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Independent Auditors' Report

To the Board of Directors and Stockholders of Stolt-Nielsen S.A.

We have audited the accompanying consolidated balance sheets of Stolt-Nielsen S.A. and subsidiaries (the "Company") as of November 30, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended November 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Marine Harvest N.V., the Company's investment in which is accounted for by use of the equity method, for the year ended December 31, 2006. The Company's equity of \$322.8 million in Marine Harvest N.V.'s net assets at November 30, 2006, and \$60.8 million in that company's net income for the year then ended are included in the accompanying financial statements. The financial statements of Marine Harvest N.V. for the year ended December 31, 2006 were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Marine Harvest N.V. as of and for the year ended November 30, 2006, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors as of and for the year ended November 30, 2006, such consolidated financial statements present fairly, in all material respects, the financial position of Stolt-Nielsen S.A. and subsidiaries as of November 30, 2007 and 2006, and the results of their operations and cash flows for each of the three years in the period ended November 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the consolidated financial statements, the Company changed its method of accounting for defined benefit plans to adopt Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans – an amendment of FASB Statement No. 87, 88, 106 and 132(R)" with effect from November 30, 2007.

DELOITTE & TOUCHE LLP

London

February 26, 2008

Stolt-Nielsen S.A. Consolidated Statements of Operations

For the years ended November 30, (in thousands, except per share data)	2007	2006	2005
Operating Revenue:			
Tankers	\$ 1,189,940	\$ 1,066,107	\$ 966,155
Tank Containers	390,477	351,572	334,286
Terminals	103,421	93,792	83,251
Stolt Sea Farm	69,469	48,998	231,555
Corporate and other	6,070	4,758	8,789
	1,759,377	1,565,227	1,624,036
Operating Expenses:			
Tankers	968,183	854,382	738,242
Tank Containers	307,720	270,562	267,080
Terminals	62,033	55,503	51,579
Stolt Sea Farm	39,226	29,257	202,381
Corporate and other	2,844	5,139	6,918
	1,380,006	1,214,843	1,266,200
Gross Profit	379,371	350,384	357,836
Equity in net income of non-consolidated joint ventures and equity method investees (Note 4)	21,963	17,536	14,950
Administrative and general expenses	(213,166)	(207,667)	(184,511)
Restructuring charges (Note 12)	(442)	(1,761)	(7,064)
Gain (loss) on disposal of assets, net (Note 11)	3,148	4,091	(606)
Other operating income (expense), net	2,082	3,916	(6,003)
Operating Income	192,956	166,499	174,602
Non-Operating Income (Expense):			
Interest expense	(29,237)	(35,468)	(47,594)
Interest income	5,937	7,816	6,884
Foreign currency exchange (loss) gain	(10,415)	3,491	(1,443)
Loss on early retirement of debt, net (Note 16)	(1,011)	—	(15,110)
Income from Continuing Operations before Income Tax Provision, Minority Interest and Equity in Net Income of Marine Harvest	158,230	142,338	117,339
Income tax provision (Note 13)	(5,799)	(5,025)	(7,006)
Income from Continuing Operations before Minority Interest and Equity in Net Income of Marine Harvest	152,431	137,313	110,333
Minority interest	(303)	(85)	(55)
Equity in net income of Marine Harvest (Note 8)	—	60,800	11,300
Gain on sale of equity investment in Marine Harvest (Note 8)	21,792	—	—
Income from Continuing Operations	173,920	198,028	121,578
Income from discontinued operations (Note 10)	—	1,887	5,559
Gain on sale of investment in discontinued operations (Note 10)	42,443	—	355,882
Net Income	\$ 216,363	\$ 199,915	\$ 483,019

See notes to consolidated financial statements.

Stolt-Nielsen S.A.
Consolidated
Statements of Operations
continued

For the years ended November 30, (in thousands, except per share data)	2007	2006	2005
Income per Common Share (Note 2):			
Basic			
Income from continuing operations	\$ 2.92	\$ 3.18	\$ 1.87
Income from discontinued operations	—	0.03	0.09
Gain on sale of investment in discontinued operations	0.71	—	5.49
Net Income per Common share	\$ 3.63	\$ 3.21	\$ 7.45
Diluted			
Income from continuing operations	\$ 2.89	\$ 3.15	\$ 1.84
Income from discontinued operations	—	0.02	0.08
Gain on sale of investment in discontinued operations	0.71	—	5.37
Net Income per Common share	\$ 3.60	\$ 3.17	\$ 7.29
Weighted Average Number of Common Shares and Common Share Equivalents Outstanding (Note 2):			
Basic	59,526	62,243	64,864
Diluted	60,122	62,927	66,218

See notes to consolidated financial statements.

Stolt-Nielsen S.A. Consolidated Balance Sheets

As of November 30, (in thousands, except for share data)	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 43,722	\$ 44,502
Trade receivables (net of allowance for doubtful accounts of \$9,982 in 2007 and \$7,260 in 2006)	163,055	131,870
Inventories	(Note 14) 26,831	17,492
Receivables from related parties	(Note 7) 4,801	4,357
Restricted cash deposits	5,370	—
Prepaid expenses	46,478	56,805
Assets held for sale	3,500	—
Other current assets	19,001	11,053
Total Current Assets	312,758	266,079
Fixed assets, at cost:		
Tankers	2,109,809	2,086,531
Deposits for tankers under construction	286,298	193,165
Tank containers	245,201	162,566
Terminals	358,150	337,096
Stolt Sea Farm	52,899	53,031
Corporate and other	44,357	38,978
	3,096,714	2,871,367
Less—accumulated depreciation	(1,271,944)	(1,199,108)
Fixed assets, net	1,824,770	1,672,259
Investments in and advances to non-consolidated joint ventures and equity method investees	(Note 4) 246,719	147,564
Investment in and loan to Marine Harvest	(Note 8) —	322,823
Deferred income tax assets, net of valuation allowances	(Note 13) 6,720	3,720
Goodwill and other intangible assets, net	(Note 9) 851	24,101
Other assets	83,862	77,403
Total Assets	\$ 2,475,680	\$ 2,513,949
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans	(Note 15) \$ 270,993	\$ 144,600
Current maturities of long-term debt and capital leases	(Note 16) 42,495	67,301
Accounts payable	64,496	50,638
Accrued voyage expenses	75,655	64,205
Accrued expenses	148,132	155,928
Prepayment proceeds on sale of Marine Harvest	(Note 8) —	353,450
Other current liabilities	17,734	28,166
Total Current Liabilities	619,505	864,288
Long-term debt and capital leases	(Note 16) 426,942	418,875
Deferred income tax liabilities	(Note 13) 7,317	13,268
Other liabilities	56,506	44,672
Minority interest	10,928	292
Commitments and contingencies (Notes 24 and 25)		
Shareholders' Equity (Note 19):		
Founder's shares: no par value—16,250,000 shares authorized, (2006: 17,250,000), 16,033,449 issued in 2007 and 16,520,364 issued in 2006, less 1,145,058 Treasury shares in 2007 and 1,696,310 in 2006	—	—
Common shares: stated \$1—65,000,000 shares authorized, (2006: 69,000,000), 64,133,796 shares issued in 2007, and 66,081,456 shares issued in 2006	64,134	66,081
Paid-in surplus	341,209	356,906
Retained earnings	1,053,995	936,553
Accumulated other comprehensive income, net	(Note 2) 28,806	10,923
	1,488,144	1,370,463
Less—Treasury stock, at cost, 4,580,233 Common shares in 2007 and 6,785,240 in 2006	(133,662)	(197,909)
Total Shareholders' Equity	1,354,482	1,172,554
Total Liabilities and Shareholders' Equity	\$ 2,475,680	\$ 2,513,949

See notes to consolidated financial statements.

Stolt-Nielsen S.A. Consolidated Statements of Shareholders' Equity

	Capital Stock	Paid-in Surplus	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net	Comprehensive Income (Loss)	Total
(in thousands, except for share data)							
Balance, November 30, 2004	\$ 63,377	\$ 311,016	—	\$ 523,368	\$ (14,468)	—	\$ 883,293
Exercise of stock options for 2,362,804 Common shares	2,363	30,689	—	—	—	—	33,052
Issuance of 590,701 Founder's shares	—	—	—	—	—	—	—
Purchase of Treasury Common shares —1,611,650 shares	—	—	(54,835)	—	—	—	(54,835)
Purchase of Treasury Founder's shares —402,913 shares	—	—	—	—	—	—	—
Stock-based compensation	—	1,227	—	—	—	—	1,227
Cash dividends paid—\$2.00 per Common share	—	—	—	(130,984)	—	—	(130,984)
Cash dividends paid—\$0.005 per Founder's share	—	—	—	(82)	—	—	(82)
Net income	—	—	—	483,019	—	\$ 483,019	483,019
Other comprehensive income (loss):							
Translation adjustments, net	—	—	—	—	7,182	7,182	7,182
Minimum pension liability adjustments, net of tax benefit of \$1,039	—	—	—	—	(2,969)	(2,969)	(2,969)
Net losses on cash flow hedges reclassified into earnings	—	—	—	—	(5,841)	(5,841)	(5,841)
Other comprehensive loss, net	—	—	—	—	—	(1,628)	(1,628)
Comprehensive income	—	—	—	—	—	\$ 481,391	481,391
Balance, November 30, 2005	\$ 65,740	\$ 342,932	\$ (54,835)	\$ 875,321	\$ (16,096)	—	\$ 1,213,062
Cumulative effect adjustment for adoption of SAB 108, net of tax	—	—	—	(12,914)	—	—	(12,914)
Exercise of stock options for 341,892 Common shares	341	3,629	—	—	—	—	3,970
Issuance of 85,473 Founder's shares	—	—	—	—	—	—	—
Purchase of Treasury Common shares —5,173,590 shares	—	—	(143,074)	—	—	—	(143,074)
Purchase of Treasury Founder's shares —1,293,397 shares	—	—	—	—	—	—	—
Stock-based compensation	—	10,345	—	—	—	—	10,345
Cash dividends paid—\$2.00 per Common share (a)	—	—	—	(125,688)	—	—	(125,688)
Cash dividends paid—\$0.005 per Founder's shares (b)	—	—	—	(81)	—	—	(81)
Net income	—	—	—	199,915	—	\$ 199,915	199,915
Other comprehensive income (loss):							
Translation adjustments, net	—	—	—	—	17,928	17,928	17,928
Minimum pension liability adjustments, net of tax benefit of \$1,686	—	—	—	—	4,413	4,413	4,413
Net gains on cash flow hedges reclassified into earnings	—	—	—	—	4,678	4,678	4,678
Other comprehensive income, net	—	—	—	—	—	27,019	27,019
Comprehensive income	—	—	—	—	—	\$ 226,934	226,934
Balance, November 30, 2006	\$ 66,081	\$ 356,906	\$ (197,909)	\$ 936,553	\$ 10,923	—	\$ 1,172,554

	Capital Stock	Paid-in Surplus	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net	Comprehensive Income (Loss)	Total
Exercise of stock options for 52,340 Common shares	53	522	—	—	—	—	575
Exercise of stock options for 272,007 Treasury shares	—	(4,731)	7,938	—	—	—	3,207
Cancellation of 2,000,000 Common shares held in treasury	(2,000)	(18,500)	58,365	(37,865)	—	—	—
Stock-based compensation	—	5,217	—	—	—	—	5,217
Disposal of Southern bluefin tuna business	—	1,795	—	(1,272)	—	—	523
Purchase of Treasury Common shares —67,000 shares	—	—	(2,056)	—	—	—	(2,056)
Cash dividends paid—\$1.00 per Common share (c)	—	—	—	(59,709)	—	—	(59,709)
Cash dividends paid—\$0.005 per Founder's shares (d)	—	—	—	(75)	—	—	(75)
Net income	—	—	—	216,363	—	\$ 216,363	216,363
Other comprehensive income (loss):							
Translation adjustments, net	—	—	—	—	30,743	30,743	30,743
Minimum pension liability adjustments, net of tax benefit of \$756	—	—	—	—	(4,339)	(4,339)	(4,339)
FAS 158 translation adjustment, net of tax benefit of \$3,578	—	—	—	—	(3,096)	—	(3,096)
Net gains on cash flow hedges reclassified into earnings	—	—	—	—	(5,425)	(5,425)	(5,425)
Other comprehensive income, net						20,979	
Comprehensive income						\$ 237,342	
Balance, November 30, 2007	\$ 64,134	\$ 341,209	\$ (133,662)	\$ 1,053,995	\$ 28,806		\$ 1,354,482

(a) The \$125.7 million is inclusive of the 2005 final dividend of \$61.4 million and the 2005 interim dividend of \$64.3 million.

(b) The \$0.1 million is the 2005 interim dividend.

(c) The \$59.7 million is inclusive of the 2006 final dividend of \$29.8 million and the 2006 interim dividend of \$29.9 million.

(d) The \$0.1 million is the 2006 interim dividend.

Accumulated Other Comprehensive Income, net as of November 30, 2007 and 2006 consisted of the following:

	2007	2006
(in thousands)		
Cumulative translation adjustments, net	\$ 45,502	\$ 14,759
Defined benefit pension adjustments, net of tax of \$4,334	(12,067)	(4,632)
Net unrealized (loss) gain on cash flow hedges	(4,629)	796
Total accumulated other comprehensive income, net of tax	\$ 28,806	\$ 10,923

See notes to consolidated financial statements.

Stolt-Nielsen S.A. Consolidated Statements of Cash Flows

For the years ended November 30, (in thousands)	2007	2006	2005
Cash Flows from Operating Activities:			
Net income	\$ 216,363	\$ 199,915	\$ 483,019
Less—income related to discontinued operations	(42,443)	(1,887)	(361,441)
Income from continuing operations	173,920	198,028	121,578
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation of fixed assets	98,718	96,067	96,339
Amortization of other intangible assets	30	25	3
Amortization of debt issuance costs	1,334	1,194	1,280
Loss on early retirement of debt—non cash	1,011	—	778
Amortization of drydock costs	16,471	13,758	10,771
Net periodic benefit costs of defined benefit pension plans	6,680	8,480	10,441
Insurance claims recognized	(1,448)	(3,042)	—
Provisions for reserves and deferred taxes	(8,068)	(21,325)	(10,227)
Equity in net income of non-consolidated joint ventures and equity method investees	(21,963)	(17,536)	(14,950)
Equity in net income of Marine Harvest	—	(60,800)	(11,300)
Gain on sale of equity investment in Marine Harvest	(21,792)	—	—
Minority interest	303	85	55
Foreign currency related losses	6,125	6,451	1,359
(Gain) loss on disposal of assets, net	(3,148)	(4,090)	606
Stock-based compensation expense	5,217	10,345	1,227
Changes in assets and liabilities, net of effect of acquisitions and divestitures:			
(Increase) decrease in trade receivables	(33,272)	1,956	(8,445)
(Increase) decrease in inventories	(496)	342	28,621
Decrease (increase) in prepaid expenses and other current assets	3,430	(24,564)	7,557
(Decrease) increase in accounts payable and other current liabilities	(17,015)	31,780	33,778
Payments of drydock costs	(30,147)	(18,079)	(2,580)
Contributions to defined benefit pension plans	(10,258)	(9,699)	(24,923)
Insurance proceeds from business interruption claims	622	1,100	—
Dividends from non-consolidated joint ventures	1,483	3,279	5,853
Other, net	(1,460)	1,208	4,584
Net cash provided by operating activities—Continuing operations	166,277	214,963	252,405
Net cash (used in) provided by operating activities—Discontinued operations	(797)	3,071	(23,210)
Net cash provided by operating activities	165,480	218,034	229,195
Cash flows from investing activities, net of effect of acquisitions and investments:			
Capital expenditures	(234,004)	(298,338)	(158,321)
Proceeds from sales of ships and other assets	12,383	23,796	9,335
Cash settlement of hedges	—	2,478	—
Investment in joint ventures and equity method investees (Note 4)	(32,148)	(58,736)	(4,900)
Advances (to) from joint ventures and equity method investees (Note 4)	(30,504)	711	(2,522)
Acquisition of Sterling Caviar, net of cash acquired (Note 6)	(1,594)	—	—
Proceeds from sale of Marine Harvest (Note 8)	—	353,450	—
Proceeds from shareholder loan to Marine Harvest (Note 8)	—	64,877	—
Cash contribution to Marine Harvest (Note 8)	—	—	(19,314)
(Increase) decrease in restricted cash deposits	(1,554)	14	(271)
(Increase) decrease in long-term loans and advances to employees and officers (Note 7)	(100)	—	4,758
Insurance proceeds from loss of assets claims	10,655	1,942	—
Other, net	548	2,060	1,756
Net cash (used in) provided by investing activities—Continuing operations	(276,318)	92,254	(169,479)
Net cash provided by (used in) investing activities—Discontinued operations	70,197	(892)	492,107
Net cash (used in) provided by investing activities	(206,121)	91,362	322,628

For the years ended November 30, (in thousands)		2007	2006	2005
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans, net	(Note 15)	123,357	(28,749)	(119,146)
Repayment of long-term debt	(Note 16)	(55,316)	(62,670)	(418,023)
Principal payments under capital lease obligations		(370)	—	—
Proceeds from issuance of long-term debt	(Note 16)	37,000	55,000	100,000
Debt issuance costs		(1,206)	(2,436)	(2,945)
Proceeds from exercise of stock options		3,782	3,970	33,052
Purchase of Treasury Common shares		(11,024)	(134,106)	(54,835)
Dividends paid		(59,784)	(125,768)	(131,066)
Net cash provided by (used in) financing activities—Continuing operations		36,439	(294,759)	(592,963)
Effect of exchange rate changes on cash		3,422	278	(720)
Net (decrease) increase in cash and cash equivalents		(780)	14,915	(41,860)
Cash and cash equivalents at beginning of year		44,502	29,587	71,447
Cash and cash equivalents at end of year		\$ 43,722	\$ 44,502	\$ 29,587

Cash paid for interest and income taxes was as follows:

For the years ended November 30, (in thousands)		2007	2006	2005
Interest, including amounts capitalized		\$ 46,036	\$ 30,833	\$ 47,034
Income taxes		\$ 13,478	\$ 10,269	\$ 8,513

The Company capitalized \$16.5 million, \$4.5 million and \$1.3 million of interest for the years ended November 30, 2007, 2006 and 2005, respectively.

