C-Leanship A/S

Lyngsø Allé 3, 2970 Hørsholm

CVR no. 33 39 24 27

Annual report 2016

Approved at the annual general meeting of shareholders on 1 June 2017

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 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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, 31 May 2017
Executive Board:

Tomas Dyrbye

Board of Directors:

Flemming Edvard Ipsen
Chairman

Johan Wilhelm Widheimer

Roger Lennert Valentin Persson

Jesper Højer

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Tomas Dyrbye

Board of Directors:

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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 2016, which comprise an 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 about 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 skepticism throughout the audit. We also:

- 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.

Independent auditor's report

- 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 conclusion is 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 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 our procedures, 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, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen
State Authorised Public Accountant

Rasmus Bloch Jespersen
State Authorised Public Accountant

Management's review

Management commentary

Business review

C-LEANSHIP completed the test & training period during 2016 and went into commercial operations during the summer. During the year, about 60 vessels have been attended for test & training and for commercial cleaning.

Operationally C-LEANSHIP can handle the advanced equipment and perform cleanings at good speed and quality. Some replacements of operational staff were necessary to lift the staff competences to the needed level.

To handle the technical challenges better C-LEANSHIP transferred the Chief Technical Officer from Hørsholm to Singapore to ensure better daily technical management and closer follow up on the equipment. The technical team can handle the equipment well including the responsibility for preventive maintenance and attendance to possible components failures. One focus area has been to increase the stability of the equipment, jointly with C-LEANSHIP's technology partners.

Commercially more than 10 frame agreements were entered with shipping companies and other customers. Commercial activities increased during the second half of the year including participation in a shipping fair and increased sales visits.

Prices for cleanings have been under pressure due to the low fuel oil prices, and due to less activity in the market due to shipping lines generally reducing their costs of services acquired.

The need for cleanings and the underlying interest in the market for the services of hull cleanings have been reconfirmed by several customers. Shipping lines focussed on their fuel cost are encouraging C-LEANSHIP to expand its position to more ports.

The low price of fuel oil in the present market is not expected to have long term negative impact on the business plan, but could result in uncertainty as to the demand of hull cleanings if it remains low for a longer period of time.

The environmental concern pertaining to vessels entering ports with invasive spices as part of the hull fouling is eminent and some countries have already regulation in place requirering ship owners to have a clean hull before entering their ports.

The project to develop the business is generally on tracks, and the process of acquiring expansion capital will commence during second half of 2017 so that an extended period of commercial production can be proven.

In December, the staff strength at group level was 10 of which 8 were directly engaged in the technical and the operational activities.

Recognition and measurement uncertainties

In October 2016, the Company completed the ShipShiner development project and launched the ShipShiner for commercial use. The development project is capitalized in the balance sheet at DKK 33,305 thousand, of which DKK 21,430 thousand and DKK 11,875 thousand are classified as intangible assets and tangibles assets, respectively.

The Company performed a review of indicators of impairment concluding that indicators of impairment were present at 31 December 2016. Accordingly, Management has completed an impairment test calculating the recoverable amount of the capitalized development expenditures at 31 December 2016, which has been determined based on a value in use calculation using cash-flow projection from financial budgets approved by the Board of Directors.

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

Management commentary

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 instruments 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 Companys' operational liquidity requirements through the beginning of June 2017. In May 2017, the Company entered a non-binding agreement with shareholders to provide USD 1,000 thousand additional funding through a convertible debt instrument. Further, the Company entered into informal agreement with key supplier to extent payment terms. Management also believes that the Company in due time 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 throughout 2017.

On this basis, Management presents the financial statements for 2016 on a going concern assumption.

Due to the uncertainties associated with the timing and volume of the cash flows from operations and 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 2016 shows a loss of DKK 21,149,232 against DKK -23,711,824 last year, and the balance sheet at 31 December 2016 shows equity of DKK 6,463,869.

