STOLT-NIELSEN S.A.
annual report 2004

STOLT-NIELSEN S.A. annual report 2004

STOLT-NIELSEN S.A.

c/o Stolt-Nielsen Ltd.
Aldwych House
71-91 Aldwych
London WC2B 4HN U.K.
Tel: 44 20 7611 8960
Fax: 44 20 7611 8965

www.stolt-nielsen.com

Stolt-Nielsen S.A. (the "Company") is one of the world's leading providers of transportation services for bulk liquid chemicals, edible oils, acids, and other specialty liquids. The Company, through the parcel tanker, tank container, terminal, rail and barge services of its wholly-owned subsidiary Stolt-Nielsen Transportation Group, provides integrated transportation for its customers. Stolt Sea Farm, wholly-owned by the Company, produces and markets high quality turbot and Southern bluefin tuna. The Company also owns 25 percent of Marine Harvest, the world's largest aquaculture company, producing mainly Atlantic salmon.

NARRATIVE CONTENTS

Financial Highlights	1
A Message from the Chairman and CEO	2
Stolt-Nielsen Transportation Group	6
Stolt Sea Farm	18
Corporate Governance	20
Board of Directors	22
Q&A with the CFO	23

Cover: *Stolt Achievement* and *Stolt Taurus*, SNTG Terminal, Houston, TX

This book was printed on recycled paper. DESIGN: Inc Design. www.incdesign.com COVER & PAGE 13: Photographed by Dennis Murphy, Dallas, TX.

Shareholder Information

Stock Listing
Common Shares — On Oslo Børs under symbol SNI and on Nasdaq as an American Depositary Shares ("ADS") under symbol SNSA

Shares Outstanding
(as of April 30, 2005)
Common Shares – 65,226,763

Country of Incorporation — Luxembourg

Annual General Meeting
June 9, 2005 at 2:00 p.m.
Services Généraux de Gestion S.A.
23, avenue Monterey
L-2086 Luxembourg

Internet Address
www.stolt-nielsen.com

Financial Information
Copies of press releases, quarterly earnings releases, annual report, and SEC Form 20-F are available on the internet at www.stolt-nielsen.com or by contacting:

VALERIE LYON
Stolt-Nielsen Ltd.
Aldwych House
71-91 Aldwych
London, WC2B 4HN U.K.
Telephone: 44 20 7611 8904
Fax: 44 20 7611 8965
E-Mail: vlyon@stolt.com

Investor Relations and Press Inquiries
Shareholders, securities analysts, portfolio managers, representatives of financial institutions, and the press may contact:

RICHARD M. LEMANSKI
Stolt-Nielsen Inc.
8 Sound Shore Drive
Greenwich, CT 06836 U.S.
Telephone: 1 203 625 3604
Fax: 1 203 625 3525
E-Mail: rlemanski@stolt.com

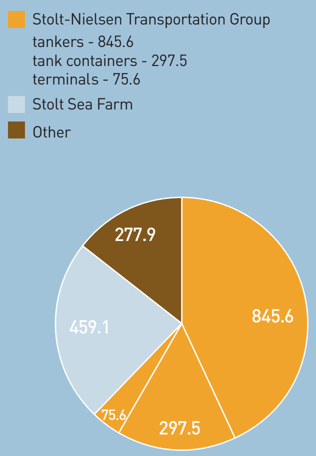
Transfer Agent and Registrar
Common Shares — VPS
DnB NOR Bank ASA
Stranden 21
N-0250 Oslo 2 Norway
Telephone: 47 22 48 35 20
Fax: 47 22 94 90 20
E-Mail: irene.johansen@dnbnor.no

Depositary Bank
Common Shares — ADRs
Citibank N.A.
Depositary Receipt Services
388 Greenwich Street, 14th Floor
New York, NY 10013, U.S.
www.citibank.com/adr

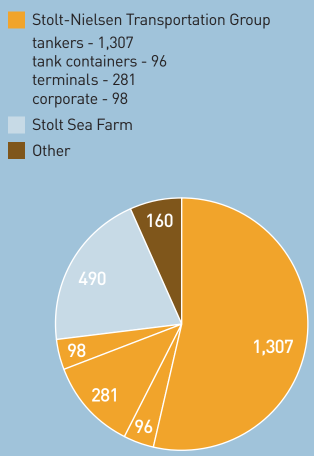
Auditors
Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281 U.S.

Dividend Policy
It is the policy of Stolt-Nielsen S.A. to pay a semi-annual cash dividend to its shareholders. The amount to be paid shall be determined each year by the Board of Directors according to the financial situation of the Company and its investment plans.

Financial Highlights



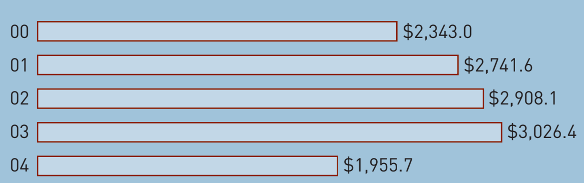
2004 Revenue by Business
(U.S. $ millions)



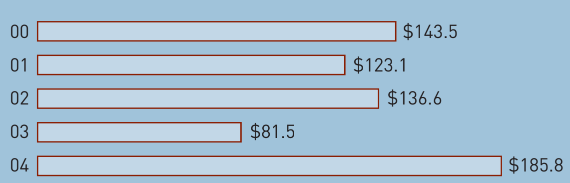
2004 Identifiable Assets by Business
(U.S. $ millions as of Nov. 30, 2004)

(in millions, except per share data)	2004	2003	2002
			For the years ended November 30,
Operating revenue	$ 1,955.7	$ 3,026.4	$ 2,908.1
Income (loss) from operations	$ 123.6	$ (369.8)	$ (49.1)
Net income (loss)	$ 74.9	$ (316.0)	$ (102.8)
Cash flows from operations	$ 185.8	$ 81.5	$ 136.6
Income (loss) per Common share			
Basic	$ 1.21	$ (5.75)	$ (1.87)
Diluted	$ 1.19	$ (5.75)	$ (1.87)
Weighted average number of Common shares and Common share equivalents outstanding			
Basic	61.8	54.9	54.9
Diluted	62.6	54.9	54.9
Cash dividends paid per share	$ 0.00	$ 0.25	$ 0.25

(in millions, except per share data)	2004	2003	2002
			As of November 30,
Long-term debt and capital lease obligations (including current portion)	$ 820.4	$ 1,220.2	$ 1,320.1
Shareholders' equity	$ 883.3	$ 694.2	$ 989.8
Book value per share	$ 13.94	$ 12.63	$ 18.01
Total number of Common shares outstanding	63.4	54.9	54.9

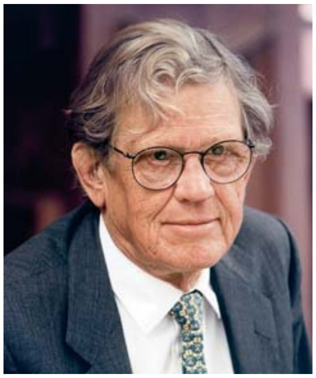


Operating Revenue
(U.S. $ millions)



Cash Flows from Operations
(U.S. $ millions)

A Message from the Chairman and CEO:



JACOB STOLT-NIELSEN (left)
Chairman
Stolt-Nielsen S.A.