See notes to consolidated financial statements.

1. The Company

Stolt-Nielsen S.A. (“SNSA”), a Luxembourg company and its subsidiaries (collectively, the “Company”) is engaged in the transportation business which includes the tankers, tank containers and terminals divisions which comprise the worldwide transportation, storage, and distribution of bulk-liquid chemicals, edible oils, acids, and other specialty liquids.

The Company is also engaged in the seafood business, which is carried out through Stolt Sea Farm Holdings (“SSF”), and produces, processes and markets turbot, sturgeon, caviar and sole. In December 2006, the Company completed the sale of its 25% share of equity investment in Marine Harvest N.V., (“Marine Harvest”). See Note 8 for further details.

The Company owned an offshore contracting business carried out through Stolt Offshore S.A. (“SOSA”), an offshore contractor to the oil and gas industry, specializing in technologically sophisticated deepwater engineering, flowline and pipeline lay, construction, inspection and maintenance services. The Company sold its remaining ownership interest in SOSA in January 2005. See Note 10, “Discontinued Operations” for further discussion.

On December 18, 2006, SSF completed the sale of its Southern bluefin tuna business, based in Port Lincoln, Australia, to SAMS Holdings (SA) Pty. Ltd. for proceeds totalling AUS \$90.0 million (approximately \$70.2 million at prevailing exchange rates). SSF recognized a gain of approximately \$42.4 million on the transaction in the first quarter of 2007, see Note 10 for further discussion.

The Company’s Common shares traded in the form of American Depositary Shares (“ADS”) (each ADS representing one Common share) in the US on Nasdaq. On April 19, 2007, the Company announced its intention to voluntarily delist from the Nasdaq Global Select Market, to be effective as of the close of trading on May 21, 2007, and to terminate its American Depositary Receipt programme.

The Company also intends to file a Form 15F with the SEC to terminate its registration and reporting obligations under the Securities Exchange Act as soon as it becomes eligible to do so. The Company will maintain its listing in Norway on the Oslo Børs.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the dates of the financial statements and reported amounts of revenues and expenses during the year. 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 finite-lived 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.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all other entities that are more than 50% owned by the Company, except where the Company’s control over the operations is limited by significant participating interests held by other parties. In addition, the Company consolidates variable interest entities (“VIEs”) for which the Company is determined to be a primary beneficiary, if any. See Note 5 for VIEs where the Company is not the primary beneficiary.

A controlling financial interest in a VIE is present when an enterprise has a variable interest that will absorb a majority of the VIE’s expected losses, receive a majority of the VIE’s expected residual returns, or both.

The equity method of accounting is used when the Company has a 20% to 50% interest in other entities, including joint ventures (“equity method investees”). Under the equity method, original investments are recorded at cost and adjusted by the Company’s share of undistributed earnings or losses of these entities determined in accordance with U.S. GAAP. The Company accrues losses in excess of its investment basis when the Company is committed to provide ongoing financial support to the equity investees.

All material intercompany balances are eliminated on consolidation of subsidiaries and consolidated VIEs.

Impairment of Investments in Non-consolidated Equity Method Investees and Joint Ventures

The Company reviews its investments in non-consolidated equity method investees and joint ventures periodically to assess whether there is an “other than temporary” decline in the fair value of the investment in accordance with Accounting Principles Board (“APB”) Opinion No. 18, The Equity Method of Accounting for Investments (“APB Opinion No. 18”). If the decline is “other than temporary” an impairment charge is recognized. In making this determination, the Company considers, among other things, its ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery as well as the severity and duration of the decline in value. If the loss in value is determined to be other than temporary, the amount of the impairment is measured as the difference between the carrying value and the fair value of the asset.

Sale of Stock by Subsidiaries

The Company’s policy is to record gains and losses on sales of stock by its subsidiaries in the consolidated statements of operations, net of the reduction in its economic interest in the subsidiary, unless realization of the gain is uncertain at the time of the sale.

Revenue Recognition

The Company reports its operating revenue on a gross basis with regard to any related expenses in accordance with Emerging Issues Task Force (“EITF”) Issue No. 99-19, “Reporting Revenue Gross as a Principal versus Net as an Agent”, for each of the businesses.

Tankers: The operating results of voyages in progress at the end of each reporting period are estimated and pro-rated on a per day basis for inclusion in the consolidated statements of operations. The consolidated balance sheets reflect the deferred portion of revenues and expenses on voyages in progress at the end of each reporting period as applicable to the subsequent period. Deferred revenues are included in “Accrued Voyage Expenses” in the consolidated balance sheets.

Tankers operates the Stolt Tankers Joint Service (the “Joint Service”), an arrangement in which it provides the coordinated marketing, operation, and administration of deep-sea intercontinental parcel tankers owned or chartered by Tankers. Certain ships that are not owned by Tankers are time chartered under operating leases by Tankers 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.

Tank Containers: Revenues for Tank Containers relate primarily to short-term shipments, with the freight revenue and estimated expenses recognized when the tanks are shipped, based upon agreed rates. Additional miscellaneous revenues earned from other sources are recognized after completion of the shipment.

Terminals: Revenues for terminal operations primarily consist of rental income for the utilization 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 recognized over the time period of usage, or upon completion of specific throughput measures, as specified in the contracts.

SSF: SSF recognizes revenue based on the terms of sale. Where the terms of sale are free on board processing plant, revenue is recognized on dispatch of products to customers. Revenue is recognized 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, and doubtful debt provisions and write-offs.

Operating Expenses

Tankers: Tankers operating expenses include costs directly associated with the operation and maintenance of the parcel tankers. These types of costs include time charter costs, bunker fuel costs, port costs, manning costs (for example, ship personnel and benefits), depreciation expense, sublet costs, repairs and maintenance of tankers, commission expenses, transshipments, drydock expenses, insurance premiums and other operating expenses (for example, voyage costs, barging expenses, provisions, ship supplies, cleaning, cargo survey costs and foreign exchange hedging costs).

Tank Containers: Operating expenses of Tank Containers consist of costs directly associated with the operation and maintenance of the tank containers. These types of costs include ocean and inland freight charges, short-term tank rental expenses, cleaning and survey costs, additional costs (services purchased and charged through to customers), maintenance and repair costs, storage costs, insurance premiums, depreciation expense and other operating expenses (for example, depot expenses, agency fees and refurbishing costs).

Terminals: Operating expenses of terminals consist of costs directly associated with the operation and maintenance of the terminals. These types of costs include labour and benefit costs, depreciation expense, utilities, rail car hire expenses, real estate taxes for sites, maintenance and repair costs, regulatory expenses, disposal costs, storage costs and other operating expenses (for example, throughput charges, survey costs, cleaning, line haul, rail costs and tank car hire costs).

SSF: SSF operating expenses include production cost of goods sold ("PCOGS"), which are costs incurred for the production of juvenile fish and the subsequent growing of juvenile fish into adult fish ready for market. These PCOGS include costs to produce eggs for fertilization, on-site labour/personnel

costs, feed costs, energy costs, contract grower fees, repairs and maintenance costs, oxygen costs, and veterinary fees. Other costs included within operating expenses are costs of fish purchased from third parties, freight costs to customers, all primary and secondary processing and packaging costs, distribution and handling costs, storage, import duties, inventory write downs, lower of cost or market provisions and mortality losses.

Recognition of Provisions for Legal Claims, Suits and Complaints

The Company, in the ordinary course of business, is subject to various claims, suits and complaints. Management, in consultation with internal and external legal counsel, provides for a contingent loss in the consolidated financial statements if the condition existed as of the date of the consolidated financial statements and future events confirming the existence of the contingency are probable and can be reasonably estimated. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies", as interpreted by the Financial Accounting Standards Board ("FASB") Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss", if management has determined that the reasonable estimate of the loss is a range and that there is no best estimate within that range, the Company will provide the lower amount of the range.

Drydocking Costs

Generally, the Company's tanker operations drydock their ships every five years. After a ship is 15 years old a shipping society classification intermediate survey is performed between the second and third year of the five-year drydocking period. The Company capitalizes a substantial portion of the costs incurred during drydocking and for the survey and amortizes those costs on a straight-line basis from the time of completion of a drydocking or intermediate survey to the estimated completion of the next drydocking. The Company expenses costs related to routine repairs and maintenance incurred during drydocking that do not improve or extend the useful lives of the assets.

When significant drydocking expenditures occur prior to the expiration of the original amortization period, the remaining unamortized balance of the original drydocking cost and any unamortized survey costs are expensed in the month of the subsequent drydocking. The unamortized portion was \$45.1 million for 2007 (2006: \$30.5 million) and is deferred in "Other Assets". An amount of \$31.9 million has been capitalized during 2007. Maintenance and repair costs, the amortization of the costs of ship surveys, drydock costs and renewals of tank coatings are included in "Operating Expenses".

Depreciation

Fixed assets are recorded at cost. Assets acquired pursuant to capital leases are capitalized at the present value of the underlying lease obligations and depreciated on the same basis as fixed assets described below unless the term of the lease is shorter.

Depreciation of fixed assets is recorded on a straight-line basis over the useful lives of the assets as follows:

	Years
Parcel tankers and barges	20 to 25
Tank containers	20
Terminal facilities	
Tanks and structures	30 to 40
Other support equipment	5 to 35
SSF	
Transportation equipment	5 to 10
Operating equipment	4 to 10
Buildings	20 to 40
Other assets	2 to 10
Corporate buildings	30 to 50

2. Significant Accounting Policies *continued*

Ships and tank containers are generally depreciated to a residual value which reflects management's estimate of recyclable value or otherwise recoverable value at the end of the estimated useful life of the ship. No residual value is assumed with respect to other fixed assets.

Administrative and General Expenses

Administrative and general expenses include the following costs: personnel and employment, training and development, information systems, communications, travel and entertainment, office costs, publicity and advertising, and professional fees.

These costs are incurred for the following functions: executive management, divisional management, regional management, finance, accounting, treasury, legal, information technology, human resources, office management, sales and marketing, risk and insurance management, ship administrative operations and management (Tankers, Tank Containers and Terminals) and farming administrative management (SSF).

Restructuring Charges

The Company applies SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146") for "one time" involuntary termination costs and other exit or disposal related costs.

The Company provides for "one time" involuntary termination costs at fair value at the date the plans are communicated to employees and when the Company is committed to the plan, and it is unlikely that significant changes will be made to the plan. Once accrued, such costs are amortized over the terminated employees' required period of service, if any. Other costs related to restructuring such as professional service costs, relocation costs and other ancillary costs related to the restructuring are recognized and measured at their fair value in the period in which the liability is incurred and meets the recognition criteria under SFAS No. 146.

The Company accounts for restructuring charges with respect to existing post-employment plans, which includes statutory legal requirements to pay severance costs, under SFAS No. 112 "Employers' Accounting for Post-employment Benefits". In these circumstances, the Company recognizes a provision for severance costs at the date that it is probable that the employee will be entitled to the benefits and when these can be reasonably estimated.

Goodwill and Other Intangibles

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), goodwill and other intangible assets not subject to amortization are reviewed for impairment annually and when an event occurs or circumstances change such that it is reasonably possible that an impairment may exist. Intangible assets which are subject to amortization comprise SSF's electrical cable rights in Spain which are amortized over 25 years.

In a business combination in which the fair value of the identifiable net assets acquired exceeds the cost of the acquired business, the Company reassesses the fair value of the assets acquired. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess (negative goodwill) is first allocated to eligible long-term assets and any remainder recognized immediately in the statement of operations.

Valuation of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used in the business, other than goodwill and intangible assets with indefinite lives and assets held for sale, when events and circumstances require such an evaluation. If the carrying value of a long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair market value for assets to be held and used.

Capitalized Interest

Interest costs incurred during the construction period of significant assets are capitalized and charged to depreciation expense over the useful lives of the related assets.

Deferred Debt Issuance Costs

Debt issuance costs are capitalized and amortized to interest expense over the term of the debt to which they relate. Amortization of debt issuance costs are included in "Interest Expense" in the consolidated statements of operations. Deferred debt issuance costs are included in "Other Assets".

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). SFAS No. 109 requires recognition of deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Such deferred tax assets and liabilities are measured by applying enacted tax rates and laws to taxable years in which such differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized.

The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statements of operations in the period in which the enactment date occurs. Provision for income taxes on unremitted earnings is made only for those amounts that are not considered to be permanently reinvested.

Discontinued Operations and Non Current Assets Held for Sale

Discontinued operations include entities disposed of or classified as held for sale. Assets and liabilities held for sale are measured at the lower of fair value less costs of disposal and carrying amount and assets are not depreciated. The results of discontinued operations are presented separately in the income statement. Similarly, assets and related liabilities are presented as separate items in the balance sheet and the cash flows from discontinued operations are presented separately in the cash flow statement.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, time deposits and certificates of deposit with an original maturity of three months or less.

Inventories

SSF's raw materials, biomass, and finished goods are valued at average production cost or market price, whichever is lower. Finished goods consist of frozen and processed fish products. SSF capitalizes all direct and indirect costs of producing fish into inventory. This includes depreciation of production assets, and farming overheads including site or farming regional management.

Because SSF deals with living organisms, there is a natural level of mortality in the life cycle, which is unavoidable in the development process from egg to grown fish. This normal mortality varies by species, region, and the stage in the life cycle of the fish. Normal expected mortality levels are set by management in each region depending on the species they farm. Because normal mortalities are an expected cost of getting fish to market, the costs incurred due to normal mortality are carried in the cost of inventory of the remaining fish which are subsequently harvested and sold. Abnormal mortality is mortality which exceeds normal mortality levels. This is usually caused by an identifiable external factor such as a disease outbreak, an accident, adverse weather or water conditions, unusual adverse interaction with other natural organisms, attacks by predators, sabotage or other such factors. Abnormal mortalities are expensed as incurred.

Costs are charged to operations as the fish are harvested and sold, based on the accumulated costs capitalized into inventory at the start of the month of harvesting, and in proportion to the number of fish or biomass of fish harvested as a proportion of the total at the start of that same month. Harvesting, processing, packaging and freight costs, which comprise most of the remaining operating expenses, are expensed in the month in which they are incurred.

Tank Container inventory consists of parts for repairing and refurbishing tank containers and Flexibags. Flexibags are large, disposable polyethylene, rubber or thermo-plastic bags that fit inside a standard 20-foot dry box container and can be used to transport non-hazardous and food grade products.

Inventories are measured at the lower of cost and market.

Foreign Currency Translation and Transactions

SNSA, incorporated in Luxembourg, has U.S. dollar share capital and dividends are expected to be paid in U.S. dollars. SNSA's reporting currency is the U.S. dollar.

The Company translates the financial statements of its non-U.S. subsidiaries into U.S. dollars from their functional currencies (usually local currencies) in accordance with the provisions of SFAS No. 52, "Foreign Currency Translation" ("SFAS No. 52").

Under SFAS No. 52, assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at exchange rates which approximate the average rate prevailing during the year.

The resulting translation adjustments are recorded in a separate component of "Accumulated other comprehensive income, net" as "Translation adjustments, net" in the consolidated statements of shareholders' equity.

Exchange gains and losses resulting from transactions denominated in a currency other than the functional currency are included in "Foreign currency exchange (loss) gain" in the consolidated statements of operations.

Financial Instruments

The Company follows SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", ("SFAS No. 133"), and has identified and designated all derivatives within the scope of SFAS No. 133, as amended. SFAS No. 133 requires that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

A derivative may be embedded in another financial instrument or any other contract for products and services which is known as the host contract. Where the economic characteristics and risks of an embedded derivative are not closely related to those of the host contract the embedded derivative is separated from the host and held on the balance sheet at fair value. Movements in fair value are posted to the statement of operations, whilst the host contract is accounted for in accordance with the specific accounting guidance in relation to that asset or liability.

Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the statement of operations, and requires that a company formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

The Company enters primarily into forward exchange contracts to hedge foreign currency transactions on a continuing basis for periods consistent with its committed and forecasted exposures. This hedging minimizes the impact of foreign exchange rate movement on the Company's U.S. dollar results.

The Company's foreign exchange contracts do not subject the Company's results of operations to risk due to exchange rate movements because gains and losses on these contracts offset gains and losses on the forecasted transactions being hedged. Generally, currency contracts designated as hedges of commercial commitments mature within two years.

For each derivative contract, the relationship between the hedging instrument and hedged item, as well as its risk-management objective and strategy for undertaking the hedge is formally documented. This process includes linking all derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Contracts are typically held to their maturity date matching the hedge with the asset or liability hedged.

The derivative instrument terms (currency, maturity and amount) are matched against the underlying asset or liability resulting in hedge effectiveness. Hedges are never transacted for trading purposes or speculation. Unrealized gains and losses on foreign exchange contracts designated as a cash flow hedge are recorded as an asset or liability in the consolidated balance sheet, with the effective portions recorded in "Accumulated other comprehensive income, net" and any ineffective portions recognized in the consolidated statement of operations. The hedge contract gains or losses within accumulated other comprehensive income, net are included on the same line in the statement of operations and in the same period as the underlying transaction. For hedge contracts designated as fair value hedges, all realized and unrealized gains or losses are recorded in the consolidated statements of operations.

The Company operates in a large number of countries throughout the world and, as a result, is exposed to currency fluctuations largely as a result of incurring operating expenses in the normal course of business. The Company hedges forecasted future payments to suppliers that require payment in a currency other than the functional currency of the operating company. The Company manages these exposures by entering into derivative instruments pursuant to the Company's policies in areas such as counter party exposure and hedging practices.

