



---

# **STOLT-NIELSEN LIMITED**

## **UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended May 31, 2019

---

**STOLT-NIELSEN LIMITED**

**TABLE OF CONTENTS**

	Page
Interim Operational and Financial Review	3
Condensed Consolidated Interim Income Statement for the Three and Six Months Ended May 31, 2019 and 2018	12
Condensed Consolidated Interim Statement of Other Comprehensive Income for the Three and Six Months Ended May 31, 2019 and 2018	13
Condensed Consolidated Interim Balance Sheet as of May 31, 2019 and November 30, 2018	14
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the Six Months Ended May 31, 2019 and 2018	15
Condensed Consolidated Interim Statement of Cash Flows for the Six Months Ended May 31, 2019 and 2018	16
Notes to the Condensed Consolidated Interim Financial Statements	17
Responsibility Statement	27
Independent Auditors' Review Report of Condensed Consolidated Interim Financial Statements	28

## Interim Operational and Financial Review

### Consolidated Income Statement

Stolt-Nielsen Limited's (the "Company" or "SNL") unaudited consolidated financial data for the six months ended May 31, 2019 and 2018 is summarised below. The financial statements are presented in US dollars.

	<b>For the Six Months Ended</b>	
	<b>May 31, 2019</b>	<b>May 31, 2018</b>
	(in thousands, except per share)	
Operating revenue	\$ 1,020,874	\$ 1,056,276
Gross profit	178,303	194,821
Operating profit	85,127	103,434
Net profit	10,124	48,439
Net profit attributable to SNL shareholders	11,507	48,263
EPS attributable to SNL shareholders – diluted	0.19	0.78

Net profit decreased to \$10.1 million for the first half of 2019, compared with \$48.4 million for the same period in 2018. The decrease in net profit in 2019 was mainly due to a one-time gain of \$33.1 million in 2018. \$24.9 million of this gain was due to the reduction in the US federal income tax rate and \$8.2 million was from lower tax rates at Stolthaven's Belgian joint venture.

	<b>For the Six Months Ended</b>	
	<b>May 31, 2019</b>	<b>May 31, 2018</b>
	(in thousands)	
<b>Operating revenue:</b>		
Stolt Tankers	\$ 581,274	\$ 603,729
Stolthaven Terminals	126,324	126,392
Stolt Tank Containers	259,932	275,679
Stolt Sea Farm	50,804	48,045
Stolt-Nielsen Gas	181	–
Corporate and Other	2,359	2,431
Total	<u>\$ 1,020,874</u>	<u>\$ 1,056,276</u>
<b>Operating profit (loss):</b>		
Stolt Tankers	\$ 27,140	\$ 37,426
Stolthaven Terminals	37,715	46,123
Stolt Tank Containers	28,324	35,046
Stolt Sea Farm	(375)	9,345
Stolt-Nielsen Gas	(1,893)	(4,244)
Corporate and Other	(5,784)	(20,262)
Total	<u>\$ 85,127</u>	<u>\$ 103,434</u>

### Operating Profit

The main reasons for changes in operating profit for the first six months of 2019, compared with the same period of 2018, were:

- Stolt Tankers reported a decrease of \$10.3 million. This was largely caused by lower results in the deep-sea fleet due to lower Contracts of Affreightment ("COA") freight rates combined with unrealised losses on bunker hedges. The result from regional fleets also decreased due to a weak spot market for the European coastal fleet for most of 2019. Both the deep-sea operations and the regional Inter-Caribbean service were adversely affected by closures of the Houston ship channel, owing to a fire at the Intercontinental Terminals Corporation ("ITC") Deer Park terminal and a collision between an LPG tanker and two barges.

- Stolthaven Terminals reported a decrease of \$8.4 million. The lower operating profit was a result of lower equity income from the joint venture with Oiltanking in Antwerp, Belgium owing to a lower utilisation rate in 2019 and the positive impact in the first half of 2018 from the reduction in deferred tax liabilities of \$8.2 million. This was partially offset by lower operating expenses.
- Stolt Tank Containers reported a decrease of \$6.7 million which was primarily due to a decrease in shipment volumes of 5.8% as well as an increase in tank rental and storage expenses. This was partially offset by reduced administrative and general costs due to the rationalisation of offices.
- Stolt Sea Farm reported an operating loss of \$0.4 million, compared with an operating profit of \$9.3 million in 2018. The decrease of \$9.7 million was due to unfavourable fair value adjustments recognised in the six months ended May 31, 2019 of \$3.4 million, compared with a \$4.7 million increase in the six months ended May 31, 2018. The 2019 unfavourable fair value adjustment is due to lower turbot prices and lower sole biomass at May 31, 2019 compared with November 30, 2018, as well as having a lower caviar stock. In addition, there was a \$1.7 million write-down of biomass inventory.
- Stolt-Nielsen Gas reported a decrease in operating loss of \$2.4 million following the change in accounting for Avance Gas Holding Limited (“AGHL”) in July 2018.
- Corporate and Other reported an operating loss of \$5.8 million in the first half of 2019, versus an operating loss of \$20.3 million for the same period in 2018, reflecting an \$11.8 million impairment of two Bitumen ships in 2018.

### ***Business Segment Information***

This section summarises the Company’s operating performance for each of the business segments. The “Corporate and Other” category includes corporate-related expenses, and all other operations not reported under the other segments.

On March 17, 2019, there was a significant industrial fire at ITC, which resulted in the closure of the Houston Ship Channel and related disruptions to the Group’s operations. The financial impact reduced the operating profit of Tankers and Terminals.

### ***Stolt Tankers***

Operating revenue decreased by \$22.5 million or 3.7% compared with the same period in 2018. Deep-sea revenues decreased by \$25.2 million over the period while regional revenues increased by \$2.7 million. The decrease in deep-sea revenues was primarily due to lower COA freight rates, lower demurrage revenue and 2.2% fewer operating days. The increase in regional fleet revenues of \$2.7 million was primarily due to higher European barging freight revenue that benefited from low water levels in the Rhine and to additional revenue at the Houston barge cleaning station. This was partially offset by lower revenues in the European coastal fleet.

The Sailed-In Time-Charter Index is a measure of the daily sailed-in rate for the Stolt Tankers Joint Service (“STJS”) indexed to the rate for the fleet in the first quarter of 1996. The average Sailed-In Time-Charter Index for the first six months of 2019 was 0.53, compared with 0.58 for the same period in 2018 due to an added supply of ships in the market.

Operating profit decreased by \$10.3 million or 27.5% between the first six months of 2019 and 2018, due to lower deep-sea freight revenues and higher bunker expenses, partially offset by lower port, depreciation, ship operating and administrative and general expenses. Bunker expenses increased by \$5.3 million during the first six months of 2019 as the average price of Intermediate Fuel Oil consumed increased by 12% to \$419 per ton compared with \$375 per ton during the prior period. The fuel price increase was partially compensated by a \$2.0 million increase in bunker surcharges. The gain from bunker hedging during the first six months of 2019 was \$2.9 million compared with \$8.9 million in the same period last year. Port expenses were \$2.9 million lower caused by fewer operating days and delays in Houston, resulting in fewer port calls and a lower number of canal transits.

Ship-owning expense decreased by \$3.6 million between the periods, reflecting the impact of a cost saving programme while depreciation expense decreased by \$9.8 million, primarily due to life extensions and residual value adjustments at the end of 2018. Administrative and general expenses decreased by \$4.0 million due to office closures and the weakening of the Euro against the US dollar.

Joint venture income was \$1.8 million for the first six months of 2019, increasing by \$0.3 million from the same period in 2018. Income from the joint venture NYK Stolt Tankers S.A. was higher because of lower depreciation expense following life extensions of two of its ships.

#### ***Stolthaven Terminals (“Stolthaven”)***

Stolthaven’s revenues for the first half of 2019 remained flat at \$126.3 million compared with \$126.4 million in the first half of 2018. The positive impact of higher utilisation rates, rate escalations and higher ancillary service revenues in Houston and New Orleans and the higher utilisation rate in Singapore was offset by the negative impact of a lower utilisation rate in Newcastle, Australia, the devaluation of the Brazilian Real and the sale of the rail transportation business in April 2019. The utilisation rate increased to 91.6% in the first half of 2019 from 89.3% in the first half of 2018.

Stolthaven’s first-half operating profit decreased by \$8.4 million to \$37.7 million from \$46.1 million in the same period in 2018. The decrease in operating profit was the result of higher depreciation from the completion of the jetty in Houston, accelerated depreciation of certain assets in Australasia and lower equity income from joint ventures, as well as the 2018 partial recognition of a one-time fee for the early termination of a land lease in New Zealand. This was partially offset by lower property tax expenses and the \$0.7 million gain on disposal of the rail transportation business in the first half of 2019.

Equity income from joint ventures decreased by \$10.5 million for the six months ended May 31, 2019, to \$11.1 million from \$21.6 million. This was a result of lower equity income from the joint venture with Oiltanking in Antwerp, Belgium in 2019, owing to a lower utilisation and the positive impact of one-time items in the first half of 2018. These included the reduction in net deferred tax liabilities of \$8.2 million and a customer penalty fee of \$1.6 million.

#### ***Stolt Tank Containers***

Stolt Tank Containers’ revenues were \$259.9 million in the first half of 2019, compared with \$275.7 million in the first half of 2018, reflecting a decrease in shipment volumes along with reduced demurrage and ancillary revenues. This was partially offset by increased tank rental revenues. Shipments decreased by 5.8% due to weak global economic conditions.

