

Treasure ASA

QUARTERLY REPORT

4TH QUARTER 2017

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Report for the fourth quarter of 2017

Highlights & Financial Summary

- Net Loss of USD 137,5 million, following an impairment of the stake in Hyundai Glovis.
- This impairment decision is based on the negative share price performance in Hyundai Glovis, which has resulted in a market value of roughly 20% below the initial value following the demerger from Wilh Wilhelmsen ASA.
- Following the impairment, future changes in fair value of the Hyundai Glovis position will be recognized in the income statement in accordance with IFRS 9 and not via “other comprehensive income” which was the case in the past.
- The Hyundai Glovis share price moved from 148.000 KRW to 136.000 KRW per share and USDKRW from 1144 to 1067 during the quarter.
- NAV per share at the end of the quarter: 21,4 NOK
- The board will announce a proposal to the AGM regarding dividend for 2017 following the board meeting on 22 March 2018, where the 2017 annual report will be approved.

Investment Case & Strategy

- Treasure ASA holds (via the wholly-owned subsidiary Den Norske Amerikalinje AS) 12,04% of Hyundai Glovis Co. Ltd., a global logistics company listed on the KRX Korea Exchange.
- The holding in Hyundai Glovis is strategic in nature towards the HMC Group in Korea. Treasure ASA is represented on the Board of Directors of Hyundai Glovis with two board members.
- Treasure ASA shall create shareholder value through a combination of increased value of the shares and dividends, where the primary source of income for Treasure ASA is dividend from Hyundai Glovis.

Prospects

The board expects the performance of the Hyundai Glovis share in the next quarter to be in line with the general equity indexes of the Korean Stock Exchange.

Lysaker, 15 February 2018
The board of directors of Treasure ASA

Forward-looking statements presented in this report are based on various assumptions. These assumptions were reasonable when made, but as assumptions are inherently subject to uncertainties and contingencies which are difficult or impossible to predict. Treasure ASA cannot give assurances that expectations regarding the future outlook will be achieved or accomplished.

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Income statement - financial report

USD thousand	Note	01.10-31.12 2017	01.10-31.12 2016	YTD 2017	Pro forma YTD 2016	From 8 June - 31 December *
Dividend from available-for-sale financial asset				11 780	11 900	
Other income		93	89	364	201	201
Total income		93	89	12 144	12 101	201
Operating expenses						
Other operating expenses		(73)	(120)	(265)	(594)	(595)
Total operating expenses		(73)	(120)	(265)	(594)	(595)
Operating profit		19	(31)	11 879	11 507	(394)
Financial income/(expenses)						
Financial income		42	15	73		33
Financial expenses		(13)	3	(216)	(1 850)	(782)
Impairment loss available-for-sale financial asset		(137 354)		(137 354)		
Net financial income/(expenses)		(137 325)	19	(137 497)	(1 850)	(749)
Profit before tax		(137 306)	(12)	(125 617)	9 657	(1 143)
Tax income/(expense)		(185)	440	(2 036)	(1 800)	440
Profit for the period		(137 491)	427	(127 653)	7 857	(704)
Attributable to: owners of the parent		(137 491)	427	(127 653)	7 857	(704)
Basic earnings per share (USD)	2	(0,62)	0,00	(0,58)	0,04	(0,00)

* The group was established and listed from 8 June 2016.

Comprehensive income - financial report

USD thousand		01.10-31.12 2017	01.10-31.12 2016	YTD 2017	Pro forma YTD 2016	From 8 June - 31 December
Profit for the period		(137 491)	427	(127 653)	7 857	(704)
Items that will be reclassified to income statement						
Changes in fair value of available-for-sale financial asset		129 168	(162 421)	133 597	(123 841)	(132 576)
Currency translation		(104)	(40)	(104)		334
Other comprehensive income, net of tax		129 063	(162 462)	133 492	(123 841)	(132 242)
Total comprehensive income for the period		(8 428)	(162 034)	5 839	(115 984)	(132 945)
Total comprehensive income attributable to the owners of the parent		(8 428)	(162 034)	5 839	(115 984)	(132 945)

The above consolidated income statement should be read in conjunction with the accompanying notes.

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Balance sheet - financial report

USD thousand	Note	31.12.2017	31.12.2016
Non current assets			
Deferred tax asset		316	458
Available-for-sale financial assets	3	575 415	580 194
Total non current assets		575 731	580 652
Current assets			
Other current assets		6	143
Cash and cash equivalents		2 132	16 416
Total current assets		2 138	16 559
Total assets		577 869	597 211
Equity			
Paid-in capital	2	2 719	2 719
Retained earnings		575 091	594 425
Attributable to equity holders of the owners		577 811	597 144
Current liabilities			
Other current liabilities		59	68
Total current liabilities		59	68
Total equity and liabilities		577 869	597 211

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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Cash flow statement - financial report

USD thousand	Note	01.10-31.12 2017	01.10-31.12 2016	YTD 2017	Proforma YTD 2016	From 8 June - 31 December 2016
Cash flow from operating activities						
Profit before tax		(137 306)	(12)	(125 617)	9 657	(1 143)
Financial (income)/expenses		137 325	(19)	137 497	1 850	749
Change in working capital		(5)	(271)	1 187	(10 502)	(411)
Tax paid (company income tax, withholding tax)			(24)	(2 036)	(1 834)	(24)
Net cash provided by operating activities		14	(326)	11 030	(829)	(829)
Cash flow from investing activities						
Financial income		42	15	73	33	33
Financia expenses		(13)		(216)		
Net cash flow from investing activities		30	15	(142)	33	33
Cash flow from financing activities						
Dividend to shareholders				(25 172)		
Demerger WWASA					17 212	17 212
Net cash flow from financing activities		0	0	(25 172)	17 212	17 212
Net increase in cash and cash equivalents ¹		43	(311)	(14 284)	16 416	16 416
Cash and cash equivalents at the beg. of the period ¹		2 089	16 727	16 416		
Cash and cash equivalents at the end of the period ¹		2 132	16 416	2 132	16 416	16 416

¹ Excluding restricted cash.

