Stolt-Nielsen

STOLT-NIELSEN LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months and Year Ended November 30, 2018

STOLT-NIELSEN LIMITED

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STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(UNAUDITED)

	Notes	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	Year Ended November 30, 2018	Year Ended November 30, 2017
		(in thousands)			
Operating Revenue	4	**$ 526,098**	$ 506,842	**$ 2,125,495**	$ 1,997,090
Operating Expenses		**(370,614)**	(339,041)	**(1,460,958)**	(1,329,223)
		155,484	167,801	**664,537**	667,867
Depreciation and amortisation	4	**(63,222)**	(68,573)	**(264,664)**	(264,497)
Impairment of assets	4, 7	**(11,979)**	(15,300)	**(26,390)**	(15,300)
Gross Profit		**80,283**	83,928	**373,483**	388,070
Share of profit of joint ventures and associates	4, 8	**4,438**	4,554	**32,360**	17,588
Administrative and general expenses		**(56,386)**	(56,193)	**(223,137)**	(216,529)
US retiree healthcare curtailment gain		**—**	3,931	**—**	3,931
(Loss) gain on disposal of assets, net		**(771)**	911	**(1,325)**	(515)
Other operating income		**1,379**	1,188	**6,405**	2,675
Other operating expense		**(64)**	(1)	**(678)**	(851)
Operating Profit		**28,879**	38,318	**187,108**	194,369
Non-Operating Income (Expense)					
Finance income		**1,033**	767	**3,872**	3,732
Finance expense		**(34,768)**	(35,266)	**(139,111)**	(133,943)
Foreign currency exchange (loss) gain, net		**(571)**	153	**(4,971)**	(2,774)
Other non-operating income (expense), net	8	**11,817**	255	**(609)**	972
Profit before Income Tax		**6,390**	4,227	**46,289**	62,356
Income tax (expense) benefit	11	**(3,175)**	(3,371)	**7,701**	(12,239)
Net Profit		**$ 3,215**	$ 856	**$ 53,990**	$ 50,117
***Attributable to*:**					
Equity holders of SNL		**3,590**	1,064	**54,850**	50,313
Non-controlling interests		**(375)**	(208)	**(860)**	(196)
		$ 3,215	$ 856	**$ 53,990**	$ 50,117
Earnings per Share:					
Net profit attributable to SNL shareholders					
Basic		**$ 0.06**	$ 0.02	**$ 0.89**	$ 0.81
Diluted		**$ 0.06**	$ 0.02	**$ 0.89**	$ 0.81

See notes to the condensed consolidated interim financial statements.

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF

OTHER COMPREHENSIVE INCOME

(UNAUDITED)

	Three Months Ended		Year Ended	
	November 30, 2018	**November 30, 2017**	**November 30, 2018**	**November 30, 2017**
	(in thousands)			
Net profit for the period	**$ 3,215**	$ 856	**$ 53,990**	$ 50,117
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on pension schemes	**6,643**	7,835	**14,254**	5,875
Actuarial (loss) gain on pension scheme of joint venture	**(844)**	427	**(844)**	427
Deferred tax adjustment on defined benefit and other post-employment benefit obligations	**(1,688)**	(237)	**(6,287)**	1,263
Items that may be reclassified subsequently to profit or loss:				
Net (loss) income on cash flow hedges	**(13,202)**	36,893	**33,311**	(23,637)
Reclassification of cash flow hedges to income statement	**13,164**	(18,799)	**(12,414)**	35,237
Net income (loss) on cash flow hedges held by joint ventures and associates	**60**	(81)	**3,452**	769
Deferred tax adjustment on cash flow hedges	**21**	(164)	**(323)**	179
Exchange differences arising on translation of foreign operations	**(5,463)**	(1,051)	**(32,766)**	43,992
Deferred tax on translation of foreign operations	**(640)**	293	**766**	(10)
Exchange differences arising on translation of joint ventures and associates	**(4,970)**	3,604	**(12,420)**	22,161
Change in value of available-for-sale financial assets	**2,145**	7,059	**1,580**	722
Net (loss) income recognised as other comprehensive income	**(4,774)**	35,779	**(11,691)**	86,978
Total comprehensive (loss) income	**$ (1,559)**	$ 36,635	**$ 42,299**	$ 137,095
Attributable to:				
Equity holders of SNL	**$ (1,184)**	$ 36,843	**$ 43,159**	$ 137,291
Non-controlling interests	**(375)**	(208)	**(860)**	(196)
	$ (1,559)	$ 36,635	**$ 42,299**	$ 137,095

See notes to the condensed consolidated interim financial statements.