The Company also uses interest rate swaps to hedge certain underlying debt obligations. For qualifying hedges, the interest rate differential between the debt rate and the swap rate is reflected as an adjustment to interest expense over the life of the swap in the consolidated statements of operations.

The Company uses bunker fuel hedge contracts to lock in the price for a portion of future forecasted bunker requirements. The hedge contracts are matched against the type of bunker fuel being purchased resulting in effectiveness between the hedge contract and the bunker fuel purchases. Bunker fuel contracts are designated as cash flow hedges and all unrealized gains or losses are recorded in "Accumulated other comprehensive income, net" and as an asset or liability on the consolidated balance sheets. On maturity, the hedge contract gains or losses are reclassified to earnings and therefore included in the underlying cost of the bunker fuel costs in the consolidated statements of operations. This accounting treatment is also applied to foreign currency hedges and interest rate swaps, except for foreign currency hedges relating to ship building contracts. Gains and losses on foreign currency hedges relating to ship building contracts are capitalized and depreciated over the estimated useful life of the ships.

2. Significant Accounting Policies *continued*

Pensions and Other Post-retirement Benefits

Certain of the U.S. and non-U.S. subsidiaries of the Company have pension (defined contribution and defined benefit) plans and other post-retirement plans, which cover substantially all of the Company's shore-based employees and certain ship officers of the Company.

The defined benefit plans are funded in conformity with the funding requirements of applicable government regulations. Generally, benefits are based on age, years of service, and the level of compensation during the final years of employment. Prior service costs for defined benefit plans are generally amortized over the estimated remaining service periods of employees participating in that plan. The Company's contributions to these plans are based on a percentage of employee compensation or employee contributions. In addition to pension benefits, certain post-retirement medical benefits are provided, principally to most U.S. employees. Retirees in other countries are generally covered by government-sponsored programmes.

The Company uses the corridor approach in the valuation of defined benefit plans and other post-retirement benefits. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions. For defined benefit pension plans, these unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. For other post-retirement benefits, amortization occurs when the net gains and losses exceed 10% of the accumulated post-retirement benefit obligation at the beginning of the year. The amount in excess of the corridor is amortized over the average remaining service period to retirement date of active plan participants or, for retired participants, the average remaining life expectancy of such retirees.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans" ("SFAS No. 158"), which amends SFAS No. 87, "Employers' Accounting for Pensions", SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", SFAS No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions" and SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Post-retirement Benefits"—an amendment of FASB Statements No. 87, 88, and 106.

SFAS No. 158 requires an employer to recognize the funded status of a defined benefit plan, measured as the difference between plan assets and the projected benefit obligation, in its consolidated balance sheet.

Actuarial gains or losses and prior service cost or benefits that have not yet been recognized through earnings as net periodic benefit cost will be recognized as a component of accumulated other comprehensive income, net of tax, until they are amortized as a component of net periodic benefit cost. The Company adopted SFAS No. 158 for the year ended November 30, 2007.

The adoption of SFAS No. 158 resulted in a credit to other assets of \$2.2 million, a debit to deferred tax assets of \$3.6 million and a credit to other liabilities of \$4.5 million, resulting in a decrease in SNSA's accumulated other comprehensive income of \$3.1 million, net of tax. The measurement date of some plans was changed to November 30.

Stock-based Compensation

In accordance with SFAS No. 123(R), "Share-based Payment", the Company recognizes stock-based compensation expense based on fair value at the grant date. Related compensation expense is recognized over the vesting period for awards expected to ultimately vest. The Company uses the Black-Scholes-Merton option pricing model to determine the fair value of its stock-based compensation plans.

Upon adoption of SFAS 123(R) on December 1, 2005, the Company used the modified prospective transition method, under which prior year financial statements were not adjusted or restated. Under the modified prospective transition method, SFAS No. 123(R) was applied to:

- a) new awards granted after the adoption of SFAS No. 123(R); and
- b) any portion of awards that were granted after the first fiscal year beginning after December 15, 1994 and had not vested or were amended before December 1, 2005.

Prior to December 1, 2005, the Company accounted for the plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees".

Earnings Per Common Share

Basic Earnings Per Common Share ("EPS") is computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted EPS is computed by adjusting the weighted average number of shares outstanding during the year for all potentially dilutive shares and equivalents outstanding during the year using the Treasury stock method.

As further discussed in Note 19, "Capital Stock, Founder's Shares and Dividends Declared", Founder's shares, which provide the holder thereof with certain control features, only participate in earnings to the extent of \$0.005 per share for the years in which dividends are declared, and are limited to \$0.05 per share upon liquidation. For the purposes of computing EPS, dividends paid on Founder's shares are deducted from earnings to arrive at net income attributable to Common shareholders. Founder's shares are not included in the basic or diluted weighted average shares outstanding in the computation of income per Common share.

The outstanding stock options under the 1987 Stock Option Plan and 1997 Stock Option Plan are included in the diluted EPS calculation to the extent they are dilutive.

The following is a reconciliation of the numerator and denominator of the basic and diluted EPS computations:

For the years ended November 30, (in thousands, except per share data)	2007	2006	2005
Net Income	\$ 216,363	\$ 199,915	\$ 483,019
Less: dividends on Founder's shares	(75)	(155)	(82)
Net income attributable to Common shareholders	\$ 216,288	\$ 199,760	\$ 482,937
Basic weighted average shares outstanding	59,526	62,243	64,864
Dilutive effect of stock options	596	684	1,354
Diluted weighted average shares outstanding	60,122	62,927	66,218
Basic income per share	\$ 3.63	\$ 3.21	\$ 7.45
Diluted income per share	3.60	3.17	7.29

Outstanding stock options to purchase 1,376,299 shares and 1,287,850 shares were not included in the computation of diluted EPS for the years ended November 30, 2007 and 2006, respectively, because the net effect of these stock options would have been antidilutive.

Impact of New Accounting Pronouncements

Since the Company has decided to report under International Financial Reporting Standards ("IFRS") from the year ending November 30, 2008, we have not considered the effect of new accounting pronouncements under U.S. GAAP.

3. SAB 108—Cumulative Effect Adjustment to Retained Earnings

In September 2006, the Securities and Exchange Commission (the "SEC") issued Staff Accounting Bulletin No. 108 (Topic 1N) "Financial Statements—Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides guidance on how to evaluate prior period financial statement misstatements for purposes of assessing their materiality in the current period.

There are two widely recognized methods for quantifying the effects of financial statement misstatements: the "rollover" or income statement method and the "iron curtain" or balance sheet method. Historically, the Company used the "rollover" method. Under this method the Company quantified its financial statement misstatements based on the amount of errors originating in the current-year income statement, and as a result did not consider the effects of prior-year misstatements to be material to the Company's financial statements. The iron curtain method quantifies a misstatement based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year, irrespective of the misstatement's origination.

SAB 108 now requires that the Company must consider both the rollover and iron curtain methods ("dual method") when quantifying misstatements in the financial statements.

Upon adoption, SAB 108 permits the Company to adjust for the cumulative effect of errors that were previously considered immaterial under the rollover method that are now considered material under the dual method.

The Company adopted SAB 108 in September 2006 and recorded a cumulative effect adjustment of \$12.9 million to correct certain errors that were identified in 2006 relating to its accounting for certain equity method investments which originated generally in periods prior to December 1, 2003. This adjustment affected the carrying amount of equity investments with an offsetting adjustment to the opening balance of retained earnings at December 1, 2005.

The errors which resulted in this adjustment related principally to the Company's investment in NYK Stolt Tankers S.A. ("NYK Stolt") and arose as a consequence of, amongst other things (i) errors in the conversion of NYK Stolt's results from Japanese GAAP to U.S. GAAP, (ii) errors in the recording of transactions between NYK Stolt and the Company and (iii) errors in the application of APB Opinion No. 18. This adjustment was not deemed to be material, individually and in the aggregate, both quantitatively and qualitatively, prior to the adoption of SAB 108, using the rollover method. There was no significant tax effect for this adjustment.

4. Investments in and Advances to Non-consolidated Joint Ventures and Equity Method Investees

Investments in and advances to non-consolidated joint ventures consisted of the following:

As of November 30, (in thousands)	Geographic Location	2007 Ownership %	2007	2006
Tankers:				
NYK Stolt Tankers S.A.	Japan	50	\$ 42,807	\$ 40,478
Stolt NYK Asia Pacific Inc	Singapore	50	18,517	12,564
Shanghai Sinochem—Stolt Shipping Ltd	China	49	32,299	9,985
NYK Stolt Shipholding Inc	Singapore	50	4,993	2,946
SIA LAPA Ltd	Latvia	49	1,078	1,059
Stoltchem Ship Management (Shanghai) Ltd	China	49	152	109
Shanghai New Ying Yang Marine Services Co. Ltd	China	40	83	60
			99,929	67,201
Tank Containers:				
Hyop Woon Stolt Transportation Services Co. Ltd	South Korea	50	719	657
N.C. Stolt Transportation Services Co. Ltd	Japan	50	527	605
N.C. Stolt Chuyko Transportation Services Co. Ltd	Japan	35	198	185
Stolt PTC Bitubulk Pte	Singapore	50	46	—
			1,490	1,447
Terminals:				
Oiltanking Stolthaven Antwerp, NV	Belgium	50	105,035	56,489
Jeong-IL Stolthaven Ulsan Co. Ltd	South Korea	50	23,563	21,098
Stolthaven (Westport) Sdn. Bhd.	Malaysia	49	3,816	1,329
Stolthaven Ningbo Co Ltd	China	50	4,451	—
Tianjin Lingang Stolthaven Jetty Company	China	40	8,435	—
			145,300	78,916
Total			\$ 246,719	\$ 147,564

On June 12, 2006, the Company entered into a joint venture agreement with Lingang Harbor Affairs company (“LHAC”) to establish the Tianjin Lingang Stolthaven Jetty Company which was established to own and operate a jetty and docks to be contributed by LHAC. LHAC contributed the jetty in December 2007.

On December 21, 2006, the Company announced the signing of an agreement with CITIC Daxie Development Co. in Ningbo, China to establish a joint venture to design, construct, own and operate a state-of-the-art chemical and oil products terminal on Daxie Island. Each party owns 50% of the newly formed joint venture company, Stolthaven Ningbo Co. Ltd (“Stolthaven Ningbo”).

On July 21, 2006, the Company purchased 50% of the outstanding shares of Oiltanking Stolthaven Antwerp N.V. (“Oiltanking Antwerp”) from Oiltanking Ghent N.V. The Company also entered into a Joint Venture Agreement (“JV Agreement”) with Oiltanking GmbH (“Oiltanking”). The purpose of the joint venture is to provide independent tank terminal services and activities in the Port of Antwerp for bulk-liquid products, animal and vegetable oils, gas products and other products. The purchase consideration could be adjusted in future for the following contingency relating to an acquisition made by Oiltanking in January 2001. As part of the purchase of Oiltanking Antwerp certain indemnities were given to the Company. Any payments made or cash received as a consequence of these indemnities will be recorded when the contingency is resolved and consideration is paid or becomes payable.

Oiltanking also has a contingent call option to repurchase all shares held by the Company in Oiltanking Antwerp if certain revenue targets have not been met within the three years ending September 13, 2009. The Company has evaluated the value of the call option considering, amongst other things, estimated revenue targets. Based on this evaluation, management considers the likelihood of Oiltanking exercising this option to be remote and, accordingly, the value of the call option is currently not significant. The Company will continue to monitor this position and if it appears probable that the revenue targets will not be met, any liability that is expected to be created upon exercise of this call option will be recorded.

The only significant intangible asset identified as a part of this acquisition was Oiltanking's concession agreement with the Port Authority of Antwerp which will expire in 2030. Based on market rates for similar concession agreements at the date of acquisition, the fair value of this concession was valued at \$9.3 million which is reflected in the value of equity investment in non-consolidated joint ventures. This asset is being amortized on a straight-line basis over the remaining life of the concession agreement of 24 years.

Goodwill represents the residual of the purchase consideration over the fair value of the assets and liabilities acquired. Based on the fair value of assets and liabilities acquired as a part of this equity method investment, goodwill is \$26.9 million.

Summarized financial information of the Company's non-consolidated joint ventures and equity method investees representing 100% of the respective amounts included in the individual non-consolidated joint ventures' financial statements is as follows:

For the years ended November 30, (in millions)	2007	2006	2005
Income statement data			
Operating revenue	\$ 282.8	\$ 196.2	\$ 196.0
Gross profit	92.0	71.2	63.0
Net income	48.8	30.5	29.0
As of November 30, (in millions)	2007	2006	
Balance sheet data			
Current assets	\$ 125.2	\$ 87.5	
Non-current assets	692.2	570.6	
Current liabilities	131.0	163.2	
Non-current liabilities	379.0	292.2	

The statement of operations for the non-consolidated joint ventures and equity method investees presented above includes the following items related to transactions with the Company:

For the years ended November 30, (in millions)	2007	2006	2005
Charter hire revenue	\$ 44.4	\$ 47.2	\$ 46.6
Tank container cleaning station revenue	3.7	3.8	4.4
Other revenue	0.1	—	—
Charter hire expense	25.3	18.6	60.1
Management and other expenses	4.7	4.7	4.1
Freight and Joint Service commission expense	1.4	1.4	1.4
Interest expense	6.4	2.3	1.1
Profit sharing expense	0.6	0.6	—
Other expense	0.4	1.0	—

The above charter hire revenues are amounts distributed to NYK Stolt, a non-consolidated joint venture of the Company.

See Note 7 for amounts due from and to the Company from non-consolidated joint ventures and equity method investees.

5. Non-consolidated Variable Interest Entities

NYK Stolt

On August 31, 1987, Nippon Yusen Kaisha Ltd, (“NYK”) and the Company entered into a shareholders’ agreement by which they incorporated NYK Stolt, a company registered in the Republic of Panama. NYK Stolt’s purpose is to enter into bareboat or time charter agreements with outside ship-owners and to operate the ships in accordance with such charter agreements. In any of these charter agreements, NYK Stolt may have the option to purchase a ship which it will exercise if agreed by the shareholders of NYK Stolt.

The Company’s equity investment in NYK Stolt was \$3.2 million and \$1.0 million at November 30, 2007 and 2006, respectively. Since its incorporation, both NYK and the Company have loaned money to NYK Stolt on several occasions, always in exactly equal amounts. Total loans and interest payable to the Company as of November 30, 2007 and 2006 were \$39.6 million and \$39.5 million, respectively. The loans have a variable interest rate of 6.39% at November 30, 2007 and 2006. The interest income on the loans is being capitalized by the Company. In 2007, a \$2.5 million repayment has been received by both shareholders. The latest due date of the debt after refinancing is in 2020.

Management’s evaluation of NYK Stolt’s joint venture agreements has identified that the Company has variable interests due to the terms of the investment in the entity’s activities and the structure of the financial support provided to the entity. The terms of the joint venture agreement do not expose the Company to the majority of expected cash flow variability and, therefore, this entity is not consolidated.

NSA’s maximum exposure to loss is the cost of the investment and loan balance which totalled \$42.8 million and \$40.5 million as of November 30, 2007 and 2006, respectively.

Stolthaven Ningbo

Stolthaven Ningbo was established on December 31, 2006 and is in the early stage of construction of a bulk-liquid terminal for the storage of chemicals and oil products. The Company contributed \$4.5 million for its 50% share of Stolthaven Ningbo.

Management’s evaluation of Stolthaven Ningbo has identified that the Company has variable interests due to the total equity investment at risk not being sufficient to permit the entity to finance its activities without additional financial support provided by others, including its equity holders. This is due to Stolthaven Ningbo being a development stage entity and not having obtained external financing. The terms of the joint venture agreement do not expose the Company to the majority of expected cash flow variability and, therefore, this entity is not consolidated.

NSA’s maximum exposure to loss is the cost of the investment which totalled \$4.5 million and nil as of November 30, 2007 and 2006, respectively.

6. Acquisitions

Acquisition of Sturgeon and Caviar business

On December 21, 2006, the Company announced that through its wholly owned subsidiary, Stolt Sea Farm (“SSF”) it acquired a 75% equity stake in the sturgeon and caviar business, Sterling Caviar LLC, (“Sterling Caviar”) from Marine Harvest.

The total purchase consideration, which consisted of cash of \$3.8 million and the assumption of loans of \$1.6 million, represented the existing book value of the operations. Sterling Caviar has been consolidated in the Company’s financial statements since the date of acquisition.

The Company recorded the Sterling Caviar acquisition under the purchase method of accounting, with assets and liabilities of Sterling Caviar reflected at their estimated fair values. The Company’s only material fair value adjustment related to inventory and resulted in a \$2.2 million increase in the balance. Adjustments to inventory were based upon the inventory market values at the date of purchase. A deferred income tax liability of \$0.9 million was recorded in relation to the fair value adjustment.

In accordance with the purchase method of accounting, the excess of the fair value of net assets acquired over the purchase price (“negative goodwill”) of \$1.3 million was allocated to Sterling Caviar’s long-term assets which at the purchase date consisted of fixed assets.

7. Related Party Transactions

Chairman Transactions

During the years ended November 30, 2007 and 2006, the Company’s chairman Jacob Stolt-Nielsen contracted certain ship management and other services from the Company totalling \$0.4 million for 2007 and \$0.7 million for 2006. He repaid \$0.5 million and \$0.8 million in 2007 and 2006, respectively, leaving a balance payable to the Company of nil and \$0.1 million as of November 30, 2007 and 2006, respectively. The maximum amount outstanding from Mr. Jacob Stolt-Nielsen during the year was \$0.2 million and \$0.6 million for 2007 and 2006, respectively.

