at 31 Decemt	601,368	62,189,701	718,666	-77,720,655	-14,210,920

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of C-Leanship A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Public grants

Public grants received to cover expenses are recognised in the income statement once it is probable that all criteria for being receiving the grant are satisfied. Grants which must be repaid under certain circumstances are only recognised in the income statement if they are not expected to be repaid. Grants that are expected to be repaid are recognised as grants payables under liabilities.

Income statement

Revenue

Income from rendering of hull cleaning services is recognised as revenue as the service is rendered, implying that revenue corresponds to the market value of services rendered in the year (production method).

Income from operating leases where the Company is lessor: Leases where the Company does not transfer all the significant risks and rewards of ownership of the assets to the lessee are classified as operational leases. Rent from operational lease agreements is recognised as income in the period in which they are generated.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gross margin

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Other external expenses

Other external expenses include the year's expenses relating to administration, office rent, patent and licence expenditures, bad debts, payments under operating leases and development costs that do not meet the recognition criteria for capitalisation.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Company's employees. The item is net of refunds made by public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost for completed development projects is amortised over the expected useful life.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	7 years
Development projects in progress	0 years

The residual value of intangible assets is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-5 years
Operational equipment	3 years

The residual value of tangible assets is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, interest on convertible debt instruments, realised and unrealised exchange gains and losses and amortisation of financial assets and liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Tax for the year includes tax credit for development activities at the applicable tax rate for the year in question, if the Company is deemed to qualify for the tax credit.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, the capitalised development projet is allocated and reclassified to relevant asset classes under completed development projects and property plant and equipment and are amortised or depreciated as such on a straight-line basis over the estimated useful life of the respective assets.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

As regards self-produced assets, the cost includes the cost of materials and labour, etc. directly relating to the production.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash consists of cash in banks.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Income taxes

Current tax payable and receivable, which includes receivable tax credits, are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions for deferred tax are calculated of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

Liabilities

Financial liabilities comprising trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.

2 Material uncertainty related to going concern

The Company's operations are financed by operational cash-flows from sale of hull cleaning services and capital injections from investors and issuance of convertible debt to the current shareholders.

Management assesses that the Company will have sufficient funds from existing assets and cash flows from projected revenue to meet the Company's operational liquidity requirements through the beginning of June 2018. A group of the Company's shareholders has entered into a non-binding agreement to provide loans and equity to fund the company's operations through 2018 and 2019 and to fund the acquisition of a new 'ShipShiner'. Decisions on this additional funding, including form and respective tranches are expected to be made on the Company's annual general meeting of shareholders on 29 May 2018, where the shareholders are expected to give a mandate to the Board of Directors to execute the agreement.

As such, management expects that the non-binding agreement will materialize in due time and that the Company will be able to secure additional funding from existing or new investors to meet the Company's operational liquidity requirements to discharge the Company's obligations as they fall due, at least throughout 2018.

On this basis, Management presents the financial statements for 2017 on a going concern assumption.

Due to the uncertainties associated with the timing and volume of the cash flows from operations and expected additional funding activities, significant uncertainties regarding going concern exists, and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Financial statements 1 January - 31 December

Notes to the financial statements

3 Recognition and measurement uncertainties

The Company's completed development project 'ShipShiner', is capitalized in the balance sheet at DKK 25,978 thousand, of which DKK 18,295 thousand and DKK 7,684 thousand are classified as Intangible assets and tangibles assets, respectively.

Management has completed an impairment test calculating the recoverable amount of the capitalized development expenditures at 31 December 2017, which has been determined based on a value in use calculation using projected cash-flows generated by the business to be stablished.

As a result of the value in use calculation, Management did not identify any needs for impairment of the completed development project. As such, the Company has not accounted for impairment losses.

Due to uncertainties as to future income and cash flows from the ShipShiner, the valuation of the completed development is subject to Management's assessments and estimations and, consequently, to measurement uncertainties.

4 Events after the balance sheet date

In February 2018, the Company issued convertible and subordinated long term debt instruments of USD 600 thousand to current shareholders.

In Aprli 2018, the company extended the maturity date of convertible loan notes totalling USD 900 thousand from 31 August 2018 to 31 August 2019.

In May 2018, the company issued a short term loan of USD 300 thousand, which is expect to be replaced by convertible subordinated loans in June 2018.

No other significant events have occurred subsequent to the financial year.

5 Other operating income

Other operating income primarily consists of compensation from insurance losses.