Stolt Tank Containers’ operating profit decreased by \$6.7 million compared to the same period in 2018 due to lower revenues and higher tank lease rental costs. This was slightly offset by reduced administrative and general expenses.

#### ***Stolt Sea Farm***

Stolt Sea Farm’s revenues increased by \$2.8 million in the first half of 2019 compared with the first half of 2018, mainly due to additional sales volumes and higher average selling prices from turbot. Turbot volumes increased by 3.5%, while turbot average selling prices increased by 10.1%. Sole volumes decreased by 4.8%, as the sole farms reduced production, and sole prices increased by 10.0%.

Stolt Sea Farm’s operating loss was \$0.4 million, down from an operating profit of \$9.3 million. Lower turbot prices, lower sole biomass and lower stocks of caviar resulted in a \$3.4 million negative fair value adjustment for the first half of 2019, compared with a \$4.7 million positive fair value adjustment for the same period in 2018. Excluding the fair value adjustment, operating profit decreased by \$1.5 million compared with prior period due to a \$1.7 million write-down of biomass inventory.

#### ***Stolt-Nielsen Gas***

Stolt-Nielsen Gas reported an operating loss of \$1.9 million compared with \$4.2 million in the prior year. This was due to the change in accounting for AGHL in July 2018 from the equity method of accounting to an equity investment which is valued at fair value through other comprehensive income.

#### ***Corporate and Other***

Corporate and Other includes Bitumen and reported an operating loss of \$5.8 million for the six months ended May 31, 2019, compared with a \$20.3 million operating loss for the six months ended May 31, 2018. Included in the operating loss for the first half of 2018 was an \$11.8 million impairment of Stolt Bitumen ships.

## **Liquidity and Capital Resources**

During the six months ended May 31, 2019, SNL met its liquidity needs through a combination of cash generated from operations, collateralised borrowings, commercial borrowings and sales of assets. SNL generated \$123.9 million of net cash from operating activities during the first six months of 2019, which, along with a \$49.4 million net drawdown of short-term and long-term debt, \$0.9 million of proceeds from the sale of assets and \$0.7 million of repayments of advances to joint ventures, was used for capital expenditures of \$72.7 million, payment of dividends of \$26.9 million and the purchase of treasury shares of \$4.4 million. As of May 31, 2019, the Group had cash of \$133.8 million and available committed short-term credit lines of \$276.4 million.

During February and March 2019, the Group received \$241.6 million under a fixed rate borrowing agreement using eight ships as collateral. This agreement has tranches with interest rates ranging from 4.4% to 4.6% and maturity dates from February 2025 to March 2027.

The Group also drew down \$3.4 million during the year on a loan with the Banco Bilbao Vizcaya Argentaria S.A bank.

For the six months ended May 31, 2019, \$268.0 million of debt was repaid, including a final balloon payment of \$150.0 million from a \$200.0 million bridge facility, that had been entered into in 2016 for the Jo Tankers acquisition and repayment of \$30.1 million on various collateralised ship mortgages. In addition, \$16.6 million was repaid on Terminal debt facilities and \$12.4 million was repaid on Tank Container debt facilities.

Subsequent to the end of the second quarter, the Company obtained refinancing commitments, subject to documentation, for Stolt Tankers totalling \$420.0 million in debt secured by 21 chemical tankers. In addition, the Company secured commitments on a new \$200.0 million US private placement secured by the New Orleans terminal. With these two facilities, SNL will have sufficient funds to repay the Nordic bond debt coming due in September 2019 and April 2020, while maintaining a minimum of \$200.0 million in available liquidity throughout that period.

Within the twelve months to May 31, 2020, the following significant current maturities of long-term debt are expected to be refinanced; \$147.6 million (NOK 1,000.0 million) bonds maturing in 2019; \$160.7 million (NOK 1,250.0 million) bonds maturing in 2020; and \$61.1 million of terminal financing in Australasia. The NOK bonds are fully hedged using cross-currency interest rate swaps.

SNL believes that its cash flow from operations, secured financing and available credit facilities will continue to provide the liquidity necessary to satisfy its working capital requirements, scheduled debt repayments and committed capital expenditures for the 12 months after the date of issuance of the interim financial statements.

## **Outlook**

### ***Stolt Tankers***

With a remaining order book of 7% of existing tonnage, Stolt Tankers expects that the overall worldwide utilisation of the fleet will have reached its bottom in 2019, provided future demand follows its historic growth rate. Stolt Tankers' total deep-sea volume was stable, with cargo volumes carried under COAs increasing by 1% while spot volumes declined by 4%. Average deep-sea freight rates decreased by 4% with COA rates declining by 6%, mostly due to an increase in the shipment of large-volume commodity products, while spot rates increased by 2%. Stolt Tankers' high level of COA coverage was unchanged from 2018 to 2019.

Stolt Tankers' outlook on market fundamentals remains unchanged. The slowdown in new chemical tonnage entering the market, supported by increasing chemical demand and positive movements in the product tanker market, should improve fundamentals in the chemical tanker market for the next few years and provide upward potential for freight rates. The order book decreased from 11% in June 2018 to 7% in June 2019. Without newbuilding orders, the demand growth is expected to absorb the fleet growth over the coming year. New chemical production in the US Gulf and Arabian Gulf is expected to increase chemical shipment demand, though impact on specific markets is uncertain considering the potential impact of protectionist policies. Stolt Tankers expect the IMO-mandated changes in bunker regulations will improve utilisation in the product tanker market in 2020. The Clean Petroleum market has improved somewhat during the last six months, but not enough to trigger a major swing of tonnage out of the chemical market. The impact of the announced US/China trade tariffs has had a limited impact on Stolt Tankers to date.

### ***Stolthaven Terminals***

In the first half of 2019, Stolthaven Terminals continued to focus on various strategic initiatives including selective expansion. New capacity was commissioned at its fully owned terminals in Santos (15,900 cbm) and Dagenham (746 cbm) and at Jeong IL Stolthaven Ulsan Co. Ltd., its 50% joint venture terminal in South Korea (164,600 cbm). In addition, new jetties in Houston and Newcastle have begun operations.

Stolthaven Terminals currently has ongoing expansion projects in four countries. The storage capacity in Dagenham will be expanded by November 30, 2019 (1,000 cbm). New Orleans will be expanded in two phases. Phase 1 will be commissioned in the first quarter of 2020 (15,900 cbm) and phase 2 is expected to be commissioned in the third quarter of 2020 (31,800 cbm). In the third quarter of 2020 the storage capacity in New Zealand will be expanded by 5,612 cbm. In the fourth quarter of 2019, the storage capacity at Stolthaven Westport Sdn. Bhd., a 49% joint venture in Malaysia, will be expanded by 27,000 cbm. The storage capacity in New Zealand will decrease by 30,277 cbm in 2020 as a result of non-renewal of the 2022 land lease contract and beginning of restoration of the property in Wynyard.

### ***Stolt Tank Containers***

Stolt Tank Containers experienced a reduced number of shipments during the first half of 2019, compared with the same period in 2018 due to increased competition and price pressure. During this period the size of the fleet increased by 5.3% as additional leased units were hired to cover increased shipment volumes in the food grade sector. Revenue per shipment decreased primarily due to a delay in pass-through of higher ocean and inland freight costs, resulting in flat transportation margins. Margins are expected to remain flat, as rising operating costs will be recovered through pricing.

Stolt Tank Containers continues to manage the size and operating costs of its fleet of tank containers, as well as the balance of owned-versus-leased units. Leased units increased by 2,474 tanks, net of off-hires, in the first six months of 2019. At the same time, Stolt Tank Containers retired 278 older tank containers.

### ***Stolt Sea Farm***

The first quarter of 2019 for Stolt Sea Farm saw a progressive rise in turbot market prices. Market prices are expected to remain soft during the third quarter and then increase in the fourth quarter. Sole prices increased during the first half of 2019 and the demand for SSF's sole remains strong. Market prices are expected to stay at the current level during the second half of the year. Caviar volumes sold were higher than in the first half of 2018, as SSF reduced its inventory levels through discounted sales.

### **Significant Risk Factors**

Each business segment considers strategic, operational and financial risks, and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The significant risks, which are unchanged since the year end, and uncertainties for the remaining six months of the financial year are discussed below.

### ***Bunker Fuel and Freight Costs***

Bunker fuel constitutes the single largest component of operating costs of the tanker fleet and increasing prices can have a material impact on the results. Although Stolt Tankers has successfully reduced the impact of price increases through bunker fuel adjustment clauses with contract customers, a significant portion of increased fuel costs is incurred solely by Stolt Tankers. The direct effect of changes in fuel prices affect profitability in the case of spot contracts which comprise approximately 30% of Stolt Tanker's volumes. Stolt Tankers has implemented a board-approved bunker-hedging programme, which aims to include bunker surcharge clauses in all COAs, and bunker hedges based on projected requirements. Note that in periods where bunker prices are below the agreed-upon price in the individual COA, use of bunker fuel adjustment clauses results in Stolt Tankers reimbursing customers for lower fuel prices.

Further, Stolt Tankers enters into bunker hedges with the goal of hedging that portion of Stolt Tankers' bunker exposure not covered by bunker surcharges.

As of January 1, 2020, the new IMO bunker regulations will require all ship owners and operators to change consumption to more expensive, low sulphur bunkers, unless a scrubber is operational. Stolt Tankers intends to pass on the additional expenses to the customers and have made substantial progress towards meeting that goal.

For Stolt Tank Containers, as in prior years, the impact of increasing freight costs due to market conditions for container ships in most major regions, as well as rising fuel and cleaning prices, can result in downward pressure on margins. In those instances, cost increases are passed on to customers when possible. Given quoted rate validity periods to customers, there is typically a negative lag on margins until rates can be increased.

