Stolt-Nielsen

STOLT-NIELSEN LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Six Months Ended May 31, 2020

STOLT-NIELSEN LIMITED

TABLE OF CONTENTS

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, 2020 and 2019 is summarised below. The financial statements are presented in US dollars.

	For the Six Months Ended	
	May 31, 2020	**May 31, 2019**
	(in thousands, except per share)	
Operating revenue	**$ 1,000,539**	$ 1,018,361
Gross profit	**149,462**	182,579
Operating profit	**66,977**	90,089
(Loss) profit from continuing operations	**(6,959)**	15,086
Loss from discontinued operations	**(10,274)**	(4,962)
Net (loss) profit	**(17,233)**	10,124
Net (loss) profit attributable to SNL shareholders	**(16,316)**	11,507
EPS attributable to SNL shareholders – diluted	**(0.27)**	0.19

Net results from continuing operations decreased to a loss of $7.0 million for the first half of 2020, compared with a profit of $15.1 million for the same period in 2019. The decrease was mainly due to losses in Stolt Sea Farm as the Covid-19 pandemic caused a decrease in both sales volumes and prices. Stolt Tank Containers also had reduced profits due to competitive price pressures and increased operating costs. In addition, in 2020, SNL made the decision to sell Sterling Caviar ("Caviar") and, as a result, reclassed the Caviar operations to discontinued operations. At the same time, an impairment of $8.1 million was recorded to reduce Caviar's net assets to its expected sales price less cost of disposal.

	For the Six Months Ended	
	May 31, 2020	**May 31, 2019**
	(in thousands)	
Operating revenue:		
Stolt Tankers	**$ 574,609**	$ 581,274
Stolthaven Terminals	**121,428**	126,324
Stolt Tank Containers	**264,623**	259,932
Stolt Sea Farm	**37,605**	48,291
Stolt-Nielsen Gas	—	181
Corporate and Other	**2,274**	2,359
Total	**$ 1,000,539**	$ 1,018,361
Operating profit (loss):		
Stolt Tankers	**$ 24,664**	$ 27,140
Stolthaven Terminals	**38,103**	37,715
Stolt Tank Containers	**19,713**	28,324
Stolt Sea Farm	**(13,504)**	4,587
Stolt-Nielsen Gas	**(2,059)**	(2,074)
Corporate and Other	**60**	(5,603)
Total	**$ 66,977**	$ 90,089

Operating Profit

The main reasons for changes in operating profit for the first six months of 2020, compared with the same period of 2019, were:

- Stolt Tankers reported an operating profit of $24.7 million, a decrease of $2.5 million. This was caused primarily by bunker hedge losses and by a decrease in results from regional fleets, particularly in Europe where the spot market for the coastal fleet was very weak in the first half year of 2020. Results from the deep sea fleet improved due to higher freight rates across most trades, reflecting swing tonnage leaving the chemical market in the second quarter, while the first half year of 2019 was adversely affected by closures of the Houston ship channel owing to a fire at the Intercontinental Terminals Corporation ("ITC") Deer Park terminal.

- Stolthaven Terminals reported an operating profit of $38.1 million in the six months ended May 31, 2020 compared to $37.7 million in the six months ended May 31, 2019. The increase in operating profit was mainly due to an increase in capacity, utilisation rates and equity income from joint ventures. This was partially offset by a change in the mix of storage of products in Singapore and Newcastle, Australia and devaluation of several foreign currencies.
- Stolt Tank Containers reported a decrease of $8.6 million in operating profit despite an increase in shipment volumes of 6.4% due primarily to competitive pressure on pricing as well as an increase in freight and cleaning costs. This was partially offset by increased demurrage and other ancillary revenues.
- Stolt Sea Farm reported an operating loss of $13.5 million, compared with an operating profit of $4.6 million in 2019. The decrease of $18.1 million was due to the drop in sales volume and prices as a result of the Covid-19 pandemic and the subsequent closure of wholesale markets and restaurants.
- Stolt-Nielsen Gas reported an operating loss of $2.1 million, which was unchanged from the same periods in 2019.
- Corporate and Other reported an operating profit of $0.1 million in the first half of 2020, versus an operating loss of $5.6 million for the same period in 2019. This was partially due to lower profit sharing expense and a reduction of overhead to mitigate the risk of the expected recession as a result of Covid-19.

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.

Stolt Tankers

Operating revenue decreased by $6.7 million or 1% compared with the same period in 2019. Deep-sea revenues decreased by $3.7 million over the period while regional revenues decreased by $3.0 million. Incidents and drydock planning issues in the fourth quarter of 2019 resulted in scheduling issues that had a material effect on performance in Deep-sea in the first months of 2020. Freight revenue was still higher than in the first six months of 2019 as those results had been affected by the closure of the Houston ship channel due to the ITC fire. More than offsetting the higher freight revenue was lower demurrage revenue as a result of less time in port and lower bunker surcharge revenue. The decrease in regional fleet revenues was primarily due to lower freight revenue from the European fleets in 2020, where the coastal fleet suffered from a very weak spot market while the barging fleet had benefited from low water levels on the Rhine in the first quarter of 2019.

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 2020 and 2019 was 0.53.

Operating profit decreased by $2.5 million or 9% between the first six months of 2020 and 2019. The decrease was due to the lower revenues discussed above and bunker hedge losses, partially offset by lower bunkers and port expenses, a decrease in ship management costs and higher equity pickups from joint ventures. Bunker expenses decreased by $5.0 million during the first six months of 2020 despite the implementation of new IMO bunker regulations as of January 1, 2020 that require all ship owners and operators to change consumption to more expensive, low-sulphur bunker fuel. This decrease was caused by a sharp decrease of Marine Gas Oil which decreased 13% from $622 to $538 per ton in the first 6 months of 2020, together with a 2.8% reduction in consumption per operating day. This was partly offset by a 6% increase in the (combined) average price of Intermediate Fuel Oil and Very Low Sulphur Fuel Oil which increased to $443 per ton compared with $419 per ton during the first six months of 2019. The effect of the fuel price decrease was more than offset by the loss from bunker hedging during the first six months of 2020, which was $4.3 million compared with a gain of $2.8 million in the same period last year. Port expenses were $3.9 million lower due to fewer port calls and canal transits.

Ship-owning expense decreased by $3.1 million between the periods, due to lower manning cost as there were fewer crew changes and training activities and a change of and reduction in the number of crew on the ships. Administrative and general expenses decreased by $1.0 million due to lower personnel and IT-expenses.

Joint venture income was $3.9 million for the first six months of 2020, increasing by $2.0 million from the same period in 2019. Income from the joint ventures NYK Stolt Tankers S.A. and Hassel Shipping 4 was higher because of improved deep sea trading results and lower interest expenses.

Stolthaven Terminals ("Stolthaven")

Stolthaven's revenues for the first half of 2020 decreased by $4.9 million to $121.4 million compared with $126.3 million in the first half of 2019. This decrease was mainly due to the sale of the Rail business and the Altona terminal in 2019, storage of lower priced products in Singapore and Newcastle, Australia and devaluation of several foreign currencies. The impact of the aforementioned was only partly offset by capacity expansion in New Orleans, an increase in the average utilisation rate to 94.1% in the first half of 2020 from 91.6% in the first half of 2019 and an increase in ancillary service revenues in Houston.

Stolthaven's first half operating profit slightly increased by $0.4 million to $38.1 million from $37.7 million in the same period in 2019. Offsetting the decrease in revenues was a positive impact from the application of IFRS 16 and lower expenses from the sale of the Rail business and the Altona terminal.

Equity income from joint ventures increased by $0.5 million for the six months ended May 31, 2020, to $11.6 million from $11.1 million. This was a result of higher equity income from the joint venture in Westport, Malaysia from capacity expansion in the second half of 2019 and the first half of 2020 and a higher utilisation at the joint venture in Tianjin, China.

Stolt Tank Containers

Stolt Tank Containers' revenues were $264.6 million in the first half of 2020, compared with $259.9 million in the first half of 2019, reflecting an increase in shipment volumes along with increased demurrage and ancillary revenues. Shipments increased by 6.4% due to improved market conditions in select regions that began in late 2019.