	DKK	2017	2016
6	**Staff costs**		
	Wages/salaries	2,754,730	3,093,426
	Pensions	0	48,135
	Other social security costs	18,089	20,195
	Other staff costs	12,079	33,943
		2,784,898	3,195,699
	Average number of full-time employees	3	3
7	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	3,136,206	522,701
	Depreciation of property, plant and equipment	4,191,143	703,164
		7,327,349	1,225,865

8 Other operating expenses

Other operating expenses include losses on the sale of property, plant and equipment, including other operating equipment, totalling DKK 0 thousand (2016: DKK 253 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2017	2016
9	**Financial income**		
	Exchange gain, debt instruments	2,962,030	0
	Other financial income	8,868	18,968
		2,970,898	18,968
10	**Financial expenses**		
	Interest expenses, group entities	0	30,873
	Interest expenses, debt instruments	1,923,926	1,215,616
	Exchange adjustments	219,333	663,370
	Other financial expenses	51,306	226,518
		2,194,565	2,136,377

	DKK	2017	2016
11	**Tax for the year**		
	Estimated tax charge for the year	-120,761	-2,496,610
	Deferred tax adjustments in the year	-1,490,235	617,301
		-1,610,996	-1,879,309

12 **Intangible assets**

DKK	Completed development projects	Development projects in progress	Total
Cost at 1 January 2017	21,953,442	0	21,953,442
Additions in the year	0	548,917	548,917
Disposals in the year	0	0	0
Cost at 31 December 2017	21,953,442	548,917	22,502,359
Impairment losses and amortisation at 1 January 2017	522,701	0	522,701
Amortisation in the year	3,136,206	0	3,136,206
Impairment losses and amortisation at 31 December 2017	3,658,907	0	3,658,907
Carrying amount at 31 December 2017	18,294,535	548,917	18,843,452
Amortised over	7 years		

Reference is made to note 3.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Property, plant and equipment

DKK	Operational equipment	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2017	12,573,430	18,556	12,591,986
Cost at 31 December 2017	12,573,430	18,556	12,591,986
Impairment losses and depreciation at 1 January 2017	698,524	18,556	717,080
Depreciation in the year	4,191,143	0	4,191,143
Impairment losses and depreciation at 31 December 2017	4,889,667	18,556	4,908,223
Carrying amount at 31 December 2017	7,683,763	0	7,683,763
Depreciated over	3 years	3-5 years	

Reference is made to note 3.

14 Investments

DKK	Investments in group entities, net asset value	Other receivables	Total
Cost at 1 January 2017	532,294	39,257	571,551
Additions in the year	0	672	672
Cost at 31 December 2017	532,294	39,929	572,223
Carrying amount at 31 December 2017	532,294	39,929	572,223

Name	Legal form	Domicile	Interest
Subsidiaries			
C-leanship Singapore Pte.Ltd.	Pte. Ltd.	Singapore	100.00%

DKK	2017	2016
15 Share capital		
Analysis of the share capital:		
601,368 shares of DKK 1.00 nominal value each	601,368	588,868
	601,368	588,868

Analysis of changes in the share capital over the past 5 years:

DKK	2017	2016	2015	2014	2013
Opening balance	588,868	552,682	245,503	209,358	128,200
Capital increase	12,500	36,186	307,179	36,145	81,158
	601,368	588,868	552,682	245,503	209,358

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Notes to the financial statements

16 Non-current liabilities

The Company has received financial support from the Danish Maritime Fund totalling DKK 1,830 thousand, including a grant received in 2017 of DKK 333 thousand relating to the 'PropShiner' development project.

The Company has obtained a patent based on the result of the development project and the financial support will be repaid, if the development project generates a profit.

DKK	Total debt at 31/12 2017	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	5,326,926	0	5,326,926	0
Convertible debt instruments	6,113,761	33,323	6,080,438	0
Convertible and subordinated debt instruments	20,224,829	0	20,224,829	0
Grants payables	1,830,387	0	1,830,387	0
	33,495,903	33,323	33,462,580	0

17 Contractual obligations and contingencies, etc.

Contingent liabilities

In accorance the Companys service agreement with its subsidiary, C-Leanship Pte. Ltd., the Company is obligated to compensate C-Leanship Singapore Pte. Ltd. for all costs related to C-Leanship Singapore Pte. Ltd.'s supply of services to the Company with a mark-up of 10%.

Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	39,929	39,257

18 Contingent assets

The company has tax loss carry-forwards totalling DKK 57,974 thousand (2016: DKK 40,932 thousand). The nominal value thereof is 22%, totalling DKK 12,754 thousand (2016: DKK 9,005 thousand), which has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

19 Collateral

No security for loans had been placed at 31 December 2017.