### ***Tanker Industry Risk***

The tanker industry is cyclical and volatile, which may lead to reductions and volatility in freight rates and ship values. Fluctuations in the rates that Stolt Tankers can charge result from changes in the supply and demand for ship capacity and changes in the supply and demand for the products carried, particularly the bulk liquids, chemicals, edible oils, acids and other specialty liquids that constitute the majority of the products that Stolt Tankers transports. Factors influencing demand include supply of products shipped, the distances that products are moved by sea, industrial production, economic growth, environmental developments and protectionist policies. Factors influencing supply include the number of new ships being built, the number of old ships being recycled, changes in regulations and availability of shipyards.

Stolt Tankers mitigates this risk by actively managing the mix of business between COA and spot while also utilising various tools to increase fleet flexibility and reduce risk. COA business tends to be less volatile than spot business, in terms of both rates and volumes. Management endeavours to increase the contract percentage and lengthen contract duration during periods of uncertainty or when management determines that market conditions are likely to deteriorate. In general, Stolt Tankers maintains a relatively high percentage of contract business. Stolt Tankers also maintains a mix of owned and time-chartered ships. Use of time-chartered ships facilitates quicker balancing of the fleet in response to fluctuations in demand. Ships are ideally chartered prior to periods of high demand and redelivered during periods of soft demand. Within the owned fleet, Stolt Tankers endeavours to maintain a balanced age profile. Through this technique, fleet size can be managed by early retirement of older ships when demand is soft and life extension of ships during periods of strong demand.

### ***Newbuilding Risk***

SNL expends substantial sums during the construction of parcel tanker newbuildings without earning revenue and without assurance that the ships will be completed on time or at all. SNL is typically required to pay substantial amounts as progress payments during the construction of a newbuilding but does not derive any revenue from the ship until after its delivery. SNL's receipt of newbuildings can be delayed temporarily or indefinitely because of:

- quality or engineering problems;
- work stoppages or other labour disturbances at the shipyard;
- bankruptcy or other financial crisis of the shipyard;
- backlog of orders at the shipyard;
- changes to the original ship specifications at the request of SNL; or
- shortages of, or delays in, the receipt of necessary equipment or construction materials, such as steel.

If delivery of a ship is materially delayed, it could adversely affect the business, results of operations, cash flow and financial condition. SNL manages these risks by agreeing to standard industry provisions dealing with compensation for delays and rights to terminate the newbuilding contract. Any progress or down payments made by the Company under the newbuilding contracts are secured by refund guarantees issued by commercial banks or government institutions to cover the repayment obligation by the shipyards in case of a yard default.

A joint venture of the Company, Avenir LNG Limited, has ordered four 7,500 cbm and two 20,000 cbm LNG carriers for delivery between 2019 and 2021.



### ***Political and Geopolitical Risk***

SNL has international operations, and the business, financial condition and results of operations may be adversely affected by changing economic, political and government conditions in the countries and regions where SNL's ships and tank containers are employed, and terminals are located.

SNL's joint venture terminal in Lingang, China received a license in June 2016, enabling the terminal to restart operations, after the explosion in the Port of Tianjin in August 2015. Full recovery of utilisation has not yet been achieved.

Although SNL is not expected to be significantly impacted by the vote in the United Kingdom to exit the European Union ("Brexit"), the full consequence of Brexit is not yet known. As the Company is typically short GBP, a weakening of the currency is typically good for the Company. Any negative impact on global trade due to Brexit could be negative for the Company due to the increased risk of tariffs and trade barriers.

The recent adverse change of the security in the Straits of Hormuz, will lead to additional expenses in the short term, but could also have very disruptive effects on trade volumes if the tension intensifies.

SNL is also exposed to geopolitical risks where territorial and other disputes between countries could lead to the outbreak of war or the existence of international hostilities that could damage the world economy, adversely affect the availability of, and demand for, petroleum and chemical products and adversely affect SNL's ability to operate ships, terminals or tank containers. Moreover, SNL operates in a sector of the economy that is likely to be adversely affected by the impact of political instability, terrorist or other attacks, war or international hostilities.

For an effective and competitive global chemical shipping business, managing geopolitical risk is a strategic imperative. Cross-border expansion is a significant contributor to growth. In some cases, cargoes are located in, or destined for, troubled or developing markets where considerable cultural, infrastructure, security or technology challenges must be met. At the same time, economic and population growth, especially in Asia, is creating new demand for petroleum and chemical products. Sufficient supply must be in place with supporting infrastructure and distribution to meet demand in these high growth markets.

### ***Risk to Terminal Projects***

Stolthaven Terminals is at various stages of designing and building tanks and jetties at some of its existing terminal locations. The development of terminal operations and jetties involves significant up-front investments in infrastructure and there are certain risks inherent to such developments, including political, regulatory, currency exchange, environmental, liquidity, financial and contractual risks. Different countries carry varying degrees of risk depending on social, cultural, political and financial development and stability. Stolthaven Terminals attempts to mitigate these risks by employing local country and regional representatives to act as liaisons with local authorities. While customer commitments are usually secured in advance for new capacity, securing such commitments is currently challenging. Experienced and dedicated commercial teams are in place globally, regionally and locally to focus on marketing new capacity.

### ***Value of Biological Assets at Stolt Sea Farm***

All mature turbot and sole are held at fair value less both costs to sell and costs related to harvest. Sturgeon and the caviar that sturgeon produce are fair valued at the point of harvest. A fair value adjustment is also made at the point when juvenile turbot and sole are considered to become mature, which typically occurs when the fish reach a specified weight. Fair value is determined on the basis of market prices, and gains and losses from changes in fair value are recognised in the income statement.

The fair value of these assets fluctuates significantly based upon seasonality, competition, market conditions and existing supply, as well as the quality and condition of the fish. The fair value adjustment recognised in the six months ended May 31, 2019 was a \$3.4 million decrease in profit, compared with a \$4.7 million increase in profit in the six months ended May 31, 2018. There is a risk that future fair value adjustments could negatively impact the income statement.

### ***Gas Carrier Industry Risk***

The Company has investments in AGHL, which specialises in the transportation of liquefied petroleum gas (“LPG”) and Golar LNG Ltd. (“Golar”) which operates liquid natural gas (“LNG”) carriers. SNL, through its joint venture Avenir LNG Limited (“Avenir LNG”), is developing opportunities for the distribution of LNG to off-the-grid small-scale customers. The gas carrier industry is volatile, which may lead to fluctuations in freight rates, volumes and ship values. Fluctuations in the rates that can be charged result from changes in the supply and demand for ship capacity and changes in the supply and demand for the products carried. Factors influencing demand include supply of products shipped, the distances that products are moved by sea and environmental developments. Factors influencing supply include the number of new ships being built, the number of old ships being recycled, and the number of ships in lay-up or used for storage. As AGHL and Golar operate most of their ships in the spot market, the businesses are exposed to fluctuations in rates. Spot rates have historically been very volatile, driven by short-term variations in export volume, which is reflected in the volatility in the share prices of AGHL and Golar. This resulted in a significant decrease in the Company’s other comprehensive income as both the AGHL and Golar investments are marked-to-market.

### ***Currency Risk***

Most of the revenue earned by Stolt Tankers and Stolt Tank Containers is in US dollars, while a significant portion of their operating expenses is incurred in other currencies, primarily the Euro, the Norwegian krone, the Singapore dollar, the Japanese yen and the British pound. Where there is a mismatch between revenues and expense currencies, any depreciation of the revenue currency relative to the expense currency will decrease profit margins.

### ***Safety and Environmental Risks***

Safety for people and the environment are a top priority and a core value of SNL and its operating units. The Company manages its activities to reduce incidents, minimise risk and promote excellence in operational performance. Incidents can affect the Company’s “license to Operate” and therefore constitute the highest potential business risk. The Safety, Health and Environmental policies, procedures and practices of SNL, combined with rigorous training and the implementation of industry best practices, are aimed at maximising safety and minimising risk. Even so, there could be environmental incidents in the form of spills, damage to marine life or animal habitat. The consequence of such environmental damage could be significant costs related to the clean-up of spills, salvage costs and fines, as well as costs related to reputational damage. Although SNL carries insurance against such eventualities, the full cost could exceed the coverage afforded by the insurance.

### ***Cyber Security Risk***

There is a risk that an external third-party could gain unauthorised access to SNL’s information technology systems for the purpose of financial gain, industrial espionage, sabotage or terrorism.

SNL has virus, spam and malware protection, an isolated environment for its business applications, firewalls and other network and data centre protection and an identity management system. As with all companies, these security measures are subject to third-party security breaches, employee error, malfeasance, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or customers into disclosing user names, passwords or other sensitive information, which may, in turn, be used to access SNL’s information technology systems.

SNL devotes significant resources to network security, data encryption and other security measures to protect its systems and data, but these security measures cannot provide absolute security. To the extent, SNL was to experience a breach of its systems and was unable to protect sensitive data, such a breach could negatively impact SNL’s financial position.

### ***Forward-Looking Statements***

The Interim Financial Statements contain “forward-looking statements” based on information available to SNL on the date hereof, and SNL assumes no obligation to update any such forward-looking statement. These statements may be identified by the use of words like “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “will,” “should,” “seek,” and similar terms. The forward-looking statements reflect SNL’s current views and assumptions and are subject to risks and uncertainties. SNL does not represent or warrant that actual future results, performance or achievements will be as discussed in those statements, and assumes no obligation to, and does not intend to update any of those forward-looking statements other than as may be required by applicable law.