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(UNAUDITED)

	Notes		November 30, 2018		November 30, 2017
			(in thousands)		
ASSETS					
Current Assets					
Cash and cash equivalents		**$**	**64,529**	$	58,308
Restricted cash			**167**		98
Receivables			**243,910**		241,115
Inventories			**9,043**		8,851
Biological assets			**50,585**		45,696
Prepaid expenses			**71,456**		66,699
Derivative financial instruments	10		**4,599**		9,025
Income tax receivable			**6,833**		7,648
Assets held for sale			**998**		2,275
Other current assets			**32,480**		44,150
Total Current Assets			**484,600**		483,865
Property, plant and equipment	6		**3,260,693**		3,440,609
Investments in and advances to joint ventures and associates	4, 8		**554,506**		531,930
Investments in equity instruments	8, 10		**74,205**		57,570
Deferred tax assets			**12,071**		13,699
Intangible assets and goodwill	6		**47,262**		51,635
Employee benefit assets			**6,812**		5,498
Derivative financial instruments	10		**4,858**		4,742
Deposit for newbuildings			—		7,297
Other non-current assets			**13,149**		18,014
Total Non-Current Assets			**3,973,556**		4,130,994
Total Assets		**$**	**4,458,156**	$	4,614,859
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Current maturities of long-term debt	9	**$**	**472,798**	$	432,568
Accounts payable			**83,245**		89,891
Accrued voyage expenses			**68,634**		53,356
Accrued expenses			**174,821**		183,253
Provisions			**3,751**		2,529
Income tax payable			**12,216**		10,691
Dividend payable	5		**13,549**		13,814
Derivative financial instruments	10		**40,918**		60,871
Other current liabilities			**38,675**		37,299
Total Current Liabilities			**908,607**		884,272
Long-term debt	9		**1,919,433**		2,037,144
Deferred tax liabilities			**46,215**		66,411
Employee benefit obligations			**27,143**		39,638
Derivative financial instruments	10		**72,765**		99,175
Long-term provisions			**3,487**		2,367
Other non-current liabilities			**4,849**		7,023
Total Non-Current Liabilities			**2,073,892**		2,251,758
Total Liabilities			**2,982,499**		3,136,030
Shareholders' Equity					
Founder's shares			**16**		16
Common shares			**64,134**		64,134
Paid-in surplus			**150,108**		150,108
Retained earnings			**1,514,851**		1,483,143
Other components of equity			**(188,703)**		(169,889)
			1,540,406		1,527,512
Less – Treasury shares	5		**(66,638)**		(51,486)
Equity Attributable to Equity Holders of SNL			**1,473,768**		1,476,026
Non-controlling interests			**1,889**		2,803
Total Shareholders' Equity			**1,475,657**		1,478,829
Total Liabilities and Shareholders' Equity		**$**	**4,458,156**	$	4,614,859