NIELS G. STOLT-NIELSEN (right)
Chief Executive Officer
Stolt-Nielsen S.A.

2004 was an extraordinary year for Stolt-Nielsen S.A. ("SNSA") and a rewarding one for its shareholders.

As a result of a year-long series of actions, we have substantially enhanced the financial condition of the Company and its businesses. For the full year ended November 30, 2004, SNSA reported net income of $74.9 million compared with a loss a year ago of $316.0 million. Diluted earnings per share were $1.19 compared with a loss of $5.75 per share in 2003.

Commenting on the dramatic turnaround at SNSA, a financial publication focused on the shipping industry perhaps said it best: "What Stolt-Nielsen accomplished during the 12 months of 2004…is nothing short of miraculous."

Not a miracle, but the result of actions taken, the underlying strength of the Company and a strong parcel tanker market.

At SNSA, Stolt-Nielsen Transportation Group ("SNTG") is now the focal point of our attention. After its strong performance in 2004, we are enthusiastic about the prospects for this business, which is benefiting from the strongest market we have seen in a decade.

We also continue to maintain a significant hand in aquaculture. Stolt Sea Farm ("SSF") has merged most of its operations into the new Marine Harvest, where SNSA owns 25 percent of this new company. With projected revenues of EUR 850 million and 6,000 employees, Marine Harvest will be by far the world's largest aquaculture business. SSF will continue to operate its successful turbot and tuna businesses, which were not included in the Marine Harvest transaction.

SNSA's rebound was almost matched by an impressive turnaround at Stolt Offshore ("SOSA") in 2004. After major actions taken by SOSA's CEO Tom Ehret and his management team to streamline, restructure and reengineer the company, SOSA has been financially and operationally revitalized. Given the turnaround, and SNSA's decreased ownership in the company, we made the decision to divest all of SNSA's shares in SOSA in January 2005. The transaction resulted in a net gain of about $356.0 million that was recognized in the first quarter of 2005. The $492.4 million of net proceeds was used to reduce debt and to place the Company in a strong position to advance its transportation and aquaculture businesses and other investment opportunities.

SNSA's financial and operational transformation during 2004 was a result of the Company's successful efforts to reinvigorate itself financially. Here were the major actions:

- January 24: SNSA raised $104 million of equity in a private placement of 7.7 million Common shares with institutional investors.

- February 12: SOSA obtained a new $100 million bonding facility.

- February 13: SOSA sold 45.5 million newly issued Common shares for gross proceeds of $100 million.
- February 19: SNSA sold two million Common shares in SOSA for $6.7 million. The action allowed SNSA to deconsolidate SOSA for financial reporting purposes, which enabled the Company to regain compliance with the financial covenants of its primary credit facilities.
- March 30: SNSA closed on a $130 million new revolving credit facility.
- April 21: SNSA received 22.7 million Common shares of SOSA in exchange for a $50 million subordinated loan.
- May 28: SOSA sold 29.9 million Common shares for gross proceeds of $65.2 million.
- June 16: SNSA announced that it had resolved its dispute with its senior note holders. The note holders agreed to waive their claims of default and to modify loan covenants to provide the Company with flexibility to make investments in non-consolidated subsidiaries.
- August 13: SNSA closed on a new five-year $150 million credit facility.
- November 8: SOSA completed $350 million of debt and guarantee refinancing, releasing SNSA from its guarantee obligations.

We continued to take significant actions in early 2005:

- January 13: SNSA announced that it had completed the sale of all of its shares in SOSA—79.4 million—in a private placement to certain qualified investors.
- March 11: SNSA's Board of Directors recommended a special dividend for the year ended November 30, 2004 of $2.00 per Common share, citing the Company's strong performance in 2004 and the improvement in its balance sheet following the sale of its interest in SOSA.
- April 15: SNSA redeemed all $295.4 million of its senior notes, with an eye toward refinancing its other debt and lowering its financing costs.
- April 29: SNSA and Nutreco Holding N.V. completed the merger of their aquaculture operations, creating the new Marine Harvest.

SNSA's balance sheet and liquidity position are now significantly improved. The equity markets' valuation of the Company has risen substantially. We are very pleased with both the strong outlook for SNTG and our investment in new Marine Harvest.

On the legal front, we were pleased with the decision in August by the European Commission to drop its investigation of the intra-European barge industry. We also were reassured by the favorable ruling rendered in the U.S. District Court in January of 2005, in which the U.S. Department of Justice was enjoined from prosecuting SNSA and SNTG for any violations of the Sherman Act up to and including January 15, 2003. The decision enforced the Company's conditional leniency agreement with the U.S. authorities. Although the U.S. Department of Justice has appealed this decision, the Company continues to be confident in its legal position and looks forward to presenting its case in the U.S. appellate court.

We, as a company and as individuals, remain resolutely committed to the strict enforcement of our Code of Business Conduct. The regulatory compliance policies contained in the Code are designed to ensure that the Company and all of its employees conduct themselves in a manner that is fully compliant with the laws and regulations applicable to SNSA.

STOLT-NIELSEN TRANSPORTATION GROUP

SNTG had an outstanding year. Full-year operating revenue rose to $1.2 billion from $1.1 billion in 2003, and income from operations climbed to $170.8 million from $83.4 million.

In last year's annual report, we talked about the boom in the overall shipping industry, driven by strengthened economic conditions worldwide, China's growing demand for raw materials and the underinvestment in many shipping sectors over the past 20 years. That analysis proved to be spot on.

In China, SNTG has launched two new joint ventures. Shanghai Sinochem-Stolt Shipping Ltd. will operate eight coastal chemical tankers in China. Shanghai Stolt-Kingman Tank Containers Transportation Ltd. will provide multimodal tank container services to China's bulk liquid chemical and food industries.

We also announced in April of 2005 an agreement with the Kleven Florø yard in Norway for the building of two 43,000 dwt parcel tankers, to be delivered in late 2007 and early 2008. Each ship will have a combination of 39 stainless steel and coated tanks. The new ships will complement the high-end sophisticated ships SNTG built in the late 1990s.

Stolt Parcel Tankers reported income from operations of $118.8 million, up from $63.2 million in the prior year. Strong global demand for chemicals in 2004 led to higher volumes, which in turn put significant upward pressure on both contract and spot rates. Contracts negotiated by SNTG in 2004 generally reflected increases averaging six percent. Contracts currently being negotiated by the Company are generally up 20 to 30 percent. On the spot market, transpacific westbound freight rates—i.e., U.S. Gulf to Asia—are at their highest levels in more than 12 years. Transatlantic eastbound rates are also trending up, closing in on the peak levels reached in 1995.