Stolt Tank Containers' operating profit decreased by $8.6 million compared to the same period in 2019 with increased operating and repositioning costs.

Stolt Sea Farm

Stolt Sea Farm's revenues decreased by $10.7 million in the first half of 2020 compared with the first half of 2019, mainly due to the drop in sales volumes and prices as a result of the Covid-19 pandemic. Turbot volumes decreased by 5.4%, while average selling prices decreased by 14.1%. Sole volumes decreased by 30.9%, as the sole farms reduced production; sole prices increased by 4.5% from the first six months of 2019 as prices had been progressively increasing since mid-2019 prior to their being affected in early March by Covid-19.

Stolt Sea Farm's operating loss was $13.5 million, down from an operating profit of $4.6 million in the first half of 2019. Lower turbot and sole prices at the end of the second quarter resulted in a $11.0 million negative fair value adjustment for the first half of 2020, compared with a $2.2 million negative fair value adjustment for the same period in 2019. Excluding the fair value adjustment, operating profit still decreased by $9.2 million compared with the prior period due to the drop in turbot sale volumes and prices together with lower sole sale volumes.

Sterling Caviar has been reclassed as a discontinued operation and the assets written down to expected sales price less costs to dispose.

Stolt-Nielsen Gas

Stolt-Nielsen Gas reported an operating loss of $2.1 million, which was unchanged from the same period in 2019.

Corporate and Other

Corporate and Other reported an operating profit of $0.1 million in the first half of 2020, versus an operating loss of $5.6 million for the same period in 2019. This was due to a reduction of profit sharing accrual due to lower earnings as well as lower overhead costs.

Liquidity and Capital Resources

As explained in Note 1, Basis of Preparation, in the financial statements, the Covid-19 pandemic and the resulting measures currently taken by various governments to contain the virus have significantly impacted Stolt Sea Farm in the first six months of 2020 and are expected to impact the remainder of the Group in the foreseeable future. Management is closely monitoring the impact of the pandemic and has implemented and will implement further necessary measures required to reduce the impact on the staff, operations and future results. Measures taken so far include cancelling the 2019 final dividend, delaying or cancelling future capital expenditures, cutting board fees by 50% and senior management salaries by 20%, initiating a hiring freeze and reducing professional fees and use of contractors. This is expected to increase cash by approximately $83 million.

During the six months ended May 31, 2020, SNL met its liquidity needs through a combination of cash generated from operations, collateralised borrowings, unsecured borrowings and sales of assets. SNL generated $169.3 million of net cash from operating activities during the first six months of 2020, which, along with a $46.5 million net drawdown of long-term debt and $1.7 million of proceeds from the sale of assets, was used for capital expenditures of $75.5 million, investments in joint ventures of $10.0 million, lease payments of $18.3 million and interim dividend payments of $13.5 million. As of May 31, 2020, the Group had cash of $229.9 million and available committed revolving credit lines of $181.4 million.

During February 2020, the Group issued a four-year, 1.3 billion NOK ($141.5 million) unsecured bond maturing in February 2024. In addition to the bond financing, SNL drew down $130.0 million on its committed revolving credit facility and raised $14.8 million secured borrowing through Stolt Sea Farm in the first half of 2020.

For the six months ended May 31, 2020, $239.4 million of debt was repaid, including $160.7 repayment of 2020 NOK bonds and $40.7 million on various collateralised ship mortgages.

In June 2020, subsequent to the end of the second quarter, the Group issued senior unsecured bonds for NOK 1.25 billion ($132.0 million) with the maturity date on June 29, 2023. In connection with the placement of the new bond issue, the Company has repurchased approximately NOK 522 million of bonds ($80.6 million) with a maturity date of March 18, 2021.

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

For the next 12 to 18 months, Stolt Tankers expects a drop in deep sea activities due to the expected worldwide economic downturn caused by Covid-19 and a slow recovery to follow.

Stolt Tankers' outlook on medium-term 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 7% in June 2019 to 5% in June 2020. Without newbuilding orders, the demand growth is expected to absorb the fleet growth over the coming years. New chemical production in the US Gulf and Arabian Gulf is expected to increase chemical shipment demand.

Stolthaven Terminals

In the first half of 2020, Stolthaven Terminals continued to focus on various strategic initiatives including selective customer projects. New capacity was commissioned at Stolthaven Westport Sdn. Bhd., its 49% joint venture terminal in Malaysia (6,000 cbm). Stolthaven Terminals currently has ongoing expansion projects in two countries. The storage capacity in New Orleans will be expanded by 31,797 cbm by November 30, 2020. In the fourth quarter of 2020 the storage capacity in New Zealand will be expanded by 5,612 cbm, though it will decrease by 30,277 cbm as a result of non-renewal of the 2022 land lease contract in Wynyard.

Stolthaven implemented protocols to ensure the safety of its employees and to ensure that operations would not be negatively impacted by Covid-19, including in countries where "lock downs" were put in place. Subsequent to Covid-19, there was a slight decrease in throughput of certain chemical products, but this was often offset by an increase in other products, especially those used in the packaging and healthcare industry.

With global GDP expected to contract in 2020, before expanding in 2021, it is likely that the global chemical demand will be weak in some sectors such as automotive. However, demand is expected to be stable in other markets such as packaging and healthcare. The storage market, for both chemicals and petroleum, is expected to remain stable, provided there is no further weakening of the global economy.

Stolt Tank Containers

Stolt Tank Containers increased the number of shipments during the first half of 2020, compared with the same period in 2019 due to improving market conditions prior to the Covid-19 pandemic. During this period the size of the fleet remained virtually unchanged and utilisation improved over 2019. Revenue per shipment decreased primarily due to competitive pressure on pricing while costs remained flat despite increased fuel charges related to low sulphur fuel.

Stolt Tank Containers continues to manage the core fleet of tanks to best meet demand and to manage operating costs. Leased units increased by 600 tanks in the first six months of 2020. At the same time, 500 older more expensive tank containers were retired.

The outlook for the balance of 2020 is challenging due to the uncertainty around the economic impact of Covid-19. Shipments are down substantially in June and heading into July but are anticipated to begin recovering later in the third quarter.

Stolt Sea Farm

The first quarter of 2020 for Stolt Sea Farm saw a progressive rise in turbot and sole market prices but after the Covid-19 outbreak and the closure of wholesale markets and restaurants, the volumes and prices dropped drastically. The recovery has begun earlier than expected in the third quarter with higher volumes. Sales price are expected to increase during the summer, although they are expected to be weaker than in the previous year.

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.

As of January 1, 2020, the new IMO bunker regulations required all ship owners and operators to change consumption to more expensive, low-sulphur bunkers, unless a scrubber is operational. Stolt Tankers has modified its material COAs to pass on the additional expenses to the customers.

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 and environmental developments. 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 2020 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.

Although SNL is not expected to be significantly impacted by the decision by 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.

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.

Disease outbreaks and pandemic risks

SNL operations are global in nature and rely on a significant number of operational staff and third-party suppliers to run smoothly. As has been evidenced by the recent Coronavirus outbreak, disease outbreaks can put significant restrictions on the movement of people and their ability to get to their place of work as well as restrictions on the operations of our assets. Although SNL's ship operations have continued mostly uninterrupted, there has been a delay in the performance of shore-side support operations and delay in transferring crew to and from the ships. Tank containers are dependent on SNL container depots for cleaning and pre-load preparations, and the depots are reliant on the employees being able to come to work, and third party truckers and rail lines being able to transport the containers. Where the movement of people and transport operations have been restricted, this could limit SNL's ability to meet commitments to customers and could impact financial results. Likewise, SNL ships and terminals are dependent on people to operate. Any outbreak onboard our ships or at one of our terminals could impact operations of individual assets. The severity of the impact of such disruptions depend on the spread and duration of the disease. Furthermore, the reduction in economic activity following the coronavirus outbreak will result in reduced movements of goods, which could have a direct impact on the demand for SNL services, and could result in reduced utilisation and lower revenue. To the extent possible, business continuity plans have been updated and implemented to mitigate any negative impact on the businesses from a wide spread and long-lasting disease of the coronavirus type.

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, 2020 was a $11.0 million decrease in profit, compared with a $2.2 million decrease in profit in the six months ended May 31, 2019, primarily due to the closure of markets and restaurants as a result of Covid-19. There is a risk that future fair value adjustments could negatively impact the income statement.