The group has bank accounts in different currencies. Unrealised currency effects are included in net cash provided by operating activities.

Statement of changes in equity - financial report

Statement of changes in equity - year to date

USD thousand	Share capital	Retained earnings	Total
Balance 31.12.2016	2 719	594 425	597 144
Profit for the period		(127 653)	(127 653)
Dividend		(25 172)	(25 172)
Comprehensive income		133 492	133 492
Balance 31.12.2017	2 719	575 091	577 811

Statement of changes in equity - Full year

USD thousand	Share capital	Retained earnings	Total
Demerger from Wilh Wilhelmsen ASA	2 719	727 370	730 089
Profit for the period		(704)	(704)
Comprehensive income		(132 242)	(132 242)
Balance 31.12.2016	2 719	594 425	597 144

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes - financial report

Note 1 - Accounting principles

General information

This consolidated interim financial report has been prepared in accordance with International Accounting Standards (IAS 34), "interim financial reporting". The consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year end 31 December 2016 for Treasure ASA group (TRE), which has been prepared in accordance with IFRS's endorsed by the EU.

Basic policies

The accounting policies implemented are consistent with those of the annual financial statements for TRE for the year end 31 December 2016.

Roundings

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Note 2 - Shares

The share capital is as follows with a nominal value of NOK 0.10

Ordinary shares	220 000 000
Total shares	220 000 000

Earnings per share taking into consideration the number of outstanding shares in the period.

Basic earnings per share is calculated by dividing profit for the period after minority interests, by average number of total outstanding shares.

Earnings per share is calculated based on 220 000 000 shares for 2016 and 2017.

Note 3 - Available-for-sale financial assets

USD thousand	31.12.2017	31.12.2016
Available-for-sale financial assets		
At 1 January	580 194	
Demerger from Wilh Wilhelmsen ASA		712 769
Mark to market valuation		(132 576)
Reversal mark to market valuation	132 576	
Impairment charge through income statement	(137 354)	
Total available-for-sale financial assets	575 415	580 194

Available-for-sale financial assets are denominated in KRW

The fair value of the investment has decreased from previous quarter. The volatility of the stock price of Hyundai Glovis has resulted in an impairment at the year end. The effect is the cumulative loss, measured as the difference between the acquisition cost (the value at the demerger date) and the current fair value, removed from equity and recognized in the income statement.

Increases in fair value after impairment will be recognized in income statement in accordance with IFRS 9 Available for-sale-financial asset through income statement.

Note 4 - Financial level

USD thousand	Level 1	31.12.2017 Total
Financial assets at fair value		
Available-for-sale financial assets	575 415	575 415
Total financial assets 31.12.	575 415	575 415

USD thousand	Level 1	31.12.2016 Total
Financial assets at fair value		
Available-for-sale financial assets	580 194	580 194
Total financial assets 31.12.	580 194	580 194

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date.

Note 5 - Dividend

The board will announce a proposal to the AGM regarding dividend for 2017 following the board meeting on 22 March 2018, where the 2017 annual report will be approved.

The company paid dividends of NOK 0.30 per share in May and NOK 0.65 per share in August 2017.

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Note 6 - Income statement - pro forma figures for Q1 2016 and full year 2015 and 2016 and reported Q2, Q3 and Q4 2016

USD mill

	Pro forma	Reported	Reported	Reported	Pro forma	
	Full year 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Full year 2015
Income						
Dividend from available -for-sale financial asset	11,9				11,9	8,2
Other income	0,2	0,1	0,1			
Total income	12,1	0,1	0,1	0,0	11,9	8,2
Operating expenses						
Other expenses	(0,6)	(0,1)	(0,4)	(0,1)	0,0	(0,4)
Total operating expenses	(0,6)	(0,1)	(0,4)	(0,1)	0,0	(0,4)
Operating profit 2	(0,4)	(0,0)	(0,2)	(0,1)	11,9	7,8
Financial income/(expenses)	(1,9)	0,0	(0,0)	(0,7)	(1,1)	(0,0)
Profit/(loss) before tax	(2,2)	(0,0)	(0,3)	(0,9)	10,8	7,8
Income tax	(1,8)	0,0	0,0	0,0	(1,8)	(1,4)
Profit/(loss)	(4,0)	(0,0)	(0,3)	(0,9)	9,0	6,3

Statement of Comprehensive Income

Profit for the period	(4,0)	(0,0)	(0,3)	(0,9)	9,0	6,3
Items that will be reclassified to income statement						
Changes in fair value of available-for-sale financial asset	(123,8)	(162,5)	69,7	(39,5)	8,4	(465,7)
Other comprehensive income, net of tax	(123,8)	(162,5)	69,7	(39,5)	8,4	(465,7)
Total comprehensive income for the period	(127,9)	(162,5)	69,4	(40,4)	17,4	(459,4)