We expect China to remain a major driver of world seaborne trade, including specialty chemicals. And we are keeping a close strategic eye on India, as growth in its economy accelerates, and on the Middle East, as its commodity exports continue to grow.

Stolthaven Terminals also had an excellent year, with operating revenue of $75.6 million and income from operations of $24.2 million. Results for the year reflected continued high utilization rates in excess of 95 percent. Expansion plans are currently being executed in Houston, Braithwaite and Santos that will increase Stolthaven's total capacity by more than 25 percent over the next two to three years.

Stolthaven remains a key factor in SNTG's ability to deliver integrated logistic solutions to its long-term contract customers. By effectively managing the terminal/tanker interface, demurrage can be reduced and turnaround times decreased. That translates to increased value for customers and a distinct competitive advantage for SNTG.

Stolt Tank Containers reported full-year 2004 revenue of $297.5 million and income from operations of $17.8 million, reflecting in part the impact of legal expenses related to an ongoing investigation. For the year, Stolt Tank Containers averaged 79.7 percent utilization, which compared favorably with the unit's theoretical maximum of 80 percent. During 2004, Stolt Tank Containers made a strong push to penetrate the food-grade and wines & spirits markets with encouraging results.

With SNTG's strong focus on delivering competitive, superior value to our customers, our fleet of more than 130 ships, our global network of terminals, and more than 17,000 tank containers, we believe SNTG is well positioned to benefit as market conditions continue to strengthen.

Most key economic, industry and market indicators are positive and we look forward to SNTG performing strongly over the next few years.

STOLT SEA FARM

News from SSF in 2004 was dominated by the announcement of the planned merger with Nutreco's Marine Harvest unit. The transaction was completed on April 29, 2005.

Full-year 2004 revenues at SSF declined slightly to $459.1 million. While SSF still reported a loss from operations of $4.9 million, this represented a substantial improvement over the prior year. Salmon prices remained weak for much of the year, though prices began to strengthen in early 2005.

Trade issues continue to impact the salmon market. The European Commission decided in October 2004 to start anti-dumping proceedings against imports of farmed salmon originating in Norway. As a part of the process, the European Commission decided to impose provisional duties in April 2005 on imports of farmed salmon, including that produced by SSF as well as Marine Harvest, that originated in Norway. SSF and Marine Harvest are in the process of contesting the provisional duties. While SSF's Australian Southern bluefin tuna operations have seen weaker prices, the Company's turbot operations continue to post strong and consistent results.

Looking ahead, we are very pleased to be a part of the new Marine Harvest, and look forward to working with Nutreco in creating a market leader within its industry.

We remain strongly committed to the continued development of our turbot and bluefin tuna operations.

FINANCE AND DIVIDEND

Capital expenditures (excluding those for SOSA) for full-year 2004 totaled $51.3 million, most of which was related to our capacity expansion projects at Stolthaven. We currently anticipate approximately $215 million in capital expenditures in 2005. This includes the Company's recent acquisition for $45 million of the *M/T Isola Blu*, a 26,660 dwt parcel tanker built in 2001. The Company also acquired a smaller coastal tanker, the *M/T Marinor*, for $10 million. Of remaining planned expenditures, the majority is earmarked for pre-payments for Stolt Parcel Tankers' newbuildings, Stolthaven and Stolt Tank Containers.

As noted in our 2003 annual report, no dividends were paid due to our financial situation. We are now delighted that we are able to reinstate dividend payments. The SNSA Board has recommended a special payment of $2 per Common share for 2004, which is subject to shareholder approval at the Company's annual meeting.

For 2004 the employee performance incentive plan of SNTG made a payment of $10.4 million and the SSF plan paid out $0.1 million.

The events of 2004 cannot be fully appreciated without reference to the enormous effort, creativity and high spirit of our employees. The renewed state of SNSA today is a tribute to their talents, determination and unfailing commitment to the Company.

By any measure it was an extraordinary year for SNSA and a very rewarding one for our shareholders.

The record speaks for itself: SNSA finished as the top performer for 2004 in the Oslo Børs Benchmark Index. The share price tripled in 2004.

We look forward to 2005 and beyond with renewed optimism, enthusiasm and confidence.

JACOB STOLT-NIELSEN
Chairman
Stolt-Nielsen S.A.

NIELS G. STOLT-NIELSEN
Chief Executive Officer
Stolt-Nielsen S.A.

May 27, 2005

STOLT-NIELSEN TRANSPORTATION GROUP

positioned for growth

OTTO H. FRITZNER
Chief Executive Officer, SNTG

Many investors—even some who focus on shipping—are unfamiliar with the parcel tanker sector. Why?

The parcel tanker sector is one of the least known in the tanker industry, partly because it is a small industry and partly because it is not well understood by many investors. Parcel tankers account for only a small percentage of total commercial deep-sea tanker tonnage. Given current economic and market conditions and the outlook for the industries we serve, we think SNTG has a compelling story to tell.

What are the key drivers of SNTG's business?

Global trade is the most important driver of our business. When global trade is strong—as it is now—business is good. In fact, it's been at least 10 years since our markets have been this strong.

How is SNTG benefiting from the surge in global trade?

With Asian economies booming, demand for chemicals is strong. We believe there are simply too few parcel tankers to meet the need for parcel tanker service between Europe and the U.S. Gulf—where most of the world's specialty chemicals are produced—and Asia.

How is a parcel tanker different, for example, from a crude oil tanker?

The two are entirely different. Typically a crude oil tanker picks up a full load, for a single customer, from a single berth in one port. The ship then makes its voyage and unloads its entire cargo at a single berth in one port of discharge. The tanker often then proceeds empty to its next loading port where it takes on another cargo for its next discharge port. The ship usually does not follow any preconceived schedule. The owners send the tanker to the loading area where they feel the best freight rates will be obtainable. Freight rates, more often than not, are determined on the spot market and frequently fluctuate. Very simple, but also an art of its own.

A parcel tanker has multiple tanks, designed to safely segregate multiple cargoes for multiple customers. In the course of a single round voyage, a parcel tanker will call at numerous load and discharge ports, stopping at many berths in each port. The parcel trade is a liner trade, meaning that we repeat the same round voyage patterns using several ships, at regularly scheduled intervals. This enables our customers to plan their imports or exports accordingly. Most of our cargoes are carried under contracts, typically of six to 24 months duration, but we also carry a substantial number of spot cargoes.

We have numerous such contracts and numerous services between all industrialized areas of the globe.

The scheduling of the ships, keeping the right interval between sailings, handling the multitude of demanding and mutually incompatible cargoes, the stowage, the last cargo requirement, the segregations, the heating or cooling requirements of the cargoes, etc., make this trade far more complex and demanding than many other kinds of shipping. I am proud to say that, in my opinion, our people are the best in the parcel-tanker business.