Employee and Officer Loans and Advances

Included in “Other current assets” are loans and advances to employees and officers of the Company of \$1.2 million as of November 30, 2007 and 2006.

In addition, included in “Other assets” are loans and advances to employees and officers of the Company of \$0.3 million and \$0.2 million as of November 30, 2007 and 2006, respectively. Such loans and advances primarily represent secured housing loans that have been provided to key employees in connection with their relocation, along with advances for travel and other costs.

Transactions with Non-consolidated Joint Ventures and Equity Method Investees

The balance sheet data for the non-consolidated joint ventures and equity method investees in Note 4 includes the following items related to transactions with the Company:

As of November 30, (in millions)	2007	2006
Amounts due from the Company	\$ 2.5	\$ 7.8
Amounts due to the Company	82.7	43.8

Included within “Amounts due to the Company” is \$4.8 million and \$4.4 million as of November 30, 2007 and 2006, respectively, for trade receivables from joint ventures. These amounts are reflected in the consolidated balance sheets as “Receivables from related parties”. The remaining amounts due to the Company are included in “Investments in and advances to non-consolidated joint ventures and equity method investees”. Amounts due from the Company are included in “Other current liabilities” in the consolidated balance sheets.

8. Investment in and Loan to Marine Harvest

Contribution of Net Assets to Marine Harvest

On April 29, 2005, the Company completed the merger of the salmon operations of SSF and Nutreco Holding N.V.'s ("Nutreco") worldwide fish farming, processing, and marketing and sales operations into a new stand-alone business entity, Marine Harvest. The Company retained the turbot and sole operations in Europe and the Southern bluefin tuna operations in Australia. The Southern bluefin tuna operations were sold in December 2006, (see Note 10). The Company accounted for its 25% investment in Marine Harvest under the equity method of accounting beginning on April 29, 2005.

The following table represents the balance sheet changes reflected in the contribution of net assets to Marine Harvest on the consolidated statement of cash flows for the year ended November 30, 2005. As of April 29, 2005, the date of the contribution of net assets to Marine Harvest, the SSF cash and cash equivalents balance was \$19.3 million, and has been reflected in the consolidated statement of cash flows for the year ended November 30, 2005 as a net reduction in cash flows from investing activities:

	(in thousands)
Deferred income taxes	\$ (7,759)
Minority interest	(2,938)
Trade receivables, net	42,859
Inventories	173,230
Prepaid expenses and other current assets	9,850
Accounts payable and accrued expenses	(48,940)
Investments in and advances to non-consolidated joint ventures	3,488
Fixed assets, net	83,577
Other assets	1,298
Goodwill and other intangible assets, net	37,063
Long-term debt, including current maturities	(7,645)
Investment in Marine Harvest	(253,100)
Loan to Marine Harvest	(64,600)
Change in cumulative translation adjustment	14,303
	\$ (19,314)

Sale of Marine Harvest

On March 6, 2006, the Company announced that it and Nutreco agreed to sell their entire ownership interests in Marine Harvest to Geveran Trading Co. Ltd. ("Geveran") for total cash proceeds of €1.2 billion (\$1.4 billion). On March 29, 2006, the Company received prepayment proceeds of \$353.5 million, representing the prepayment proceeds from the sale of its 25% ownership interest in Marine Harvest.

The sale to Geveran was subject to obtaining approvals from various competition and regulatory authorities. Accordingly, completion of the sale and the transfer of shares to Geveran was deferred until such approvals were received. Given the conditions, the Company continued to account for Marine Harvest under the equity method for the year ended November 30, 2006, and deferred recognition of the gain on sale of Marine Harvest until all such approvals were received.

On December 29, 2006, Geveran received the necessary approvals from the competition and regulatory authorities and the sale was subsequently completed. The Company recorded a gain on sale of Marine Harvest of \$21.8 million in the first quarter of 2007.

Carrying Value of Investment

The Company's investment in and loan to Marine Harvest as of November 30, 2006, comprised:

As of November 30,	2006
(in millions)	
Cost of investment in Marine Harvest	\$ 253.1
Equity in net income of Marine Harvest	72.1
Trade receivable paid	(2.4)
Total	\$ 322.8

On February 13, 2006, Marine Harvest closed a €350.0 million unsecured revolving credit facility. This facility was used to repay the Company's shareholder loan of \$64.9 million.

Summarized Financial Data of Marine Harvest

Marine Harvest follows a calendar year end and accordingly the financial information presented below is for the year ended December 31, 2006 and eight months ended December 31, 2005. The Company used the results for these periods to calculate the equity in net income of Marine Harvest in 2006 and 2005, respectively.

8. Investment in and Loan to Marine Harvest *continued*

The following represents summarized financial data for Marine Harvest prepared under the EU-IFRS for the year ended December 31, 2006 and eight months ended December 31, 2005:

	For the year ended December 31, 2006	For the eight months ended December 31, 2005
Income statement data		
(in millions)		
Operating revenue	\$ 1,393.0	\$ 875.0
Operating income	292.0	123.0
Net income	251.0	95.0
Balance sheet data		
(in millions)		
Current assets	\$ 1,282.0	
Non-current assets	427.0	
Current liabilities	301.0	
Non-current liabilities	314.0	
Shareholders' equity	1,094.0	

9. Goodwill and Other Intangible Assets

Intangible assets are shown below, net of accumulated amortization:

As of November 30, (in millions)	2007	2006
Intangible assets	\$ 0.7	\$ 25.5
Accumulated amortization	(0.1)	(1.7)
Net intangible assets	0.6	23.8
Goodwill	0.3	0.3
Total	\$ 0.9	\$ 24.1

Intangible assets not subject to amortization were nil and \$23.3 million as of November 30, 2007 and 2006, respectively. At November 30, 2006, the assets consisted of the SSF Southern bluefin tuna quota rights in Australia. The Company disposed of the Southern bluefin tuna business on December 18, 2006. The amortization expense for other intangible assets was nil, \$0.1 million and \$0.1 million in the years ended November 30, 2007, 2006 and 2005, respectively.

The net carrying value of intangible assets subject to amortization was \$0.6 million and \$0.5 million as of November 30, 2007 and 2006, respectively, primarily consisting of the electrical cable rights for the Vilano turbot site at SSF. Finite-lived intangible assets are amortized over a weighted average useful life of 25 years.

Amortization expense of other intangible assets subject to amortization is expected to be less than \$0.1 million in each of the next five years.

Goodwill was \$0.3 million and \$0.3 million as of November 30, 2007 and 2006, respectively, all of which related to Tank Containers goodwill.

10. Discontinued Operations

On December 18, 2006, the Company announced that SSF had completed the sale of its Southern bluefin tuna business, based in Port Lincoln, Australia, to SAMS Holdings (SA) Pty. Ltd. for proceeds totalling AUS \$90.0 million (approximately \$70.2 million at the then prevailing exchange rate). The sale is in line with SSF's strategy of developing species where biological know-how and technology expertise create a fundamental advantage. The Company reported a net gain of \$42.4 million on the transaction.

The following table summarizes the results of operations of the Southern bluefin tuna business:

For the years ended November 30, (in millions)	2006	2005
Operating revenue	\$ 11.4	\$ 14.0
Operating expenses	(8.4)	(17.7)
Gross profit (loss)	3.0	(3.7)
Administrative and general expenses	(0.6)	(0.7)
Gain on disposal of assets, net	0.1	12.2
Operating income	2.5	7.8
Foreign currency exchange gain (loss)	0.1	(0.7)
Income before taxes	2.6	7.1
Income tax provision	(0.7)	(2.6)
Profit from discontinued operations	\$ 1.9	\$ 4.5

The results of operations for the Southern bluefin tuna business for the year ended November 30, 2007, prior to disposal, were minimal.

On January 13, 2005, the Company sold all of its shares in Stolt Offshore S.A. for an aggregate gross value of \$504.3 million in a private placement. A gain on sale of the investment of \$355.9 million was recognised. Income from discontinued operations for Stolt Offshore S.A. was \$1.1 million for the year ended November 30, 2005.

11. Gain on Disposal of Assets, Net

Gain on disposal of assets, net is comprised of the following:

For the years ended November 30, (in thousands)	2007	2006	2005
Gain (loss) on the sale of Tanker ships	\$ 2,285	\$ 3,107	\$ (1,802)
Gain on miscellaneous sales of land/condominium	—	1,256	1,671
Loss on closure of office building	—	(4)	(1,077)
Gain on sale of investments in securities	—	—	567
Gain (loss) on sale of other assets	192	(239)	(46)
Gain (loss) on sale of tank containers	671	(29)	81
	\$ 3,148	\$ 4,091	\$ (606)

During 2007, Tankers recorded gains of \$2.3 million from the sales of the *Stolt Hamburg*, *Stolt Avenir*, *Stolt Koeln* and *Stolt Emden*. During 2006, sales of tanker ships resulted in gains of \$3.1 million associated with the sales of the *Stolt Taurus*, *Stolt Titan*, *Stolt Avance*, *Stolt Roma* and *Stolt London*.

12. Restructuring Charges

The following tables summarize accrued restructuring charges for the years ended November 30, 2007, 2006 and 2005:

For the year ended November 30, 2007 (in thousands)	Opening Balance	Expensed in the Year	Paid in the year	Closing Balance
Personnel and severance costs	\$ 1,131	\$ 289	\$ (898)	\$ 522
Professional fees	—	5	(5)	—
Relocation costs	—	174	(174)	—
Other	189	(26)	(11)	152
Total	\$ 1,320	\$ 442	\$ (1,088)	\$ 674

For the year ended November 30, 2006 (in thousands)	Opening Balance	Expensed in the Year	Paid in the year	Closing Balance
Personnel and severance costs	\$ 2,685	\$ 1,140	\$ (2,694)	\$ 1,131
Professional fees	—	111	(111)	—
Relocation costs	—	369	(369)	—
Other	110	141	(62)	189
Total	\$ 2,795	\$ 1,761	\$ (3,236)	\$ 1,320

For the year ended November 30, 2005 (in thousands)	Opening Balance	Expensed in the Year	Paid in the year	Closing Balance
Personnel and severance costs	\$ 1,859	\$ 3,418	\$ (2,592)	\$ 2,685
Professional fees	—	566	(566)	—
Relocation costs	—	2,506	(2,506)	—
Other	116	574	(580)	110
Total	\$ 1,975	\$ 7,064	\$ (6,244)	\$ 2,795

In June 2004, the Company announced a restructuring plan which included the relocation of key operational and administrative functions from Houston, Texas and Greenwich, Connecticut to Rotterdam, the Netherlands; London, United Kingdom; and Manila, the Philippines. The majority of the restructuring plan is expected to be complete in 2008.

Summarized below are the restructuring costs incurred from June 2004 to November 30, 2007:

	Total Amount Incurred up to December 1, 2006	Amount Incurred In 2007
(in thousands)		
Tankers		
Personnel and severance costs	\$ 5,407	\$ (76)
Professional fees	691	5
Relocation costs	2,818	174
Other	828	(26)
Total	\$ 9,744	\$ 77
Tank Containers		
Personnel and severance costs	\$ 577	\$ —
Professional fees	74	—
Relocation costs	301	—
Other	89	—
Total	\$ 1,041	\$ —
Terminals		
Personnel and severance costs	\$ 292	\$ —
Professional fees	37	—
Relocation costs	147	—
Other	45	—
Total	\$ 521	\$ —
SNSA Corporate		
Personnel and severance costs	\$ 84	\$ 365
Professional fees	18	—
Relocation costs	81	—
Other	15	—
Total	\$ 198	\$ 365
Grand total		
Personnel and severance costs	\$ 6,360	\$ 289
Professional fees	820	5
Relocation costs	3,347	174
Other	977	(26)
Total	\$ 11,504	\$ 442

13. Income Taxes

The following tables present the U.S. and non-U.S. components of the income tax provision for the years ended November 30, 2007, 2006 and 2005:

For the years ended (in thousands)	2007	2006	2005
Current:			
U.S.	\$ 964	\$ 1,610	\$ 381
Non-U.S.	12,903	15,540	6,939
Deferred:			
U.S.	(6,081)	(9,564)	(4,898)
Non-U.S.	(1,987)	(2,561)	4,584
Income tax provision	\$ 5,799	\$ 5,025	\$ 7,006

During 2007 various foreign currency tax provisions have been revalued and a foreign exchange loss of \$1.5 million has been included in the non-U.S. current tax charge.

13. Income Taxes *continued*

The following presents the reconciliation of the provision for income taxes to United States federal income taxes computed at the statutory rate:

	2007	2006	2005
(in thousands)			
Income from continuing operations before income tax provision, minority interest and equity in net income of Marine Harvest	\$ 158,230	\$ 142,338	\$ 117,339
Tax at U.S. federal rate (35%)	\$ 55,381	\$ 49,818	\$ 41,069
Differences between U.S. and non-U.S. tax rates	(487)	(3,812)	(3,349)
Income not subject to income tax	(43,668)	(39,451)	(40,611)
Losses not benefited and change in valuation allowance	(303)	(2,885)	7,844
Write-off of deferred tax assets set up in prior years in companies contributed to Marine Harvest	—	—	11,315
Reversal of United Kingdom Controlled Foreign Company reserve	—	—	(6,361)
Adjustments to estimates relative to prior years	(4,752)	(1,614)	(435)
Other, net	(372)	2,969	(2,466)
Income tax provision	\$ 5,799	\$ 5,025	\$ 7,006

Substantially all of Tankers' shipowning and ship operating subsidiaries are incorporated in countries which do not impose an income tax on the operating profits of shipping operations.

The components of the deferred tax assets and liabilities as of November 30, 2007 and 2006 are as follows:

	2007	2006
As of November 30, (in thousands)		
Deferred tax assets:		
Net operating loss carryforwards	\$ 36,113	\$ 28,554
Short-term provisions	4,684	2,946
Employee benefits	3,996	—
Other temporary differences	11,059	8,032
Gross deferred tax assets	55,852	39,532
Valuation allowances	(4,078)	(4,611)
Deferred tax assets	51,774	34,921
Deferred tax liabilities:		
Differences between book and tax depreciation	(39,465)	(34,529)
Other temporary differences	(8,222)	(6,993)
Deferred tax liabilities	(47,687)	(41,522)
Net deferred tax asset (liability)	\$ 4,087	\$ (6,601)
Current deferred tax asset	4,684	2,946
Non-current deferred tax asset	47,090	31,975
Non-current deferred tax liability	(47,687)	(41,522)
	\$ 4,087	\$ (6,601)

As of November 30, 2007 and 2006, the current deferred tax asset of \$4.7 million and \$2.9 million, respectively, is included within "Other current assets" in the consolidated balance sheets.

Withholding and remittance taxes are not recorded on the undistributed earnings of SNSA's subsidiaries since under the current tax laws of Luxembourg and the countries in which substantially all of SNSA's subsidiaries are incorporated, no material taxes would be assessed upon the payment or receipt of dividends.

Earnings retained by subsidiaries incorporated in those countries which impose withholding or remittance taxes are considered by management to be permanently reinvested in such subsidiaries. The undistributed earnings of these subsidiaries as of November 30, 2007 and 2006 were not material.

As of November 30, 2007 and 2006, the Company had \$103.8 million and \$82.2 million, respectively, of net operating loss carryforwards for income tax purposes. Of these, \$84.7 million and \$61.5 million respectively, were in the U.S. and expire in the range 16-20 years. The remainder has an indefinite carryforward period.

The deferred tax assets are mainly comprised of net operating loss carryforwards. The Company has recorded a valuation allowance to reflect the estimated amount of these deferred tax assets that may not be realized.

The valuation allowance decreased to \$4.1 million, as of November 30, 2007 from \$4.6 million as of November 30, 2006. The valuation allowance relates to net operating loss carryforwards in Brazil.

14. Inventories

Inventories as of November 30, 2007 and 2006 consisted of the following:

	Tank Containers	SSF	Total
2007			
(in thousands)			
Raw materials	\$ 191	\$ 255	\$ 446
Consumables	656	—	656
Seafood biomass	—	25,729	25,729
	\$ 847	\$ 25,984	\$ 26,831
2006			
(in thousands)			
Raw materials	\$ 162	\$ 99	\$ 261
Consumables	433	—	433
Seafood biomass	—	16,798	16,798
	\$ 595	\$ 16,897	\$ 17,492

15. Short-Term Bank Loans and Lines of Credit

Short-term bank loans, which amounted to \$271.0 million and \$144.6 million as of November 30, 2007 and 2006, respectively, consist principally of drawdowns under committed and uncommitted lines of credit and overdraft facilities.

Amounts borrowed pursuant to these facilities bear interest at rates ranging from 2.00% to 7.10% in 2007, and from 4.84% to 6.57% in 2006. The weighted average interest rate was 5.8%, 5.4% and 4.9% for the years ended November 30, 2007, 2006 and 2005, respectively.

As of November 30, 2007, the Company had various credit lines, including committed lines totalling \$774.0 million, of which \$503.0 million was available for future use. Of the \$774.0 million in total credit lines at November 30, 2007, \$725.0 million is committed beyond one year and \$49.0 million is periodically subject to renewal. These credit lines which are subject to renewal are payable on demand and can be withdrawn by the banks at short notice. Commitment fees for unused lines of credit were \$1.2 million, \$1.6 million, and \$1.3 million for the years ended November 30, 2007, 2006 and 2005, respectively.

Several of the credit facilities contain various financial covenants, which, if not complied with, could result in the acceleration of repayment of amounts due and limit the ability of the Company to draw funds from time to time.