Events after the balance sheet date

In January 2017, the Company issued a convertible debt instrument of USD 500 thousand to the current shareholders.

In March 2017, the Company carried out a cash capital increase of DKK 12,500 at rate 16,627.

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

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Gross loss	-16,235,772	-17,984,219
6	Staff costs	-3,195,699	-5,090,743
7	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,225,865	-6,185
8	Other operating expenses	-253,796	0
	Profit/loss before net financials	-20,911,132	-23,081,147
9	Financial income	18,968	190,779
10	Financial expenses	-2,136,377	-325,070
	Profit/loss before tax	-23,028,541	-23,215,438
11	Tax for the year	1,879,309	-496,386
	Profit/loss for the year	-21,149,232	-23,711,824

	Recommended appropriation of profit/loss		
	Reserve for development costs	-10,641	0
	Retained earnings/accumulated loss	-21,138,591	-23,711,824
		-21,149,232	-23,711,824

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Non-current assets		
12	**Intangible assets**		
	Completed development projects	21,430,741	0
	Development projects in progress	0	34,079,932
		21,430,741	34,079,932
13	**Property, plant and equipment**		
	Operational equipment	11,874,906	0
	Other fixtures and fittings, tools and equipment	0	4,640
		11,874,906	4,640
14	**Financial assets**		
	Investments in group entities, net asset value	532,294	5
	Rent deposit	39,257	64,217
		571,551	64,222
	Total non-current assets	33,877,198	34,148,794
	Current assets		
	Receivables		
	Trade receivables	659,572	0
	Receivables from group entities	0	658,074
	Income taxes receivable	2,496,610	3,361,164
	Other receivables	66,011	103,214
	Prepayments	213,024	594,044
		3,435,217	4,716,496
	Cash	2,132,785	4,958,983
	Total current assets	5,568,002	9,675,479
	TOTAL ASSETS	39,445,200	43,824,273

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
15	Share capital	588,868	552,682
	Share premium account	60,123,826	54,254,867
	Reserve for development costs	340,313	0
	Retained earnings	-54,589,138	-33,099,593
	Total equity	6,463,869	21,707,956
16	**Non-current liabilities**		
	Deferred tax	6,817,161	6,199,860
17	Convertible debt instruments	15,724,356	7,646,063
	Grants payables	1,497,521	1,497,521
	Total non-current liabilities	24,039,038	15,343,444
	Current liabilities		
	Other credit institutions	527,658	0
	Trade payables	493,707	980,857
	Payables to group entities	1,724,545	0
	Payables to company participants	5,324,232	4,810,061
	Other payables	872,151	981,955
	Total current liabilities	8,942,293	6,772,873
	Total liabilities	32,981,331	22,116,317
	TOTAL EQUITY AND LIABILITIES	39,445,200	43,824,273

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3 Recognition and measurement uncertainties
4 Events after the balance sheet date
18 Contractual obligations and contingencies, etc.
19 Contingent assets
20 Collateral

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2015	245,503	44,174,723	0	-9,387,769	35,032,457
Capital increase	307,179	10,252,385	0	0	10,559,564
Expenses, capital increase	0	-172,241	0	0	-172,241
Transfer through appropriation of loss	0	0	0	-23,711,824	-23,711,824
Equity at 1 January 2016	552,682	54,254,867	0	-33,099,593	21,707,956
Capital increase	36,186	5,897,217	0	0	5,933,403
Expenses, capital increase	0	-28,258	0	0	-28,258
Transfer through appropriation of loss	0	0	-10,641	-21,138,591	-21,149,232
Development costs capitalised in the year	0	0	446,940	-446,940	0
Adjustment of deferred tax on capitalised development costs	0	0	-95,986	95,986	0
Equity at 31 December 2016	588,868	60,123,826	340,313	-54,589,138	6,463,869

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of C-Leanship A/S for 2016 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.