$1.2 Billion
revenue

Parcel Tankers

The world's most technically advanced fleets with stainless steel tanks, special handling equipment, such as heating and cooling systems, specialized cleaning equipment and the ability to provide nitrogen blankets.

Tank Containers

The world's largest provider of integrated, multi-modal, door-to-door tank container services for specialty-liquid and food-grade transportation in all major markets worldwide.

Terminals

Stolthaven's state-of-the-art terminals provide customers with high-quality storage and distribution services, and complement the services of Stolt Parcel Tankers and Stolt Tank Containers.

KEY STATISTICS

4,700 Employees
23 offices
133 Parcel Tankers with 2.3 Million Deadweight Tons of Capacity
17,636 Tank Containers
5 Terminals


COLOR KEY
Stolthaven Terminals
Voyage Profile
SNTG Sailing Routes
Ports
Offices
BULK LIQUIDS EXPORTS
Specialty Chemicals
Commodity Chemicals
Vegetable and Animal Oils and Fats
Sailing: 10 Days via North Atlantic Ocean
PERCENT OF TOTAL GLOBAL EXPORTS
39% 20% 16%
U.S. Gulf, Day 1-15
Multiple Ports/Berths:
Houston, New Orleans, Baton Rouge
Load: 35,000 MT (93% under COA)
Products: 27 (96% specialty chemicals)
Customers: 8
U.S. East Coast, Day 109-110
Multiple Berths: New York
Discharge: 14,000 MT
ATLANTIC OCEAN
85 ROUND VOYAGES ANNUALLY
8,000 TO 40,000 MT CAPACITY
Houston, TX
Braithwaite, LA
INTER CARIBBEAN
100 SAILINGS ANNUALLY
5,000 TO 12,000 MT CAPACITY
U.S. Gulf, Day 114-120
Multiple Ports/Berths: Braithwaite, Houston
Discharge: 13,000 MT
Sailing: 29 Days via Panama Canal, Pacific Ocean
PERCENT OF TOTAL GLOBAL EXPORTS
18% 30% 12%
PACIFIC OCEAN
96 ROUND VOYAGES ANNUALLY
12,000 TO 40,000 MT CAPACITY
Santos, Brazil

AROUND THE WORLD IN 120 DAYS

continued...

For the next month, *Stolt Concept* visited more than a dozen ports, loading and discharging various cargoes in Taiwan, China, Indonesia and Malaysia. During this period, SNTG's marketing organization focused intently on opportunities in the spot market to keep the ship 'topped off' as it made its rounds.

Just as the U.S. Gulf is the production center for specialty chemicals, Malaysia is one of the world's leading sources of vegetable oils, such as palm oil, and oleo chemicals. By targeting this market, these products and their derivatives have become the primary products carried by SNTG ships departing Southeast Asia. As the *Stolt Concept* set sail from SNTG's joint venture terminal in Westport, Malaysia, on the next leg of its voyage, roughly two-thirds of its 35,000 mt ton load consisted of veg oils and oleo chemicals, with 86 percent of the cargo carried under contract.

Twenty-one days later, having crossed the Indian Ocean and transited the Suez Canal and the Strait of Gibraltar, *Stolt Concept* arrived in Rotterdam. After discharging roughly half its cargo, the ship loaded 6,000 mt of specialty and commodity chemicals bound for the U.S. (The Rhine River basin is another major center of chemicals manufacturing. But given the enormous costs of building such plants, European and American manufacturers tend to focus on different chemicals, resulting in significant trans-Atlantic trade volumes.) On the last leg of its voyage, *Stolt Concept* departed Rotterdam with 16,000 mt of cargo.

While the ship's load out of Rotterdam was less than optimal, such decisions must occasionally be made. SNTG's ships spend close to one-third of each voyage in port because of the need to pick up and discharge cargoes at numerous ports and berths. While the goal is always to operate at close to capacity, it is up to SNTG's marketing staff to make the final decisions on whether it makes more sense economically to hold up a ship to take on one more spot cargo, or to sail with less than full utilization.

After 10 days crossing the North Atlantic, *Stolt Concept* discharged 7,000 mt at New York before completing its voyage to the U.S. Gulf and discharging its remaining cargo at Braithwaite and, finally, Houston.

Voyage 22 took *Stolt Concept* around the world in 120 days. During the voyage, the ship called at more than 20 ports and twice as many berths. *Stolt Concept* transported a total of 76,000 mt of cargo, valued at more than $160 million, for 25 customers. Nearly 30 different bulk liquids—ranging from specialty chemicals, to commodity chemicals, to vegetable oils and oleo chemicals—were loaded and discharged before the ship returned to Stolthaven Houston in late December.

AROUND THE WORLD IN 120 DAYS
with *M/T Stolt Concept*

One of the key factors that differentiates SNTG is its focus on long-term contracts with its core customers in the specialty-chemicals industry. Long-term contracts enable SNTG to optimize its voyages through the development of triangular trade routes. A profile of a typical SNTG deep-sea voyage shows the benefits of SNTG's approach.

A Voyage in Profile

In late August of 2004, *M/T Stolt Concept*, a 37,000 dwt parcel tanker with 48 stainless steel tanks, began loading at the Port of Houston for what was known simply as Voyage 22.

The U.S. Gulf region is the world's leading production center for specialty chemicals and a key starting point for SNTG. Given the volume of cargo originating in this region, SNTG maintains Stolthaven Terminals at both Braithwaite, LA and Houston, TX, which speeds turnaround times for its parcel tankers. Half a world away are some of the most prodigious consumers of specialty chemicals: China and a number of other fast-growing countries in the Asia Pacific region. SNTG is the 'bridge' that links the two.

Stolt Concept began the outbound leg of its voyage fully laden with 35,000 mt of cargo, nearly all of it specialty chemicals transported under contracts of affreightment. Cargoes were carried for eight different customers on this voyage, underscoring SNTG's flexibility in achieving high levels of asset utilization.

After 29 days at sea, including a transit of the Panama Canal, *Stolt Concept* arrived in Yokohama, Japan, the first port of discharge. Three days later *Stolt Concept* arrived in Ulsan, Korea, where SNTG has a joint venture terminal. Most of the ship's cargo of specialty chemicals was discharged at Ulsan, with much of it then transshipped to northern China. *Stolt Concept* also loaded cargo while alongside.

Who are your customers?

Jacob Stolt-Nielsen, the founder of Stolt-Nielsen, invented the modern parcel tanker more than 45 years ago and we value the long-term customer relationships that we have forged over the years. SNTG's customers include most of the world's leading chemical manufacturers. We also count among our customers traders of chemicals, edible oils and oleo chemicals, as well as traders, manufacturers and refiners of petroleum products. We think our contract portfolio is second to none.

How do your contracts work?