Gas Carrier Industry Risk

The Company has an investment in Golar LNG Ltd. (“Golar”) who operates liquid natural gas (“LNG”) carriers, and 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 Golar operate most of its 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 Golar. This resulted in a significant decrease in the Company’s other comprehensive income as the Golar investment is 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.

Unaudited Condensed Consolidated Interim Financial Statements for the Three and Six Months Ended May 31, 2020 and Independent Auditors' Review Report for the Six Months Ended May 31, 2020

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(UNAUDITED)

	Notes	Three Months Ended May 31, 2020	Three Months Ended May 31, 2019	Six Months Ended May 31, 2020	Six Months Ended May 31, 2019
		(in thousands)			
Operating revenue	4	**$ 503,470**	$ 517,990	**$ 1,000,539**	$ 1,018,361
Operating expenses		**(342,078)**	(365,176)	**(703,187)**	(709,777)
		161,392	152,814	**297,352**	308,584
Depreciation and amortisation	4	**(75,703)**	(63,718)	**(147,890)**	(126,005)
Gross Profit		**85,689**	89,096	**149,462**	182,579
Share of profit of joint ventures and associates	4	**8,474**	5,253	**13,540**	11,550
Administrative and general expenses		**(45,141)**	(52,424)	**(96,685)**	(105,398)
(Loss) gain on disposal of assets, net		**(41)**	825	**54**	729
Other operating income		**427**	882	**710**	1,180
Other operating expense		**(30)**	(370)	**(104)**	(551)
Operating Profit		**49,378**	43,262	**66,977**	90,089
Non-Operating Income (Expense)					
Finance income		**309**	614	**1,284**	1,265
Finance expense – finance leases		**(2,229)**	–	**(4,504)**	–
Finance expense – debt and other		**(31,472)**	(33,447)	**(65,126)**	(68,311)
Foreign currency exchange loss, net		**(1,024)**	(1,755)	**(1,776)**	(1,244)
Other non-operating (expense) income, net		**(989)**	96	**(953)**	1,097
Profit (Loss) from Continuing Operations before Income Tax		**13,973**	8,770	**(4,098)**	22,896
Income tax expense		**(1,682)**	(4,331)	**(2,861)**	(7,810)
Profit (Loss) from Continuing Operations		**12,291**	4,439	**(6,959)**	15,086
Loss from Discontinued Operations attributable to SNL Shareholders	11	**(9,277)**	(890)	**(10,274)**	(4,962)
Net Profit (Loss)		**$ 3,014**	$ 3,549	**$ (17,233)**	$ 10,124
***Attributable to*:**					
Equity holders of SNL		**3,639**	3,602	**(16,316)**	11,507
Non-controlling interests		**(625)**	(53)	**(917)**	(1,383)
		$ 3,014	$ 3,549	**$ (17,233)**	$ 10,124
Earnings per Share:					
Profit (Loss) from Continuing Operations attributable to SNL shareholders					
Basic		**$ 0.21**	$ 0.07	**$ (0.10)**	$ 0.27
Diluted		**$ 0.21**	$ 0.07	**$ (0.10)**	$ 0.27
Net Profit (Loss) attributable to SNL shareholders					
Basic		**$ 0.06**	$ 0.06	**$ (0.27)**	$ 0.19
Diluted		**$ 0.06**	$ 0.06	**$ (0.27)**	$ 0.19

See notes to the condensed consolidated interim financial statements.

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF

OTHER COMPREHENSIVE INCOME

(UNAUDITED)

	Three Months Ended		Six Months Ended	
	May 31, 2020	**May 31, 2019**	**May 31, 2020**	**May 31, 2019**
		(in thousands)		
Net profit (loss) for the period	**$ 3,014**	$ 3,549	**$ (17,233)**	$ 10,124
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit and other post-employment benefit obligations	**(4,953)**	(10,729)	**(4,953)**	(10,729)
Deferred tax adjustment on defined benefit and other post-employment benefit obligations	**1,618**	2,429	**1,618**	2,429
Items that may be reclassified subsequently to profit or loss:				
Net loss on cash flow hedges	**(30,025)**	(25,359)	**(47,670)**	(33,098)
Reclassification of cash flow hedges to income statement	**16,573**	13,085	**21,103**	14,033
Net loss on cash flow hedges held by joint ventures and associates	**(613)**	(1,822)	**(2,984)**	(3,005)
Deferred tax adjustment on cash flow hedges	**505**	244	**769**	378
Exchange differences arising on translation of foreign operations	**(12,194)**	(15,449)	**(21,504)**	(10,152)
Deferred tax on translation of foreign operations	**424**	(247)	**552**	(325)
Exchange differences arising on translation of joint ventures and associates	**(3,826)**	(10,815)	**(5,214)**	(8,068)
Change in value of investments in equity instruments	**(11,393)**	(1,312)	**(11,859)**	(18,462)
Net loss recognised as other comprehensive loss	**(43,884)**	(49,975)	**(70,142)**	(66,999)
Total comprehensive loss	**$ (40,870)**	$ (46,426)	**$ (87,375)**	$ (56,875)
Attributable to:				
Equity holders of SNL	**$ (40,245)**	$ (46,373)	**$ (86,458)**	$ (55,492)
Non-controlling interests	**(625)**	(53)	**(917)**	(1,383)
	$ (40,870)	$ (46,426)	**$ (87,375)**	$ (56,875)

See notes to the condensed consolidated interim financial statements.

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(UNAUDITED)

	Notes	May 31, 2020	November 30, 2019
		(in thousands)	
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 229,934**	$ 136,151
Restricted cash		**121**	189
Receivables		**210,167**	217,909
Inventories		**7,314**	8,093
Biological assets		**23,953**	42,198
Prepaid expenses		**57,429**	73,936
Derivative financial instruments	10	**153**	143
Income tax receivable		**9,978**	8,599
Assets held for sale	11	**8,520**	389
Other current assets		**29,261**	30,568
Total Current Assets		**576,830**	518,175
Property, plant and equipment	6	**3,215,109**	3,139,125
Investments in and advances to joint ventures and associates	4	**551,296**	542,528
Investments in equity instruments	10	**18,476**	30,334
Deferred tax assets		**12,006**	10,320
Intangible assets and goodwill	6	**50,563**	49,591
Employee benefit assets		**11,644**	9,694
Insurance claims receivable	9	**196,075**	207,771
Other non-current assets		**14,949**	15,548
Total Non-Current Assets		**4,070,118**	4,004,911
Total Assets		**$ 4,646,948**	$ 4,523,086
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Current maturities of long-term debt	8	**$ 300,457**	$ 287,006
Current lease liabilities	2	**38,285**	—
Accounts payable		**87,858**	94,158
Accrued voyage expenses		**46,804**	53,544
Accrued expenses		**160,436**	153,273
Provisions		**7,415**	5,119
Income tax payable		**9,950**	13,651
Dividend payable	5	**—**	13,457
Liabilities held for sale	11	**2,881**	—
Derivative financial instruments	10	**105,757**	35,133
Other current liabilities		**29,636**	33,095
Total Current Liabilities		**789,479**	688,436
Long-term debt	8	**2,098,608**	2,058,520
Long-term lease liabilities	2	**130,346**	—
Deferred tax liabilities		**49,110**	47,521
Employee benefit obligations		**50,804**	43,508
Derivative financial instruments	10	**38,105**	87,980
Long-term provisions	9	**197,385**	209,386
Other non-current liabilities		**3,821**	11,070
Total Non-Current Liabilities		**2,568,179**	2,457,985
Total Liabilities		**3,357,658**	3,146,421
Shareholders' Equity			
Founder's shares	5	**16**	16
Common shares	5	**64,134**	64,134
Paid-in surplus		**101,891**	149,808
Retained earnings		**1,487,869**	1,507,520
Other components of equity		**(341,542)**	(274,735)
		1,312,368	1,446,743
Less – Treasury shares	5	**(23,088)**	(71,005)
Equity Attributable to Equity Holders of SNL		**1,289,280**	1,375,738
Non-controlling interests		**10**	927
Total Shareholders' Equity		**1,289,290**	1,376,665
Total Liabilities and Shareholders' Equity		**$ 4,646,948**	$ 4,523,086

