

## **Accounting policies**

### ***1. Transition to IFRSs***

On April 19, 2007, the Company announced its intention to voluntarily delist from the Nasdaq Global Select Market and this was effected from May 21, 2007. On April 19, 2007, the Company also announced its intention to file a Form 15F with the SEC to terminate its registration and reporting obligations under the Securities Exchange Act. The Company has maintained its listing in Norway on the Oslo Børs. Accordingly, the Company has chosen to present its financial statements under International Financial Reporting Standards (“IFRS”) for the financial year ending November 30, 2008 and thereafter. As part of its conversion to IFRS, the Company has prepared the preliminary IFRS financial position as at December 1, 2006, the date of transition to IFRS.

The preliminary IFRS opening balance sheet has been prepared by management on the basis of the standards and interpretations of the International Accounting Standards Board that management expects to be applicable when the Company prepares its first complete set of IFRS financial statements. Accordingly, the accounting policies specified below have been determined based on recognition and measurement requirements of IFRS and IFRIC Interpretations in issue as at the date of issuance of the preliminary opening balance sheet that will be effective for financial years ending November 30, 2008. Further standards and interpretations may be issued by the IASB between now and the date of approval of the 2008 IFRS financial statements. Therefore, it is possible that the accompanying preliminary opening balance sheet may require adjustment before constituting the final opening balance sheet used for the purposes of preparing the 2008 IFRS financial statements. Moreover, the preliminary opening balance sheet and the accompanying notes do not contain all the disclosures required by IFRS Standards and IFRIC Interpretations that will be effective for financial years ending on November 30, 2008. Under IFRSs, only a complete set of financial statements comprising a balance sheet, income statement, statement of changes in equity, cash flow statement, together with comparative financial information and explanatory notes, can provide a fair presentation of the company’s financial position, results of operations and cash flow.

IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’ requires certain mandatory exemptions and permits certain voluntary exemptions from the full requirements of IFRSs on the date of transition. The following voluntary exemptions have been taken in preparing this opening balance sheet:

- Business combinations – Business combinations that took place prior to December 1, 2006 have not been restated in accordance with IFRS 3 “Business Combinations”.
- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at December 1, 2006.
- Actuarial gains and losses – Cumulative actuarial gains and losses deferred under US GAAP in relation to defined benefit plans have been recognised at the date of transition.

The presentation currency used in these financial statements is the U.S. dollar.

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

***2. Use of estimates***

In the application of the Group's accounting policies, management makes certain estimates and judgements, including those related to tanker voyage accounting, container move cost estimates, future drydock dates, inventories and fish mortality, the carrying value of non-consolidated joint ventures, the selection of useful lives for tangible fixed and intangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for trade receivables, income tax valuation allowances, provisions for legal disputes, restructuring costs, pension benefits, and contingencies. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

***3. Basis of measurement***

The financial statements are prepared on the historical cost basis except for derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, and biological assets, all of which are stated at their fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

***4. Basis of consolidation***

*(i) Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

*(ii) Associates*

Associates are those entities over which the Group is in a position to exercise significant influence, but not control or joint control of the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

*(iii) Jointly controlled entities*

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised income and expense of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

**5. Foreign currency**

*(i) Foreign currency transactions*

The individual financial statements of each Group company are presented in the functional currency of the primary economic environment in which it operates subsidiary and equity method investees.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined. Foreign exchange differences arising on retranslation are recognised in the income statement, except for those differences arising from assets under construction, hedging and monetary balances with foreign operations where settlement is not planned and unlikely to occur.

*(ii) Foreign operations*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates the foreign exchange rates at the dates of the transactions.

Exchange differences arising from this translation of foreign operations subsequent to December 1, 2006, and of related qualifying hedges are taken directly to the translation reserve. Cumulative translation adjustments before that date are recognised in equity. Such translation differences are recognised in the income statement upon disposal of the foreign operation.

**6. Classification of financial instruments issued by the Group**

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

### ***7. Derivative financial instruments and hedging***

#### *(i) Derivative financial instruments*

The Group enters into forward exchange contracts to hedge foreign currency transactions, interest rate swaps to hedge underlying debt obligations and bunker fuel hedge contracts to lock in the price for a portion of forecasted bunker fuel requirements.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss on remeasurement is recognised immediately in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date.