**Condensed Consolidated Interim Financial Statements  
for the Three and Six Months Ended May 31, 2019  
and  
Independent Auditors' Review Report for the Six Months  
Ended May 31, 2019**

**STOLT-NIELSEN LIMITED**  
**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**  
**(UNAUDITED)**

	Notes	Three Months Ended		Six Months Ended	
		May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
(in thousands)					
Operating revenue	4	\$ 518,927	\$ 540,997	\$ 1,020,874	\$ 1,056,276
Operating expenses		<u>(366,553)</u>	<u>(362,915)</u>	<u>(716,236)</u>	<u>(714,171)</u>
		152,374	178,082	304,638	342,105
Depreciation and amortisation	4	(63,767)	(68,234)	(126,335)	(135,480)
Impairment of plant, property and equipment		<u>—</u>	<u>(11,804)</u>	<u>—</u>	<u>(11,804)</u>
<b>Gross Profit</b>		<b>88,607</b>	<b>98,044</b>	<b>178,303</b>	<b>194,821</b>
Share of profit of joint ventures and associates	4	5,253	7,076	11,550	21,046
Administrative and general expenses		(52,825)	(57,496)	(106,084)	(114,512)
Gain (loss) on disposal of assets, net		825	(702)	729	(708)
Other operating income		882	1,914	1,180	3,204
Other operating expense		<u>(370)</u>	<u>(350)</u>	<u>(551)</u>	<u>(417)</u>
<b>Operating Profit</b>		<b>42,372</b>	<b>48,486</b>	<b>85,127</b>	<b>103,434</b>
<b>Non-Operating Income (Expense)</b>					
Finance income		614	748	1,265	1,674
Finance expense		(33,447)	(34,644)	(68,311)	(70,146)
Foreign currency exchange loss, net		(1,755)	(37)	(1,244)	(1,581)
Other non-operating income, net		<u>96</u>	<u>41</u>	<u>1,097</u>	<u>196</u>
<b>Profit before Income Tax</b>		<b>7,880</b>	<b>14,594</b>	<b>17,934</b>	<b>33,577</b>
Income tax (expense) credit	12	<u>(4,331)</u>	<u>(4,935)</u>	<u>(7,810)</u>	<u>14,862</u>
<b>Net Profit</b>		<b>\$ 3,549</b>	<b>\$ 9,659</b>	<b>\$ 10,124</b>	<b>\$ 48,439</b>
<b>Attributable to:</b>					
Equity holders of SNL		3,602	9,532	11,507	48,263
Non-controlling interests		<u>(53)</u>	<u>127</u>	<u>(1,383)</u>	<u>176</u>
		<b>\$ 3,549</b>	<b>\$ 9,659</b>	<b>\$ 10,124</b>	<b>\$ 48,439</b>
<b>Earnings per Share:</b>					
Net profit attributable to SNL shareholders					
Basic		<u>\$ 0.06</u>	<u>\$ 0.15</u>	<u>\$ 0.19</u>	<u>\$ 0.78</u>
Diluted		<u>\$ 0.06</u>	<u>\$ 0.15</u>	<u>\$ 0.19</u>	<u>\$ 0.78</u>

See notes to the condensed consolidated interim financial statements.

**STOLT-NIELSEN LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF**  
**OTHER COMPREHENSIVE INCOME**  
**(UNAUDITED)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 31,</u> <u>2019</u>	<u>May 31,</u> <u>2018</u>	<u>May 31,</u> <u>2019</u>	<u>May 31,</u> <u>2018</u>
	(in thousands)		(in thousands)	
<b>Net profit for the period</b>	<b>\$ <u>3,549</u></b>	<b>\$ <u>9,659</u></b>	<b>\$ <u>10,124</u></b>	<b>\$ <u>48,439</u></b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement of defined benefit and other post-employment benefit obligations	<b>(10,729)</b>	7,611	<b>(10,729)</b>	7,611
Deferred tax adjustment on defined benefit and other post-employment benefit obligations	<b>2,429</b>	(1,875)	<b>2,429</b>	(4,599)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net (loss) income on cash flow hedges	<b>(25,359)</b>	17,237	<b>(33,098)</b>	61,672
Reclassification of cash flow hedges to income statement	<b>13,085</b>	(16,928)	<b>14,033</b>	(39,957)
Net (loss) income on cash flow hedges held by joint ventures and associates	<b>(1,822)</b>	(125)	<b>(3,005)</b>	2,559
Deferred tax adjustment on cash flow hedges	<b>244</b>	(55)	<b>378</b>	(533)
Exchange differences arising on translation of foreign operations	<b>(15,449)</b>	(26,209)	<b>(10,152)</b>	(12,518)
Deferred tax on translation of foreign operations	<b>(247)</b>	944	<b>(325)</b>	912
Exchange differences arising on translation of joint ventures and associates	<b>(10,815)</b>	(5,963)	<b>(8,068)</b>	731
Change in value of available-for-sale financial assets	<b>(1,312)</b>	(2,423)	<b>(18,462)</b>	2,959
Net (loss) income recognised as other comprehensive income	<b>(49,975)</b>	(27,786)	<b>(66,999)</b>	18,837
<b>Total comprehensive (loss) income</b>	<b>\$ <u>(46,426)</u></b>	<b>\$ <u>(18,127)</u></b>	<b>\$ <u>(56,875)</u></b>	<b>\$ <u>67,276</u></b>
<i>Attributable to:</i>				
Equity holders of SNL	<b>\$ (46,373)</b>	\$ (18,254)	<b>\$ (55,492)</b>	\$ 67,100
Non-controlling interests	<b>(53)</b>	127	<b>(1,383)</b>	176
	<b>\$ <u>(46,426)</u></b>	<b>\$ <u>(18,127)</u></b>	<b>\$ <u>(56,875)</u></b>	<b>\$ <u>67,276</u></b>

See notes to the condensed consolidated interim financial statements.

**STOLT-NIELSEN LIMITED**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
**(UNAUDITED)**

	Notes	May 31, 2019	November 30, 2018
(in thousands)			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 133,821	\$ 64,529
Restricted cash		181	167
Receivables		223,744	243,910
Inventories		10,117	9,043
Biological assets		45,894	50,585
Prepaid expenses		76,812	71,456
Derivative financial instruments	8	1,328	4,599
Income tax receivable		6,296	6,833
Assets held for sale		8,600	998
Other current assets		37,267	32,480
<b>Total Current Assets</b>		<u>544,060</u>	<u>484,600</u>
Property, plant and equipment	6	3,187,174	3,260,693
Investments in and advances to joint ventures and associates	4	551,454	554,506
Investments in equity instruments	8	55,743	74,205
Deferred tax assets		9,590	12,071
Intangible assets and goodwill	6	48,093	47,262
Employee benefit assets		7,743	6,812
Derivative financial instruments	8	—	4,858
Other non-current assets		10,371	13,149
<b>Total Non-Current Assets</b>		<u>3,870,168</u>	<u>3,973,556</u>
<b>Total Assets</b>		<u>\$ 4,414,228</u>	<u>\$ 4,458,156</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short-term bank loans	7	\$ 41,600	\$ —
Current maturities of long-term debt	7	468,832	472,798
Accounts payable		88,998	83,245
Accrued voyage expenses		50,571	68,634
Accrued expenses		172,738	174,821
Provisions		3,037	3,751
Income tax payable		8,470	12,216
Dividend payable	5	—	13,549
Derivative financial instruments	8	60,073	40,918
Other current liabilities		35,224	38,675
<b>Total Current Liabilities</b>		<u>929,543</u>	<u>908,607</u>
Long-term debt	7	1,919,196	1,919,433
Deferred tax liabilities		44,374	46,215
Employee benefit obligations		39,119	27,143
Derivative financial instruments	8	76,183	72,765
Long-term provisions		3,153	3,487
Other non-current liabilities		4,209	4,849
<b>Total Non-Current Liabilities</b>		<u>2,086,234</u>	<u>2,073,892</u>
<b>Total Liabilities</b>		<u>\$ 3,015,777</u>	<u>\$ 2,982,499</u>
<b>Shareholders' Equity</b>			
Founder's shares		\$ 16	\$ 16
Common shares		64,134	64,134
Paid-in surplus		149,808	150,108
Retained earnings		1,502,394	1,514,851
Other components of equity		(247,402)	(188,703)
		<u>1,468,950</u>	<u>1,540,406</u>
Less – Treasury shares	5	(71,005)	(66,638)
<b>Equity Attributable to Equity Holders of SNL</b>		<u>1,397,945</u>	<u>1,473,768</u>
Non-controlling interests		506	1,889
<b>Total Shareholders' Equity</b>		<u>1,398,451</u>	<u>1,475,657</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>\$ 4,414,228</u>	<u>\$ 4,458,156</u>

See notes to the condensed consolidated interim financial statements.