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, 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**
Adjustment on transition to IFRS 15	—	—	—	—	(2,284)	—	—	—	(2,284)	—	(2,284)
Adjusted balance, November 30, 2018	**64,134**	**16**	**150,108**	**(66,638)**	**1,512,567**	**(151,065)**	**6,596**	**(44,234)**	**1,471,484**	**1,889**	**1,473,373**
Comprehensive income (loss)											
Net profit (loss)	—	—	—	—	11,507	—	—	—	11,507	(1,383)	10,124
Other comprehensive income (loss)											
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 hedge and reclassifications to income statement, net of taxes	—	—	—	—	—	—	(21,692)	—	(21,692)	—	(21,692)
Total other comprehensive loss	—	—	—	—	(8,300)	(18,545)	(21,692)	(18,462)	(66,999)	—	(66,999)
Total comprehensive income (loss)	**—**	**—**	**—**	**—**	**3,207**	**(18,545)**	**(21,692)**	**(18,462)**	**(55,492)**	**(1,383)**	**(56,875)**
Transactions with shareholders											
Cash dividend paid - $0.25 per Common Share	—	—	—	—	(13,380)	—	—	—	(13,380)	—	(13,380)
Transactions with shareholders	—	—	(300)	—	—	—	—	—	(300)	—	(300)
Purchase of own shares	—	—	—	(4,367)	—	—	—	—	(4,367)	—	(4,367)
Total transactions with shareholders	**—**	**—**	**(300)**	**(4,367)**	**(13,380)**	**—**	**—**	**—**	**(18,047)**	—	**(18,047)**
Balance, May 31, 2019	**$ 64,134**	**$ 16**	**$ 149,808**	**$ (71,005)**	**$ 1,502,394**	**$ (169,610)**	**$ (15,096)**	**$ (62,696)**	**$ 1,397,945**	**$ 506**	**$ 1,398,451**
Balance, November 30, 2019	**$ 64,134**	**$ 16**	**$ 149,808**	**$ (71,005)**	**$ 1,507,520**	**$ (177,217)**	**$ (24,468)**	**$ (73,050)**	**$ 1,375,738**	**$ 927**	**$ 1,376,665**
Comprehensive loss											
Net loss	—	—	—	—	(16,316)	—	—	—	(16,316)	(917)	(17,233)
Other comprehensive loss											
Translation adjustments, net	—	—	—	—	—	(26,166)	—	—	(26,166)	—	(26,166)
Remeasurement of post-employment benefit obligations, net of tax	—	—	—	—	(3,335)	—	—	—	(3,335)	—	(3,335)
Fair value adjustment on equity investments	—	—	—	—	—	—	—	(11,859)	(11,859)	—	(11,859)
Net loss on cash flow hedges and reclassifications to income statement, net of taxes	—	—	—	—	—	—	(28,782)	—	(28,782)	—	(28,782)
Total other comprehensive loss	—	—	—	—	(3,335)	(26,166)	(28,782)	(11,859)	(70,142)	—	(70,142)
Total comprehensive loss	**—**	**—**	**—**	**—**	**(19,651)**	**(26,166)**	**(28,782)**	**(11,859)**	**(86,458)**	**(917)**	**(87,375)**
Transactions with shareholders											
Transfer of treasury shares	—	—	(47,917)	47,917	—	—	—	—	—	—	—
Total transactions with shareholders	**—**	**—**	**(47,917)**	**47,917**	—	**—**	**—**	**—**	—	—	—
Balance, May 31, 2020	**$ 64,134**	**$ 16**	**$ 101,891**	**$ (23,088)**	**$ 1,487,869**	**$ (203,383)**	**$ (53,250)**	**$ (84,909)**	**$ 1,289,280**	**$ 10**	**$ 1,289,290**

See notes to the condensed consolidated interim financial statements.

STOLT-NIELSEN LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(UNAUDITED)

	Notes	For the Six Months Ended May 31, 2020	For the Six Months Ended May 31, 2019
		(in thousands)	
Cash generated from continuing operations	3	**$ 241,910**	$ 198,736
Interest paid, debt and other		**(68,158)**	(66,451)
Debt issuance costs		**(1,667)**	(1,885)
Interest received		**1,657**	1,245
Income taxes paid		**(4,401)**	(7,100)
Net cash generated by operating activities – Continuing operations		**169,341**	124,545
Net cash used for operating activities – Discontinuing operations	11	**(781)**	(633)
Cash flows from investing activities			
Capital expenditures	6	**(72,592)**	(69,020)
Purchase of intangible assets	6	**(2,931)**	(3,308)
Proceeds from sale of assets	6	**1,686**	891
Purchase of shares of affiliate		**(10,000)**	—
Repayment of joint ventures and associates, net		**1,667**	700
Other, net		**62**	(391)
Net cash used in investing activities – Continuing operations		**(82,108)**	(71,128)
Net cash used in investing activities – Discontinuing operations	11	**(45)**	(379)
Cash flows from financing activities			
Increase in short-term bank loans, net		—	41,600
Proceeds from issuance of long-term debt	8	**285,952**	275,759
Repayment of long-term debt	8	**(239,410)**	(268,006)
Principal payments on leases		**(18,335)**	—
Purchase of treasury shares	5	—	(4,367)
Dividends paid	5	**(13,457)**	(26,929)
Net cash provided by financing activities		**14,750**	18,057
Net increase in cash and cash equivalents		**101,157**	70,462
Effect of exchange rate changes on cash		**(7,374)**	(1,170)
Cash and cash equivalents at beginning of the period		**136,151**	64,529
Cash and cash equivalents at the end of the period		**$ 229,934**	$ 133,821

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, 2019, to fully understand the current financial position of the Group.

Going Concern

Covid-19 pandemic has resulted in significant disruptions in global economic activities, causing the operations of the Group, its customers, suppliers and other stakeholders to be impacted. The Group has attempted to maintain normal operations within the guidelines of governmental requirements and while keeping the safety of its employees in mind. In addition, measures are being taken to reduce costs (for example, by eliminating dividends, cutting board fees, instigating a hiring freeze and reducing professional fees and the hiring of contractors).

The effects of the pandemic have been experienced by the Stolt Sea Farm business segment, with revenues falling by 43% between the first and second quarters. This was a result of a decrease in volumes and prices due to the closure of restaurants and hotels in Southern Europe which are the main markets of turbot. While the results of the Group's remaining operations have not yet declined significantly, Management expects that there will be a material effect in the next 12 months, though magnitude and duration is not yet able to be quantified.

The Group has considered Covid-19's impact on the Group's liquidity in connection with the use of a going concern basis of presentation in the preparation of the financial statements. While the scale and duration, as well as the impact of Covid-19, remain uncertain, having considered various severe but plausible downside scenarios, Management is of the opinion that the Company's cash flows from operations, secured financing and available credit facilities will continue to provide the cash necessary to satisfy the Company's working capital requirements, scheduled debt repayments and committed capital expenditures for twelve months from July 2, 2020.

2. Significant Accounting Policies

The accounting policies applied are consistent with those described in the Consolidated Financial Statements for the year ended November 30, 2019, with the exception of income taxes, which for the purpose of interim financial statements are calculated based on the expected effective tax rate for the full year and those required for adoption of new IFRS that became effective in the six months ended May 31, 2020, as noted below.

Accounting standards that became effective during the year

IFRS 16, Leases

IFRS 16, Leases ("IFRS 16") requires lessees to recognise assets and liabilities for most leases as "right-of-use" assets.

IFRS 16 became effective at December 1, 2019 for the Group. The modified retrospective approach was used, under which the cumulative effect of initially applying IFRS 16 was recognised at December 1, 2019. Accordingly, the comparative information presented for the six months ended May 31, 2019 and at November 30, 2019 has not been restated. It remains, as previously reported, under IAS 17, Leases ("IAS 17") and related interpretations.

IFRS 16 has had a material impact on the Financial Statements of the Group owing to the nature, number and complexity of lease contracts to which the Group was committed at transition. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of a right-of-use asset and a financial liability to pay rentals for virtually all lease contracts. IFRS 16 primarily affects the accounting by lessees and has resulted in the recognition of almost all leases on the balance sheet. The Group has utilised the available exemptions for short-term and low-value leases. On an ongoing basis, lessees recognise interest expense on the lease liability and a depreciation charge on the right-of-use asset.