A typical contract might call for us to ship annually, for example, a minimum of 80,000 metric tons to a maximum of 100,000 metric tons of propylene oxide, from Houston to Ulsan, Korea—one of the gateways to China. The contract might require that we provide an average of two sailings a month. Given that SNTG has dozens of contracts with similar terms, along with the fact that a round voyage takes roughly four months, one requires a sizable fleet like ours to provide the service our customers require.

We operate more than 130 ships with a total cargo capacity of over two million deadweight tons. Our fleet is complemented by a network of offices around the world staffed by people with a high degree of expertise in handling the products we carry, and a deep knowledge of our sailing routes and the specific needs of our customers and their cargoes. We also operate three so-called short-sea trades, in which smaller parcel tankers serve customers' regional needs. These routes serve regional markets in Europe, the Caribbean and Asia.

Is the Stolthaven terminals business separate or is it integrated with your tanker operations?

It is absolutely integrated. Our Stolthaven terminal network gives us the ability to directly manage the terminal/tanker interface. Stolthaven operates five terminal facilities in key locations around the world, with a total of approximately eight million barrels of storage capacity. By controlling this interface, we can reduce demurrage costs (i.e. the costs due to delay) for our customers and accelerate turnaround times of our ships in port. That translates to significant efficiencies that we can share with our contract customers. We believe that leveraging our Stolthaven network on behalf of our long-term contract customers is an important competitive advantage for us. At the same time, Stolthaven is an independent storage operator and also works for third parties.

What about Stolt Tank Containers? When would a customer ship in a tank container versus a parcel tanker?

It's really a question of the size of a shipment. A tank container carries between 16 and 20 tons of liquid, depending on the specific gravity of the cargo. Typically, once a customer gets above 200 tons for a single move—roughly ten containers—the economics of the parcel tanker start making more sense. Of course, each customer is to some extent unique.

Customers turn to Stolt Tank Containers when they want a steady just-in-time flow for their supply chains. For many customers, we carry loads of one or two tanks a month. We also do some very large moves of thousands of tons per year on various tradelanes. Stolt Tank Containers operates more as a continuous supply chain or pipeline, by providing door-to-door service.

From time to time, customers move between tankers and tank containers, as their volume requirements change. We believe SNTG is unique in its ability to offer customers a complete solution for their bulk liquid logistics needs.

parcel tankers

Our global fleet consists of:

- 69 deep-sea parcel tankers
- 28 coastal tankers
- 36 inland tankers

It safely, reliably and efficiently transports liquid chemicals, acids, edible oils and other specialty liquids for customers worldwide.

$846 Million
revenue

133
parcel tankers

2.3 Million
deadweight tons of capacity

$297 Million
revenue

17,636
tankers containers

tank containers

Operates a fleet of more than 17,000 tank containers. Stolt Tank Containers' new joint venture in China—Shanghai Stolt-Kingman Tank Containers Transportation Ltd.—represents a significant step in SNTG's ongoing expansion and its ability to serve customers in this key growth market.

What do you see as the key growth markets for SNTG and what are you doing to target them?

China is booming and we are certainly benefiting from its demand for raw materials, including specialty chemicals. India and a number of countries in Southeast Asia are also showing very strong economic growth profiles. Given that the centers for specialty chemical production remain in the U.S. Gulf and northern Europe, we expect to benefit from the increased demand in Asia for some time to come. Significant investment is now flowing into the Middle East to build plants to produce commodity chemicals, such as benzene and styrene. While our focus remains on the sophisticated specialty-chemical trade, the commodity volumes that are projected to flow out of the Middle East add significantly to our potential market.

We have launched two significant new joint ventures to expand our presence in China. StoltChem is a joint venture with Sinochem, which will own and operate Chinese-flagged coastal chemical tankers to meet the rapidly rising demand for the distribution of liquid chemicals in that country. Our other new joint venture is Shanghai Stolt-Kingman Tank Containers Transportation Ltd., which provides integrated multimodal tank container services in China to both the liquid chemicals and food-grade industries.

If the demand for parcel tankers is so great, why aren't more being built?

Several reasons. First, few shipyards are even willing to build parcel tankers, as they are notoriously difficult to construct. Second, among those yards that do have experience with parcel tankers, most are booked solid building ships for other sectors. The newbuildings outlook is further clouded by sharply higher prices for steel and stainless steel. A new parcel tanker ordered today would likely not be delivered before 2008.

Based on our analysis, the top 18 competitors in our industry have an orderbook for deliveries between now and 2009 of roughly 21 percent of the existing fleet—a reasonable level, in our view, particularly given that about eight percent of the fleet will be 30 years or older in the next three years.

We believe SNTG is well positioned in the current environment. We replaced most of our sophisticated high-end tonnage in the late 1990s. And when it comes to simpler ships, our strategy is to employ a combination of time charters and future newbuilding contracts. We are confident that we can meet our customers' needs.

What is SNTG's fleet replacement strategy?

We will take delivery on time charter of 16 ships between 2004 and 2008. We look for additional opportunities to purchase ships on the open market, as we did with the 26,600 dwt *M/T Isola Blu* and the 7,950 dwt *M/T Marinor*, now sailing as the *M/T Stolt Gannet*. We have also recently secured two contracts with options for partly coated, partly stainless 43,000 dwt tankers, which will fit nicely into our fleet plan. While these additions will result in a net expansion of the fleet in the near term, the increase will be largely offset in 2007 and 2008 due to the scheduled retirement of other ships. Our next major fleet replacement will probably see deliveries taking place sometime late in this decade, based on our current assessment of trends in supply and demand and our outlook for newbuilding prices.

What is the outlook for newbuilding prices?

The worldwide orderbook for all types of tonnage is the highest in history. It is hard to find acceptable prices in this over-heated market, particularly given the high steel prices, especially for stainless steel. That is why we are especially fortunate with respect to the 16 newbuilds we are taking on time charter. The price tags on those ships would have been much higher if we had waited until today to make those contracts. The current newbuilding prices are at historic high levels and we do not see any signs that this is about to change. We also know that shipping is a cyclical business and that both our market and the shipping market in general will eventually change, and at that time, history tells us that newbuilding prices follow. Even the best paying contracts that we have today can not justify building a new sophisticated stainless steel chemical tanker today. So either the freight rates need to increase significantly from today's level, or the newbuilding prices have to come down.

What criteria does SNTG apply in determining when to scrap a ship?

We start by assuming a baseline life expectancy of 25 years for all our ships.

Because we maintain our ships to high quality standards, it is often possible to extend their working lives for five years. SNTG has a rigorous process for making this determination. Of course, all of SNTG's ships must meet the same high standards for safety, environmental compliance and integrity, regardless of age. That's always our starting point. Safety is paramount. A technical inspection is then conducted to determine if the ship is suitable for life extension, which requires a costly dry-docking program. A broad range of factors is weighed, including net present value, what the ship can sail in at, the state of the market, etc. The ship must also be acceptable to our customers, by demonstrating its ability to meet their stringent requirements.