16. Long-Term Debt and Capital Leases

Long-term debt as of November 30, 2007 and 2006, consisted of the following:

	2007	2006
(in thousands)		
Preferred ship fixed rate mortgages:		
Fixed interest rates ranging from 5.57% to 8.57%, maturities vary through 2016	\$ 238,989	\$ 273,113
Preferred ship variable rate mortgages:		
Interest rates ranging from 5.62% to 5.73%, maturities vary through 2014	59,787	67,638
Senior Secured Credit Facility (see below)	169,000	144,000
Bank and notes payable and capital leases:		
Interest rates ranging from 0% to 11.0%, maturities vary through 2010	1,661	1,425
	469,437	486,176
Less—current maturities	(42,495)	(67,301)
	\$ 426,942	\$ 418,875

Long-term debt is denominated primarily in U.S. dollars, with \$0.1 million and \$1.4 million denominated in other currencies as of November 30, 2007 and 2006, respectively.

On July 31, 2007, we entered into a \$200 million seven year secured term loan and revolving credit agreement with various lending institutions including DnB Nor Bank ASA as administrative and collateral agent. This amended and restated agreement effectively refinanced a \$150 million five year facility, which was entered into on August 31, 2004 and amended in July 2005, and provided funding for capital expenditures for the terminals in 2007. The initial drawdown on this facility was \$169 million. The interest rates on this facility range from LIBOR plus 0.60% to LIBOR plus 1.20% depending on the level of consolidated indebtedness to consolidated earnings before interest, tax, depreciation and amortization ("EBITDA"). The Company wrote off \$1.0 million of unamortized debt issuance costs associated with the previous facility at the same date.

16. Long-Term Debt and Capital Leases *continued*

Annual principal repayments of long-term debt and capital leases for the five years subsequent to November 30, 2007, and thereafter, are as follows:

	(in thousands)
2008	\$ 42,495
2009	42,290
2010	49,564
2011	61,829
2012	67,828
Thereafter	205,431
	<u>\$ 469,437</u>

Agreements executed in connection with certain debt obligations require that the Company maintains defined financial covenants, including but not limited to, minimum consolidated tangible net worth, maximum consolidated debt to tangible net worth and minimum EBITDA to consolidated interest expense. Most of the debt agreements provide for a cross default in the event of a default in another agreement. In the event of a default that extends beyond the applicable remedy or cure period, lenders may accelerate repayment of amounts due to them. Substantially all of the debt is collateralized by mortgages on ships and terminals with a net carrying value of \$1.1 billion as of November 30, 2007.

As of November 30, 2007 and 2006, the Company was in compliance with the financial covenants under its debt agreements.

On February 28, 2005, the Company exercised its right pursuant to the note agreements governing certain Senior Notes to redeem all \$295.4 million aggregate outstanding principal balance. The Senior Notes were redeemed at the respective redemption prices set forth in each of the note agreements. In connection with the early retirement of its Senior Notes, the Company recognized additional costs on the redemption of \$14.3 million, as a result of having to pay a redemption premium in accordance with the terms of the Senior Note agreements.

Additionally, in 2005, the Company wrote off \$1.9 million of unamortized debt issuance costs in connection with the retirement of other debt. In 2005, the Company also recognized a gain on retirement of certain ship debt of \$1.1 million.

Amortization of debt issuance costs was \$1.3 million, \$1.4 million and \$1.3 million for the years ended November 30, 2007, 2006 and 2005, respectively. Deferred debt issuance costs, net, of \$5.1 million and \$6.1 million as of November 30, 2007 and 2006, respectively, are included in "Other assets" in the consolidated balance sheets.

17. Operating Leases

As of November 30, 2007, the Company was obligated to make payments under long-term operating lease agreements for tankers, land, terminal facilities, tank containers, barges, equipment and offices. Certain of the leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

During 2002 to 2006 the Company entered into agreements with various Japanese shipowners for the time charter (operating lease) of 12 parcel tankers with anticipated deliveries in 2003 through 2008. As of November 30, 2007, 11 time charters have commenced with one remaining ship to be delivered in 2008. The 12 time charters are for an initial period of 36 to 96 months and include an option for the Company to extend the agreements for up to nine additional years. In addition, the Company also has the option to purchase each ship at predetermined prices at any time after three years from the delivery of the ship. These operating leases had commitments for the initial periods of approximately \$170 million as of November 30, 2007, for the period 2008 through 2016.

Minimum annual lease commitments, under agreements which expire at various dates through 2047, are as follows:

	(in thousands)
2008	\$ 170,965
2009	99,649
2010	61,097
2011	29,159
2012	20,898
Thereafter	27,086
	<u>408,854</u>
Less—sub-lease income	(957)
	<u>\$ 407,897</u>

Rental and charter hire expenses under operating lease agreements for the years ended November 30, 2007, 2006 and 2005 were \$187.2 million, \$165.4 million and \$138.1 million, respectively, net of sub-lease income of \$9.3 million, \$5.4 million and \$0.4 million, respectively. In addition to these, through the Joint Service, certain ships are time chartered under operating leases from participants in the Joint Service. For the three years ended November 30, 2007, 2006 and 2005, charter hire expenses related to these leases were \$81.0 million, \$78.7 million and \$78.2 million, respectively.

18. Pension and Other Post-retirement Benefit Plans

Certain of the U.S. and non-U.S. subsidiaries of the Company have pension and other post-retirement benefit plans covering substantially all of their shore-based employees and certain ship officers of the Company. It is the Company's policy to fund pension and other post-retirement costs as required by applicable laws and regulations.

On November 30, 2007, the Company adopted the recognition and disclosure provisions of SFAS 158. SFAS 158 required the Company to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its benefit plans in the November 30, 2007 Consolidated Balance Sheet, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The net adjustment to accumulated other comprehensive income at adoption of \$6.7 million (\$3.1 million net of tax) reflects the recognition on the balance sheet of previously unrecognized cumulative actuarial losses and prior service costs. The effects of adopting the provisions of SFAS 158 on the Company's Consolidated Balance Sheet at November 30, 2007, are given below.

	Before Application of SFAS 158	Adjustments	After Application of SFAS 158
(in thousands)			
Long-term Assets:			
Other assets	\$ 86,068	\$ (2,206)	\$ 83,862
Deferred income tax asset	3,142	3,578	6,720
Long-term Liabilities:			
Other liabilities	(52,038)	(4,468)	(56,506)
Stockholders' Equity			
Accumulated other comprehensive loss	(31,902)	3,096	(28,806)
Stockholders' equity	(1,357,578)	3,096	(1,354,482)

Net periodic benefit costs for the Company's defined benefit pension plans (including a retirement arrangement for one of the Company's directors) and other U.S. post-retirement benefit plans for the years ended November 30, 2007, 2006 and 2005, consist of the following:

For the years ended November 30, (in thousands)	Pension Benefits			Other U.S. Post-retirement Benefits		
	2007	2006	2005	2007	2006	2005
Components of Net Periodic Benefit Cost:						
Service cost	\$ 5,005	\$ 4,539	\$ 5,775	\$ 364	\$ 339	\$ 288
Interest cost	9,514	8,622	8,326	766	664	694
Expected return on plan assets	(10,304)	(8,306)	(6,496)	—	—	—
Amortization of unrecognized transition obligation	11	12	16	110	110	110
Amortization of unrecognized prior service cost	2,454	(248)	202	(207)	(207)	—
Amortization of unrecognized net actuarial loss	—	3,948	2,674	143	111	—
Gain recognized due to curtailment	—	—	(56)	—	—	—
Settlement gain recognized	—	(211)	—	—	—	—
Special termination benefit cost	—	124	—	—	—	—
Net periodic benefit cost	\$ 6,680	\$ 8,480	\$ 10,441	\$ 1,176	\$ 1,017	\$ 1,092

U.S. based employees retiring from the Company after attaining the age of 55 with at least ten years of service with the Company are eligible to receive post-retirement health care coverage for themselves and their eligible dependents. These benefits are subject to deductibles, co-payment provisions, and other limitations. The Company reserves the right to change or terminate the benefits at any time.

The following tables set forth the change in benefit obligations for the Company's defined benefit pension plans and other U.S. post-retirement plans and the change in plan assets for the defined benefit pension plans. There are no plan assets associated with the other U.S. post-retirement plans.

18. Pension and Other Post-retirement Benefit Plans *continued*

	Pension Benefits		Other U.S. Post-retirement Benefits	
	2007	2006	2007	2006
For the years ended November 30, (in thousands)				
Change in Benefit Obligation:				
Benefit obligations at beginning of year	\$ 175,282	\$ 170,018	\$ 12,662	\$ 13,831
Service cost	5,005	4,539	364	339
Interest cost	9,514	8,622	766	664
Benefits paid	(3,336)	(5,302)	(443)	(603)
Plan participant contributions	314	315	—	—
Foreign exchange rate changes	4,111	6,327	—	—
Plan amendments	1,377	(4,752)	—	(1,974)
Expenses paid	(182)	—	—	—
Plan settlements	(2,321)	(203)	—	—
Actuarial (gains) losses	(4,299)	(4,407)	9	405
Special termination benefits	—	125	—	—
Benefits obligation at end of year	\$ 185,465	\$ 175,282	\$ 13,358	\$ 12,662

	Pension Benefits	
	2007	2006
For the years ended November 30, (in thousands)		
Change in Plan Assets:		
Fair value of plan assets at beginning of year	\$ 151,679	\$ 126,909
Actual return on plan assets	17,112	16,042
Company contributions	10,258	9,699
Plan participant contributions	314	315
Foreign exchange rate changes	3,641	4,134
Benefits paid	(3,336)	(5,302)
Expenses paid	(182)	—
Plan settlements	(2,321)	(203)
Acquisitions/divestitures	—	85
Fair value of plan assets at end of year	\$ 177,165	\$ 151,679

	Pension Benefits		Other U.S. Post-retirement Benefits	
	2007	2006	2007	2006
As of November 30, (in thousands)				
Funded status at measurement date	\$ (8,300)	\$ (23,604)	\$ (13,358)	\$ (12,662)
Unrecognized net actuarial loss	—	30,389	—	2,337
Unrecognized prior service (benefit)/cost	—	(2,781)	—	(1,767)
Unrecognized net transition liability	—	49	—	655
Measurement date to year-end changes	54	1,056	47	36
Net prepaid/(accrued) benefit/(cost)	\$ (8,246)	\$ 5,109	\$ (13,311)	\$ (11,401)

The amounts recognized at November 30, consisted of the following:

	Pension Benefits		Other U.S. Post-retirement Benefits	
	2007	2006	2007	2006
As of November 30, (in thousands)				
Amounts recognized in balance sheet:				
Prepaid benefit cost		\$ 32,306		\$ —
Accrued benefit liability		(33,940)		(11,401)
Intangible asset		1,609		—
Other liabilities		—		—
Accumulated other comprehensive loss		5,134		—
Net amount recognized		\$ 5,109		\$ (11,401)
Non current assets	\$ 26,962		\$ —	
Current liabilities	(811)		(783)	
Non current liabilities	(34,397)		(12,528)	
Total	\$ (8,246)		\$ (13,311)	
Amounts recognized in accumulated other comprehensive income:				
Net loss	\$ 19,526		\$ 2,203	
Prior service credit	(4,354)		(1,560)	
Transition obligation	41		545	
Accumulated other comprehensive loss	\$ 15,213		\$ 1,188	

The amounts in accumulated other comprehensive income are expected to be amortized as net expense (income) during 2008 as follows:

(in thousands)	Pension Benefits		Other U.S. Post-retirement Benefits	
Net loss		\$ (668)	\$ (110)	
Prior service credit		313	207	
Transition obligation		(12)	(65)	
Total		\$ (367)	\$ 32	

In May 2004, the FASB issued FASB Staff Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP No. 106-2") which provides specific guidance on accounting for the effects of this Act for employers sponsoring post-retirement health care plans that provide certain prescription drug benefits. Additionally, this guidance allows companies who elected to follow the deferral provisions of FSP No. 106-1, and whose prescription drug benefit plans are actuarially equivalent to the benefit to be provided under Medicare Part D, to either reflect the effects of the federal subsidy to be provided by the Act in their financial statements on a prospective basis or a retroactive basis.

The Company determined that the prescription drug benefit provided by the Company's post-retirement benefit plan as of the date of the Act's enactment was at least actuarially equivalent to those of Medicare Part D and, accordingly, the Company is entitled to the federal subsidy. The Company adopted the provisions of FSP No. 106-2, and applied these provisions for the year ended November 30, 2005. Effective December 1, 2005, the Company amended the post-retirement medical plan to integrate with Medicare rather than apply for the Federal subsidy.

18. Pension and Other Post-retirement Benefit Plans *continued*

FASB guidance states that a plan that provides prescription drug benefits that previously were deemed actuarially equivalent under the Act may be subsequently amended to reduce its prescription drug coverage and that reduced coverage may cease to be considered actuarially equivalent. In that circumstance, any actuarial experience gain related to the subsidy previously recognized is unaffected. However, the combined net effect of the benefit obligation of (a) the subsequent plan amendment that reduces benefits under the plan and thus disqualifies the benefits as actuarially equivalent and (b) the elimination of the subsidy should be accounted for as of the date the amendment is adopted as a prior service cost. The amendment reduced the benefit obligation by \$2.0 million. The negative prior service cost is amortized over expected future service to full eligibility (9.55 years).

The Company's U.S. pension and post-retirement medical obligations are measured as of September 30. The Company's non-U.S. pension obligations are measured as of November 30.

The following are the assumptions used in the measurement of the projected benefit obligation and net periodic pension expense for pension benefits, and the accumulated projected benefit obligation and retiree medical expense for other U.S. post-retirement benefits:

As of November 30,	Pension Benefits			Other U.S. Post-retirement Benefits		
	2007	2006	2005	2007	2006	2005
Weighted-Average Assumptions						
Discount rate	5.48%	5.48%	5.22%	5.80%	5.80%	5.40%
Expected long-term rate of return on assets	7.08%	7.10%	7.22%	—	—	—
Rate of increase in compensation levels	3.87%	3.87%	3.31%	—	—	4.00%

The aggregate benefit obligation for plans with projected benefit obligations in excess of plan assets was \$83.1 million at November 30, 2007 and \$76.8 million as of November 30, 2006. The aggregate fair value of plan assets for such plans was \$47.9 million at November 30, 2007, and \$39.3 million as of November 30, 2006.

The aggregate pension accumulated benefit obligations ("ABO") for pension plans with ABO in excess of plan assets was \$79.0 million as of November 30, 2007, and \$51.4 million as of November 30, 2006.

Health care cost trends assume a 9.5% annual rate of increase in the per capita cost of covered health care benefits for 2007, reducing gradually each year, reaching an ultimate rate of 5.0% in 2015 and remaining at that level thereafter. The effect of a 1% change in these assumed cost trends on the accumulated post-retirement benefit obligation at the end of 2007 would be an approximate \$0.4 million increase or an approximate \$0.5 million decrease and the effect on the aggregate of the service cost and interest cost of the net periodic benefit cost for 2007 would be an approximate \$0.1 million increase or decrease.

The Company's defined benefit pension plans' weighted-average asset allocation as of November 30, 2007 and 2006, by category, was as follows:

	2007	2006
Equity Securities	58%	57%
Debt Securities	29%	29%
Real Estate	11%	12%
Other	2%	2%
Total	100%	100%

It is the Company's policy to invest pension plan assets for its defined benefit plans to ensure that there is an adequate level of assets to support benefit obligations to participants and retirees over the life of the plans, maintain liquidity in plan assets sufficient to cover current benefit obligations and earn the maximum investment return consistent with a prudent level of investment and actuarial risk.

Investment return is the total compounded annual return, calculated recognizing interest and dividend income, realized and unrealized capital gains and losses, employer contributions, expenses, and benefit payments.

The Company expects to contribute \$9.1 million to certain of its defined benefit pension plans in 2008.

The following estimated future benefit payments, which reflect expected future service, are expected to be paid by the pension plans in the following years, as indicated:

	Pension Benefits	Other U.S. Post-retirement Benefits
(in millions)		
2008	\$ 7.6	\$ 0.8
2009	9.8	0.9
2010	10.7	0.9
2011	9.9	0.9
2012	10.3	0.9
2013-2017	58.4	5.1

The weighted-average assumptions for 2008 pension benefits and other post-retirement benefits are as follows:

	Pension Benefits	Other U.S. Post-retirement Benefits
Discount rate	6.11%	5.80%
Expected long-term rate of return on assets	7.08%	—
Rate of increase in compensation levels	3.89%	—

The Company also provides defined contribution plans to certain of its qualifying employees. Company contributions charged to expense for these plans were \$1.5 million, \$1.2 million and \$1.5 million for the years ended November 30, 2007, 2006 and 2005, respectively.

19. Capital Stock, Founder's Shares and Dividends Declared

The Company's authorized share capital consists of 65,000,000 Common shares, no par value, and 16,250,000 Founder's shares, no par value. While the Common shares do not have a par value, they have been assigned a stated value of \$1 per Common share. Under the Luxembourg company law, Founder's shares are not considered as representing capital of the Company.

In addition to the authorized Common shares and Founder's shares of the Company, an additional 1,500,000 Class B shares, no par value, have been authorized for the sole purpose of the issuance of options granted under the Company's existing stock option plans, and may not be used for any other purpose. The rights, preferences and priorities of such Class B shares are set forth in the Articles of Incorporation.

All such Class B shares convert to Common shares immediately upon issuance. Such authorized and unissued Class B shares and all of the rights relating thereto expire, without further action, on December 31, 2009. Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common shares and Founder's shares vote as a single class on all matters submitted to a vote of the shareholders, with each share entitled to one vote.

Under the Articles of Incorporation, holders of Common shares and Founder's shares participate in annual dividends, if any are declared by the Company, in the following order of priority: (i) \$0.005 per share to Founder's shares and Common shares equally; and (ii) thereafter, all further amounts are payable to Common shares only. Furthermore, the Articles also set forth the priorities to be applied to each of the Common shares and Founder's shares in the event of a liquidation.