**STOLT-NIELSEN LIMITED**  
**CONDENSED CONSOLIDATED INTERIM**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

	Attributable to Equity Holders of SNL									Non-Controlling Interests	Shareholders' Equity Total
	Common Shares	Founder's Shares	Paid-in Surplus	Treasury Shares	Retained Earnings	Foreign Currency	Hedging	Fair Value	Total		
	(in thousands, except for share data)										
<b>Balance, November 30, 2017</b>	\$ 64,134	\$ 16	\$ 150,108	\$ (51,486)	\$ 1,483,143	\$ (106,645)	\$ (17,430)	\$ (45,814)	\$ 1,476,026	\$ 2,803	\$ 1,478,829
<b>Comprehensive income (loss)</b>											
Net profit	—	—	—	—	48,263	—	—	—	48,263	176	48,439
<b>Other comprehensive income (loss)</b>											
Translation adjustments, net	—	—	—	—	—	(10,875)	—	—	(10,875)	—	(10,875)
Deferred tax adjustment on pension and other post-employment obligations	—	—	—	—	3,012	—	—	—	3,012	—	3,012
Fair value adjustment equity investments	—	—	—	—	—	—	—	2,959	2,959	—	2,959
Net income on cash flow hedges	—	—	—	—	—	—	23,741	—	23,741	—	23,741
Total other comprehensive income (loss)	—	—	—	—	3,012	(10,875)	23,741	2,959	18,837	—	18,837
<b>Total comprehensive income (loss)</b>	—	—	—	—	<b>51,275</b>	<b>(10,875)</b>	<b>23,741</b>	<b>2,959</b>	<b>67,100</b>	<b>176</b>	<b>67,276</b>
<b>Transactions with shareholders</b>											
Cash dividend paid -\$0.25 per Common Share	—	—	—	—	(13,652)	—	—	—	(13,652)	—	(13,652)
Purchase of own shares	—	—	—	(10,349)	—	—	—	—	(10,349)	—	(10,349)
<b>Total transactions with shareholders</b>	—	—	—	<b>(10,349)</b>	<b>(13,652)</b>	—	—	—	<b>(24,001)</b>	—	<b>(24,001)</b>
<b>Balance, May 31, 2018</b>	\$ 64,134	\$ 16	\$ 150,108	\$ (61,835)	\$ 1,520,766	\$ (117,520)	\$ 6,311	\$ (42,855)	\$ 1,519,125	\$ 2,979	\$ 1,522,104
<b>Balance, November 30, 2018</b>	\$ 64,134	\$ 16	\$ 150,108	\$ (66,638)	\$ 1,514,851	\$ (151,065)	\$ 6,596	\$ (44,234)	\$ 1,473,768	\$ 1,889	\$ 1,475,657
Adjustment on transition to IFRS 15	—	—	—	—	(2,284)	—	—	—	(2,284)	—	(2,284)
<b>Adjusted balance, November 30, 2018</b>	<b>64,134</b>	<b>16</b>	<b>150,108</b>	<b>(66,638)</b>	<b>1,512,567</b>	<b>(151,065)</b>	<b>6,596</b>	<b>(44,234)</b>	<b>1,471,484</b>	<b>1,889</b>	<b>1,473,373</b>
<b>Comprehensive income (loss)</b>											
Net profit (loss)	—	—	—	—	11,507	—	—	—	11,507	(1,383)	10,124
<b>Other comprehensive loss</b>											
Translation adjustments, net	—	—	—	—	—	(18,545)	—	—	(18,545)	—	(18,545)
Remeasurement of post-employment benefit obligations, net of tax	—	—	—	—	(8,300)	—	—	—	(8,300)	—	(8,300)
Fair value adjustment equity investments	—	—	—	—	—	—	—	(18,462)	(18,462)	—	(18,462)
Net loss on cash flow hedges	—	—	—	—	—	—	(21,692)	—	(21,692)	—	(21,692)
Total other comprehensive loss	—	—	—	—	(8,300)	(18,545)	(21,692)	(18,462)	(66,999)	—	(66,999)
<b>Total comprehensive income (loss)</b>	—	—	—	—	<b>3,207</b>	<b>(18,545)</b>	<b>(21,692)</b>	<b>(18,462)</b>	<b>(55,492)</b>	<b>(1,383)</b>	<b>(56,875)</b>
<b>Transactions with shareholders</b>											
Cash dividend paid -\$0.25 per Common Share	—	—	—	—	(13,380)	—	—	—	(13,380)	—	(13,380)
Transactions with shareholders	—	—	(300)	—	—	—	—	—	(300)	—	(300)
Purchase of own shares	—	—	—	(4,367)	—	—	—	—	(4,367)	—	(4,367)
<b>Total transactions with shareholders</b>	—	—	<b>(300)</b>	<b>(4,367)</b>	<b>(13,380)</b>	—	—	—	<b>(18,047)</b>	—	<b>(18,047)</b>
<b>Balance, May 31, 2019</b>	\$ 64,134	\$ 16	\$ 149,808	\$ (71,005)	\$ 1,502,394	\$ (169,610)	\$ (15,096)	\$ (62,696)	\$ 1,397,945	\$ 506	\$ 1,398,451

**STOLT-NIELSEN LIMITED**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

	Notes	For the Six Months Ended	
		May 31, 2019	May 31, 2018
		(in thousands)	
<b>Cash generated from operations</b>	3	\$ 198,103	\$ 223,415
Interest paid		(66,451)	(68,009)
Debt issuance costs		(1,885)	(125)
Interest received		1,245	1,108
Income taxes paid		(7,100)	(8,386)
<b>Net cash generated by operating activities</b>		<u>123,912</u>	<u>148,003</u>
<b>Cash flows from investing activities</b>			
Capital expenditures	6	(69,399)	(60,257)
Purchase of intangible assets	6	(3,308)	(1,854)
Deposit for newbuildings		—	(7,326)
Proceeds from sale of other assets	6	891	7,617
Repayment of (advances to) joint ventures and associates, net		700	(7,506)
Other, net		(391)	398
<b>Net cash used in investing activities</b>		<u>(71,507)</u>	<u>(68,928)</u>
<b>Cash flows from financing activities</b>			
Increase in short-term bank loans, net	7	41,600	8,700
Proceeds from issuance of long-term debt	7	275,759	215,069
Repayment of long-term debt	7	(268,006)	(239,463)
Finance lease payments		—	(52)
Purchase of treasury shares	5	(4,367)	(10,349)
Dividends paid	5	(26,929)	(27,465)
<b>Net cash provided by (used in) financing activities</b>		<u>18,057</u>	<u>(53,560)</u>
<b>Net increase in cash and cash equivalents</b>		<u>70,462</u>	<u>25,515</u>
Effect of exchange rate changes on cash		(1,170)	(3,822)
Cash and cash equivalents at beginning of the period		64,529	58,308
<b>Cash and cash equivalents at the end of the period</b>		<u>\$ 133,821</u>	<u>\$ 80,001</u>

See notes to the condensed consolidated interim financial statements.



**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1. Basis of Preparation**

The condensed consolidated interim financial statements of Stolt-Nielsen Limited (the “Company” or “SNL”), a Bermuda-registered company, and its subsidiaries (collectively, the “Group”) are prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be reviewed in conjunction with the audited Consolidated Financial Statements for the year ended November 30, 2018, to fully understand the current financial position of the Group.

**2. Significant Accounting Policies**

The accounting policies applied are consistent with those described in Note 2 of the Consolidated Financial Statements for the year ended November 30, 2018, with the exception of the adoption of a new accounting standard discussed below and income taxes, which for the purpose of interim financial statements are calculated based on the expected effective tax rate for the full year.

*Adoption of IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)*

IFRS 15 sets out the principles to determine the measurement of revenue and timing when revenue is reflected in the Income Statement. The underlying principle is that revenue recognition will follow the transfer of goods or services to customers at an amount that the seller expects to be entitled to in exchange for those goods or services. This new standard was applied by the Group as of December 1, 2018 and has no material effect on revenue or net profit.

The Group applied IFRS 15 using the modified retrospective approach, which requires the Group to recognise the cumulative effect of initially applying IFRS 15 to the opening balance of equity as at December 1, 2018. Accordingly, the comparative information has not been restated and continues to be reported under IAS 18 Revenue and IAS 11 Construction Contracts. The impact of the modified retrospective approach for each significant financial statement line item for the three months and six months ended May 31, 2019 is as follows:

	<u>Applying IAS 11 and IAS 18</u>	<u>IFRS 15 Adjustments (in thousands)</u>	<u>As Reported</u>
<i>For the three months ended May 31, 2019</i>			
<b>Income Statement</b>			
Operating Revenue	\$ 519,271	\$ (344)	\$ <b>518,927</b>
Operating Expense	(367,086)	533	<b>(366,553)</b>
Gross Profit	88,418	189	<b>88,607</b>
Net Profit	3,360	189	<b>3,549</b>
Earnings per share	0.06	—	<b>0.06</b>
 <i>For the six months ended May 31, 2019</i>			
<b>Income Statement</b>			
Operating Revenue	\$ 1,020,943	\$ (69)	\$ <b>1,020,874</b>
Operating Expense	(716,436)	200	<b>(716,236)</b>
Gross Profit	178,172	131	<b>178,303</b>
Net Profit	9,993	131	<b>10,124</b>
Earnings per share	0.19	—	<b>0.19</b>
 <b>Balance Sheet</b>			
Accrued Expenses	\$ 170,585	\$ 2,153	\$ <b>172,738</b>
Shareholders' Equity	1,400,604	(2,153)	<b>1,398,451</b>

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

Generally, revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods. Transaction price for the transportation services and for other services are contractually agreed before the services are rendered and do not contain material variable components. When it is probable that the future economic benefits will flow to the Group, the recognition in the statement of income is in proportion to the stage of the rendered performance as at the end of the reporting period.

The additional disclosures required by IFRS 15 are in Note 4. The revised revenue recognition policy for each of the segments is set out below.

***Tankers***

Revenue is recognised upon delivery of services in accordance with the terms and conditions of the contract of affreightment and such services are performed over time. For voyages in progress at the end of a period, the uncertainty and the dependence on estimates are greater than for finalised voyages. The Group recognises a percentage of the estimated revenue for the voyage equal to the percentage of the estimated duration of the voyage completed at the balance sheet date. Other revenue such as demurrage, additional port charges and bunker surcharges are estimated upfront and this estimate is updated at each period end and recognised over time.