The key impacts on the financial statements are as follows:

- The use of the effective interest method on the lease liability and straight-lined method on the right-of-use assets results in total expenses being 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 expenses will reduce.
- While IFRS 16 does not change net cash flows, operating cash flows are 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 continue to be presented as operating cash flows.
- Right-of-use assets and financial liabilities increase since all leases will be reported on the balance sheet, with the exception of leases less than one year and leases of low value assets.

The following table illustrates the impact of IFRS 16 on the income statement for the three and six months ended May 31, 2020 and on the balance sheet as at May 31, 2020.

	Applying IAS 17	IFRS 16 Adjustments (in thousands)	As Reported
For the three months ended May 31, 2020			
Income Statement			
Operating expenses	**$ (351,844)**	$ 9,766	**$ (342,078)**
Administrative and general expenses	**(46,171)**	1,030	**(45,141)**
Depreciation and amortisation	**(65,229)**	(10,474)	**(75,703)**
Finance expense	**(31,472)**	(2,229)	**(33,701)**
Net profit	**4,921**	(1,907)	**3,014**
Profit (loss) per share attributable to equity holders	**0.09**	(0.03)	**0.06**
For the six months ended May 31, 2020			
Income Statement			
Operating expenses	**$ (724,101)**	$ 20,914	**$ (703,187)**
Administrative and general expenses	**(98,688)**	2,003	**(96,685)**
Depreciation and amortisation	**(127,145)**	(20,745)	**(147,890)**
Finance expense	**(65,126)**	(4,504)	**(69,630)**
Net loss	**(14,901)**	(2,332)	**(17,233)**
Loss per share attributable to equity holders	**(0.23)**	(0.04)	**(0.27)**
Balance Sheet			
Property, plant and equipment	**$ 3,049,175**	$ 165,934	**$ 3,215,109**
Current lease liabilities	—	38,285	**38,285**
Long-term lease liabilities	—	130,346	**130,346**
Total Shareholders' Equity	**1,291,676**	(2,386)	**1,289,290**

The revised lease policy is set out below:

Leases

In respect of leases of low-value items and those that are less than 12 months, the Group recognises an expense on a straight-line basis over the life of the lease. For all other leases, the Group recognises a right-of-use asset and corresponding liability at the date the leased asset is made available to the Group.

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include options to the extent that it is reasonably certain that such payments will be made. The payments are discounted at the rate implicit in the lease or, where that cannot be measured, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost based on the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

Subsequent to initial recognition, the Group records an interest charge in respect of the lease liability. The related right-of-use asset is depreciated over the term of the lease or, if shorter, the leased asset's economic life.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23") clarifies the accounting for uncertainties in income taxes. For the Group, this interpretation came into effect on December 1, 2019. The implementation of the interpretation has had no material impact on the reported results.

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

	For the Six Months Ended May 31, 2020	For the Six Months Ended May 31, 2019
	(in thousands)	
Net (loss) profit	**$ (17,233)**	$ 10,124
Loss from discontinued operations	**10,274**	4,962
(Loss) profit from continuing operations	**(6,959)**	15,086
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation of property, plant and equipment	**146,316**	124,512
Amortisation of intangible assets	**1,574**	1,493
Finance expense, net	**68,346**	67,046
Net periodic benefit expense of defined benefit pension plans	**1,257**	1,068
Income tax expense	**2,861**	7,810
Share of profit of joint ventures and associates	**(13,540)**	(11,550)
Fair value adjustment on biological assets	**11,017**	2,158
Foreign currency related loss	**1,776**	1,244
Unrealised bunker hedge loss	**3,286**	2,981
Loss on disposal of assets, net	**(54)**	(729)
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Decrease in receivables	**6,326**	19,283
Increase in inventories	**(826)**	(2,598)
(Increase) decrease in biological assets	**(1,023)**	754
Decrease (increase) in prepaid expenses and other current assets	**17,806**	(9,617)
Decrease in accounts payable and other current liabilities	**(2,724)**	(22,097)
Contributions to defined benefit pension plans	**(670)**	(882)
Dividends from joint ventures and associates	**4,885**	2,877
Other, net	**2,256**	(103)
Cash generated from continuing operations	**$ 241,910**	$ 198,736

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, 2019, with the exception of the inclusion of interest and income tax on a segment basis. This is due to this information now being considered by the chief decision makers, who have been identified as the Executive Management team.

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

	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Stolt-Nielsen Gas	Corporate and Other (a)	Total
For the three months ended May 31, 2020							
Operating revenue	$ 293,889	$ 59,697	$ 135,177	$ 13,596	$ —	$ 1,111	$ 503,470
Depreciation, amortisation and impairment	(45,566)	(14,643)	(9,704)	(2,934)	—	(2,856)	(75,703)
Share of profit (loss) of joint ventures and associates	3,132	6,035	(114)	—	(579)	—	8,474
Operating profit (loss)	19,951	19,223	12,993	(4,660)	(788)	2,659	49,378
Finance expense (b)	(17,908)	(10,072)	(4,075)	(166)	(1,111)	(369)	(33,701)
Finance income	173	—	151	—	—	(15)	309
Profit (loss) from continuing operations before income tax	2,346	10,505	7,583	(5,616)	(2,197)	1,352	13,973
Income tax (expense) benefit	(351)	(3,689)	3,365	491	—	(1,498)	(1,682)
Net profit (loss) from continuing operations	1,995	6,816	10,948	(5,125)	(2,197)	(146)	12,291
Net profit (loss)	1,995	6,816	10,948	(14,402)	(2,197)	(146)	3,014
Capital expenditures (c)	13,519	14,489	2,647	620	—	1,591	32,866
For the six months ended May 31, 2020							
Operating revenue	$ 574,609	$ 121,428	$ 264,623	$ 37,605	$ —	$ 2,274	$ 1,000,539
Depreciation, amortisation and impairment	(90,400)	(29,121)	(19,324)	(4,103)	—	(4,942)	(147,890)
Share of profit (loss) of joint ventures and associates	3,871	11,616	(323)	—	(1,624)	—	13,540
Operating profit (loss)	24,664	38,103	19,713	(13,504)	(2,059)	60	66,977
Finance expense (b)	(35,119)	(20,251)	(7,919)	(1,495)	(2,612)	(2,234)	(69,630)
Finance income	376	—	248	—	—	660	1,284
(Loss) profit from continuing operations before income tax	(10,037)	19,279	10,879	(15,789)	(4,490)	(3,940)	(4,098)
Income tax (expense) benefit	(940)	(5,582)	3,180	2,698	—	(2,217)	(2,861)
Net (loss) profit from continuing operations	(10,977)	13,697	14,059	(13,091)	(4,490)	(6,157)	(6,959)
Net (loss) profit	(10,977)	13,697	14,059	(23,365)	(4,490)	(6,157)	(17,233)
Capital expenditures (c)	32,126	27,569	4,036	872	—	3,403	68,006
Balance Sheet at May 31, 2020							
Investments in and advances to joint ventures and associates	219,802	245,576	31,674	—	54,244	—	551,296
Segment assets	2,289,323	1,288,052	529,784	133,055	72,734	334,000	4,646,948

(a) Corporate and Other include Stolt Bitumen Services.

(b) Interest is allocated to the business segments based on the average interest rate of the Group times a percentage of each segment's net asset base.

(c) Capital expenditures include additions to property, plant and equipment, ship deposits and intangible assets other than goodwill. Capital expenditures do not include capitalised leases.