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										
	Common Shares	**Founder's Shares**	**Paid-in Surplus**	**Treasury Shares**	**Retained Earnings**	**Foreign Currency**	**Hedging**	**Fair Value**	**Total**	**Non-Controlling Interests**	**Shareholders' Equity Total**
	(in thousands, except for share data)										
Balance, November 30, 2016	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (51,486)**	**$ 1,466,551**	**$ (172,788)**	**$ (29,978)**	**$ (46,536)**	**$ 1,380,021**	**$ 3,567**	**$ 1,383,588**
Comprehensive income (loss)											
Net profit	—	—	—	—	50,313	—	—	—	50,313	(196)	50,117
Other comprehensive income											
Translation adjustments, net	—	—	—	—	—	66,143	—	—	66,143	—	66,143
Net income on cash flow hedges	—	—	—	—	—	—	12,548	—	12,548	—	12,548
Remeasurement of post-employment benefit obligations, net of tax	—	—	—	—	7,565	—	—	—	7,565	—	7,565
Fair value adjustment equity investments	—	—	—	—	—	—	—	722	722	—	722
Total other comprehensive income	—	—	—	—	7,565	66,143	12,548	722	86,978	—	86,978
Total comprehensive income (loss)	**—**	**—**	**—**	**—**	**57,878**	**66,143**	**12,548**	**722**	**137,291**	**(196)**	**137,095**
Transactions with shareholders											
Purchase of non-controlling interests	—	—	—	—	—	—	—	—	—	(568)	(568)
Cash dividend paid - $0.75 per Common Share	—	—	—	—	(41,209)	—	—	—	(41,209)	—	(41,209)
Cash dividend paid - $0.005 per Founder's shares	—	—	—	—	(77)	—	—	—	(77)	—	(77)
Total transactions with shareholders	—	—	—	—	(41,286)	—	—	—	(41,286)	(568)	(41,854)
Balance, November 30, 2017	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (51,486)**	**$ 1,483,143**	**$ (106,645)**	**$ (17,430)**	**$ (45,814)**	**$ 1,476,026**	**$ 2,803**	**$ 1,478,829**
Comprehensive income (loss)											
Net profit	—	—	—	—	54,850	—	—	—	54,850	(860)	53,990
Other comprehensive income (loss)											
Translation adjustments, net	—	—	—	—	—	(44,420)	—	—	(44,420)	—	(44,420)
Remeasurement of post-employment benefit obligations, net of tax	—	—	—	—	7,123	—	—	—	7,123	—	7,123
Fair value adjustment equity investments	—	—	—	—	—	—	—	1,580	1,580	—	1,580
Net income on cash flow hedge	—	—	—	—	—	—	24,026	—	24,026	—	24,026
Total other comprehensive income (loss)	—	—	—	—	7,123	(44,420)	24,026	1,580	(11,691)	—	(11,691)
Total comprehensive income (loss)	**—**	**—**	**—**	**—**	**61,973**	**(44,420)**	**24,026**	**1,580**	**43,159**	**(860)**	**42,299**
Transactions with shareholders											
Cash dividend paid -$0.50 per Common Share	—	—	—	—	(27,124)	—	—	—	(27,124)	—	(27,124)
Cash dividend paid - $0.005 per Founder's shares	—	—	—	—	(76)	—	—	—	(76)	—	(76)
Dilution of an investment in a joint venture	—	—	—	—	(3,065)	—	—	—	(3,065)	—	(3,065)
Deconsolidation of Avenir LNG	—	—	—	—	—	—	—	—	—	(54)	(54)
Purchase of own shares	—	—	—	(15,152)	—	—	—	—	(15,152)	—	(15,152)
Total transactions with shareholders	**—**	**—**	**—**	**(15,152)**	**(30,265)**	**—**	**—**	**—**	**(45,417)**	**(54)**	**(45,471)**
Balance, November 30, 2018	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (66,638)**	**$ 1,514,851**	**$ (151,065)**	**$ 6,596**	**$ (44,234)**	**$ 1,473,768**	**$ 1,889**	**$ 1,475,657**

See notes to the condensed consolidated interim financial statements.

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(UNAUDITED)

	Notes	For the Years Ended November 30, 2018	November 30, 2017
		(in thousands)	
Cash generated from operations	3	**$ 476,859**	$ 460,573
Interest paid		**(137,020)**	(124,592)
Debt issuance costs		**(877)**	(5,237)
Interest received		**2,698**	2,278
Income taxes paid		**(13,608)**	(8,255)
Net cash generated by operating activities		**328,052**	324,767
Cash flows from investing activities			
Capital expenditures	6	**(146,327)**	(360,372)
Purchase of intangible assets	6	**(3,012)**	(3,576)
Investment in joint venture	8	**(18,210)**	–
Business acquisitions, net of cash		**–**	(24,026)
Cash from sale of marketable securities		**–**	11,507
Deposit for newbuildings		**(7,326)**	(14,592)
Proceeds from sale of ships and other assets	6	**11,674**	16,329
Acquisition of non-controlling interest		**–**	(1,311)
Advances to joint ventures and associates, net		**(5,945)**	(14,387)
Other, net		**1,416**	717
Net cash used in investing activities		**(167,730)**	(389,711)
Cash flows from financing activities			
Decrease in short-term bank loans, net	9	**–**	(8,100)
Proceeds from issuance of long-term debt	9	**270,291**	817,316
Repayment of long-term debt	9	**(374,267)**	(718,458)
Finance lease payments		**(140)**	(100)
Purchase of treasury shares	5	**(15,152)**	–
Dividends paid	5	**(27,465)**	(55,022)
Net cash (used in) provided by financing activities		**(146,733)**	35,636
Net increase (decrease) in cash and cash equivalents		**13,589**	(29,308)
Effect of exchange rate changes on cash		**(7,368)**	(5,168)
Cash and cash equivalents at beginning of the period		**58,308**	92,784
Cash and cash equivalents at the end of the period		**$ 64,529**	$ 58,308

See notes to the condensed consolidated interim financial statements.