***Terminals***

Tank storage rentals, including minimum guaranteed throughputs, are recognised over the contractual period during which the services are rendered. These charges are mostly invoiced upfront in the month preceding the month to which such charges relate. Revenues from additional throughput fees and other ancillary charges based on actual usage are recognised at the point in time when those services are delivered.

***Tank Containers***

Transportation revenue is recognised upon delivery of services in accordance with the agreement with customers and is recognised over time using a measure of progress. For tank container movements in progress at the end of a period, the uncertainty and the dependence on estimates are greater than for finalised movements. The Group recognises a percentage of the estimated revenue for the movement using the percentage of effort (“input method”) required at origin and destination. Demurrage and other revenues are uncertain elements of revenue and are recognised when incurred and generally invoiced at the end of the month.

***Sea Farm***

Revenues are recognised when performance obligations are satisfied by transferring control of a good or service to the customer. Where the terms of sale are free on board, revenue is recognised on dispatch of products to the customer. Revenue is recognised on delivery where the terms of sale include costs, insurance, freight and destination duty paid. The amount recorded as revenue includes all amounts recognised according to the terms of sale, including shipping and handling costs billed to customers, and after deductions for claims or returns of goods, rebates and allowances against the price of goods.

***IFRS 16 Leases***

IFRS 16, Leases (“IFRS 16”) requires lessees to recognise assets and liabilities for most leases as “right to use” assets. The implementation date for the Group is for the year ending November 30, 2020. IFRS 16 will have a material impact on the Financial Statements of the Group owing to the nature, number and complexity of lease contracts to which the Group is expected to be committed at transition. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of a right to use the asset and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The key impact from IFRS 16 are as follows:

- Total expense will be higher in the earlier years of a lease and lower in later years.
- Key metrics like Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) will increase, though operating expense will reduce.
- Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest will continue to be presented as operating cash flows.
- Increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low value assets.

The Group is in the process of quantifying the impact on the transition date of December 1, 2019.

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**3. Reconciliation of Net Profit to Cash Generated from Operations**

	<b>For the Six Months Ended</b>	
	<b>May 31,</b>	<b>May 31,</b>
	<b>2019</b>	<b>2018</b>
	<b>(in thousands)</b>	
<b>Net profit</b>	<b>\$ 10,124</b>	<b>\$ 48,439</b>
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation of property, plant and equipment	124,842	133,080
Amortisation of intangible assets	1,493	2,400
Impairment of property, plant and equipment	—	11,804
Finance expense, net	67,046	68,472
Net periodic benefit expense of defined benefit pension plans	1,068	1,378
Income tax expense (benefit)	7,810	(14,862)
Share of profit of joint ventures and associates	(11,550)	(21,046)
Fair value adjustment on biological assets	3,392	(4,745)
Foreign currency related loss	1,244	1,581
Unrealised bunker hedge loss (gain)	2,981	(3,145)
(Gain) loss on disposal of assets, net	(729)	708
<b>Changes in assets and liabilities, net of effect of acquisitions and divestitures:</b>		
Decrease (increase) in receivables	19,279	(21,318)
Increase in inventories	(1,141)	(6,140)
Decrease in biological assets	683	3,562
(Increase) decrease in prepaid expenses and other current assets	(9,636)	2,727
(Decrease) increase in accounts payable and other current liabilities	(20,695)	15,034
Contributions to defined benefit pension plans	(882)	(1,137)
Dividends from joint ventures and associates	2,877	6,836
Other, net	(103)	(213)
<b>Cash generated from operations</b>	<b>\$ 198,103</b>	<b>\$ 223,415</b>

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**4. Business Segment Information**

The segment information is provided on the same basis as stated in the Consolidated Financial Statements for the year ended November 30, 2018, with the exception of the Stolt-Nielsen Gas segment now being separated from Corporate and Other.

The following tables show the summarised financial information, in US thousands of dollars, for each reportable segment:

	<u>Tankers</u>	<u>Terminals</u>	<u>Tank Containers</u>	<u>Stolt Sea Farm</u>	<u>Stolt-Nielsen Gas</u>	<u>Corporate and Other (a)</u>	<u>Total</u>
<i>For the three months ended</i>							
<i>May 31, 2019</i>							
Operating revenue	\$ 293,635	\$ 63,051	\$ 135,828	\$ 25,422	\$ —	\$ 991	\$ 518,927
Depreciation, amortisation and impairment	(40,230)	(14,759)	(5,965)	(1,490)	—	(1,323)	(63,767)
Share of profit (loss) of joint ventures and associates	1,190	5,416	(319)	—	(1,026)	(8)	5,253
Operating profit (loss)	12,827	19,684	12,621	750	(1,376)	(2,134)	42,372
Capital expenditures (b)	20,129	18,157	1,107	4,917	—	2,120	46,430
<i>For the six months ended</i>							
<i>May 31, 2019</i>							
Operating revenue	581,274	126,324	259,932	50,804	181	2,359	1,020,874
Depreciation, amortisation and impairment	79,301	29,573	11,841	3,127	—	2,493	126,335
Share of profit (loss) of joint ventures and associates	1,838	11,118	(83)	—	(1,294)	(29)	11,550
Operating profit (loss)	27,140	37,715	28,324	(375)	(1,893)	(5,784)	85,127
Capital expenditures (b)	30,358	32,493	2,446	7,246	—	3,574	76,117
<i>As of May 31, 2019</i>							
Investments in and advances to joint ventures and associates	227,499	243,159	32,375	—	47,727	694	551,454
Segment assets	2,270,775	1,272,062	512,610	138,539	103,949	116,293	4,414,228
	<u>Tankers</u>	<u>Terminals</u>	<u>Tank Containers</u>	<u>Stolt Sea Farm</u>	<u>Stolt-Nielsen Gas</u>	<u>Corporate and Other (a)</u>	<u>Total</u>
<i>For the three months ended</i>							
<i>May 31, 2018</i>							
Operating revenue	\$ 308,619	\$ 63,888	\$ 143,151	\$ 24,389	\$ —	\$ 950	\$ 540,997
Depreciation, amortisation and impairment	(44,806)	(14,363)	(6,200)	(1,480)	—	(13,189)	(80,038)
Share of profit (loss) of joint ventures and associates	1,160	7,291	477	—	(1,630)	(222)	7,076
Operating profit (loss)	26,543	20,203	18,799	3,887	(2,316)	(18,630)	48,486
Capital expenditures (b)	6,355	18,997	752	1,648	—	2,834	30,586
<i>For the six months ended</i>							
<i>May 31, 2018</i>							
Operating revenue	603,729	126,392	275,679	48,045	—	2,431	1,056,276
Depreciation, amortisation and impairment	(89,076)	(28,417)	(12,292)	(3,000)	—	(14,499)	(147,284)
Share of profit (loss) of joint ventures and associates	1,583	21,635	673	—	(2,621)	(224)	21,046
Operating profit (loss)	37,426	46,123	35,046	9,345	(4,245)	(20,261)	103,434
Capital expenditures (b)	20,566	35,054	1,808	2,553	—	11,184	71,165
<i>As of November 30, 2018</i>							
Investments in and advances to joint ventures and associates	230,100	242,754	31,787	—	49,143	722	554,506
Segment assets	2,309,682	1,273,889	515,383	137,303	123,470	98,429	4,458,156

(a) Corporate and Other include Stolt Bitumen Services.

(b) Capital expenditures include additions to property, plant and equipment, ship deposits and intangible assets other than goodwill.

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

A breakdown of the key elements of sources of revenue:

	Three Months Ended		Six Months Ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	(in thousands)		(in thousands)	
Tankers:				
Freight revenue	\$ 254,982	\$ 273,166	\$ 512,083	\$ 536,245
Demurrage and ancillary revenue	<u>38,653</u>	<u>35,453</u>	<u>69,191</u>	<u>67,484</u>
	<u>\$ 293,635</u>	<u>\$ 308,619</u>	<u>\$ 581,274</u>	<u>\$ 603,729</u>
Terminals:				
Storage and throughput revenue	\$ 42,304	\$ 42,494	\$ 84,873	\$ 84,862
Rail (See Note 6)	<u>5,508</u>	<u>6,445</u>	<u>11,763</u>	<u>12,627</u>
Other revenue	<u>15,239</u>	<u>14,949</u>	<u>29,688</u>	<u>28,903</u>
	<u>\$ 63,051</u>	<u>\$ 63,888</u>	<u>\$ 126,324</u>	<u>\$ 126,392</u>
Tank Containers:				
Freight revenue	\$ 106,941	\$ 112,787	\$ 202,529	\$ 217,409
Demurrage and ancillary revenue	<u>28,887</u>	<u>30,364</u>	<u>57,403</u>	<u>58,270</u>
	<u>\$ 135,828</u>	<u>\$ 143,151</u>	<u>\$ 259,932</u>	<u>\$ 275,679</u>
Stolt Sea Farm:				
Turbot and sole	\$ 24,483	\$ 23,440	\$ 48,209	\$ 45,858
Sturgeon and caviar	<u>939</u>	<u>949</u>	<u>2,595</u>	<u>2,187</u>
	<u>\$ 25,422</u>	<u>\$ 24,389</u>	<u>\$ 50,804</u>	<u>\$ 48,045</u>
Stolt-Nielsen Gas	\$ —	\$ —	\$ 181	\$ —
Corporate, Stolt Bitumen and Others	\$ 991	\$ 950	\$ 2,359	\$ 2,431
<b>Total Revenue</b>	<u>\$ 518,927</u>	<u>\$ 540,997</u>	<u>\$ 1,020,874</u>	<u>\$ 1,056,276</u>

**5. Shareholders' Equity and Dividends**

The Group's authorised share capital consists of 65,000,000 Common shares, par value of \$1 per share, and 16,250,000 Founder's shares, par value of \$0.001 per share.