Under the Articles, in the event of a liquidation, all debts and obligations of the Company must first be paid and thereafter all remaining assets of the Company are paid to the holders of Common shares and Founder's shares in the following order of priority: (i) Common shares ratably to the extent of the stated value thereof (for example \$1.00 per share); (ii) Common shares and Founder's shares participate equally up to \$0.05 per share; and (iii) thereafter, Common shares are entitled to all remaining assets.

The Common shares are listed in Norway on the Oslo Børs. The Company's Common shares previously traded in the form of American Depositary Shares ("ADS") (each ADS representing one Common share) in the U.S. on Nasdaq. On April 19, 2007, the Company announced its intention to voluntarily delist from the Nasdaq Global Select Market, to be effective as of the close of trading on May 21, 2007, and to terminate its American Depositary Receipt programme.

The Company expects to file a Form 15F with the SEC to terminate its registration and reporting obligations under the Securities Exchange Act by end of May 2008. The Company will maintain its listing in Norway on the Oslo Børs.

On July 25, 2007, the Company announced the cancellation of Common and Founder's shares and the reduction of the issued capital, as approved at SNSA's Annual General Meeting on June 14, 2007. The recorded issued capital account of SNSA has been reduced by \$2 million to \$64,133,796 by the cancellation of two million Common shares of no par value, held in treasury. Following the cancellation, \$2 million has been transferred from Common shares, \$18.5 million from paid-in surplus and \$37.9 million from retained earnings into treasury stock of SNSA. The number of issued Founder's shares has also been adjusted accordingly, reducing the number of Founder's shares from 16,533,449 to 16,033,449.

In November 2007, the Company's Board of Directors approved an interim dividend of \$0.50 per Common share which was paid on December 12, 2007 to all shareholders of record as of November 28, 2007. The dividend resulted in a cash payment to holders of Common shares and Founder's shares of \$29.8 million.

On February 8, 2007, the Company's Board of Directors recommended a final 2006 dividend of \$0.50 per Common share, payable on July 5, 2007 to shareholders of record as of June 20, 2007. The dividend resulted in an aggregate cash payment to holders of Common shares of \$30 million.

In November 2006, the Company's Board of Directors approved an interim dividend of \$0.50 per Common share and \$0.005 per Founder's share which was paid on December 6, 2006 to all shareholders of record as of November 20, 2006. The dividend resulted in an aggregate cash payment to holders of Common shares and Founder's shares of \$30.3 million.

As of November 30, 2007 and 2006, 14,888,391 and 14,824,054, respectively, of Founder's shares had been issued to Fiducia Ltd, net of Treasury shares. Additional Founder's shares are issuable to holders of outstanding Founder's shares without consideration, in quantities sufficient to maintain a ratio of Common shares to Founder's shares of 4 to 1. No stated values for the Founder's shares are included in the consolidated balance sheets, as these shares exist solely for voting purposes.

SNSA announced on December 1, 2006, that it had completed the repurchase programme first announced on August 25, 2005, authorizing the Company to purchase up to \$200 million worth of its Common shares or related American Depositary Shares. The total amount of shares repurchased under this programme was 6,852,240 for \$200 million. The Company also acquired 1.7 million Founder's shares.

The legal reserve (see Note 20) may be satisfied by allocation of the required amount at the issuance of shares or by a transfer from paid-in surplus. The legal reserve is not available for dividends. The legal reserve for all outstanding Common shares has been satisfied and appropriate allocations are made to the legal reserve account at the time of each issuance of new shares.

20. Restrictions on Payment of Dividends

On an annual basis, Luxembourg law requires an appropriation of an amount equal to at least 5% of SNSA's unconsolidated net profits, if any, to a "legal reserve" within shareholders' equity, until such reserve equals 10% of the issued share capital of SNSA. This reserve is not available for dividend distribution. At November 30, 2007, this legal reserve amounted to \$6.6 million based on Common shares issued as of that date.

Under Luxembourg law, advance or interim dividends can be declared, up to three times in any fiscal year by the Board of Directors; however, they can only be paid after the prior year's consolidated financial statements have been approved by SNSA's shareholders. There is also a determination as to the adequacy of amounts available to pay such dividends by its independent statutory auditors in Luxembourg.

Final dividends are approved by the shareholders once per year at the annual general meeting; both advance and final dividends can be paid out of any SNSA earnings, retained or current, as well as paid-in surplus, subject to shareholder approval.

Luxembourg law also limits the payment of stock dividends to the extent that sufficient surplus exists to provide for the related increase in stated capital.

21. Stock-Based Compensation

The Company has a 1987 Stock Option Plan (the "1987 Plan") covering 2,660,000 Common shares and a 1997 Stock Option Plan (the "1997 Plan") covering 5,180,000 Common shares. No further grants will be issued under the 1987 or the 1997 Plans; the 1997 Plan expired in 2007 and is being replaced with a cash-settled non-equity based performance incentive plan. The 1987 Plan and the 1997 Plan are administered by a Compensation Committee appointed by the Board of Directors. The Compensation Committee awards options based on the grantee's position in the Company, degree of responsibility, seniority, contribution to the Company and such other factors as it deems relevant under the circumstances.

Stock options are issued at the current market price of SNSA stock on the date of the grant. The grant date is the date on which the Compensation Committee approves the grant.

All Class B shares issued in connection with the exercise of options will immediately convert to Common shares upon issuance.

Options granted under both Plans may be exercisable for periods of up to ten years at an exercise price not less than the fair market value per share at the grant date. Options vest 25% on the first anniversary of the grant date, with an additional 25% vesting on each subsequent anniversary.

Stock-based compensation expense was \$5.2 million and \$10.3 million in 2007 and 2006, respectively. Stock-based compensation expense in 2006 includes \$6.1 million to account for certain stock options, issued between 1993 and 2004, in accordance with APB No. 25.

Effective December 1, 2005, the Company adopted SFAS No. 123(R) using the modified prospective method. See Note 2 for a description of the adoption of SFAS No. 123(R). The Company uses the Black-Scholes-Merton option pricing model to determine the fair value of stock options at the grant date.

The determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by the stock price as well as assumptions regarding a number of complex and subjective variables. These variables include expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviours, risk-free interest rate and expected dividends.

The Company estimates the expected term of options granted based on the average term of the option and its vesting period. As permitted by SEC Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"), the volatility of Common stock has been estimated using the historical volatility of the SNSA share price on the Nasdaq. The Company is unable to determine implicit volatility of stock options in the absence of traded share options of SNSA.

The risk-free interest rate used in the option valuation model is the yield on U.S. Treasury zero-coupon bonds at the date of the grant with remaining term similar to the expected term on the options. The dividend yield assumption is based on the dividends paid in the last five years.

Management estimates forfeitures at the date of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. Management has reviewed historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. The impact of forfeitures is not significant. All stock-based payment awards are amortized on a straight-line basis over the requisite service periods of the awards which are generally the vesting periods.

The assumptions used to fair value option grants are as follows:

For the years ended November 30,	2007	2006	2005
Expected volatility	53.2%	52.4%	47.3%
Dividend yield	3.0%	2.6%	2.9%
Risk-free rate	4.7%	4.3%	3.7%
Expected lives (in years)	6.3	6.3	6.5

Prior to the adoption of SFAS No. 123(R), the Company applied APB Opinion No. 25 to account for its stock-based compensation. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123(R) to options granted under the Company's stock option plans in all periods presented prior to the adoption of SFAS No. 123(R). For purposes of this pro forma disclosure, the value of the options is estimated using the Black-Scholes-Merton option-pricing model and amortized over the options' vesting periods.

For the year ended November 30, (in thousands, except for per share data)	2005
Net income as reported	\$ 483,019
Stock-based compensation included in reported net income	1,227
Total stock-based employee compensation cost determined under the fair value method of accounting	(2,951)
Net income pro forma	\$ 481,295
Basic net income per share:	
As reported	7.45
Pro forma	7.42
Diluted net income per share:	
As reported	7.29
Pro forma	7.27

The above pro forma disclosures are provided for 2005 only because employee stock options were not accounted for using the fair-value method during those periods since SFAS No. 123(R) was adopted in 2006.

The following table reflects activity under the Plans for the years ended November 30, 2007, 2006 and 2005:

For the years ended November 30,	Shares	2007 Weighted Average Exercise Price	Shares	2006 Weighted Average Exercise Price	Shares	2005 Weighted Average Exercise Price
Common share options						
Outstanding at beginning of year	1,655,601	\$ 20.64	1,461,639	\$ 14.58	2,319,489	\$ 11.66
Granted	515,100	28.90	495,400	32.96	489,900	26.41
Exercised	(282,297)	11.08	(288,404)	10.99	(1,323,587)	13.60
Forfeited*	(76,500)	29.87	(10,634)	24.22	(18,563)	13.88
Expired	(1,500)	17.13	(2,400)	19.08	(5,600)	13.17
Outstanding at end of year	1,810,404	\$ 24.09	1,655,601	\$ 20.64	1,461,639	\$ 14.58
Exercisable at end of year	726,923	\$ 17.47	604,574	\$ 12.43	811,553	\$ 12.03
Weighted average fair value of options granted		\$ 13.80		\$ 14.40		\$ 10.20

For the years ended November 30,	Shares	2007 Weighted Average Exercise Price	Shares	2006 Weighted Average Exercise Price	Shares	2005 Weighted Average Exercise Price
Class B options						
Outstanding at beginning of year	132,908	\$ 14.03	187,696	\$ 14.34	1,235,638	\$ 14.49
Exercised	(36,450)	13.53	(53,488)	14.98	(1,039,217)	14.36
Forfeited	—	—	—	—	(5,925)	13.82
Expired	(1,500)	17.50	(1,300)	19.08	(2,800)	13.17
Outstanding at end of year	94,958	\$ 14.17	132,908	\$ 14.03	187,696	\$ 14.34
Exercisable at end of year	94,958	\$ 14.17	132,908	\$ 14.03	187,696	\$ 14.34

* In the current year there were higher than normal forfeitures due to certain management resignations. This is not expected to recur and the Company believes that the expected rate of future forfeitures will be negligible.

The following table summarizes information about stock options outstanding as of November 30, 2007:

Exercise prices	Options Outstanding		
	Number Outstanding	Remaining Contractual Life (years)	Number Exercisable
Common share options:			
\$5.90	122,068	5.04	122,068
\$7.33	239,732	6.02	179,799
\$13.10	83,594	4.02	83,594
\$20.13	30,900	0.06	30,900
\$26.41	394,035	7.03	197,018
\$28.90	485,900	9.11	—
\$32.96	454,175	8.13	113,544
	1,810,404	7.34	726,923
Class B options:			
\$9.88	14,400	1.06	14,400
\$14.63	23,875	2.00	23,875
\$14.75	53,033	3.05	53,033
\$17.50	1,050	—	1,050
\$20.50	2,600	2.84	2,600
	94,958	2.44	94,958

At November 30, 2007, there was \$9.0 million of total unrecognized compensation cost relating to non-vested stock-based compensation arrangements granted under the 1997 plan; that cost is expected to be recognized over a period of 3.1 years.

Cash received from option exercise under all stock-based arrangements for the years ended November 30, 2007, 2006 and 2005 was \$3.8 million, \$3.9 million and \$33.1 million respectively.

21. Stock-Based Compensation *continued*

A summary of the status of the Company's non-vested shares as of November 30, 2007, and changes during the year ended November 30, 2007, is presented below:

	Shares	Weighted Average Grant-Date Fair Value
Non-vested Shares		
Common shares options:		
Non-vested as of December 1, 2006	1,051,027	\$ 25.35
Granted	515,100	28.90
Vested	(421,371)	20.80
Forfeited	(61,275)	30.30
Non-vested as of November 30, 2007	1,083,481	\$ 28.53

22. Financial Instruments

All of the Company's derivative activities are over-the-counter instruments entered into with major financial institutions for hedging the Company's committed exposures or firm commitments with major financial credit institutions and shipbuilders. The Company holds foreign exchange forward contracts, and commodity contracts and interest rate swaps, which subject the Company to a minimum level of counterparty risk. The Company does not believe that it has a material exposure to credit risk from third parties failing to perform according to the terms of hedge instruments.

The following foreign exchange contracts, maturing through November 2008, were outstanding as of November 30, 2007:

	Purchase
(in local currency, thousands)	
Norwegian Kroner	51,000
Euro	44,829
Singapore Dollar	39,447

The U.S. dollar equivalent of the currencies which the Company had contracted to purchase was \$102.4 million as of November 30, 2007.

The Company utilizes foreign currency derivatives to hedge committed and forecasted cash flow exposures. Substantially all of these contracts have been designated as cash flow hedges.

The Company has elected non-hedge accounting treatment for the remaining contracts, which are immaterial. Hedges are periodically evaluated for effectiveness. Forecasted cash flow hedge gains and losses are not recognized in income until maturity of the contract. Gains and losses on hedges of committed commercial transactions are recorded as a foreign exchange gain or loss.

The Company utilized foreign currency swap contracts to hedge foreign currency debt into U.S. dollars. The Company also entered into an interest rate swap agreement to reduce some of the risk associated with variable rate debt by swapping to fixed rate debt.

In addition, the Company entered into futures contracts to hedge a portion of its future bunker purchases. These derivatives have been designated as cash flow hedges.

In 2008, \$3.3 million of net unrealized gain included in accumulated other comprehensive income, net will be reclassified in earnings.

The following estimated fair value amounts of financial instruments have been determined by the Company, 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 realized in a current market exchange:

As of November 30, (in millions)	2007 Carrying Amount	2007 Fair Value	2006 Carrying Amount	2006 Fair Value
Financial Assets:				
Cash and cash equivalents	\$ 43.7	\$ 43.7	\$ 44.5	\$ 44.5
Financial Liabilities:				
Short-term bank loans	271.0	271.0	144.6	144.6
Long-term debt including current maturities and related currency and interest rate swap	469.4	430.2	486.2	477.5
Financial Instruments:				
Foreign exchange forward contracts	4.8	4.8	3.6	3.6
Interest rate swap	(9.1)	(9.1)	(0.4)	(0.4)
Bunker hedge contracts	—	—	(1.9)	(1.9)

The carrying amount of cash and cash equivalents and short-term bank loans are a reasonable estimate of their fair value, due to the short maturity thereof. The estimated value of the Company's long-term debt is based on interest rates as of November 30, 2007 and 2006, using debt instruments of similar risk and maturities. The fair values of the Company's foreign exchange and bunker contracts are based on their estimated market values as of November 30, 2007 and 2006.

Market value of interest rate swaps was estimated based on the amount the Company would receive or pay to terminate its agreements as of November 30, 2007 and 2006. Also, the Company's trade receivables and accounts payable as reported in the consolidated balance sheets approximate their fair value.

Concentration of Credit Risk

Trade receivables are from customers across all lines of its business. The Company extends credit to its customers in the normal course of business. The Company regularly reviews its accounts receivable and establishes an allowance for uncollectible amounts.

The amount of the allowance is based on the age of unpaid balances, information about the current financial condition of customers, and other relevant information. Management does not believe significant risk exists in connection with concentration of credit as of November 30, 2007.

23. Business and Geographic Segment Information

The Company has four principal operating and reportable segments, which are Tankers, Tank Containers, Terminals and Sea Farm. The nature of these segments is described in Note 1. These operating segments were determined based on the nature of the products and services offered. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company's Chief Executive Officer has been identified as the chief operating decision-maker. The Company's chief operating decision-maker directs the allocation of resources to operating segments based on the operating income (loss) and cash flows of each respective segment.

The "Corporate and Other" category includes corporate-related items, and the results of other insignificant operations not reportable under other segments.

The basis of measurement and accounting policies of the reportable segments are the same as those described in Note 2. Inter-segment sales and transfers are not significant and have been eliminated and not included in the following table. Indirect costs and assets have been apportioned between the segments of the Company on the basis of corresponding direct costs and assets. Interest and income taxes are not allocated.

The following tables show the summarized financial information, in U.S. dollars in millions, for each reportable and operating segment:

For the year ended November 30, 2007	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other	Total
Operating revenue	\$ 1,190	\$ 103	\$ 391	\$ 69	\$ 6	\$ 1,759
Depreciation and amortization including drydocking	(86)	(12)	(12)	(3)	(2)	(115)
Equity in net income of non-consolidated joint ventures	12	10	—	—	—	22
Operating income (loss)	119	39	46	24	(35)	193
Interest expense						(29)
Interest income						6
Income from continuing operations before income tax provision and minority interest						158
Income tax provision						(6)
Net income						216
Balance Sheet						
Capital expenditures	139	15	74	3	3	234
Investments in and advances to non-consolidated joint ventures	99	147	1	—	—	247
Other intangible assets, net	—	—	—	1	—	1
Segment assets	1,659	432	224	69	92	2,476

23. Business and Geographic Segment Information *continued*

For the year ended November 30, 2006	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other	Total
Operating revenue	\$ 1,066	\$ 94	\$ 352	\$ 49	\$ 4	\$ 1,565
Depreciation and amortization including drydocking	(81)	(12)	(8)	(4)	(4)	(109)
Equity in net income of non-consolidated joint ventures	16	2	—	—	—	18
Restructuring charges	—	—	—	—	(2)	(2)
Operating income (loss)	130	30	43	14	(51)	166
Interest expense						(35)
Interest income						8
Income from continuing operations before income tax provision, minority interest and equity in net income of Marine Harvest						142
Income tax provision						(5)
Equity in net income of Marine Harvest						61
Net income						200
Balance Sheet						
Capital expenditures	264	12	18	2	2	298
Investments in and advances to non-consolidated joint ventures	67	79	1	—	—	147
Goodwill	—	—	1	—	—	1
Other intangible assets, net	—	—	—	24	—	24
Segment assets	1,535	372	147	389	71	2,514
For the year ended November 30, 2005	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other	Total
Operating revenue	\$ 966	\$ 83	\$ 334	\$ 232	\$ 9	\$ 1,624
Depreciation and amortization including drydocking	(76)	(11)	(7)	(8)	(5)	(107)
Equity in net income of non-consolidated joint ventures	12	3	—	—	—	15
Restructuring charges	—	—	—	—	(7)	(7)
Operating income (loss)	153	23	30	7	(38)	175
Interest expense						(48)
Interest income						7
Income from continuing operations before income tax provision, minority interest and equity in net income of Marine Harvest						117
Income tax provision						(7)
Equity in net income of Marine Harvest						11
Net income						483
Balance Sheet						
Capital expenditures	93	21	35	—	10	159
Investments in and advances to non-consolidated joint ventures	59	26	1	—	—	86
Investment in Marine Harvest	—	—	—	329	—	329
Goodwill	—	—	1	—	—	1
Other intangible assets, net	—	—	—	23	1	24
Segment assets	1,321	302	124	408	64	2,219

The following table sets out operating revenue by country for the reportable segments. Tankers, Tank Containers and Terminals operating revenue is allocated on the basis of the country in which the cargo is loaded. Tankers and Tank Containers operate in a significant number of countries. Revenues from specific foreign countries which contribute over 10% of total operating revenue are disclosed separately. SSF operating revenue is allocated on the basis of the country in which the sale is generated.

