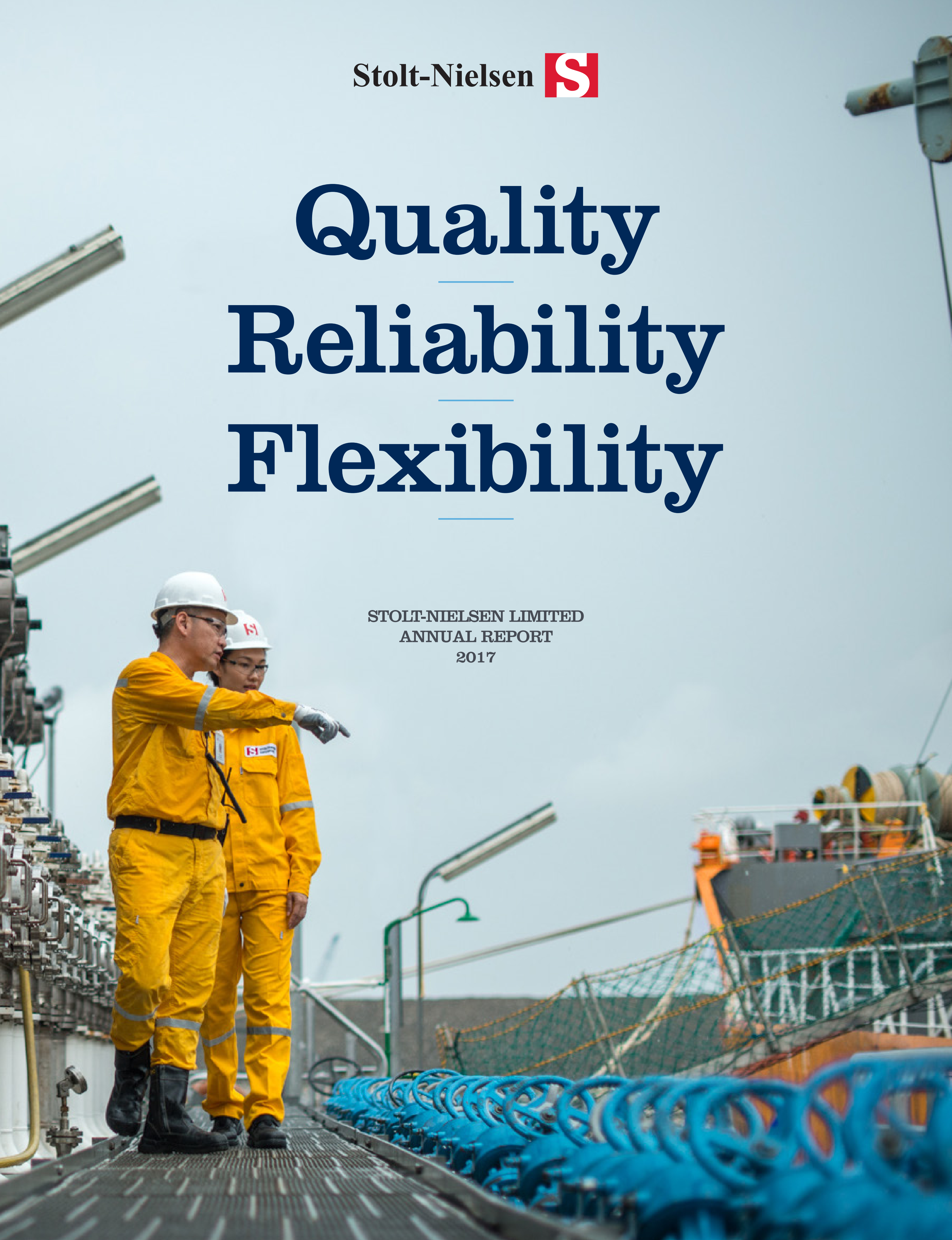
Stolt-Nielsen

Quality

Reliability

Flexibility



STOLT-NIELSEN LIMITED
ANNUAL REPORT
2017

Stolt-Nielsen

Contents

Forward-looking Statements

Included in this publication are various 'forward-looking statements', including statements regarding the intent, opinion, belief or current expectations of the Company or its management with respect to, among other things, (i) goals and strategies, (ii) plans for new development, (iii) marketing plans, the Company's target markets, (iv) evaluation of the Company's markets, competition and competitive positions, and (v) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other facts that may cause the actual results, performance and outcomes to be materially different for any future results, performance or outcomes expressed or implied by such forward-looking statements. These factors include in particular, but are not limited to, the matters described in the Principal Risks section on page 61.