#### *(ii) Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss remains in equity and is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when a non-financial asset is depreciated.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

**8. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits, which are subject to an insignificant risk of changes in value.

**9. Property, plant and equipment**

*(i) Recognition and measurement*

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Where an asset retirement obligation exists, this will be included within the initial assessment of cost. Borrowing costs directly attributable to the construction of significant assets are added to the cost of such assets until they are ready for their intended use.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included as a finance lease obligation.

*(ii) Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. Ships are generally depreciated to a residual value which reflects management's estimate of scrap value or otherwise recoverable value at the end of the estimated useful life of the ship. Tank containers are depreciated to a residual value which approximates scrap value. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. No residual value is assumed with respect to other fixed assets. The estimated useful lives are as follows:

<b>Tankers and Terminals</b>	<b>Years</b>
<i>Parcel tankers and barges</i>	<i>20 to 25</i>
<i>Terminal Tanks and structures</i>	<i>30 to 40</i>
<i>Other support equipment and other assets</i>	<i>3 to 35</i>
<i>Buildings</i>	<i>30 to 50</i>
<b>STC</b>	
<i>Tanker containers</i>	<i>20</i>
<b>SSF</b>	
<i>Transportation equipment</i>	<i>5 to 10</i>
<i>Operating equipment and other assets</i>	<i>2 to 10</i>
<i>Buildings</i>	<i>20 to 40</i>

*(iii) Subsequent costs – drydocking costs*

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

Generally, tanker operations drydock their ships every five years. After a ship is fifteen years old a shipping society classification intermediate survey is performed between the second and third year of the five-year drydocking period. The Group capitalises a substantial portion of the costs incurred during drydocking and for the survey and depreciates those costs on a straight-line basis from the time of completion of a drydocking or intermediate survey based upon the estimated life of each part of the drydocking costs. The Group expenses costs related to routine repairs and maintenance incurred during drydocking that do not improve or extend the useful lives of the ships.

*(iv) Disposals*

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

**10. Goodwill and intangible assets**

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and jointly controlled entities. In respect of business acquisitions that have occurred since December 1, 2006, goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment, or more frequently when there is an indication that the unit is impaired. With respect to associates and jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the investment in the associate or joint venture.

Negative goodwill arising on an acquisition is recognised in profit or loss in the period in which the acquisition is completed.

Other finite life intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets.

**11. Impairment of tangible and intangible assets**

The carrying amounts of the Group's tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss, other than for goodwill, is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

***12. Inventories other than biological assets***

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of items transferred from biological assets is the fair value less point-of-sale costs at the date of harvest.

***13. Biological assets***

Biological assets comprise primarily turbot and sturgeon, which include juvenile and mature fish which are farmed by the Company.

All mature turbot are held at fair value less point-of-sale costs and costs related to harvest. Gains and losses from changes in fair value are recognised in the income statement. Fair value is determined on the basis of market prices.

Juvenile turbot are carried at cost less provision for impairment as management do not consider that reliable fair values exist. Similarly, prior to harvesting its eggs for the production of caviar, the fair value of sturgeon is estimated at the higher of cost less provision for impairment or market value estimated based on the meat price of sturgeon and its weight. These approaches are used to measure juvenile turbot and sturgeon for the following reasons:

- There is no active market for juvenile turbot and the only active market for sturgeon prior to harvest is for the value of its meat.
- A non-active market price based upon discounted cash flows requires a number of variables and assumptions which historically cannot be reliably determined. Changes to these assumptions and variables result in a highly significant change in the fair value estimated through any discounted cash flow model. Key variables and assumptions for both turbot and sturgeon include mortality rate, time to maturity, rate of growth and market price at the point of harvest.
- Additional uncertainties in respect of sturgeon include the proportion that will be both female and be able to produce eggs, caviar yield and quality. The extent of these uncertainties also results in difficulty in determining the appropriate discount rate.