Again, largely because of our high maintenance standards, as well as the high standards and specifications to which our ships are built, we more often than not are able to extend a ship's life to 30 years.

How important of a differentiation factor is personnel in this business?

Ships are not SNTG's only important asset. SNTG's success is built on the intelligence and talent of our people in providing these specialized services to our customers. What distinguishes SNTG at the end of the day is our ability to optimize our voyages in terms of customer service, utilization and profitability. And we believe the record shows that no one does it better than Stolt-Nielsen Transportation Group.

$76 Million
revenue

5 Terminals
worldwide

terminals

Owns and operates three storage terminals in Houston, TX, Braithwaite, LA, and Santos, Brazil, with a combined capacity of 4.2 million barrels.

Has interests in two ventures: Stolthaven Westport (Malaysia) and Jeong Il Tank Terminal (Ulsan, South Korea) with a combined storage capacity of 3.7 million barrels.

Maintains and operates more than 330 railway tank cars.

STOLT SEA FARM & MARINE HARVEST

creating the "new" Marine Harvest

The announcement last year of the planned merger of Stolt Sea Farm with the fish-farming operations of Nutreco Holding's Marine Harvest set the stage for the creation of the global leader in aquaculture. The merged company will be a market leader in all of the markets it operates in, and will be led by a management and owners with extensive industry experience. While that alone was cause for enthusiasm, many other positive factors also supported the formation of the new Marine Harvest.

From the outset, it was clear that the two companies had much in common and stood to benefit from substantial synergies in their farming, marketing and sales operations. We expect those synergies will enable Marine Harvest to drive down costs and build competitive advantage across its entire operations, from farming through to customer sales and marketing. The sheer size of the new Marine Harvest will make it capable of meeting the needs of the world's largest buyers of quality seafood products, such as international retail chains, food service companies and the food industry.

The new Marine Harvest will start its life with a strong balance sheet, owned by two pioneers within the aquaculture industry. Both SNSA and Nutreco are of a similar mind with respect to the future direction of the industry. Both companies share a strong belief in the increasingly important role that aquaculture will play in delivering seafood to consumers worldwide as the world's oceans are being over fished by a global fishing fleet that no one seems to be able to regulate.

As companies that pioneered this industry, SSF and Nutreco also have no illusions about the challenges ahead. Historically, it is the mid-size local fish farmers that have been the lead performers in the salmon farming industry. Still, we firmly believe that a global operator the size of the new Marine Harvest is needed to achieve the operational synergies, both in farming and processing as well as in the sales and distribution of our products. Some industry observers have long talked of the need for consolidation in the industry, particularly in the Norwegian and Chilean salmon industry. Marine Harvest may prove to be the catalyst for this necessary and overdue process. While such a process may be difficult in the short term, it is clearly one of the keys to unlocking the substantial potential of the industry.

Marine Harvest's business strategy will be based on three core elements. The first element is to capitalize fully on the synergies and combined strengths of the two companies. The second element of the strategy will be to achieve consistent financial results by positioning Marine Harvest as the dependable supplier to customers in the retail, food service and processing industries worldwide, and by focusing on products with stable margins. Third, Marine Harvest intends to strengthen its competitive position going forward by introducing a growing range of value-added products and by extending the company's expertise and leadership in such areas as quality control, tracking and tracing, and food safety.

We believe growth potential in Europe is substantial. The new Marine Harvest will focus on expanding retail and food service sales, particularly in France, the UK and high-growth markets in Eastern Europe and Russia. The development of value-added products with long-term customer contracts will also be key in the company's European markets. We expect that Marine Harvest will realize substantial synergies and cost reductions in Europe as a result of the merger of the two businesses.

30+ Years
farming experience

KEY STATISTICS — STOLT SEA FARM HOLDINGS B.V.

200 Employees
2 Offices
Sales Volumes:
2,700 Tons of Turbot
1,100 Tons of Tuna

In North America, the primary focus will be on optimizing Marine Harvest's customer base. In this region, Marine Harvest supplies primarily club stores and retail customers, while SSF mainly serves regional distributors, food service firms and retailers. North America is a growth market, too, and supplying retail and food service customers is the most attractive niche within the market. As in Europe, we expect to realize significant cost savings in both logistics and overhead. Optimizing our production structure in Canada and Chile also will be a focus.

By joining with Marine Harvest, SNSA has the opportunity to benefit from the substantial future upside potential of an exciting industry.

Stolt Sea Farm Holdings B.V.

Our turbot and sole operations in Europe and our Southern bluefin tuna operations in Australia are not included in the Marine Harvest merger, and will be run and managed by our team in Spain. Today our European turbot business, after the opening of Vilano, the world's largest land based fish farm, will produce a total 3,550 tons of turbot. This new farm gives us a clear lead in the production and supply of turbot, which nicely complements the diminishing supply of wild turbot. The business continues to be profitable and the average return on capital employed over the last five years is 21 percent. Our sole project is at an advanced research stage and we will soon enter the commercial production stage.

We continue to believe in the upside potential of the aquaculture industry and we will participate in shaping its future through our 25 percent ownership in Marine Harvest and through our wholly owned subsidiary Stolt Sea Farm Holdings B.V.

Southern Bluefin Tuna

Southern Bluefin Tuna ranching operation and production sites are located in Australia.

It primarily services the Japanese market.

Turbot

The world's largest turbot producer with farms located in Spain, France, Norway and Portugal.

Corporate Governance

Board Size and Structure

The business affairs of SNSA are managed under the direction of the SNSA Board of Directors. The Board of Directors may delegate authority to the Chairman, specified committees of the Board of Directors, or to SNSA's management.

As provided in SNSA's Articles of Incorporation, the Board of Directors shall be composed of at least three and not more than nine Directors. The Board of Directors believes that the optimal size for the Board of Directors should be six to eight Directors. The Board of Directors' size is flexible depending on the circumstances and the qualifications of proposed candidates.

The Directors are elected at a General Meeting of Shareholders by a simple majority vote of the outstanding shares (Common and Founders) represented at the Meeting for a period of one year. Directors may be removed with or without cause by the votes of the holders of more than 50% of shares present or represented at a General Meeting. In the event of a vacancy on the Board of Directors because of death, retirement, resignation or dismissal, the remaining members of the Board of Directors can fill such vacancy and appoint a member to act until the next General Meeting of shareholders at which the Directors so elected shall be confirmed.

The Board of Directors elects from its members a Chairman who presides over all meetings of the Board of Directors, at which he is present.

The Board of Directors may appoint a Board Secretary who does not need to be member of the Board of Directors.

Board Committees

The Board of Directors has established the Audit Committee, Legal Committee, and Compensation Committee. Currently, SNSA does not have a separate Nominating Committee.