For the years ended November 30, (in millions)	2007	2006	2005
Operating Revenue:			
Tankers:			
U.S.	\$ 418	\$ 347	\$ 301
South America	102	93	93
Netherlands	85	77	80
Other Europe	213	175	170
Malaysia	104	104	87
Other Asia	141	144	95
Middle East	66	62	64
Africa	58	64	71
Other	3	—	5
	\$ 1,190	\$ 1,066	\$ 966
Tank Containers:			
U.S.	\$ 117	\$ 105	\$ 93
South America	13	11	11
France	41	37	36
Other Europe	88	83	81
Japan	17	17	18
Other Asia	58	52	52
China	39	31	28
Other	18	16	15
	\$ 391	\$ 352	\$ 334
Terminals:			
U.S.	\$ 87	\$ 79	\$ 71
Brazil	16	15	12
	\$ 103	\$ 94	\$ 83
Stolt Sea Farm:			
U.S.	\$ 6	\$ —	\$ 49
Canada	—	—	9
Chile	—	—	7
United Kingdom	2	2	10
Norway	1	1	13
Spain	38	29	22
France	6	5	5
Belgium	—	1	7
Italy	11	9	4
Other Europe	5	2	26
Japan	—	—	29
Singapore	—	—	25
Other Asia	—	—	22
Other	—	—	4
	\$ 69	\$ 49	\$ 232

There were no customers of Tankers, Tank Containers, Terminals or SSF segments that accounted for more than 10% of the consolidated operating revenue for the years ended November 30, 2007, 2006 and 2005.

The following table sets out long-lived assets by country for the reportable segments. Long-lived assets by country are only reportable for the Terminals and Sea Farm operations. Tanker and Tank Containers operations operate on a worldwide basis and are not restricted to specific locations.

Accordingly, it is not possible to allocate the assets of these operations to specific countries. The total net book value of long-lived assets for Tankers amounted to \$1,430 million and \$1,374 million, and for Tank Containers amounted to \$167 million and \$94 million as of November 30, 2007 and 2006, respectively.

As of November 30, (in millions)	2007	2006
Long-Lived Assets:		
Terminals:		
U.S.	\$ 186	\$ 186
Brazil	47	46
Korea	24	24
Europe	67	54
China	25	—
Other	3	—
	\$ 352	\$ 310
Stolt Sea Farm:		
Australia	\$ —	\$ 2
U.S.	2	—
Norway	1	1
Portugal	1	1
Spain	22	19
Other	—	1
	\$ 26	\$ 24

Long-lived assets include fixed assets, investments in non-consolidated joint ventures and certain other non-current assets, mainly the unamortized portion of capitalized drydock costs within Tankers, Tank Containers and Terminals. The "Investment in Marine Harvest" amounted to \$322.8 million as of November 30, 2006, and is included in the "Stolt Sea Farm" segment. Long-lived assets exclude long-term restricted cash deposits, long-term deferred income tax assets, long-term pension assets, goodwill, and other intangible assets.

24. Commitments and Contingencies

As of November 30, 2007, the Company had total capital expenditure purchase commitments outstanding of approximately \$1,438.9 million, including the shipbuilding agreements discussed below.

Shipbuilding Contracts

On April 10, 2007, the Company announced that an agreement had been reached with SLS Shipbuilding Co. Ltd. ("SLS") for four 43,000 deadweight ton ("dwt") parcel tankers. The aggregate price for the four ships is expected to be approximately \$361.5 million, with deliveries scheduled to take place between mid 2011 and early 2012. The SLS new ships will have a combination of 24 stainless tanks and 15 coated tanks. The main dimensions of the ships will follow the same design of the four parcel tankers that the Company ordered in October 2006.

On October 2, 2006, the Company announced that an agreement had been reached with SLS for four 43,000 dwt parcel tankers. The aggregate price for the four ships is expected to be approximately \$361.5 million, with deliveries scheduled to take place between mid 2010 and early 2011. The SLS newbuild ships will have a combination of 24 stainless steel tanks and 15 coated tanks. The main dimensions of the ships will follow the design of the four parcel tankers that the Company announced that it had ordered in June 2005 from ShinA Shipbuilding Co. Ltd. of South Korea, which was acquired by SLS in 2006. On June 9, 2005, the Company announced that an agreement was reached with ShinA Shipbuilding Co. Ltd. of South Korea for four additional 44,000 dwt parcel tankers, with delivery scheduled to begin the second quarter of 2008. The aggregate price for the four ships is expected to be approximately \$242.5 million. The Company also entered into a separate option agreement with the ShinA Shipbuilding Co. Ltd. to order two additional 44,000 dwt parcel tankers for delivery in 2009.

On October 5, 2006, the Company announced that an agreement had been reached with Aker Yards ASA ("Aker Yards") to build four 43,000 dwt parcel tankers. Kleven Florø and Kleven Design became part of Aker Yards in August 2006 (the Company placed an order with Kleven Florø for two 43,000 dwt parcel tankers on March 31, 2005). The new ships will be equipped with 24 stainless steel tanks and 15 coated tanks. The aggregate price for the above-mentioned six ships is expected to be approximately \$548.8 million, with deliveries scheduled to take place between first quarter 2008 and the end of 2009.

The Company has provided guarantees to the Usuki Shipyards Co. Ltd ("Usuki") for 50% of the cost for four 12,500 dwt ships to be constructed by Usuki for NYK Stolt Shipholding Inc., the Company's 50% owned joint venture. At November 30, 2007, the guarantee is for the Company's share of expenditure of \$45.2 million and extends until June 2011. The Company has recorded a liability of \$0.6 million at November 30, 2007 in relation to the fair value of this guarantee.

Environmental

The Company's operations involve the carriage, use, storage and disposal of chemicals and other hazardous materials and wastes. The Company is subject to applicable international and national health, safety and environmental laws relating to the protection of the environment, including those governing discharges of pollutants to air and water, the generation, management and disposal of hazardous materials and wastes and the cleanup of contaminated sites.

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), commonly known as Superfund, was enacted by the U.S. Congress on December 11, 1980. This law created a tax on the chemical and petroleum industries and provided broad Federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment. This law and similar state environment statutes

and common laws can impose liability for the entire cleanup of contaminated sites or for third-party claims for property damage and personal injury, regardless of whether the current owner or operator owned or operated the site at the time of the release of contaminants or the legality of the original disposal activities.

During 2001, the Company sold their tank storage terminals in Perth Amboy, New Jersey and Chicago, Illinois. Under the terms of the sale agreement for Perth Amboy, New Jersey, the Company had retained responsibility for certain environmental contingencies, should they arise during the covered period which ended two years after the closing date, in connection with these two sites. As of November 30, 2007, the Company has not been notified of any such contingencies having been incurred and neither does it anticipate any such contingencies being incurred in the future. The Chicago, Illinois terminal property has been leased under a long-term agreement with the Illinois International Port District. In addition, as part of the Chicago, Illinois sale, the Company assigned its rights to the terminal property to a third party. The Company is contingently liable if the third party does not return the facility in acceptable condition at the end of the sublease period, on June 30, 2026.

25. Legal Proceedings

In 2007, the Company was involved in significant legal proceedings, primarily certain antitrust matters described below. To address these issues, the Company incurred significant legal costs of \$40.8 million in 2007, \$42.0 million in 2006 and \$30.2 million in 2005, which are included in "Administrative and general expenses" in the consolidated statements of operations.

The Company has also made significant provisions for cash or guaranteed payment terms of agreements or agreements reached in principle or offers made to customers to resolve or avoid antitrust litigation. The Company expects that it will continue to incur additional legal costs until these matters are resolved.

The Company also suffered significant distraction of management time and attention related to these legal proceedings and expects that it will continue to suffer this distraction until these proceedings are resolved. The Company is presently addressing several governmental investigations and could suffer substantial and material fines or penalties or civil penalties, including significant monetary damages or settlement costs as a result of these matters. It is not possible for the Company to determine whether or not an adverse outcome is probable or, if so, what the range of possible losses would be.

U.S. Department of Justice's Antitrust Investigation into the Company's Parcel Tanker Business

In 2002, the Company became aware of information that caused it to undertake an internal investigation regarding potential improper collusive behaviour in its parcel tanker and intra-Europe inland barge operations. As a consequence of the internal investigation, the Company determined to voluntarily report certain conduct to the Antitrust Division (the "Antitrust Division") of the U.S. Department of Justice (the "DOJ") and the Competition Directorate of the European Commission (the "EC").

As a result of the Company's voluntary report to the DOJ concerning certain conduct in the parcel tanker industry, the Company entered into an Amnesty Agreement dated January 15, 2003 (the "Amnesty Agreement") with the Antitrust Division, which provided that the Antitrust Division agreed "not to bring any criminal prosecution" for any act or offence the Company may have committed prior to January 15, 2003 in the parcel tanker industry to or from the United States, subject to the terms and conditions of the Amnesty Agreement including continued cooperation. The Amnesty Agreement covers the Company and its directors, officers and employees. On February 25, 2003, the Company announced that Stolt-Nielsen Transportation Group Ltd ("SNTG")

had been conditionally accepted into the DOJ's Corporate Leniency Program with respect to possible collusion in the parcel tanker industry.

On April 8, 2003, the Antitrust Division's Philadelphia field office staff informed the Company that it was suspending the Company's obligation to cooperate under Section 2 of the Amnesty Agreement because the staff of the Antitrust Division was considering whether or not to remove the Company from the DOJ's Corporate Leniency Program. The stated basis for this reconsideration by the staff was that the Antitrust Division had recently received evidence that the Company had not met the condition that it "took prompt and effective action to terminate its part in the anticompetitive activity being reported upon discovery of the activity".

In late June 2003 the DOJ took the position that one Company executive, Mr. Richard B. Wingfield, did not comply with the cooperation requirements of the Company's conditional immunity agreement. On June 24, 2003, the DOJ arrested Mr. Wingfield and filed a criminal complaint charging him with violating the Sherman Antitrust Act, 15 U.S.C. § 1.

In February 2004, the Company filed a civil action in the United States District Court for the Eastern District of Pennsylvania against the DOJ to enforce the Amnesty Agreement and to seek specific performance and/or a permanent injunction in order to enforce the Amnesty Agreement's bar on criminal prosecution for certain activity relating to the parcel tanker industry having occurred prior to January 15, 2003. On March 2, 2004, the DOJ notified the Company that it was unilaterally voiding the Amnesty Agreement and revoking the Company's Amnesty. On January 14, 2005, the district court entered a judgement in favour of the Company and Mr. Wingfield, enforcing the January 15, 2003 Amnesty Agreement. *Stolt-Nielsen S.A. v. United States*, 352 F. Supp. 2d 553 (E.D. Pa. 2005).

Specifically, the court found that the Company had substantially performed its obligations under the Amnesty Agreement and permanently enjoined the DOJ from indicting or prosecuting the Company and Mr. Wingfield for any violation of the Sherman Antitrust Act prior to January 15, 2003, in the parcel tanker industry involving transportation to and from the United States. Through this order, the court enforced the Amnesty Agreement.

The DOJ subsequently appealed the January 14, 2005 order. On March 23, 2006, a two-judge panel of the United States Court of Appeals for the Third Circuit reversed and remanded the court's ruling for further proceedings. *Stolt-Nielsen S.A. v. United States*, No. 05-1480, 442 F.3d 177 (3d Cir. 2006).

The panel's decision did not address the merits of the Company's arguments regarding the effect of the Amnesty Agreement. Instead, the panel's decision was based on the determination that the district court did not have the authority to issue a pre-indictment injunction.

On August 23, 2006, the district court lifted the injunction against the Company's prosecution. On September 6, 2006, the DOJ obtained the indictment of the Company, Richard B. Wingfield, and another Company executive, Samuel A. Cooperman.

The September 6, 2006 single-count indictment ("the Indictment") alleged a violation of Section 1 of the Sherman Act, arising from an alleged conspiracy in the parcel tanker industry beginning in August 1998 and ending as late as November 2002. The Antitrust Division's criminal prosecution of the Company, Mr. Wingfield, and Mr. Cooperman, proceeded in the U.S. District Court in the Eastern District of Pennsylvania before U.S. District Judge Bruce W. Kauffman. The Company filed a Motion to Dismiss the Indictment in which it denied the criminal activity alleged to have occurred between March to November 2002 and argued that, in any event, such activity fell within the grant of amnesty. In its opposition, the Antitrust Division argued that the Amnesty Agreement was of no effect due to the alleged failure of the Company to take "prompt and effective action" in the period from March to November 2002 to terminate the anticompetitive activity being reported. An extensive evidentiary hearing was

held in May and June 2007 in federal district court in Philadelphia.

On November 30, 2007, based on the evidentiary hearing, Judge Kauffman dismissed the Antitrust Division's indictment against the Company and its two executives, Richard Wingfield and Samuel Cooperman. Judge Kauffman ruled that the Company had not breached the Amnesty Agreement and that the Division's conduct in prosecuting the Company was not only inconsistent with the Amnesty Agreement, but was "fundamentally unfair".

Judge Kauffman's ruling ended the parcel tanker criminal prosecution at the district court level. On December 21, 2007, the DOJ issued a press release reporting that it would not appeal Judge Kauffman's ruling. In January 2008, the DOJ confirmed in writing that it has formally closed its antitrust investigation of the parcel tanker industry.

European Commission Antitrust Investigation into the Company's Parcel Tanker Business

On February 25, 2003, SNSA announced that the EC had admitted the Company into its Immunity Program with respect to deep-sea parcel tanker and intra-Europe inland barge operations. In August 2004, the EC informed the Company that it had closed its investigation into possible collusive behaviour in the intra-Europe inland barge industry. In April 2007, the Company received the EC's Statement of Objections regarding allegations of illegal antitrust activity in the deep-sea parcel tanker industry from August 24, 1998 to April 8, 2002. The Company continues to cooperate with the EC in this matter. The Company understands that it remains in the EC's Immunity Program.

The Company's immunity depends on its having met its obligation to cooperate and otherwise comply with the conditions of the Immunity Program. It is always possible that the EC could assert that the Company has not complied, or is not fully complying, with the terms and conditions of the EC Immunity Program. If this were to happen, the Company would first have to be given notice and an opportunity to be heard. Thereafter, the Company could be partly or fully removed from the Immunity Program and subject to substantial fines and penalties. There are currently no proceedings under way to take away the Company's provisional immunity and the Company understands that it still enjoys its provisional grant of immunity.

Additionally, it is possible that the EC could ultimately determine that it lacks jurisdiction over the deep-sea parcel tanker industry for the alleged conduct during the relevant time. Such a decision declining jurisdiction might undermine the EC's authority to grant immunity to the Company for the relevant conduct in the deep-sea parcel tanker industry.

Because of the pendency of the EC proceedings, the fact-intensive nature of the issues involved, and the inherent unpredictability of the outcome of such proceedings, the Company has made no provisions for any fines related to the EC antitrust investigation in the accompanying consolidated financial statements. It is possible that the outcome of this investigation, if negative, could result in substantial and material fines and penalties. Consequently, the outcome of the EC investigation could have a material adverse effect on the Company's financial condition, cash flows and results of operations.

25. Legal Proceedings *continued*

Parcel Tanker Investigations by Other Competition Agencies

In February 2004, the Canadian Competition Bureau (“CCB”) notified the Company that the CCB was engaged in antitrust investigations of the parcel tanker shipping industry and the Company. It is the contention of the CCB that the Company does not have amnesty in the CCB investigation of the parcel tanker industry. The Company understands that the CCB is investigating violations of Canadian bid rigging and price-fixing laws. Additionally, in 2007 the CCB sought court-ordered discovery against third parties as part of an intensification of its investigation into potential competition violations in the parcel tanker industry. The CCB also contends that for certain of the alleged actions there is no statute of limitations.

The Company has cooperated to date in the CCB investigation, including providing the CCB with access to certain of its business records. The CCB has confirmed that its investigation is ongoing.

Because of the continuing nature of the CCB investigation, the fact-intensive nature of the issues involved, and the inherent unpredictability of the outcome of such proceedings, the Company has made no provisions for any fines related to the Canadian antitrust investigation in the accompanying consolidated financial statements. It is possible that the outcome of this investigation could result in criminal prosecutions and if SNTG is found guilty, substantial and material fines and penalties. Consequently, the outcome of the CCB investigation could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

U.S. Department of Justice Investigation into the Company’s Tank Container Business

On June 28, 2004, the Company received a grand jury subpoena from the DOJ Antitrust Division calling for the production of documents relating to the Company’s tank container business, organized as a separate line of business from the Company’s parcel tanker business. The Company cooperated with the DOJ in this matter.

In February 2008, the DOJ confirmed in writing that it formally closed its antitrust investigation of the tank container industry.