Sturgeon and caviar that the sturgeon produces are fair valued at the point of harvest as this is the point at which a reliable fair value is deemed to exist. A fair value adjustment is also made at the point when previously juvenile turbot is considered to become mature, which typically occurs when the fish reaches a specified weight. Both these fair value adjustments are recognised in the income statement. After harvest, the produce from harvest are treated as inventory as set out in paragraph 2.12 and the fair value at the point of harvest is treated as the cost of the inventory.

#### ***14. Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### ***15. Employee benefits***

##### *(i) Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

##### *(ii) Defined benefit plans and other post employment benefits*

The Group's net obligation in respect of defined benefit pension plans and other post employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is based on the yield curve of a portfolio of high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

All actuarial gains and losses as at December 1, 2006, the date of transition to IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to this date, the Group recognises them directly in equity in the period in which they occur through the statement of recognised income and expense.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

##### *(iii) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

##### *(iv) Share-based payment transactions*

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes-Merton option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

**STOLT-NIELSEN S.A.**  
**ACCOUNTING POLICIES**

***16. Provisions***

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

***17. Revenue***

Revenue includes the gross inflows of economic benefits received or receivable by the Group and represents the amounts receivable for goods and services provided in the normal course of business, net of discounts and sales taxes.

*(i) Tankers*

Revenue is recognised using a percentage of completion method, based upon an estimate of the results of voyages in progress at the balance sheet date. Loss making voyages are accrued for in full.

The Group operates the Stolt Tankers Joint Service (the "Joint Service"), an arrangement in which the Group acts as the principal for the delivery of services and provides the coordinated marketing, operation, and administration of deep sea intercontinental parcel tankers owned or chartered by the Group. As the Group acts as the principal in the arrangement, all revenue relating to the Joint Service is recognised on a gross basis in the income statement. Certain ships that are not owned by the Group are time chartered under operating leases by the Group from participants in the Joint Service. The time charter expense is calculated based upon the combined operating revenue of the ships which participate in the Joint Service less combined voyage expenses, overhead costs, and commissions to outside brokers and upon each ship's cargo capacity, its number of operating days during the period, and its assigned earnings factor.

*(ii) Tank Containers*

Revenues for tank containers relate primarily to short-term shipments, with the freight revenue and estimated expenses recognised using a percentage of completion basis. Additional miscellaneous revenues earned from other sources such as detention and demurrage are recognised after completion of the shipment on a daily-rate basis.

*(iii) Terminals*

Revenues for terminal operations primarily consist of rental income for the utilisation of storage tanks by customers, with the majority of rental income earned under long-term contracts. These contracts generally provide for fixed rates for the use of the storage tanks and/or the throughput of products through the terminal facility. Revenues are also earned under short-term agreements contracted at spot rates. Revenue is recognised over the time period of usage, or upon completion of specific throughput measures, as specified in the contracts.

*(iv) SSF*

SSF recognizes revenue based on the terms of sale. Where the terms of sale are free on board processing plant, revenue is recognised on dispatch of products to customers. Revenue is recognised on delivery of products to customers, where the terms of sale are cost, insurance and freight and delivered duty paid. The amount recorded as revenue includes all amounts invoiced according to the terms of sale, including shipping and handling costs billed to customers, and after deductions for claims or returns of goods, rebates and allowances against the price of goods.

## **18. Expenses**

### *(i) Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received and receivable are recognised in the income statement on a straight-line basis as an integral part of the total lease expense.

### *(ii) Finance lease payments*

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### *(iii) Net financing costs*

Net financing costs comprise interest expense, finance charges on financial instruments classified as liabilities and finance leases, interest income on funds invested, dividend income, foreign exchange gains and losses and gains and losses on hedging instruments that hedge risks associated with financing activities that are recognised in the income statement.

Interest income and interest expense are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

## **19. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year. Taxable income differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill for which no tax deduction is available; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries and joint ventures if it is probable that the temporary difference will not reverse in the foreseeable future and the Company can control the reversal. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and recognised only to the extent that it is probable that sufficient future taxable profits will be available to allow the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

***20. Non-current assets held for sale and discontinued operations***

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

On initial classification as held for sale and in subsequent reporting periods, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented on the income statement (including the comparative period) in a single line which comprises the post tax profit or loss of the discontinued operation and the post tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.