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, 2017, 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, 2017, with the exception of income taxes which for the purpose of interims financial statements are calculated based on the expected effective tax rate for the full year.

3. Reconciliation of Net Profit to Cash Generated from Operations

	For the Years Ended November 30, 2018	For the Years Ended November 30, 2017
	(in thousands)	
Net profit	**$ 53,990**	$ 50,117
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation of property, plant and equipment	**261,192**	261,141
Amortisation of intangible assets	**3,472**	3,356
Impairment of assets	**26,390**	16,804
Gain on deconsolidation of Avenir LNG (Note 8)	**(11,157)**	–
Gain on curtailment of US retiree healthcare	–	(7,171)
Fair value loss on equity instruments (Note 8)	**12,884**	–
Finance expense, net	**135,239**	130,211
Net periodic benefit expense of defined benefit pension plans	**2,438**	5,305
Income tax (benefit) expense	**(7,701)**	12,239
Share of profit of joint ventures and associates	**(32,360)**	(17,588)
Fair value adjustment on biological assets	**(5,452)**	(17)
Foreign currency related loss	**4,971**	2,774
Unrealised bunker hedge loss (gain)	**8,240**	(6,105)
Loss on disposal of assets, net	**1,325**	515
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Increase in receivables	**(8,132)**	(38,742)
Increase in inventories	**(219)**	(2,815)
(Increase) decrease in biological assets	**(1,044)**	1,920
Decrease (increase) in prepaid expenses and other current assets	**8,730**	(10,046)
Increase in accounts payable and other current liabilities	**4,015**	39,155
Contributions to defined benefit pension plans	**(1,824)**	(3,368)
Dividends from joint ventures and associates	**22,204**	23,232
Other, net	**(342)**	(344)
Cash generated from operations	**$ 476,859**	$ 460,573

4. Business and Geographic Segment Information

The segment information is provided on the same basis as stated in the Consolidated Financial Statements for the year ended November 30, 2017.

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

	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other (a)	Total
For the three months ended November 30, 2018						
Operating revenue	$ 303,007	$ 62,969	$ 133,582	$ 24,886	$ 1,654	$ 526,098
Depreciation, amortisation and impairment	(40,511)	(19,267)	(6,058)	(1,920)	(7,445)	(75,201)
Share of profit (loss) of joint ventures and associates	356	4,070	416	—	(404)	4,438
Operating profit (loss)	7,749	11,653	18,104	3,269	(11,896)	28,879
Capital expenditures (b)	11,207	25,552	1,520	5,217	933	44,429
For the year ended November 30, 2018						
Operating revenue	1,219,153	251,984	551,102	98,481	4,775	2,125,495
Depreciation, amortisation and impairment	(174,659)	(62,140)	(24,485)	(6,439)	(23,331)	(291,054)
Share of profit (loss) of joint ventures and associates	2,924	31,473	1,665	—	(3,702)	32,360
Operating profit (loss)	66,563	76,411	70,884	13,016	(39,766)	187,108
Capital expenditures (b)	40,686	91,927	5,441	10,013	13,162	161,229
As of November 30, 2018						
Investments in and advances to joint ventures and associates	230,100	242,754	31,787	—	49,865	554,506
Segment assets	2,309,682	1,273,889	515,383	137,303	221,899	4,458,156