The Audit Committee is composed of at least three members; each of whom is independent pursuant to all applicable regulatory requirements. The Compensation Committee is composed of at least three members of which at least one is independent pursuant to all regulatory requirements applicable to SNSA. The Legal Committee is composed of one member.

Each Audit Committee member must meet a financial literacy requirement, and at least one member must have experience or background, which results in being a financial expert.

Each Committee has a Chair who reports the activities of such Committee at meetings of the full Board of Directors.

The Board of Directors periodically reviews the size, structure, and function of the Directors' Committees.

The Audit Committee, Legal Committee, and Compensation Committee shall have written charters.

Independence

The Board of Directors at least annually reviews the financial and other relationships between the Directors and SNSA.

The Board of Directors will obtain a fairness opinion or valuation from an independent third party for any material transactions between SNSA and affiliates such as: members of the Board of Directors, members of the executive management or close associates of any such parties; and between companies in the same group where any of the companies involved have minority shareholders.

Directors and the executive management must notify the Board of Directors if they have any material direct or indirect interest in any transaction entered into by SNSA. Directors with such a direct or indirect interest may not participate in voting for such transactions.

The Board of Directors may retain independent advisors, as it deems appropriate in its discretion. SNSA shall be responsible for the expenses of any such advisor.

Board Meetings

The Board of Directors holds at least four regularly scheduled meetings a year.

Meeting schedules are approved by all members of the Board of Directors.

Decisions of the Board of Directors shall be taken by a majority of the votes cast by the Directors present and represented at the meeting provided a quorum is present. The Board of Directors may also act by unanimous written consent.

Board Meetings – Executive Sessions

Independent Directors meet at regularly scheduled executive sessions without the participation of the Directors who are not independent. Directors who are not independent may participate in such sessions to the extent the Board of Directors deems to be appropriate and is permitted by applicable law and the rules of Nasdaq and the Oslo Børs.

Annual and Extraordinary General Meetings

The Board of Directors is responsible for calling both Annual and Extraordinary General Meetings of Shareholders.

The Board of Directors is obligated to hold an Annual General Meeting every year in Luxembourg, normally at the registered office. Variation from such date as set forth in the Articles of Incorporation (third Thursday in April) must be approved by shareholders.

A shareholder or group of shareholders representing at least one-fifth of the outstanding voting shares may request a General Meeting in writing indicating the agenda thereof. The Board of Directors will be obligated to hold the meeting within thirty days after receipt of such request.

Notices for both Annual and Extraordinary General Meetings shall be sent by mail to all holders recorded in the Register no later than twenty days before the date set for the General Meeting.

Notices should provide sufficient information on all matters to be considered at the General Meeting, voting instructions and opportunity to vote by proxy.

Matters at the General Meetings are restricted to those set forth in the agenda.

Director Qualifications, Candidates, Responsibilities, Orientation and Continuing Education

The Chairman of the Board of Directors identifies and evaluates proposed candidates for nomination to the Board of Directors. The Board of Directors authorizes invitations to candidates. Individuals are selected for nomination to the Board of Directors based on their business or professional experience, the diversity of their background, and their array of talents and perspectives.

Management is available to discuss matters of concern to the Board of Directors and the Board of Directors has regular access to senior management.

The basic duties and responsibilities of the Directors include attending Board of Directors' meetings, preparing for meetings by advance review of any meeting materials and actively participating in Board of Director discussions. Directors are also expected to make themselves available outside of Board of Director meetings for advice and consultation.

The Board of Directors ensures that SNSA has good internal controls in accordance with the regulations that apply to its activities, including SNSA's corporate values and ethical guidelines.

Director Compensation and Stock Ownership

The Board of Directors on an annual basis reviews the Director's compensation including grants of restricted stock and stock options under plans approved at the General Meeting. The review includes a comparison of SNSA's Director compensation practices against the practices of comparable U.S. and European companies.

The remuneration paid to SNSA's Board of Directors for their service as Directors is disclosed in aggregate at the Annual General Meetings and in Form 20-F as filed with the U.S. Securities and Exchange Commission.

Evaluation of the CEO and Executive Management

The performance and compensation of the CEO is reviewed periodically by the Compensation Committee and annually by the Board of Directors in an executive session as described above under "Board Meetings – Executive Sessions."

Remuneration of the members of executive management is disclosed in aggregate in Form 20-F as filed with the U.S. Securities and Exchange Commission.

SNSA Equity and Dividends

The authorized share capital of SNSA may be increased or reduced by resolution of shareholders as provided in the Articles of Incorporation and under Luxembourg company law. The Board of Directors is authorized to increase the issued share capital within the limits of the SNSA authorized capital.

SNSA's share option plans have been approved at the General Meeting. The plans were established to create a long-term common interest between the employees and the SNSA's shareholders. The Compensation Committee administers SNSA's share option program.

Interim dividends can be declared and paid in any fiscal year by approval of the Board of Directors. Final dividends may only be paid after approval by the shareholders at the Annual General Meeting.

The Board of Directors has established a dividend policy that is available on the SNSA website.

Information and Communications

All information distributed to SNSA's shareholders is published on SNSA's website.

Board of Directors

JACOB STOLT-NIELSEN

Mr. Jacob Stolt-Nielsen has served as Chairman of the Company since he founded it in 1959. He held the position of Chief Executive Officer of Stolt-Nielsen S.A. from 1959 until 2000. He was trained as a shipbroker and worked in that capacity in London and New York prior to founding the Company. He holds a degree from Handelsgymnasium, Haugesund, Norway. He is a Norwegian citizen.

ROELOF HENDRIKS

Mr. Hendriks has served as a Director of the Company since July 7, 2004. He has been Chief Financial Officer and a Member Board of Management of CSM N.V since 2000. Prior to that, he was a Vice Chairman Executive Board, Koninklijke Vopak N.V. He held various positions at Koninklijke Vopak N.V. and its predecessor, Van Ommeren, from 1980 until 2000. Mr. Hendriks received a law degree from Vrije Universiteit, Amsterdam. He is a Dutch citizen.

CHRISTER OLSSON

Mr. Olsson has served as a Director of the Company since 1993. He is President and Chief Executive Officer of Wallenius Lines AB and Chairman of WalleniusWilhelmsen Lines A/S. He also serves as Chairman of United European Car Carriers and the Swedish Club and a Director of B&N AB, Atlantic Container Line AB and the Swedish Shipowners Association. He received his BLL degree from Stockholm University. He is a Swedish citizen.

CHRISTOPHER J. WRIGHT

Mr. Wright has served as a Director of the Company since May 2002. He served as President and Chief Operating Officer of the Company from 1986 to December 2001. He was employed by British Petroleum plc ("BP") from 1958 until the time he joined the Company. He held a variety of positions at BP working in Scandinavia, Asia, the U.S. and London. Mr. Wright holds a Masters degree in History from Cambridge University. He is a British citizen.