Focused on delivering long term sustainable growth

Stolt-Nielsen Limited (SNL) is a leading global provider of integrated transportation, storage and distribution solutions for chemicals and other bulk-liquid products, delivered through its three largest operating units:

Stolt Tankers, Stolthaven Terminals and Stolt Tank Containers.

Stolt Sea Farm is a leading producer of premium turbot, sole, sturgeon and caviar. Stolt-Nielsen Gas is developing supply-chain opportunities in the LNG market.

Quality

Quality in all we do is what sets us apart. From our talented employees to our world-class systems and assets, we are setting the standard for quality across our industry.


981 951 CARGO FIRE

Reliability

We pride ourselves on doing what we say we will, when we say we will do it. Each and every shipment matters to us and we are committed to delivering it safely and on time.

Flexibility

We are focused on developing cost effective solutions for customers and understand that a flexible approach is essential. We are a leader in many of our markets, which means customers can rely on us to manage their requirements.

Our performance

Despite challenging markets 2017 was a year of progress for Stolt-Nielsen Limited.

Operating revenue (US $ millions)

US $1,997m

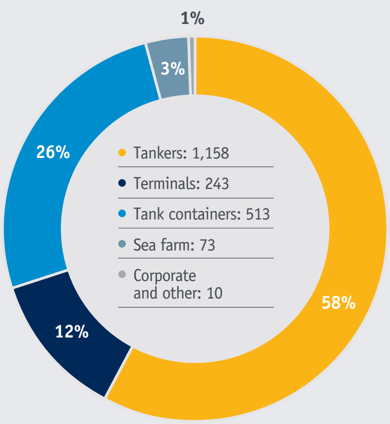
Operating profit (US $ millions)

US $194m

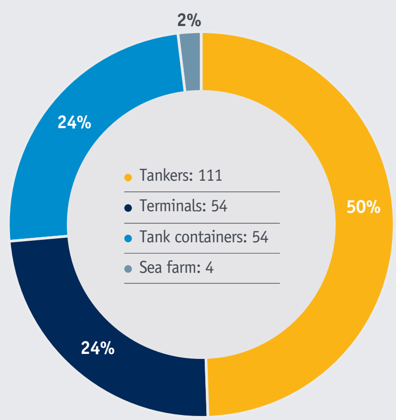
Total assets (US $ millions)

US $4,615m

Operating revenue by business (US $ millions)

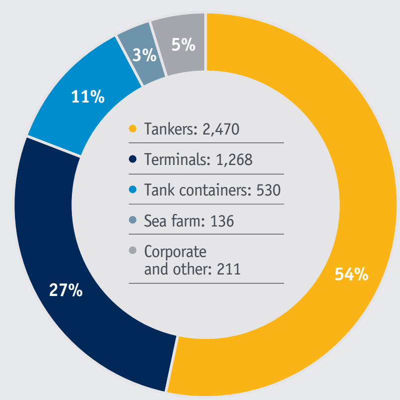


Operating profit by business (US $ millions)



Excludes Corporate and other $29 million loss

Total assets by business (US $ millions)



(in US $ millions, except per share data)	2017	2016	2015
Operating revenue	**1,997.1**	1,879.9	1,983.7
Operating profit	**194.4**	231.8	246.2
Net profit	**50.1**	113.2	133.1
Net profit per share:			
Basic	**$0.81**	$2.05	$2.36
Diluted	**$0.81**	$2.05	$2.36
Weighted average number of Common Shares and Common Share equivalents outstanding:			
Basic	**61.9**	55.2	56.11
Diluted	**61.9**	55.2	56.11

OUR BUSINESS

At a glance

A global leader in the transportation and storage of specialty chemicals and other bulk liquids.

STOLT TANKERS

Stolt Tankers is the world's largest operator of sophisticated chemical tankers, providing safe, reliable and high quality transportation services for bulk-liquid chemicals, edible oils, acids and clean petroleum products.

74

deep-sea chemical tankers

81

coastal and inland tankers

Please see pages 18-21 for more details

STOLTHAVEN TERMINALS

Stolthaven Terminal's global network of terminals provides safe, high quality storage and distribution services for chemicals, clean petroleum products and gas in key markets worldwide.