	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other (a)	Total
For the three months ended November 31, 2017						
Operating revenue	$ 282,803	$ 61,353	$ 136,888	$ 23,336	$ 2,462	$ 506,842
Depreciation, amortisation and impairment	(42,827)	(23,036)	(7,899)	(1,823)	(8,288)	(83,873)
Share of profit (loss) of joint ventures and associates	2,452	4,451	319	—	(2,668)	4,554
Operating profit (loss)	20,431	5,430	17,006	4,899	(9,448)	38,318
Capital expenditures (b)	91,338	24,473	1,559	2,967	5,015	125,352
For the year ended November 31, 2017						
Operating revenue	1,158,466	242,738	512,745	72,744	10,397	1,997,090
Depreciation, amortisation and impairment	(169,726)	(63,592)	(27,824)	(6,103)	(12,552)	(279,797)
Share of profit (loss) of joint ventures and associates	7,405	19,657	1,191	—	(10,665)	17,588
Operating profit (loss)	110,973	54,181	54,492	3,530	(28,807)	194,369
Capital expenditures (b)	311,959	81,345	9,600	5,377	15,166	423,447
As of November 30, 2017						
Investments in and advances to joint ventures and associates	235,680	242,153	23,148	—	30,949	531,930
Segment assets	2,469,911	1,267,717	530,172	136,012	211,047	4,614,859

(a) Corporate and Other include Stolt-Nielsen Gas and Stolt Bitumen.

(b) Capital expenditures include additions to property, plant and equipment, ship deposits and intangible assets other than goodwill including additions resulting from acquisitions through business combinations.

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.

As of November 30, 2017, there were 64,133,796 Common shares issued and 16,033,449 Founder's shares issued, of which 61,944,855 Common shares and 15,486,214 Founder's shares were outstanding.

As of November 30, 2018, the number of Common and Founder's shares issued remain identical to November 30, 2017, of which 60,878,366 Common shares and 15,219,592 Founder's shares were outstanding.

Treasury Shares

On February 7, 2018, the Board authorised continuation of the share buy-back programme initially announced on March 2, 2016. Under that 2016 buy-back programme, the Board had authorised the purchase of up to $30.0 million worth of the Company's Common Shares, of which the Company utilised $1.7 million during 2016, leaving $28.3 million available for further purchases. In the year ended November 30, 2018, a further 1,066,489 shares had been repurchased for $15.2 million, leaving $13.1 million available for further purchases.

Treasury Shares – Transfer

The Group has pledged 7,000,000 Treasury shares as collateral for the SEB $60.0 million revolver 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.

Dividends

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 November 30, 2018, the Group spent $43.9 million on property, plant and equipment. Cash spent during the quarter primarily reflected (a) $27.5 million on terminal capital expenditures, and (b) $7.7 million on drydocking of ships, (c) $3.3 million on tankers capital expenditures, (d) $1.4 million on the purchase of tank containers and construction at depots and (e) $2.9 million on Stolt Sea Farm capital expenditures. Interest of $1.1 million was capitalised on the new construction of terminals and gas newbuildings.

During the year ended November 30, 2018, the Group spent $146.3 million on property, plant and equipment. Cash spent during the period primarily reflected (a) $85.2 million on terminal capital expenditures, (b) $29.1 million on drydocking of ships, (c) $12.0 million on tankers capital expenditures, (d) $5.3 million on the purchase of tank containers and construction at depots and (e) $7.9 million on Stolt Sea Farm capital expenditures. Interest of $3.9 million was capitalised on the new construction of terminals and gas newbuildings.

In the fourth quarter of 2018, the estimated useful lives of some of our ships was extended from 25 years to 30 years. This resulted in a lower depreciation charge of $3.6 million.

Proceeds of $11.7 million were received from the sale of ships, retirement of tank containers and other assets.

During the year ended November 30, 2018, the Group spent $3.0 million on intangible assets, mainly on computer software. Revaluation for foreign exchange differences on goodwill and other intangibles amounted to a loss of $2.0 million in the same period.

7. Impairment

Bitumen

The Group used Fair Value Less Cost of Disposal ("FVLCD") for the Bitumen ships to determine the recoverable amount of $10.0 million based on indicative broker values from independent ship brokers. As a result, the Group recognised an impairment of $11.8 million for the year ended November 30, 2018 for two Bitumen ships. In addition, an impairment of other Bitumen assets of $5.9 million was recognised during the fourth quarter, bringing the total for the year to $17.7 million. The Bitumen division's assets are reflected under Corporate and Other Business Segment.

Terminals

The Group booked an impairment relating to both tangible and intangible assets aggregating to $6.1 million and $8.4 million in the fourth quarter of the year 2018 and 2017 and $8.7 million and $8.4 million in the full year of 2018 and 2017.

8. Investment in Joint Ventures and Associates

During the year ended November 30, 2018, the Group's Belgian joint venture reduced its net deferred tax liabilities by $8.2 million due to a reduction in Belgian Corporate tax rates. The amount reflects the Group's 50% share and is included within Share of profit from joint ventures and associates.