	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Stolt-Nielsen Gas	Corporate and Other (a)	Total
For the three months ended May 31, 2019							
Operating revenue	$ 293,635	$ 63,051	$ 135,828	$ 24,485	$ —	$ 991	$ 517,990
Depreciation, amortisation and impairment	(40,230)	(14,759)	(5,965)	(1,441)	—	(1,323)	(63,718)
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	1,640	(1,376)	(2,134)	43,262
Finance expense							(33,447)
Finance income							614
Profit before income tax from continuing operations							8,770
Income tax expense							(4,331)
Net profit from continuing operations							4,439
Net profit							3,549
Capital expenditures (b)	20,129	18,157	1,107	4,917	—	2,120	46,430
For the six months ended May 31, 2019							
Operating revenue	$ 581,274	$ 126,324	$ 259,932	$ 48,291	$ —	$ 2,540	$ 1,018,361
Depreciation, amortisation and impairment	(79,301)	(29,573)	(11,841)	(2,797)	—	(2,493)	(126,005)
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	4,587	(2,074)	(5,603)	90,089
Finance expense							(68,311)
Finance income							1,265
Profit before income tax from continuing operations							22,896
Income tax expense							(7,810)
Net profit from continuing operations							15,086
Net profit							10,124
Capital expenditures (b)	30,358	32,493	2,446	7,246	—	3,574	76,117
Balance Sheet at November 30, 2019							
Investments in and advances to joint ventures and associates	221,747	243,294	31,622	—	45,865	—	542,528
Segment assets	2,241,479	1,256,321	494,441	142,868	76,213	311,764	4,523,086

(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. Capital expenditures do not include capitalised leases.

A breakdown of the key elements of sources of revenue:

	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Other	Total
For the three months ended May 31, 2020						
Revenue recognised over time:						
Freight revenue	**$ 267,755**	**$ –**	**$ 102,960**	**$ –**	**$ –**	**$ 370,715**
Storage and throughput revenue	**–**	**40,431**	**–**	**–**	**–**	**40,431**
	267,755	**40,431**	**102,960**	**–**	**–**	**411,146**
Revenue recognised at a point in time:						
Demurrage and ancillary revenue	**26,134**	**–**	**32,217**	**–**	**–**	**58,351**
Turbot and sole	**–**	**–**	**–**	**13,596**	**–**	**13,596**
Rail revenue	**–**	**5,297**	**–**	**–**	**–**	**5,297**
Utility revenue	**–**	**5,561**	**–**	**–**	**–**	**5,561**
Dock, product handling and other revenue	**–**	**8,408**	**–**	**–**	**1,111**	**9,519**
	26,134	**19,266**	**32,217**	**13,596**	**1,111**	**92,324**
	$ 293,889	**$ 59,697**	**$ 135,177**	**$ 13,596**	**$ 1,111**	**$ 503,470**
For the six months ended May 31, 2020						
Revenue recognised over time:						
Freight revenue	**$ 511,687**	**$ –**	**$ 203,519**	**$ –**	**$ –**	**$ 715,206**
Storage and throughput revenue	**–**	**81,780**	**–**	**–**	**–**	**81,780**
	511,687	**81,780**	**203,519**	**–**	**–**	**796,986**
Revenue recognised at a point in time:						
Demurrage and ancillary revenue	**62,922**	**–**	**61,104**	**–**	**–**	**124,026**
Turbot and sole	**–**	**–**	**–**	**37,605**	**–**	**37,605**
Rail revenue	**–**	**10,674**	**–**	**–**	**–**	**10,674**
Utility revenue	**–**	**11,542**	**–**	**–**	**–**	**11,542**
Dock, product handling and other revenue	**–**	**17,432**	**–**	**–**	**2,274**	**19,706**
	62,922	**39,648**	**61,104**	**37,605**	**2,274**	**203,553**
	$ 574,609	**$ 121,428**	**$ 264,623**	**$ 37,605**	**$ 2,274**	**$ 1,000,539**

	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Other	Total
For the three months ended May 31, 2019						
Revenue recognised over time:						
Freight revenue	$ 254,982	$ –	$ 106,941	$ –	$ –	$ 361,923
Storage and throughput revenue	–	42,304	–	–	–	42,304
	254,982	42,304	106,941	–	–	404,227
Revenue recognised at a point in time:						
Demurrage and ancillary revenue	38,653	–	28,887	–	–	67,540
Turbot and sole	–	–	–	24,485	–	24,485
Rail revenue	–	5,508	–	–	–	5,508
Utility revenue	–	5,791	–	–	–	5,791
Dock, product handling and other revenue	–	9,448	–	–	991	10,439
	38,653	20,747	28,887	24,485	991	113,763
	$ 293,635	$ 63,051	$ 135,828	$ 24,485	$ 991	$ 517,990
For the six months ended May 31, 2019						
Revenue recognised over time:						
Freight revenue	$ 512,083	$ –	$ 202,524	$ –	$ –	$ 714,607
Storage and throughput revenue	–	84,873	–	–	–	84,873
	512,083	84,873	202,524	–	–	799,480
Revenue recognised at a point in time:						
Demurrage and ancillary revenue	69,191	–	57,408	–	–	126,599
Turbot and sole	–	–	–	48,291	–	48,291
Rail revenue	–	11,763	–	–	–	11,763
Utility revenue	–	11,672	–	–	–	11,672
Dock, product handling and other revenue	–	18,016	–	–	2,540	20,556
	69,191	41,451	57,408	48,291	2,540	218,881
	$ 581,274	$ 126,324	$ 259,932	$ 48,291	$ 2,540	$ 1,018,361

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.

	Founder's Shares par value $0.001 per share	Common Shares par value $1 per share
Balance at May 31, 2020:		
Shares Issued	16,033,449	64,133,796
Treasury Shares	(277,500)	(1,110,000)
Shares Outstanding	15,755,949	63,023,796
SNL Shares pledged as security (not included in Treasury shares)	—	9,500,000

Treasury Shares

The Board has authorised the purchase of up to $30.0 million worth of the Company's Common Shares, of which the Company has utilised $21.3 million prior to 2020, leaving $8.7 million available for future purchases. On December 20, 2019, 1.5 million shares pledged as security on a loan were released and transferred back to Treasury shares. On April 1, 2020, 4.0 million shares were pledged for additional security on a loan and transferred out of Treasury shares.

Dividends

On March 16, 2020, the Group's Board of Directors acting in response to uncertainties created by the ongoing coronavirus pandemic, voted to withdraw its previously announced recommendation of a final dividend for 2019 of $0.25 per Common Share.

On November 21, 2019, 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 27, 2019. The total gross amount of the dividend was $13.5 million, which was classified as an interim dividend and paid on December 11, 2019.

6. Property, Plant and Equipment and Intangible Assets

During the three months ended May 31, 2020, the Group spent $34.4 million on property, plant and equipment. Cash spent during the quarter primarily reflected (a) $15.5 million on terminal capital expenditures, (b) $5.9 million on drydocking of ships, (c) $11.9 million on tankers capital expenditures, (d) $2.2 million on the purchase of tank containers and construction at depots and (e) $4.5 million on Stolt Sea Farm capital expenditures. Grant income of $4.4 million was received by Stolt Sea Farm in the three months ended May 31, 2020. Interest of $0.3 million was capitalised on the new construction of terminals. Upon the transition to IFRS 16, $194.3 million was capitalised as right-of-use assets.

During the six months ended May 31, 2020, the Group spent $72.6 million on property, plant and equipment. Cash spent during the period primarily reflected (a) $30.0 million on terminal capital expenditures, (b) $13.1 million on drydocking of ships, (c) $20.9 million on tankers capital expenditures, (d) $4.2 million on the purchase of tank containers and construction at depots and (e) $8.8 million on Stolt Sea Farm capital expenditures. Grant income of $5.5 million was received by Stolt Sea Farm in the six months ended May 31, 2020. Interest of $0.6 million was capitalised on the new construction of terminals.

During the six months ended May 31, 2020, the Group spent $2.9 million on intangible assets, mainly on computer software. Revaluation for foreign exchange differences on goodwill and other intangibles was less than $0.01 million in the same period.

7. Impairment

Inventory and Biological Assets

Due to the Covid-19 pandemic, the Group prepared an estimate of the value of its biological assets based on short-term future demand and likely future sales prices. Consequently, an incremental negative fair value adjustment of $12.0 million has been included within operating expenses in the six months ended May 31, 2020. The net impact of this on an after tax basis was $9.0 million.

Long-term Nonfinancial Assets

Under IAS 36, the Covid-19 pandemic is an event that triggers an impairment review of the Company's balance sheet. Therefore, the Group has performed an assessment of each material cash generating unit ("CGU") to determine the Group's recoverable amount.