4.7

million cubic metres of storage capacity

211

railroad tankers

Please see pages 22-25 for more details

STOLT TANK CONTAINERS

Stolt Tank Containers is the world's leading provider of logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products.

35,396

tank containers in the fleet

127,000

shipments

Please see pages 26-29 for more details

STOLT SEA FARM

Stolt Sea Farm is one of the world's most advanced high-tech aquaculture companies, specialising in high quality turbot, sole, sturgeon and caviar produced in an environmentally and sustainable manner.

15

environmentally friendly land-based farms

5,400

tonnes production capacity of turbot

Please see pages 30-33 for more details

STOLT-NIELSEN GAS

Stolt-Nielsen Gas focuses on the development of small-scale LNG supply chains serving off-the-grid markets lacking access to LNG pipelines.

Two

7,500cbm LNG vessels under construction

66%

ownership in HIGAS S.r.L

Please see pages 34-36 for more details

Shipping Lanes
Stolthaven Terminals
Stolt Tank Containers Depots
Stolt Sea Farm
Stolt-Nielsen Gas
Stolt-Nielsen Offices
Major trade flows

A strong platform for growth

Our focus in 2018 will be on getting a higher return from the assets we have, reducing debt and improving earnings.

2017 was a year of mixed results for Stolt-Nielsen Limited (SNL). The Company reported a net profit of $50.1 million for 2017, down from $113.2 million in 2016. While profitable for the year, Stolt Tankers' operating results decreased by 20% in 2017, as the positive impact of the acquisition of Jo Tankers (JoT) was offset by weakness in deep-sea markets. Contract rates fell by 10% and spot rates dropped by 18% year-on-year, driven by new tonnage entering the market. Stolthaven Terminals' underlying operating results improved in 2017, mainly reflecting ongoing actions to drive sustained long-term performance. Results also reflected an increase in total storage capacity, increased throughput and higher income from our joint venture terminals. Stolt Tank Containers had an improved year, with rising demand driving both increased shipments and higher utilisation. At Stolt Sea Farm, while market prices for turbot and sole were down modestly, volumes sold were up, driven in part by additional tonnes of turbot sold on consignment.

Highlights of 2017 included the integration of Jo Tankers into Stolt Tankers. The transaction added 13 chemical tankers to the Stolt Tankers fleet, plus eight joint-venture newbuildings. Benefits included trading synergies, new tradelanes and significant administrative and general cost efficiencies. In total, Stolt Tankers added 24 ships to its fleet last year: the 13 JoT ships, plus 11 newbuildings. All of the ships – along with JoT personnel and customers – have been successfully integrated into the Stolt Tankers fleet.

The likelihood of further consolidation in the chemical tanker sector remains, as private equity firms and others who invested in chemical tankers in recent years are looking for exit strategies. In anticipation of potential opportunities, SNL last year created a stand-alone legal structure for Stolt Tankers. While still 100% owned by Stolt-Nielsen Limited, the new structure provides the flexibility to use shares in addition to cash, should opportunities for further mergers and acquisitions arise.

Looking ahead to 2018, we expect another challenging year for Stolt Tankers. 51 newbuildings are expected to be delivered this year, equal to an 8% increase in the competitive deep-sea fleet. Until the orderbook shrinks sometime in 2019 – and the balance between supply and demand improves – the deep-sea tanker market is likely to remain soft. On a positive note, as a result of the acquisition of Jo Tankers, Stolt Tankers will require no new deep-sea tonnage to maintain its current market share, for at least the next three to four years.

At Stolthaven Terminals, the chemical storage market is expected to remain stable in 2018, with some potential upside for growth – roughly in line with GDP. Our focus on chemicals – rather than oil and clean petroleum products (CPP) – is an advantage in the current market, given the current volatility in the petroleum space due to the unwinding of the contango market. Stolthaven's performance in 2018 is expected to reflect the results of building additional capacity, as well as actions and investments made to drive improved utilisation, automation and efficiency.

Stolt Tank Containers' improved performance was another highlight of 2017. While tank containers have been steadily gaining customer acceptance over the years, there is increasing evidence in the market that the capital-efficiency of this mode – in combination with its safety, reliability and door-to-door service – is increasingly being recognised as optimal for certain supply chains.