At the annual general meeting of Avance Gas Holdings Limited ("AGHL") held on July 13, 2018, the Group's two representatives on the Board did not stand for re-election. As a result, the Group no longer held significant influence with effect from July 13, 2018 and AGHL ceased to be an associate. Accordingly, from that date, the Group changed the method of accounting for this investment from the equity method to fair value through Other Comprehensive Income ("FVTOCI"), which resulted in a one-time fair value loss of $12.9 million. This loss represented the difference between the carrying amount of the AGHL investment at July 13, 2018 and its fair value and recognised under Other non-operating expense in the Income Statement during the year ended November 30, 2018.

From July 13, 2018, the investment in AGHL was classified as an equity instrument and the fair value gains and losses are recognised through Other Comprehensive Income.

Avenir LNG Limited

On October 1, 2018, the Group, Golar LNG Limited and Höegh LNG Holdings Ltd. made an initial $99.0 million investment in Avenir LNG Limited ("Avenir LNG"), previously a subsidiary of the Group. The Group's contribution to Avenir LNG was $49.5 million, consisting of the following:

		(in thousands)
Cash	$	17,019
Capitalised costs for newbuilding contracts		16,671
SNL's subsidiaries development costs		10,000
Higas investment		5,800
	$	**49,490**

At the same time, the Group converted a $32.5 million loan that Avenir LNG owed to a subsidiary of the Group to equity. A gain of $11.2 million was recognised by the Group due to difference in the fair value of the consideration compared to the carrying value of the assets disposed. This was included in Other non-operating income.

Golar LNG Limited and Höegh LNG Holdings Ltd. each contributed $24.8 million of cash. Following this transaction, the Group owned 50% of voting rights of Avenir LNG.

A shareholders' agreement was entered into between the Group, Golar LNG Limited and Höegh LNG Holdings Ltd., which provides that the future operations of Avenir LNG will be jointly controlled by the shareholders. As a result of the transaction, the Group deconsolidated Avenir LNG and will account for it as an investment in a joint venture.

	(in thousands)
Cash and cash equivalents	$ 1,191
Receivables	433
Prepaid expenses	173
Property, plant and equipment	5,081
Newbuilding deposits	15,547
Goodwill	61
	22,486
Accounts payable	(933)
Accrued expenses	(239)
	(1,172)
Net assets	21,314
Cash contribution	17,019
Carrying value of assets disposed	**$ 38,333**

Upon recording the non-controlling interest as an investment in joint ventures, the Group reviewed the assets and liabilities for any fair value adjustments. The fair value of the two newbuilding contracts and two options were calculated based on the guidance in IFRS 13, Fair Value. The income approach was used in the valuation which considered the present value of future cash flows and earnings expectations for each ship and its residual value. It also considered changes in contract prices since inception of the existing new building contracts, costs incurred to date, construction progress and management's estimate of the costs to complete.

The difference between the Group's share of the fair value of Avenir LNG and the underlying net assets subsequent to the above transaction was $5.6 million. Of this amount, $5.5 million was allocated to the newbuilding deposits and $0.1 million considered to be goodwill.

Cash provided by investing activities was $18.2 million for the year ended November 30, 2018, consisting of the $17.0 million paid and the $1.2 million cash in Avenir LNG.

On November 13, 2018, Avenir LNG closed a placement of 11 million new shares with institutional and professional investors. This diluted the Group's holding to 45% of the voting rights of Avenir LNG.

At November 30, 2018, the Group had an investment and advances in Avenir LNG of $49.1 million.

9. Short and Long-Term Debt

Short-term debt consists 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 November 30, 2018 and 2017 for the $650.0 million reducing revolving credit facility. As of November 30, 2018, the Group had available committed credit lines of $239.9 million.

Long-term debt consists of debt collateralised by mortgages on the Group's ships, tank containers, terminals and investments, as well as $605.5 million unsecured bond financing at November 30, 2018.

	Cashflows For the Years Ended	
	November 30, 2018	**November 30, 2017**
	(in thousands)	
Bank loan repayments, net	**$ —**	$ (8,100)
Proceeds from issuance of long-term debt	**270,291**	817,316
Repayment of long-term debt	**(374,267)**	(718,458)

Following the delivery of *Stolt Loyalty* in the fourth quarter of 2017, the Group drew down $7.6 million on the second tranche for this ship during the first quarter of 2018. This was the final tranche of the $291.8 million term loan with The Export-Import Bank of China and Standard Chartered Bank.