Tankers

Management measured the recoverable amount of the Tanker assets by comparing their carrying amount with the higher of their fair value less costs of disposal ("FVLCD") or value in use ("VIU") on a cash generating unit basis in a manner consistent with the methods used at November 30, 2019. See Note 2 of the audited Consolidated Financial Statements for the year ended November 30, 2019.

To assess impairment, Management used projections in the latest board approved updated estimate and five-year plan as the basis for the cash flows used to calculate VIU. The base case projects a gradual easing of the lockdown situation with no second wave and minimal growth in 2020 to 2021 along with low bunker prices. From the base case, an optimistic and pessimistic scenario were prepared based on the length and depth of a general recession.

Based on management judgement and past experience, the following key assumptions were used in the VIU calculations for the base case:

- The average Sailed-in rates' growth during the projection period from 2020 to 2024 for the deep-sea fleet (adjusted for capacity changes) was 5.3%, and for the Regional fleets was 3.4%.
- A slow recovery in the chemical tanker market is expected to start in 2021 after a drop in demand following the COVID-19 outbreak and after the industry's newbuilding deliveries have been absorbed by the market.
- Post-tax discount rate of 7.8% was used, based on the weighted average cost of capital ("WACC"), which reflects specific risks relating to the CGU.

The growth rate used in perpetuity beyond the projection period was 2.0%, which does not exceed the long-term average inflation rate for the Tankers industry.

The impact of changes in the key assumptions used in the VIU calculations is described below.

A projected 5.0% decrease in the deep-sea tanker fleet's Sailed-in rates would reduce the fair value of the fleet by $160.6 million but would not result in an impairment. A projected 5.0% decrease in the wholly-owned regional fleets would not result in an impairment. One of the regional joint ventures would show an impairment of $3.4 million in this scenario by applying a permanent reduction in Sailed-in rates of 5.0%.

A decrease of 11.5% in the deep-sea tanker Sailed-in Rates would cause an impairment.

An increase of 0.5% in the discount rate used in the present value calculation would not result in an impairment of the deep-sea ships or any of the wholly-owned regional fleets. An increase of 3.9% in the discount rate would trigger an impairment for the owned deep-sea fleet.

A 0.5% increase in the discount rate would not result in impairment of any of the Group's regional joint ventures.

Tank Containers

Consistent with prior years, we reviewed the Tank Containers segment for impairment on the VIU basis for the entire tank container fleet. VIU was based on a discounted cash flow basis using the approved projections in the latest five-year plan which included the effects of an expected recession in 2020 to 2021.

The following additional assumptions were used in the calculation of VIU:

- Pre-tax discount rate of 7.9% was used, based on the WACC for the risks specific to the tank container business.
- While there is minimal growth in 2020 and 2021, there is a slow recovery in 2021 to previously expected demand and supply.

The headroom based on the VIU was more than twice the current segment value and so further sensitivities are not presented.

Terminals

For the Terminals segment, impairment testing was performed on a VIU basis by CGU. The Terminal segment CGUs have been defined as either individual terminals and joint ventures or a regional group of terminals, in the case of Australia and New Zealand. The latest five-year plans were used which have been adjusted for the expected effects of a general slowdown in the world economy in 2020 and 2021.

Based on management judgement and past experience, the following key assumptions were used in the projections:

- Future escalation of price and cost increases.
- Customer rates on existing and future contracts and the spot market.
- Future maintenance capital expenditures.
- Expected utilisation rates and throughput volumes.
- Post-tax discount rate ranging from 6.3% to 8.0% based on country-specific WACC.

The Australia Terminal business was the only CGU with low headroom, based on the base case. As such, additional work was performed on it, using projected future cash flows based on VIU. Recoverable amount was based on a discounted cash flow basis using weighted scenarios from approved projections in the five-year plan. The impairment review did not indicate that goodwill was impaired.

For the Australia CGU, an increase of 0.5% in the discount rate used in the present value calculation would reduce the implied value by $10.1 million.

Stolt Sea Farms

Stolt Sea Farms was tested for impairment using the VIU method for the Turbot and Sole species, which have been identified as separate CGUs. VIU was based on a discounted cash flow basis using the approved projections in the latest five-year plan which included the effects of the lower volumes and prices currently in place and projected to remain into 2021. From the base case, an optimistic and pessimistic scenario were prepared based on the length and depth of a general recession in Europe and recovery of wholesale and retail Turbot and Sole markets.

Based on management judgement and past experience, the following key assumptions were used in the projections:

- Future projections of the recovery of the wholesale and retail markets as well as the general economy which drives sales volumes.
- Future escalation of prices.
- Future maintenance capital expenditures.
- Post-tax discount rate ranging from 7.1% to 7.2% based on country-specific WACC.
- Perpetuity growth rate of 1%.

The result of the impairment testing did not result in an impairment for either species.

The 5% permanent reduction in sales prices used in the VIU calculations would result in a 27% and 59% reduction in headroom for Turbot and Sole, respectively but would not result in an impairment. A permanent rate decrease of 19% for Turbot and 9% for Sole would result in an impairment.

8. Short and Long-Term Debt

	Cashflows For the Six Months Ended	
	May 31, 2020	**May 31, 2019**
	(in thousands)	
Bank loan additions, net	**$ —**	$ 41,600
Proceeds from issuance of long-term debt	**285,952**	275,759
Repayment of long-term debt	**(239,410)**	(268,006)

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. As of May 31, 2020, the Group had available undrawn committed credit lines of $181.4 million.

Long-term debt consists of debt collateralised by mortgages on the Group's ships, tank containers, terminals and investments, as well as $455.8 million unsecured bond financing at May 31, 2020.

For the six months ended May 31, 2020, the Company issued a senior unsecured bond issue of NOK 1.3 billion ($141.5 million) with a maturity date in February 2024 and had drawn $130.0 million on the Secured revolving loan facility.

For the six months ended May 31, 2020, $239.4 million of debt was repaid, including the repayment of $160.7 million NOK bonds which matured in April 2020.

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 April 16, 2020. See further discussion in Note 1 above.

9. Long-term Insurance Claim Receivables and Provisions

As discussed in Note 18 of the audited Consolidated Financial Statements for the year ended November 30, 2019, the Group changed its policy on disclosing its insurance provisions and claims receivables by disclosing them separately on the balance sheet, rather than netting the receivables against the provision.

At May 31, 2020, substantially all of the Long-term insurance claims receivables and Long-term provisions relate to the civil action as a result of the fire on the *MSC Flaminia* and the collision involving the *Stolt Commitment* as well as the explosion related to the *Stolt Groenland*.

All of our insurance policies are subject to coverage limits, exclusions and deductible levels. While the Group believes that the estimated accrued claims reserves are adequate, the ultimate losses can differ.

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:

	May 31, 2020		November 30, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)			
Financial Assets (Amortised Cost):				
Cash and cash equivalents	**$ 229,934**	**$ 229,934**	$ 136,151	$ 136,151
Restricted cash	**121**	**121**	189	189
Receivables	**210,167**	**210,167**	217,909	217,909
Other current assets	**29,261**	**29,261**	30,568	30,568
Financial Assets (Fair Value):				
Investments in equity instruments	**18,476**	**18,476**	30,334	30,334
Financial Liabilities (Amortised Cost):				
Accounts payables (excluding withholding and value-added tax)	**81,886**	**81,886**	88,630	88,630
Accrued expenses	**207,240**	**207,240**	206,817	206,817
Dividend payable	**—**	**—**	13,457	13,457
Short and long-term debt including current maturities (excluding debt issuance costs)	**2,429,054**	**2,618,894**	2,377,487	2,555,803
Lease liabilities	**168,631**	**168,631**	—	—
Derivative Financial Instruments (Fair Value):				
Assets				
Foreign exchange forward contracts	**153**	**153**	143	143
	$ 153	**$ 153**	$ 143	$ 143
Liabilities				
Bunker swaps	**3,852**	**3,852**	565	565
Foreign exchange forward contracts	**1,170**	**1,170**	739	739
Interest rate swaps	**31,129**	**31,129**	14,877	14,877
Cross-currency interest rate swaps	**107,711**	**107,711**	106,932	106,932
	$ 143,862	**$ 143,862**	$ 123,113	$ 123,113

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 $30.1 million and $32.0 million, as of May 31, 2020 and November 30, 2019, respectively. The estimated value of the senior unsecured bond issues is based on traded values, while the value of the remaining long-term debt is based on interest rates as of May 31, 2020 and November 30, 2019, 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, 2020 and November 30, 2019, 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, 2020 and November 30, 2019.