NIELS G. STOLT-NIELSEN

Mr. Niels G. Stolt-Nielsen has served as a Director of the Company since 1996 and as Chief Executive Officer since 2000. He served as Interim Chief Executive Officer, Stolt Offshore S.A. from September 2002 until March 2003. He held the position of Chief Executive Officer, Stolt Sea Farm from 1996 until September 2001. In 1994 he opened and organized the Company's representative office in Shanghai. He joined the Company in 1990 in Greenwich, CT, working first as a shipbroker and then as a round voyage manager. Mr. Stolt-Nielsen graduated from Hofstra University in 1990 with a BS degree in Business and Finance. Mr. Niels G. Stolt-Nielsen is the son of Mr. Jacob Stolt-Nielsen. He is a Norwegian citizen.

JAMES B. HURLOCK

Mr. Hurlock has served as a Director of the Company since July 7, 2004. Mr. Hurlock served as Interim Chief Executive Officer of Stolt-Nielsen Transportation Group from July 2003 to June 2004. He also serves as a Director of Stolt Offshore S.A., Orient Express Hotel Ltd., the New York Presbyterian Hospital and USA for UNHCR. Mr. Hurlock serves as Chairman of International Development Law Organization and of the Parker School of Foreign and Comparative Law. Mr. Hurlock is a retired partner of the law firm of White & Case LLP and served as Chairman of its Management Committee from 1980 to 2000. He participated in the formation and served on the Board of Northern Offshore Ltd. Mr. James B. Hurlock holds an AB degree from Princeton University, a BA and an MA Jurisprudence from Oxford University and a JD from Harvard Law School. He is a U.S. citizen.

JACOB B. STOLT-NIELSEN

Mr. Jacob B. Stolt-Nielsen has served as a Director of the Company since 1995. He served as an Executive Vice President of Stolt-Nielsen S.A. from 2003 to December 2004. In 2000, he founded and served as Chief Executive Officer of SeaSupplier Ltd. until 2003. From 1992 until 2000 he held the position of President, Stolthaven Terminals, with responsibility for the Company's global tank storage business. He joined the Company in 1987 and served in various positions in Oslo; Singapore; Greenwich, CT; Houston, TX; and London. Mr. Stolt-Nielsen graduated from Babson College in 1987 with a BS degree in Finance and Entrepreneurial studies. Mr. Jacob B. Stolt-Nielsen is the son of Mr. Jacob Stolt-Nielsen. He is a Norwegian citizen.

Management Team

NIELS G. STOLT-NIELSEN
Chief Executive Officer
Stolt-Nielsen S.A.

JAN CHR. ENGELHARDTSEN
Chief Financial Officer
Stolt-Nielsen S.A.

JOHN WAKELY
Executive Vice President
Stolt-Nielsen S.A.

OTTO H. FRITZNER
Chief Executive Officer
Stolt-Nielsen
Transportation Group LTD

PABLO GARCIA
President
Stolt Sea Farm

Q&A with the CFO

JAN CHR. ENGELHARDTSEN
Chief Financial Officer, SNSA

How will Sarbanes-Oxley impact you?

We embarked upon a program in the summer of 2004 to ensure that we would be able to satisfy the requirements of section 404 of the Sarbanes-Oxley Act. We made considerable progress during the year. In March 2005, the U.S. Securities and Exchange Commission (the "SEC") announced it was deferring the requirement to provide an internal control report and auditor attestation for non-U.S. filers like SNSA until the first annual report filed for a fiscal year ending on or after July 15, 2006. We will use this extra time to assure that we will be ready with the documentation and testing of our internal controls ahead of the deadline for the attestation process by our auditors. This is a major undertaking by our organization and a costly one. Including outside assistance we plan to spend more than 32 thousand man-hours on this project, which will have a price tag of more than $4 million. The ultimate goal is to enhance investor confidence in our reported financial figures.

What are SNSA's plans for implementing International Financial Reporting Standards ("IFRS")?

U.S. Generally Accepted Accounting Principles ("U.S. GAAP") will continue to be the primary reporting standard for SNSA. We also expect to implement IFRS in accordance with the European Union's initial directive of June 2002, which stated that Member States might defer application of IFRS until 2007 for those companies that are listed both in the EU and elsewhere and that currently use an internationally recognized GAAP as their primary basis of accounting. Stolt-Nielsen S.A. is domiciled and registered in Luxembourg and will be subject to the IFRS Regulation, in accordance with the EU regulation 1606/2002 on the application of international financial reporting standards. SNSA is working with local Luxembourg counsel and the Luxembourg authorities, as well as the Oslo Børs, to secure an exemption until 2007.

Regarding the debt portion of your capital structure, what are your plans?

On April 15 this year we repaid our senior private placement notes with the proceeds we received from the sale of our interest in Stolt Offshore. With the decrease in leverage, a very strong market for SNTG's services and a favorable financing market with banks hungry to lend, we are currently working on refinancing our existing revolving credit lines with the objectives of reducing interest rates, enhancing liquidity and extending maturities.

How does the falling U.S. dollar impact your business?

SNSA's reporting currency is the U.S. dollar. As a result, the decline in the U.S. dollar impacts both reporting results as well as the economics of the businesses. Translation exposures only affect the reporting results while economic exposures affect the profitability of the businesses.

The economic results of the transportation businesses have been affected by the decline in the U.S. dollar. While most of SNTG's revenues are in U.S. dollars, about 15 percent of the net operating expenses are in other currencies. This represents about 125 to 150 million U.S. dollars per year. SNTG's major non-dollar currency costs are in Euros, Norwegian kroner, and Singapore dollars. The decline in the U.S. dollar since 2000 has increased our total operating cost by about 3.5 percent. Although this is a relatively small percentage of the total expenses it represents more than 30 million U.S. dollars in costs that directly affect both operating earnings and net profits. We have an active hedging program to protect the company against adverse currency movements and generally hedge from nine months to one year forward. At times we have extended our hedges to two years. Where possible we try to enter into natural hedges by purchasing goods and services in U.S. dollars or by billing customers in local non-dollar currencies. The sea farm operations that we continue to manage outside of Marine Harvest have limited currency exposures that impact profit margins.

In regards to capital investments, it is our policy to fully hedge as soon as a firm contract is in place. For example, all newbuildings are hedged into U.S. dollars as soon as the contract is signed and any remaining conditions are met. This preserves the U.S. dollar cost of a newbuilding which is important as the primary revenue stream of the deep-sea fleet is U.S. dollars.

FINANCIAL CONTENTS

Management's Discussion and Analysis	25
Selected Financial Data	57
Report of Independent Registered Public Accounting Firm	58
Consolidated Statements of Operations	59
Consolidated Balance Sheets	60
Consolidated Statements of Shareholders' Equity	61
Consolidated Statements of Cash Flows	62
Notes to Consolidated Financial Statements	63
Glossary of Terms	102
Shareholder Information	IBC