On October 19, 2018, the Group revised its debt facility with the Danish Ship Finance ASA and completed an additional drawdown of $93.8 million. The proceeds were partially used to repay the outstanding debt balance on its facility with Eksportfinans ASA and DNB Bank ASA.

For the year ended November 30, 2018, $374.3 million of debt was repaid, of which $148.7 million was paid on maturity of the NOK 873.5 million bond (SNI03), and the balance on various collateralised loan facilities.

At November 30, 2018, $71.7 million of long-term debt relating to the ANZ's Syndicated Facility Agreement was reclassified to short-term debt because this facility is due to expire on February 14, 2019. The negotiations to extend this facility to March 31, 2020 are in progress.

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 January 31, 2019.

10. 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:

	November 30, 2018		November 30, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial Assets (Amortised Cost):				
Cash and cash equivalents	$ 64,529	$ 64,529	$ 58,308	$ 58,308
Restricted cash	167	167	98	98
Receivables	243,910	243,910	241,115	241,115
Other current assets	32,480	32,480	44,150	44,150
Financial Assets (Fair Value):				
Investments in equity instruments	74,205	74,205	57,570	57,570
Financial Liabilities (Amortised Cost):				
Accounts payables (excluding withholding and value added tax)	76,755	76,755	84,834	84,834
Accrued expenses	243,455	243,455	236,609	236,609
Dividend payable	13,549	13,549	13,814	13,814
Debt and finance leases including current maturities (excluding debt issuance costs)	2,419,252	2,496,180	2,503,293	2,597,212
Derivative Financial Instruments (Fair Value):				
Assets				
Bunker swaps	4,081	4,081	8,907	8,907
Bunker call options	44	44	3,458	3,458
Foreign exchange forward contracts	91	91	5	5
Interest rate swaps	5,241	5,241	1,132	1,132
Cross-currency interest rate swaps	—	—	265	265
	$ 9,457	**$ 9,457**	$ 13,767	$ 13,767
Liabilities				
Foreign exchange forward contracts	1,344	1,344	50	50
Interest rate swaps	372	372	10,969	10,969
Cross-currency interest rate swaps	111,967	111,967	149,027	149,027
	$ 113,683	**$ 113,683**	$ 160,046	$ 160,046

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 $27.0 million and $33.6 million, as of November 30, 2018 and 2017, respectively. The estimated value of its 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 November 30, 2018 and 2017, 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 November 30, 2018 and 2017, 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 November 30, 2018 and 2017.

Derivatives

The Group has derivative assets of $9.5 million and $13.8 million as of November 30, 2018 and 2017, respectively and derivative liabilities of $113.7 million and $160.0 million as of November 30, 2018 and 2017, 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, 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 November 30, 2018 and 2017, respectively. Derivative financial instruments are measured using inputs other than quoted values. There were no changes in the valuation techniques since November 30, 2017. Net derivative liabilities for cross-currency interest rate swaps are lower by $36.8 million primarily due to the maturity of the NOK bond in March 2018. This bond was fully hedged using cross-currency interest rate swaps.

The Group had purchased forward contracts on 111,000 tons of bunker fuel for delivery in each of 2017 and 2018, and 48,000 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 $6.1 million was recorded for the year ended November 30, 2018.

The Group's investment in Golar LNG Limited and AGHL is measured using quoted prices in an active market. A summary of changes in value of Investments in Equity Instruments for the year ended November 30, 2018 and the comparative period is summarised below:

	For the years ended November 30,	
	2018	**2017**
	(in thousands)	
Golar LNG Limited		
Number of equity shares	**2,330**	2,330
Percentage of shareholding	**2.3%**	2.3%
Share price as of November 30	**$26.64**	$24.71
Gain on FVTOCI	**4,497**	722
Cumulative loss on FVTOCI	**(41,317)**	(45,814)
Value of investment	**$ 62,067**	$ 57,570
AGHL (See Note 8)		
Number of equity shares	**5,479**	—
Percentage of shareholding	**8.61%**	—
Share price as of November 30	**$2.22**	—
Loss on FVTOCI	**(2,917)**	—
Cumulative loss on FVTOCI	**(2,917)**	—
Value of investment	**$ 12,138**	$ —
Net Gain on FVTOCI	**1,580**	722
Total Value of Investments in equity instruments	**$ 74,205**	$ 57,570

11. 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, based on actual calculations of the deferred tax position as of November 30, 2017, a deferred tax credit of $24.9 million has been recorded in the profit and loss account 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. The provision for income taxes during interim quarterly reporting periods is based on our estimate of the US effective tax rate for the full fiscal year, which uses a blended rate of 22.17% for fiscal year 2018.