Issued shares were 64,133,796 Common shares and 16,033,449 Founder's shares for both May 31, 2019 and November 30, 2018.

As at May 31, 2019 the number of Common and Founder's shares outstanding were 60,523,796 Common shares and 15,130,949 Founder's shares. As of November 30, 2018, the number of Common and Founder's shares outstanding were 60,878,366 Common shares and 15,219,592 Founder's shares.

***Treasury Shares***

In the six months ended May 31, 2019, 354,570 shares were repurchased for \$4.4 million. At May 31, 2019 the total number of treasury shares was 3,610,000 excluding shares of the Company pledged as collateral.

***Treasury Shares – Transfer***

The Group has pledged 7,000,000 shares of the Company as collateral for the SEB \$60.0 million revolving credit facility since November 2016. In order to comply with Bermuda law, the ownership of these shares was transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. Stolt-Nielsen Finance Limited holds these shares on behalf of the lender and they are no longer included in Treasury shares. These shares are now included within Paid-In Surplus on the Balance Sheet and are considered outstanding for the purposes of the Earnings Per Share calculation, although economic benefits and voting rights remain with the Group as long as it is in compliance with the terms of the credit facility.

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**Dividends**

On February 14, 2019, the Group's Board of Directors recommended a final dividend for 2018 of \$0.25 per Common share payable on May 9, 2019 to shareholders of record as of April 25, 2019. The dividend was approved at the Group's Annual General Meeting of Shareholders held on April 16, 2019 in Bermuda. The total gross amount of the dividend was \$13.4 million and paid on May 9, 2019.

On November 15, 2018, the Group's Board of Directors declared an interim dividend of \$0.25 per Common share and \$0.005 per Founder's share to shareholders of record as of November 28, 2018. The total gross amount of the dividend was \$13.5 million, which was classified as an interim dividend and paid on December 12, 2018.

**6. Property, Plant and Equipment and Intangible Assets**

During the three months ended May 31, 2019, the Group spent \$37.8 million on property, plant and equipment. Cash spent during the quarter primarily reflected (a) \$16.3 million on terminal capital expenditures, (b) \$6.5 million on drydocking of ships, (c) \$9.1 million on tankers capital expenditures, (d) \$1.1 million on the purchase of tank containers and construction at depots and (e) \$4.0 million on Stolt Sea Farm capital expenditures. Interest of \$0.4 million was capitalised on the new construction of terminals.

During the six months ended May 31, 2019, the Group spent \$69.4 million on property, plant and equipment. Cash spent during the period primarily reflected (a) \$31.9 million on terminal capital expenditures, (b) \$12.3 million on drydocking of ships, (c) \$14.3 million on tankers capital expenditures, (d) \$2.6 million on the purchase of tank containers and construction at depots and (e) \$7.3 million on Stolt Sea Farm capital expenditures. Interest of \$0.8 million was capitalised on the new construction of terminals.

Proceeds of \$0.8 million were received from the sale of rail transportation business in North America, which was included within the Terminal segment. This business was based in Houston, United States, and included freight management services and rail car leasing for bulk-liquid transport. This business did not have a material impact on the Group's revenue, net profit or net assets.

During the six months ended May 31, 2019, \$2.0 million has been classified as Assets Held for Sale for the bitumen ship, *Stolt Kilauea*. See Note 13.

During the six months ended May 31, 2019, \$6.2 million has been classified as Assets Held for Sale for the Altona terminal in Australia. See Note 13.

During the six months ended May 31, 2019, the Group spent \$3.3 million on intangible assets, mainly on computer software. Revaluation for foreign exchange differences on goodwill and other intangibles amounted to a loss of \$1.0 million in the same period.

**7. Short and Long-Term Debt**

Short-term bank loans consist of debt obligations to banks under uncommitted lines of credit and bank overdraft facilities. Where the Group has the discretion to rollover its obligations for a period of more than 12 months and there is no expectation of settlement within 12 months, the debt is presented as long-term. This is the case at May 31, 2019 and November 30, 2018 for the \$650.0 million reducing revolving credit facility. As of May 31, 2019, the Group had available undrawn committed credit lines of \$276.4 million.

Long-term debt consists of debt collateralised by mortgages on the Group's ships, tank containers, terminals and investments, as well as \$596.7 million unsecured bond financing at May 31, 2019.

	<b>Cashflows</b>	
	<b>For the Six Months Ended</b>	
	<b>May 31,</b>	<b>May 31,</b>
	<b>2019</b>	<b>2018</b>
	<b>(in thousands)</b>	
Bank loan additions, net	<b>\$ 41,600</b>	<b>\$ 8,700</b>
Proceeds from issuance of long-term debt	<b>275,759</b>	<b>215,069</b>
Repayment of long-term debt	<b>(268,006)</b>	<b>(239,463)</b>

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

During February and March 2019, the Group received \$241.6 million under a fixed-rate borrowing agreement using eight ships as collateral. This debt refinanced the acquisition debt relating to the Jo Tankers acquisition in 2016.

For the six months ended May 31, 2019, \$268.0 million of debt was repaid, including a final payment of \$150.0 million from a \$200.0 million bridge facility, entered in 2016 and \$30.1 million on various collateralised ship mortgages. In addition, \$16.6 million was repaid on Terminal debt facilities, \$12.4 million on Tank Container debt facilities and a net \$55.0 million on the \$650.0 million reducing revolving credit facility in the six months ended May 31, 2019.

The Group remains in compliance with all financial covenants and believes that it will be able to satisfy working capital, capital expenditures and debt requirements for at least the next 12 months from July 3, 2019.

**8. Fair Value Measurements for Financial Assets and Liabilities**

The following estimated fair value amounts have been determined by the Group, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange:

	May 31, 2019		November 30, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
<b>Financial Assets (Amortised Cost):</b>				
Cash and cash equivalents	\$ 133,821	\$ 133,821	\$ 64,529	\$ 64,529
Restricted cash	181	181	167	167
Receivables	223,744	223,744	243,910	243,910
Other current assets	37,267	37,267	32,480	32,480
<b>Financial Assets (Fair Value):</b>				
Investments in equity instruments	55,743	55,743	74,205	74,205
<b>Financial Liabilities (Amortised Cost):</b>				
Accounts payables (excluding withholding and value-added tax)	83,472	83,472	76,755	76,755
Accrued expenses	223,309	223,309	243,455	243,455
Dividend payable	—	—	13,549	13,549
Short and long-term debt including current maturities (excluding debt issuance costs)	2,455,546	2,588,865	2,419,252	2,496,180
<b>Derivative Financial Instruments (Fair Value):</b>				
<i>Assets</i>				
Bunker swaps	1,171	1,171	4,081	4,081
Bunker call options	—	—	44	44
Foreign exchange forward contracts	14	14	91	91
Interest rate swaps	143	143	5,241	5,241
	\$ 1,328	\$ 1,328	\$ 9,457	\$ 9,457
<i>Liabilities</i>				
Bunker swaps	28	28	—	—
Foreign exchange forward contracts	952	952	1,344	1,344
Interest rate swaps	9,722	9,722	372	372
Cross-currency interest rate swaps	125,554	125,554	111,967	111,967
	\$ 136,256	\$ 136,256	\$ 113,683	\$ 113,683

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

The carrying amount of cash and cash equivalents, receivables, other current assets, account payable (excluding withholding and value-added tax payables), accrued expenses and dividend payable are a reasonable estimate of their fair value, due to their short maturity. Long-term debt in the table above excludes debt issuance costs of \$25.9 million and \$27.0 million, as of May 31, 2019 and November 30, 2018, respectively. The estimated value of the senior unsecured bond issues is based on traded values, while the value on the remaining long-term debt is based on interest rates as of May 31, 2019 and November 30, 2018, respectively, using the discounted cash flow methodology. The fair values of the Group's foreign exchange and bunker contracts are based on their estimated market values as of May 31, 2019 and November 30, 2018, respectively. Market value of interest rate and cross-currency interest rate swaps was estimated based on the amount the Group would receive or pay to terminate its agreements as of May 31, 2019 and November 30, 2018.

*Derivatives*

The Group had derivative assets of \$1.3 million and \$9.5 million as of May 31, 2019 and November 30, 2018, respectively and derivative liabilities of \$136.3 million and \$113.7 million as of May 31, 2019 and November 30, 2018, respectively. All the Group's derivative activities are financial instruments entered with major financial institutions for hedging the Group's committed exposures or firm commitments with major financial credit institutions, fuel suppliers, shipbuilders and ship-repair yards. The fair values of the Group's foreign exchange contracts and cross-currency interest rate swaps are based on their estimated market values as of May 31, 2019 and November 30, 2018, respectively. Derivative financial instruments are measured using inputs other than quoted values. There were no changes in the valuation techniques since November 30, 2018.

*Investments in equity instruments*

The Group had purchased forward contracts on 111,000 tons of bunker fuel for delivery in each of 2017 and 2018, and 72,000 tons for delivery in 2019 with initial expiration dates ranging from three to 24 months forward. The bunker contracts were marked-to-market through the Income Statement and a realised and unrealised gain of \$2.8 million was recorded for the six months ended May 31, 2019.