Derivatives

The Group had derivative assets of $0.1 million as of May 31, 2020 and November 30, 2019 and derivative liabilities of $143.9 million and $123.1 million as of May 31, 2020 and November 30, 2019, respectively. All the Group's derivative activities are financial instruments entered 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, 2020 and November 30, 2019, respectively. Derivative financial instruments are measured using inputs other than quoted values. There were no changes in the valuation techniques since November 30, 2019.

The Group had purchased swap contracts on 12,000 tons of bunker fuel for delivery through December 2020 with initial expiration dates ranging from three to 12 months forward. The bunker contracts were marked-to-market through the Income Statement. A realised and unrealised loss of $4.5 million was recorded for the six months ended May 31, 2020.

Investments in equity instruments

The Group's investment in Golar LNG Limited ("Golar") 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:

	For the Six Months Ended	
	May 31, 2020	May 31, 2019
	(in thousands)	
Golar		
Number of equity shares	**2,330**	2,330
Percentage of shareholding	**2.3%**	2.3%
Share price as of the end of the period	**$7.93**	$18.19
Loss on FVTOCI	**(11,859)**	(19,687)
Cumulative loss on FVTOCI	**(84,909)**	(61,004)
Value of investment	**$ 18,476**	$ 42,380
Avance Gas Holding Limited		
Number of equity shares	—	5,479
Percentage of shareholding	—	8.61%
Share price as of the end of the period	—	$2.44
Loss on FVTOCI	—	1,225
Cumulative loss on FVTOCI		(1,692)
Value of investment	**$ —**	$ 13,363
Total value of investments in equity instruments	**$ 18,476**	$ 55,743

During the three months ended November 30, 2019, the Group divested of its shareholding in Avance Gas Holding Limited ("AGHL").

11. Discontinued Operations

The Group is intending to sell Sterling Caviar, Inc. (“Caviar”) which is a separate cash generating unit which produces and markets caviar and sturgeon in California. As such, the assets and liabilities of Caviar have been presented in the balance sheet as a held for sale asset and liability and, on the income statement, as a discontinued operation.

The financial information related to the discontinued operations is as follows:

	For the three months ended		For the six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
	(in thousands)			
Revenue	$ **523**	$ 937	$ **2,264**	$ 2,513
Operating expenses	**(395)**	(1,377)	**(2,599)**	(6,459)
Depreciation, amortisation and impairment	**(820)**	(49)	**(894)**	(330)
Impairment of Caviar assets	**(8,088)**	—	**(8,088)**	—
Gross loss	**(8,780)**	(489)	**(9,317)**	(4,276)
Administrative and general expenses	**(434)**	(401)	**(894)**	(686)
Other operating expense	**(8)**	—	**(8)**	—
Operating loss	**(9,222)**	(890)	**(10,219)**	(4,962)
Finance expense	**(55)**	—	**(55)**	—
Net Loss from Discontinued Operations	$ **(9,277)**	$ (890)	$ **(10,274)**	$ (4,962)

The impairment was based on the following:

	(in thousands)
Value based on FVLCD	$ **5,250**
Carrying amount of net assets sold	**(13,338)**
Impairment loss	$ **(8,088)**

The following assets and liabilities were classified as held for sale in relation to discontinued operations:

	(in thousands)
Receivables	$ **147**
Inventory	**2,178**
Biological assets	**9,091**
Prepaid expenses	**63**
Property, plant and equipment	**4,740**
	16,219
Impairment of assets	**(8,088)**
Total assets of disposal group held for sale	$ **8,131**
Accounts payable	$ **190**
Accrued expenses	**672**
Lease liability	**1,909**
Other non-current liabilities	**110**
Total liabilities of disposal group held for sale	$ **2,881**

Caviar assets are included in Assets held for sale, along with $0.4 million tanker assets.

12. Commitments and Contingencies

As of May 31, 2020 and November 30, 2019, the Group had total capital expenditure purchase commitments outstanding of approximately $56.1 million and $96.8 million, respectively. At May 31, 2020, the total purchase commitments primarily consisted of equipment for tankers of $7.9 million, committed equity investment in Avenir LNG Limited ("Avenir LNG") for $26.0 million, terminal expansion projects of $15.7 million, tank container projects of $3.9 million and Stolt Sea Farm expansion projects of $2.6 million. Of the total purchase commitments at May 31, 2020, $54.3 million are expected to be paid over the next 12 months from existing liquidity.

Purchase Commitments of Joint Ventures and Associates

The Group's joint ventures and associates had $232.2 million of total capital expenditure purchase commitments on May 31, 2020. This amount included commitments for Avenir LNG of $217.4 million for four 7,500 cbm LNG newbuildings, two 20,000 cbm LNG newbuildings and the Higas terminal. Of this amount $84.4 million is with recourse to the Group, relating to two 7,500 cbm and 50% of two 20,000 cbm LNG newbuildings. The remaining $133.0 million of Avenir LNG commitments are without recourse to the Group, together with $12.7 million for the terminal joint ventures and $2.0 million for tanker joint ventures.

Of the total purchase commitments at May 31, 2020 for joint ventures and associates, $126.3 million is expected to be paid over the next 12 months. The commitments will either be paid out of the existing liquidity of those joint ventures or through external financing, which is in the process of being raised.

Environmental

Environmental disclosures are described in Note 27 of the Consolidated Financial Statements for the year ended November 30, 2019. There have been no significant changes that have occurred since that date.

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 29 of the Consolidated Financial Statements for the year ended November 30, 2019. 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 Tankers B.V. and Stolt Commitment B.V. ("Stolt") are involved in various civil proceedings in multiple jurisdictions brought by various claimants as a result of a December 2015 collision with the general cargo ship *Thorco Cloud* whilst in the Singapore Strait. In June 2019 the direct action suit filed by the *Thorco Cloud* interests against Stolt and its insurers in Norway was rejected by the Court of Appeals. The *Thorco Cloud* interests have appealed the judgment of the Court of Appeals to the Supreme Court. The Supreme Court heard oral arguments during the first quarter of 2020, and the decision is expected shortly. Nonetheless, allocation of fault for the collision has not yet been determined but any losses, repairs and legal costs will be covered by insurance maintained by the Group, subject to deductibles and certain unrecoverable expenses. At May 31, 2020, the Group has recorded a provision for the expected future liability, along with a receivable for related insurance reimbursements. It is not expected that there will be a material adverse effect on the Group's 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 plus a provision for the expected future liability, as well as a receivable for related insurance reimbursements. The judgement has been appealed by the defendants, Stolt Tank Containers BV and Deltech. The hearing on appeal before the Court of Appeals in New York was heard on May 15, 2020. The final phase of the trial (Phase 3) to assess the quantum of damages shall proceed in 2021. It is not expected that there will be a material adverse effect on the Group's business or financial condition.

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. 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.

15. Subsequent events

On June 16, 2020, the Company announced the placement of a senior unsecured bond issue of NOK 1.25 billion ($132.0 million) with the maturity date on June 29, 2023. The bonds carry a coupon of 3 month NIBOR plus 450 basis points per annum with quarterly interest rates. In connection with the placement of the new bond issue, the Company has repurchased approximately NOK 522 million of bonds with a maturity date of March 18, 2021. The Company has swapped the bonds into USD at a fixed rate of 5.19%.

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, 2019 to May 31, 2020 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 2, 2020

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 Stolt-Nielsen Limited's Unaudited Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Unaudited Condensed Consolidated Interim Financial Statements of Stolt-Nielsen Limited for the 6 month period ended 31 May 2020. 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 2020;
- the Condensed Consolidated Interim Income Statement for the period then ended;
- the Condensed Consolidated Interim Statement of Other Comprehensive income for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the 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. 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.

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, 2020 have not been subject to review.

Greg Briggs

PricewaterhouseCoopers LLP
Chartered Accountants
Uxbridge
2 July 2020