Reclassification changes have been made in the financial statements regarding presentation and classification of items to reflect the Company’s payables to company participants. Comparative figures have been restated to reflect the presentation and classification. In the balance sheet, Payables to company participants of DKK 4,810 thousand, previously presented as 'Trade payables', have been reclassified to ‘Payables to company participants’ under current assets. The reclassification change has not affected the results of operations, equity, or the balance sheet totals.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 July 2015. This implies changes in the recognition and measurement in the following areas:

Reserve for development costs: An amount corresponding to capitalised development costs, net of deferred tax, is in future tied up in a special reserve under equity called "Reserve for development costs". The amount is recognised in the reserve for development costs and cannot be used to distribute dividend or cover losses. If the development costs recognised are sold or in some other way no longer form part of the Company's operations, the reserve will be dissolved or reduced by a transfer directly to distributable reserves under equity. If the recognised development costs are written down, part of the reserve for development costs must be reversed. The reversed portion corresponds to the write-down of the development costs. If a write-down of the development costs is subsequently reversed, the reserve for development costs must be re-established. The reserve for development costs is also reduced by amortisation charges. In doing so, the equity reserve will not exceed the amount recognised in the balance sheet as development costs.

Dividend from investments in subsidiaries: Dividend from investments in subsidiaries, measure at cost, must always be recognised in the income statement going forward. If the carrying amount of the net assets of subsidiaries exceeds cost, or if dividend exceeding the profit for the year is distributed, there will be evidence of impairment, meaning that an impairment test must be conducted. Previously, dividend exceeding the subsidiary's accumulated earnings would be set off against cost.

In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

Intangible assets are amortised over the useful life of the assets. Previously, the maximum amortisation period in respect of intangible assets was 20 years. The changes has been made with future effect as a change in accounting estimate with no impact on equity.

In addition, the Company has decided to present its balance sheet in horizontal format where non-current and current assets and liabilities are broken down and comparative figures for 2015 are restated.

None of the above changes affects the income statement, the balance sheet totals or total equity for 2016 and 2015.

Apart from the above changes, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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 net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes, charged on behalf of third parties.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct purchase costs. In case of evidence of impairment, an impairment test must be conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

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.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 and the development of sales channels are financed by operational cash-flows from sale of hull cleaning services and capital injections from investors and issuance of convertible debt instruments 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 2017. In May 2017, the Company entered a non-binding agreement with shareholders to provide USD 1,000 thousand additional funding through a convertible debt instrument. Further, the Company entered into informal agreement with key supplier to extent payment terms. Management also believes that the Company in due time 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 throughout 2017.

On this basis, Management presents the financial statements for 2016 on a going concern assumption.

Due to the uncertainties associated with the timing and volume of the cash flows from operations and 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.

3 Recognition and measurement uncertainties

In October 2016, the Company completed the ShipShiner development project and launched the ShipShiner for commercial use. The development project, is capitalized in the balance sheet at DKK 33,305 thousand, of which DKK 21,430 thousand and DKK 11,875 thousand are classified as Intangible assets and tangibles assets, respectively.

The Company performed a review of indicators of impairment concluding that indicators of impairment were present at 31 December 2016. Accordingly, Management has completed an impairment test calculating the recoverable amount of the capitalized development expenditures at 31 December 2016, which has been determined based on a value in use calculation using cash-flow projection from financial budgets approved by the Board of Directors.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

4 Events after the balance sheet date

In January 2017, the Company issued a convertible debt instrument of USD 500 thousand to the current shareholders.

In March 2017, the Company carried out a cash capital increase of DKK 12,500 at rate 16,627.