The Group's investment in Golar LNG Limited ("Golar") and Avance Gas Holding Limited ("AGHL") is measured using quoted prices in an active market. A summary of changes in value of Investments in Equity Instruments designated as Fair Value Through Other Comprehensive Income ("FVTOCI") is summarised below:

	<u>For the Six Months Ended</u> May 31, 2019	<u>For the Year Ended</u> November 30, 2018
	(in thousands)	
<b>Golar</b>		
Number of equity shares	2,330	2,330
Percentage of shareholding	2.3%	2.3%
Share price as of the end of the period	\$18.19	\$26.64
(Loss) gain on FVTOCI	(19,687)	4,497
Cumulative loss on FVTOCI	(61,004)	(41,317)
<b>Value of investment</b>	<b>\$ 42,380</b>	<b>\$ 62,067</b>
<b>AGHL</b>		
Number of equity shares	5,479	5,479
Percentage of shareholding	8.61%	8.61%
Share price as of the end of the period	\$2.44	\$2.22
Gain (loss) on FVTOCI	1,225	(2,917)
Cumulative loss on FVTOCI	(1,692)	(2,917)
<b>Value of investment</b>	<b>\$ 13,363</b>	<b>\$ 12,138</b>
<b>Total value of investments in equity instruments</b>	<b>\$ 55,743</b>	<b>\$ 74,205</b>



**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**9. Commitments and Contingencies**

As of May 31, 2019, and November 30, 2018, the Group had total capital expenditure purchase commitments outstanding of approximately \$112.0 million and \$111.7 million, respectively. At May 31, 2019, the total purchase commitments primarily consisted of equipment for tankers to adapt with regulations of \$31.7 million, committed equity investment in Avenir LNG for \$36.0 million, terminal expansion projects of \$28.2 million, tank container projects of \$3.3 million and Stolt Sea Farm expansion projects of \$12.8 million. Of the total purchase commitments at May 31, 2019, \$94.7 million are expected to be paid over the next 12 months from existing liquidity.

*Environmental*

Environmental disclosures are described in Note 27 of the Consolidated Financial Statements for the year ended November 30, 2018. There have been no significant changes that have occurred since that date.

*Purchase Commitments of Joint Ventures and Associates*

The Group's joint ventures and associates had \$232.3 million of purchase commitments on May 31, 2019. This amount includes two Avenir LNG newbuildings aggregating \$62.3 million, which are with recourse to the Group. The remaining \$170.0 million are non-recourse to the Group and includes \$151.7 million relating to two 20,000 cbm LNG carriers and the Higas terminal in Avenir LNG, \$15.4 million for the terminal joint ventures, \$2.2 million for tanker joint ventures and \$0.6 million for tank container joint ventures.

Of the total purchase commitments at May 31, 2019 for joint ventures and associates, \$95.4 million is expected to be paid over the next 12 months and financing has been arranged by the joint ventures for \$3.6 million. The remaining terminal, tank container and Avenir LNG projects will be paid out of the existing liquidity of those joint ventures and external financing yet to be raised.

*Avenir LNG*

The newbuilding contract for the first two 7,500 cbm LNG carriers that was announced on May 24, 2017 is now consolidated into Avenir LNG. Deposits of \$15.5 million have been made on these ships. These ships will be built by Keppel Singmarine, Shanghai, China, with expected delivery in late 2019 and early 2020. The total cost for both ships is approximately \$80.0 million, including site team costs and capitalised interest.

In the fourth quarter of 2018, Avenir LNG also entered into a contract with Sinopacific Offshore Engineering, Nantong, China, for two 20,000 cbm LNG carriers. On January 25, 2019, Avenir LNG made the first progress payment of \$11.2 million for these two 20,000 cbm small-scale LNG carriers. The next payment of \$11.2 million is expected to be paid in the third quarter of 2019. The ships are expected to be delivered in 2021 with a total expected cost of \$117.8 million, including site team costs and capitalised interest.

An initial deposit of \$15.6 million for two additional 7,500 cbm LNG carriers to be built by Sinopacific Offshore Engineering is expected to be made in the third quarter of 2019. Total cost for both ships is expected to be \$82.0 million, including site team costs and capitalised interest.

**10. Legal Proceedings**

The Group is party to various legal proceedings arising in the ordinary course of business and in cases where it believes the likelihood of losses are probable and can be estimated, provisions would be recorded for those legal cases. Disclosure of legal proceedings has been described in Note 28 of the Consolidated Financial Statements for the year ended November 30, 2018. There have been no significant changes to any ongoing legal proceedings since that time, except as discussed below. The Group believes that the ongoing legal proceedings are unlikely to have a material adverse effect on its business or financial condition.

Stolt Tank Containers BV is involved in a civil action as a result of a 2012 fire on the *MSC Flaminia*. The Phase 2 trial for this matter was completed in August 2018. The US District Court for the Southern District of New York delivered a judgement on September 10, 2018, which held the Group jointly liable with Deltech for the incident where the counterparties are alleging damages of \$180.0 million, excluding interest. The claim is covered by insurance and the Group has recorded a deductible of \$0.3 million for this claim. The judgement has been appealed by the defendants, Stolt Tank Containers BV and Deltech. The final phase of the trial to assess the quantum of damages is likely to proceed in 2020.

**STOLT-NIELSEN LIMITED**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**

On March 12, 2016, a ship pilot sustained injuries while disembarking the *Stolt Invention* and landing on the deck of the attending pilot boat. The ship pilot sustained multiple injuries and filed suit in the US federal court in the Southern District of New York on January 4, 2019, claiming lost future earnings net of taxes. On March 15, 2019, the parties agreed to settle the claim and this settlement has no financial impact to the Group.

To the extent that legal costs are not covered by insurance, the Group expects to incur such costs until these matters are resolved.

*General*

The ultimate outcome of governmental and third-party legal proceedings is inherently difficult to predict. The Group's operations are affected by international and domestic environmental protection laws and regulations. Compliance with such laws and regulations may entail considerable expense, including ship modifications and changes in operating procedures.

**11. Seasonality**

Sales of seafood are generally stronger in the first quarter of the year as this coincides with increased sales over the Christmas and New Year holidays. Stolt Tank Containers shipment volumes may be negatively affected in the first quarter by the seasonality inherent in their key customers' businesses. Stolt Tanker's results can be negatively affected in the winter months in the Northern Hemisphere, because of weather conditions such as fog, ice and winter storms that cause port delays, congestion and waiting time. There is no significant seasonality in any of the other businesses.

**12. US Tax Reform**

On December 22, 2017, the US enacted the Tax Cuts and Jobs Act ("the Act"), which reduced the US federal corporate income tax rate from 35% to 21%, among other provisions, as of the effective date January 1, 2018. In the first quarter of fiscal year 2018, a deferred tax credit of \$24.9 million was recorded in the Income Statement offset by a \$22.2 million reduction in the US deferred tax liability and a tax charge to other comprehensive income of \$2.7 million relating to the US defined benefit pension scheme.

**13. Subsequent Events**

The sale of the *Stolt Kilauea* was agreed on June 27, 2019 and is expected to be completed in the third quarter of 2019.

During the six months ended May 31, 2019, the Altona terminal in Australia has been classified as assets held for sale. The sale is expected to be completed in the third quarter of 2019.

**STOLT-NIELSEN LIMITED**  
**RESPONSIBILITY STATEMENT**

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period December 1, 2018 to May 31, 2019 has been prepared in accordance with IAS 34 as adopted by the European Union and gives a true and fair view of the Group's financial position and profit or loss and cash flows as a whole.

The maintenance and integrity of the Stolt-Nielsen Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

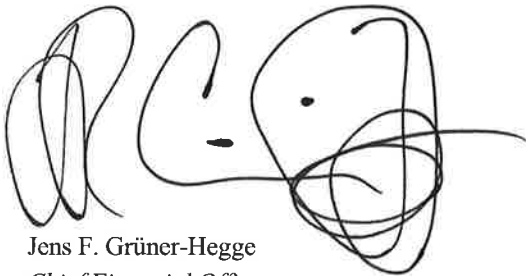
Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

London  
July 3, 2019

Signed for and on behalf of the Board of Directors



Niels G. Stolt-Nielsen  
*Chief Executive Officer*



Jens F. Grüner-Hegge  
*Chief Financial Officer*

# ***Independent review report to Stolt-Nielsen Limited***

## **Report on the Unaudited Condensed Consolidated Interim Financial Statements**

---

### **Our conclusion**

We have reviewed the Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Unaudited Condensed Consolidated Interim Financial Statements of Stolt-Nielsen Limited ("the Company") for the 6 month period ended 31 May 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Norwegian Securities Trading Act.

---

### **What we have reviewed**

The interim financial statements comprise:

- the Condensed Consolidated Interim Balance Sheet as at 31 May 2019;
- the Condensed Consolidated Interim Income Statement and Condensed Consolidated Interim Statement of Other Comprehensive income for the six month period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the six month period then ended;
- the Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the six month period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Norwegian Securities Trading Act.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

---

## **Responsibilities for the interim financial statements and the review**

---

### **Our responsibilities and those of the directors**

The Unaudited Condensed Consolidated Interim Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by, the directors of the Company. The directors are responsible for preparing the Unaudited Condensed Consolidated Interim Financial Statements in accordance with the Norwegian Securities Trading Act.

Our responsibility is to express a conclusion on the interim financial statements in the Unaudited Condensed Consolidated Interim Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Norwegian Securities Trading Act and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

### **What a review of interim financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Unaudited Condensed Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

# ***Independent review report to Stolt-Nielsen Limited***

---

## **Other Matter**

The Condensed Consolidated Interim Income Statement and Condensed Consolidated Interim Statement of Other Comprehensive Income for the three month period ended May 31, 2019 have not been subject to review.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
3 July 2019