Possibility of Undisclosed Governmental Investigations

The foregoing are the government antitrust investigations of which the Company has received formal notification.

Because of the trend towards global coordination of competition agencies and the confidentiality of certain investigations that they conduct, it is possible that there are or may be additional investigations by other national authorities of the parcel tanker industry, the tank container industry or other businesses in which the Company participates.

It is also possible that the consequences of such investigations could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

U.S. Securities and Exchange Commission Formal Investigation

On July 30, 2007, SNSA received a Formal Order of Private Investigation issued by the U.S. Securities and Exchange Commission (the “SEC”) related to, among other things, SNSA’s past stock options practices and procedures. Previously, SNSA had been the subject of an informal inquiry by the SEC.

On September 4, 2007, SNSA received a subpoena from the SEC staff for certain Company records, including documents from January 1, 2001 to the date of the subpoena, (1) relating to compensation expenses associated with the Company’s stock option grants, (2) evaluating, considering or discussing a restatement of the Company’s financial results for the aforementioned period, (3) reflecting the methodology used by the Company to determine materiality in its financial statements and (4) supporting certain

compensation charges taken in 2005 and 2006 and other financial information regarding stock option practices.

SNSA is cooperating with the SEC and continues to provide responsive documents. The SEC’s investigation is ongoing. Because of the inherent unpredictability of the outcome of SEC investigations, the outcome of which could result in substantial and material fines and penalties, SNSA is unable to determine whether or not an unfavourable outcome is probable, is unable to estimate a range of possible losses and has therefore made no provision in respect of this matter in the accompanying consolidated financial statements. The outcome of the SEC’s inquiry could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

Antitrust Civil Class Action Litigations and Arbitrations

During 2007, there were five putative private antitrust class action lawsuits outstanding against the Company in U.S. federal and state courts for alleged violations of antitrust laws, two of which were resolved in 2007. The three remaining actions set forth almost identical claims of collusion and bid rigging that track information in media reports regarding the DOJ and EC investigations.

The suits seek treble damages in unspecified amounts and allege violations of the Sherman Antitrust Act and various state antitrust and unfair trade practices acts. The actions typically name as defendants SNSA and SNTG, along with several of SNTG’s competitors, such as Odfjell, Jo Tankers and Tokyo Marine.

Of the two putative class action claims resolved in 2007, the claim involving KP Chemicals had previously been voluntarily dismissed by the plaintiffs against all of the defendants. On November 21, 2006, however, KP Chemical attempted to reinstate its claims against SNTG in its individual capacity (rather than as a class representative). SNTG and KP subsequently settled KP’s claims and on January 15, 2008, KP dismissed its claims. At that time, KP filed a revised notice of voluntary dismissal in the court action, with prejudice, bringing the matter to a complete close.

The second putative class action, *Fleurchem*, was consolidated into the MDL proceedings described below, under the below caption:

> *Fleurchem, Inc., on behalf of itself and all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co. Ltd, H-03-3385 (S.D. Tex.) (“Fleurchem”).*

On December 9, 2005, SNTG filed a motion to compel arbitration of Fleurchem’s claims. On February 6, 2006, the court ordered one-way discovery against Fleurchem on the issue of its obligation to arbitrate. On January 3, 2008, plaintiff’s counsel in the *Fleurchem* matter filed a voluntary Notice of Dismissal with prejudice with the court, thereby fully resolving the matter between the parties.

As a result of the above settlement, only the following three putative antitrust class action lawsuits remain outstanding in U.S. federal and state courts, or in arbitration proceedings:

1. *Karen Brock, on behalf of herself and all others similarly situated, v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, Odfjell USA, Inc., Jo Tankers BV, Jo Tankers USA, Inc., Tokyo Marine Co. Ltd and Does 1 through 100 inclusive, No. CGC 04429758 (Superior Court of Cal., County of San Francisco) (“Brock”);*
2. *Scott Sutton, on behalf of himself and all others similarly situated in the State of Tennessee v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odfjell ASA, and Odfjell Seachem AS, Odfjell USA Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co. Ltd., No. 28,713-II (Cir. Ct. Cocke County, Tenn.) (“Sutton”); and*

3. *AnimalFeeds International Corp., Inversiones Pesqueras S.A., Central Pacific Protein Corp, and Atlantic Shippers of Texas, Inc., individually and on behalf of all others similarly situated v. Stolt-Nielsen S.A., Stolt-Nielsen Transportation Group Ltd., Odjfell ASA; Odjfell USA Inc., Jo Tankers BV, Jo Tankers USA, Inc., and Tokyo Marine Co. Ltd, 2:03-CV-5002 (E.D. Pa.) (“AnimalFeeds”).*

State Court Indirect Purchaser Antitrust Actions: Brock and Sutton.

In *Brock and Sutton*, indirect purchasers claim in state court actions that alleged collusion resulted in higher prices being passed on to them. The *Brock* action has been stayed by agreement of the parties.

The Company has filed a motion to dismiss the *Sutton* complaint in its entirety. Briefing is complete, and oral arguments are scheduled for March 7, 2008.

Multidistrict Litigation (MDL) in the U.S. District Court for the District of Connecticut. In *AnimalFeeds*, customers claim that, as a result of defendants’ alleged collusive conduct, they paid higher prices under their contracts with the defendants. *AnimalFeeds* had been consolidated into a single multidistrict litigation (“MDL”) proceeding in the U.S. District Court for the District of Connecticut (the “MDL Court”) captioned “In re Parcel Tanker Shipping Services Antitrust Litigation”. The MDL court, the U.S. District Court for the District of Connecticut, required *AnimalFeeds*, as a direct purchaser, to proceed in arbitration rather than in federal district court. The Company proceeded to arbitrate with *AnimalFeeds* before a five-member tribunal (“New York Arbitral Tribunal”).

The parties agreed to divide the proceedings into three phases: (1) clause construction (to determine if class arbitration is permitted under the arbitration clause); (2) class certification; and (3) merits/liability. After an initial unfavourable ruling from the New York Arbitral Tribunal, the U.S. District Court for the Southern District of New York ruled that class arbitration is not permitted under the parties’ arbitration clauses. Accordingly, the court held *AnimalFeeds* may only arbitrate its individual claims.

AnimalFeeds has appealed this decision to the U.S. Court of Appeals for the Second Circuit. In light of the ongoing Second Circuit appeal, the New York Arbitral Tribunal has stayed proceedings in the arbitration.

In light of the early stages of these litigations and arbitrations, the fact-intensive nature of the issues involved, the unsettled law and the inherent uncertainty of litigation and arbitration, the Company is not able to determine whether or not a negative outcome in any of these ongoing actions is probable, or a reasonable range for any such outcome, and the Company has not made any provision for any of these claims in the accompanying consolidated financial statements. It is possible that the outcomes of any or all of these proceedings could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

Direct Purchaser Opt-Out Arbitration

In addition to the three remaining putative class actions described above, numerous other parcel tanker customers of SNTG have come forward in the past five years and presented formal arbitration demands. As previously disclosed, SNTG has resolved many such claims in confidential commercial agreements. During 2007, SNTG concluded six such commercial agreements, thereby resolving all outstanding formal arbitration demands. Certain other customers of SNTG have broached potential issues arising out of the parcel tanker industry in discussions with SNTG, but to date have not formally served arbitration demands or other formal claims.

In light of the early stage of these potential claims, the fact intensive nature of the issues involved, the inherent uncertainty of litigation and arbitration, the unsettled law and the potential offsetting effect of counterclaims asserted against the claimants, the Company is not able to determine whether or not a negative outcome in any of these actions is probable, or a reasonable range

for any such outcome, and has made no provision for the claims raised in these proceedings in the accompanying consolidated financial statements. Given the volume of commerce involved in the Company’s parcel tanker business, an adverse ruling in one or more of these civil antitrust proceedings could subject the Company to substantial civil damages in light of the treble damages provisions of the Sherman Antitrust Act.

The Company has noted that the civil damages in major civil antitrust proceedings in the last decade have ranged as high as hundreds of millions of dollars, including where companies have entered into the DOJ’s Corporate Leniency Program.

This range involving other companies and other circumstances is not necessarily indicative of the range of exposure that the Company would face in the event of an adverse outcome, although it is possible that the outcomes of any or all of these proceedings could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

Customer Settlements

The Company has actively engaged in discussions with a number of customers, including many of those described above, regarding the subject matter of the DOJ and EC antitrust investigations.

To date, the Company has reached agreements or agreements in principle resolving existing and potential antitrust claims with a significant number of its major customers, with the condition that the customer relinquishes all claims arising out of the matters that are the subject of the antitrust investigations.

These agreements include the settlements specifically described above, and additional settlements of potential claims that were never made in any lawsuit or arbitration. These agreements typically affect the commercial terms of the Company’s contracts with the relevant customers. In some cases, the Company has also agreed to future discounts, referred to as rebates, which are subject to a maximum cap and are tied to continuing or additional business with the customer.

The potential future rebates which are not guaranteed by the Company, are not charged against operating revenue unless they are in consideration for settlement of existing or potential antitrust claims or the rebate is earned. The aggregate amount of such future non-guaranteed rebates for which the Company could be responsible under agreements, agreements in principle and offers made and unrecognized as of November 30, 2007, is approximately \$0.8 million. The Company expects that most of the operating revenue that would be subject to these rebates will occur within the 12 months subsequent to November 30, 2007. In certain cases, SNTG has also agreed to make up-front cash payments or guaranteed payments to customers, often in conjunction with rebates.

The Company has made provisions against operating revenue totalling \$10.6 million and \$21.9 million in 2007, and 2006 respectively, reflecting such payment terms of settlement agreements or agreements in principle or offers made to customers.

The Company continues to engage in business negotiations with other customers. There can be no certainty regarding the results of these ongoing negotiations, each is highly individualized and involves numerous commercial and litigation factors.

25. Legal Proceedings *continued*

Antitrust Civil Action by Former Competitor

On June 23, 2004, the bankruptcy trustee for O.N.E. Shipping, Inc. (“O.N.E.”), a former competitor of SNTG, filed an antitrust lawsuit against SNTG in the U.S. District Court for the Eastern District of Louisiana alleging claims under state and federal laws.

The claims generally track the factual allegations in the putative class action lawsuits and direct opt-out lawsuits described above, except that the complaint alleges that SNTG conspired with other parcel tanker firms to charge predatory prices, that is, prices that were below a competitive level, thereby driving O.N.E. out of business.

This lawsuit seeks treble damages in the tens of millions of dollars related to alleged suppression and elimination of competition. It has been consolidated in the MDL litigation. On May 9, 2007, the court partially granted SNTG’s motion to dismiss by dismissing the state law claims as time-barred, the claims against Odfjell Terminals and Stolthaven for failure to state a claim, and any claims under federal law relating to a conspiracy to raise prices. The ruling allowed O.N.E. to proceed on its claims for predatory pricing under federal law against defendants.

On June 5, 2007, SNTG filed a motion for reconsideration based on new Supreme Court authority. This motion has been fully briefed and the parties await a ruling.

In light of the early stage of this lawsuit and the inherent uncertainty of litigation, the Company is not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and has made no provision for the claims raised in this lawsuit in the accompanying consolidated financial statements. It is possible that the outcome of this action could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

Securities Litigation

In March 2003, an individual claiming to have purchased SNSA’s American Depositary Receipts, Joel Menkes, filed a purported civil securities class action in the U.S. District Court for the District of Connecticut against SNSA and certain officers and directors. Plaintiffs’ counsel have since replaced Mr. Menkes with Irene and Gustav Rucker. The current complaint appears to be based significantly on media reports about the O’Brien action (described below) and the DOJ and EC investigations (described above). Pursuant to the Private Securities Litigation Reform Act, the court allowed for the consolidation of any other class actions with this one. No other class actions were brought during the time allowed.

On September 8, 2003, the plaintiffs filed their Consolidated Amended Class Action Complaint against the same defendants.

The consolidated complaint was brought on behalf of “all purchasers of Stolt’s American Depositary Receipts (“ADR’s”) from May 31, 2000, through February 20, 2003... and all U.S. located purchasers of Stolt securities traded on the Oslo Exchange to recover damages caused by defendants’ violations of the Securities Exchange Act of 1934”.

The complaint claims that SNSA “concealed that a material portion of SNSA’s and SNTG’s revenues and earnings from 2001 through February 2003 came from an illegal pact between SNTG and Odfjell ASA... to rig bids for international shipping contracts...”.

The consolidated complaint asserted that SNSA’s failure to disclose such alleged behaviour, coupled with allegedly “false and misleading” statements, caused plaintiffs to pay inflated prices for SNSA’s securities by making it appear that the Company was “immune to an economic downturn that was afflicting the rest of the shipping industry” and “misleading them to believe that the Companies’ earnings came from legitimate transactions”.

SNSA has sought to dismiss the complaint. By order issued September 12, 2006, the district court dismissed with prejudice plaintiffs’ scheme liability claims against all defendants in the case but the other claims have not been dismissed. On December 4, 2006, the court granted the SNSA’s motion to stay discovery due to the then-pending parcel tanker criminal proceeding, and required SNSA to file intermittent status reports with the court concerning the continued need for a stay order. The last status report was submitted to the court on February 15, 2008, and the parties are in discussions as to the conduct of discovery.

The Company is vigorously defending itself against this lawsuit. The Company is not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and the Company has not made any provisions for any liability related to the action in the accompanying consolidated financial statements. It is possible that the outcome of this litigation could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

Employment Litigation

In an action filed in the Superior Court in Connecticut, the Company and its former chairman have been sued by a former employee, Paul E. O’Brien, who resigned in early 2002.

The plaintiff in the O’Brien action, a former in-house counsel, seeks damages for constructive discharge and alleges that the Company was engaging in ongoing “illegal antitrust activities that violated United States and international law against price fixing and other illegal collusive conduct”. The O’Brien action also seeks an order allowing the plaintiff to disclose client confidences and secrets regarding these allegations and protecting the plaintiff from civil or disciplinary proceedings after such revelation. The complaint, as amended, does not specify the damages sought other than to state they are in excess of the \$15,000 jurisdictional minimum.

SNTG filed motions for summary judgement on the entire complaint based, among other things, on the grounds that: 1) a New York lawyer cannot maintain an action against his client where it will necessarily require disclosure of privileged information or client confidences; and 2) O’Brien failed pursuant to New York (and Connecticut) law to report his concerns “up the corporate ladder” in March 2002. By agreement of the parties, in September 2004, the Superior Court heard arguments on only the first ground for summary judgement. In October 2004, the Superior Court denied that branch of the summary judgement motion.

SNTG immediately took an interlocutory appeal, and SNTG’s petition for review by the Connecticut state Supreme Court was denied in April 2005. A September 2008 date has been set for trial. The parties are still conducting certain limited discovery in preparation for trial. The Company intends to continue to vigorously defend itself against this lawsuit. Although Mr. O’Brien’s complaint is based on his allegations that there was ongoing illegal conduct as of March 2002, Judge Kaufman’s decision dismissing the criminal antitrust indictment against the Company found that the Company had taken prompt and effective action in early 2002 to stop ongoing illegal antitrust activity. The Company is not able to determine whether or not a negative outcome in this action is probable, or a reasonable range for any such outcome, and has not made any provision for any liability related to the action in the accompanying consolidated financial statements.

It is possible that the outcome of this litigation could have a material adverse effect on the Company’s financial condition, cash flows and results of operations.

General

The Company is a party to various other legal proceedings arising in the ordinary course of business. The Company believes that none of those matters will have a material adverse effect on its business or financial condition.

The ultimate outcome of governmental and third-party legal proceedings is inherently difficult to predict. It is reasonably possible that actual expenses and liabilities could be incurred in connection with both asserted and unasserted claims in a range of amounts that cannot reasonably be estimated. It is possible that such expenses and liabilities could have a material adverse effect on the Company's financial condition, cash flows and results of operations. The Company's operations are affected by U.S. and foreign environmental protection laws and regulations. Compliance with such laws and regulations entails considerable expense, including ship modifications and changes in operating procedure.

Due to the uncertainty over the resolution of the matters described above, as of November 30, 2007, the Company had not established any reserves for legal fees and costs related to these proceedings.

26. Subsequent Events

Final 2007 Dividend

On February 7, 2008, the Company's Board of Directors recommended a final 2007 dividend of \$0.50 per Common share, payable June 4, 2008 to shareholders of record on May 21, 2008. The dividend, which is subject to shareholder approval, will be voted on at the Company's Annual General Meeting of Shareholders scheduled for May 15, 2008 in Luxembourg. If approved the dividend will result in an aggregate cash payment to shareholders of Common shares of \$30 million. SNSA paid an interim dividend of \$0.50 per Common share and \$0.005 per Founder's share on December 12, 2007 to shareholders on record as of November 28, 2007.

U.S. DOJ Antitrust Investigation into the Company's Parcel Tanker Business and Tank Container Business

In the first quarter of 2008, the DOJ confirmed in writing that it formally closed its antitrust investigations of the parcel tanker and tank container industries.

Danish Ship Finance A/S \$150 million Secured Term Loan Facility

On February 8, 2008 the Company accepted an offer made by Danish Ship Finance A/S for a \$150 million secured term loan facility to be secured by eight currently owned ships. The loan is expected to be drawn down in three tranches starting during the second quarter of 2008 with the final tranche being drawn in June 2009. Each tranche has a maturity of ten years after the drawdown date.

NOK 825.6 Million Facility Agreement

On February 15, 2008, the Company entered into a NOK 825.6 million facility agreement with Eksportfinans and DnB Nor Bank ASA. It is the Company's intent to make the first drawdown on the 12-year secured term loan in early March 2008. The loan is secured by a mortgage on the first two ships to be delivered from Aker Yards Florø in Norway. The second drawdown will take place on the delivery of hull number 150 from Aker Yards Florø, Norway. The two tranches combined are for NOK 825.6 million, with each tranche converted into U.S. dollars at the draw down date.