12. Commitments and Contingencies

As of November 30, 2018, and 2017, the Group had total capital expenditure purchase commitments outstanding of approximately $111.7 million and $113.7 million, respectively. At November 30, 2018, the total purchase commitments primarily consisted of equipment for tankers to comply with environmental regulations of $39.2 million, investment in Avenir LNG for $36.0 million, new and existing terminal expansion projects of $32.8 million and tank container projects of $2.9 million. Of the total purchase commitments at November 30, 2018, of $89.1 million are expected to be paid over the next 12 months from existing liquidity.

Environmental

Environmental disclosures are described in Note 26 of the Consolidated Financial Statements for the year ended November 30, 2017. 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 $122.3 million of purchase commitments on November 30, 2018. This amount includes the first two Avenir LNG newbuildings aggregating $58.9 million which are with recourse to the Group. The remaining $63.4 million are non-recourse to the Group and includes $41.2 million relating to Higas terminals, $18.6 million for the terminals, $3.1 million for tankers, $1.0 million for tank containers.

Of the total purchase commitments at November 30, 2018 at joint ventures and associates, $107.0 million is expected to be paid over the next 12 months and financing has been arranged by the joint venture for $10.6 million. The remaining terminal, tank container and Avenir LNG projects will be paid out of the existing liquidity of those joint ventures.

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. As shown in Note 8, $15.5 million deposits have been made on these ships. These ships will be built by Keppel Singmarine 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.

On August 23, 2018, Avenir LNG declared its options for the remaining two 7,500 cbm LNG carriers with Keppel Singmarine with expected delivery in the third and fourth quarter of 2020, respectively. At November 30, 2018, these contracts had not been signed or refund guarantees issued and therefore not reflected in capital commitments.

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 but the Group's conditions precedents were completed in January 2019 and therefore not included in capital commitments at November 30, 2018. On January 25, 2019, Avenir LNG made the first progress payments of $11.2 million for these two 20,000 cbm small-scale LNG carriers.

13. 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 27 of the Consolidated Financial Statements for the year ended November 30, 2017. 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.

As discussed in the disclosures in Note 27 of the Consolidated Financial Statements for the year ended November 30, 2017, Stolt Tank Containers BV is involved in a civil action as a result of a 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 $187.0 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 and Deltech. The final phase of the trial to assess the quantum of damages is likely to proceed in 2020 if the mediation in 2019 does not resolve the remaining damage claims.

On March 12, 2016, a ship pilot sustained injuries while disembarking of the *Stolt Invention* and landed 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 for lost future earnings net of taxes and discounted to present value to exceed $23.0 million. In addition, this complaint alleges unquantified damages for past and future pain and suffering and medical costs. The Group is contesting its liability for the incident as well as the categories and quantum of damages being sought. The parties have agreed to participate in a mediation scheduled for March 2019.

The Group's insurer has been informed of this incident and the claims that have arisen therefrom. All losses and legal costs will be covered by insurance maintained by the Group, subject to deductibles. It is not expected that there will be a material adverse effect on the Group's business or financial condition.

In a civil case between Stolt Bitumen Indonesia, and some of its bitumen customers in relation to products delivered, the Indonesian lower court awarded customers $8.1 million in compensation, while discharging the Group's counter-claim for non-collection of payment for about the same amount. The Group has now appealed against this award to the highest court in Indonesia. The Group reasonably believes that its appeal to the Indonesia's highest court should result in the reversal of the award to the customers and, accordingly, no provision has been made in the financial statements.

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.

14. Related Party Transactions

The Group continues to transact with related parties as in prior years. There were no new types of related party transactions nor new related parties identified since the year ended November 30, 2017.

15. 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.

16. Subsequent Events

From December 1, 2018 to December 14, 2018, a further 96,096 shares have been repurchased for $1.2 million under the share buy-back program, leaving $11.9 million available for further purchases.

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, 2017 to November 30, 2018 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
January 31, 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