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	2016	2015
6	**Staff costs**		
	Wages/salaries	2,997,970	4,655,740
	Pensions	48,135	108,000
	Other social security costs	115,651	283,865
	Other staff costs	33,943	43,138
		3,195,699	5,090,743
	Number of employees at the balance sheet date	2	4
7	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	522,701	0
	Depreciation of property, plant and equipment	703,164	6,185
		1,225,865	6,185

8 Other operating expenses

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

	DKK	2016	2015
9	**Financial income**		
	Interest receivable, group entities	0	190,731
	Other financial income	18,968	48
		18,968	190,779
10	**Financial expenses**		
	Interest expenses, group entities	30,873	0
	Interest expenses, convertible debt instruments	1,215,616	145,594
	Exchange adjustments	663,370	166,676
	Other financial expenses	226,518	12,800
		2,136,377	325,070

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	DKK	2016	2015
11	**Tax for the year**		
	Estimated tax charge for the year	-2,496,610	-3,361,164
	Deferred tax adjustments in the year	617,301	3,857,337
	Tax adjustments, prior years	0	213
		-1,879,309	496,386

12 Intangible assets

DKK	Completed development projects	Development projects in progress	Total
Cost at 1 January 2016	0	34,079,932	34,079,932
Additions in the year	0	895,940	895,940
Disposals in the year	-449,000	0	-449,000
Transfer to/from other accounts	22,402,442	-34,975,872	-12,573,430
Cost at 31 December 2016	21,953,442	0	21,953,442
Impairment losses and amortisation at 1 January 2016	0	0	0
Amortisation/depreciation in the year	522,701	0	522,701
Impairment losses and amortisation at 31 December 2016	522,701	0	522,701
Carrying amount at 31 December 2016	21,430,741	0	21,430,741
Amortised over	7 years		

Reference is made to note 3.

13 Property, plant and equipment

DKK	Operational equipment	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2016	0	18,556	18,556
Transfer from other accounts	12,573,430	0	12,573,430
Cost at 31 December 2016	12,573,430	18,556	12,591,986
Impairment losses and depreciation at 1 January 2016	0	13,916	13,916
Amortisation/depreciation in the year	698,524	4,640	703,164
Impairment losses and depreciation at 31 December 2016	698,524	18,556	717,080
Carrying amount at 31 December 2016	11,874,906	0	11,874,906
Amortised over	3 years	3-5 years	

Financial statements for the period 1 January - 31 December

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14 Investments

DKK	Investments in group entities, net asset value	Rent deposit	Total
Cost at 1 January 2016	5	64,217	64,222
Additions in the year	532,289	0	532,289
Disposals in the year	0	-24,960	-24,960
Cost at 31 December 2016	532,294	39,257	571,551
Carrying amount at 31 December 2016	532,294	39,257	571,551

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

DKK	2016	2015
15 Share capital		
Analysis of the share capital:		
588,868 shares of DKK 1.00 nominal value each	588,868	552,682
	588,868	552,682

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

DKK	2016	2015	2014	2013	2012
Opening balance	552,682	245,503	209,358	128,200	110,000
Capital increase	36,186	307,179	36,145	81,158	18,200
	588,868	552,682	245,503	209,358	128,200

Reference is made to note 4.

16 Non-current liabilities

In prior years, the Company has received financial support from the Danish Maritime Fund totalling DKK 1,500 thousand. 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 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	6,817,161	0	6,817,161	0
Convertible debt instruments	15,724,356	0	15,724,356	0
Grants payables	1,497,521	0	1,497,521	0
	24,039,038	0	24,039,038	0

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17 Convertible debt instruments

	Exchange deadline	Exchange rate	2016
			DKK
Convertible debt instruments	31-08-2018	169.00	15,724,356
			15,724,356

The Companys convertible debt instruments are denominated in USD.

During the financial year 2016, the Company issued convertible debt instruments of USD 908 thousand (2015: USD 1,100 thousand). Covertible debt instruments at 31 December 2016 includes accrued interest of DKK 1,562 thousand.

The convertible debt instruments including accrued interest converts upon the lenders request through 31 August 2018 or fall due for repayment on 31 August 2018.

18 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	2016	2015
Rent and lease liabilities	39,257	90,000

19 Contingent assets

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

20 Collateral

No security for loans had been placed at 31 December 2016.