After a strong performance in 2017, the outlook at Stolt Tank Containers remains positive. We expect demand for tank container logistical services to continue to rise, driven by the cost efficient and reliable ocean liner markets, and the growing recognition of tank containers as a highly capital-efficient, reliable and safe mode of bulk-liquid transportation. STC will continue to invest and implement new technologies, systems and processes to extend its competitive advantage and service to customers.

Stolt Tankers

Stolt Tankers reported an operating profit of $111.0 million, down from $138.4 million in 2016, as results softened for the first time in five years. While revenue rose by $97.6 million, mainly due to the impact of the Jo Tankers acquisition, operating expenses and overheads also increased for the larger fleet, and results were dragged down by the decline in both contracts of affreightment (COA) and spot rates during the year. In addition, the average price of intermediate fuel oil consumed in 2017 climbed to $314 per tonne, from $216 per tonne in 2016, though the impact was largely offset by lower bunker surcharge rebates to customers. For the full year, bunker hedges generated gains of $13.5 million in 2017, an increase of $6.1 million over 2016.

The total volume of cargo carried for deep sea during 2017 increased by 20% from 2016, mainly due to the addition of the Jo Tankers ships, while average rates decreased by 12.5%. 71% of cargo was carried under COA in 2017, down from 79% in 2016, also due to the additional Jo Tankers capacity.

Operating profit for regional fleets was up due to a healthy European barging market and lower operating costs of the European coastal fleet. Joint venture results were held down, in line with deep-sea results.

Stolthaven Terminals

Stolthaven Terminals reported a 2017 operating profit of $54.2 million, up from $53.0 million in 2016. Excluding one-time costs and impairments of $10.7 million in 2017 and $6.2 million in 2016, operating income was up by $5.7 million year-over-year, due mainly to increases in capacity and higher income from joint ventures, partially offset by lower average utilisation and higher operating expenses.

Total combined storage capacity at Stolthaven's wholly owned terminals and joint venture terminals increased slightly to 4.7 million cbm in 2017. Total capacity for Stolthaven's wholly owned terminals increased by 2.9% to 1.72 million cbm from 1.67 million cbm, reflecting expansions at the division's terminals in Singapore, Dagenham, UK and Moerdijk, the Netherlands. As Stolthaven has shifted its focus from expansion to long-term performance improvement, annual increases in capacity have slowed from 4.1% in 2016, 7.2% in 2015 and 22.2% in 2014.

Progress for 2017 included breaking ground at Stolthaven Houston for a new ship dock, just one element of a multi-year infrastructure improvement programme. Capital projects were also completed at the division's terminals at Dagenham, Moerdijk and Ulsan, South Korea, which added over 160,000 cbm of storage. Storage capacity is also being added in Santos, Brazil, which has successfully diversified its product portfolio.

Stolt Tank Containers

Stolt Tank Containers reported an operating profit of $54.5 million in 2017, up 13.1% from $48.2 million in 2016, as demand for tank containers rebounded after two years of aggressive price competition. STC's total shipments for 2017 rose by 5.5% to almost 127,000. In the food-grade sector shipments by STC climbed by 13.3%. Fleet utilisation rose by four percentage points to 72.5%.

Highlights of 2017 included the continued expansion of STC's global depot network, with new joint-venture facilities opened in Laem Chabang, Thailand and Vado, Italy, bringing the total number of owned and joint-venture depots to 21, with further depots to be opened in 2018.

Demand for tank containers is expected to remain robust in 2018, driven by continued strength in global manufacturing, along with the market's growing recognition of tank containers as a highly efficient transportation mode, in terms of use of capital. The dependability of tank containers – as measured by reliable delivery times, flexibility and environmental friendliness – is a key factor driving volume toward this mode.

Stolt Sea Farm

Stolt Sea Farm reported an operating profit of $3.5 million in 2017, compared with $14.1 million in 2016. The year-over-year decrease of $10.6 million reflected the fact that the prior year's results included a $7.6 million positive adjustment in the fair value of inventories, compared with no gain in 2017. Results also reflected a $2.7 million decrease due to lower volumes of caviar sold, though prices were up nearly 21%, as the division continued to implement its direct marketing strategy. The volume of turbot sold in 2017 rose to a record 6,060 tonnes, including 666 tonnes sold on consignment, though turbot prices were down 4.0% year-over-year. Sole volumes rose by a healthy 9.3%, in line with improved production.

During 2017, SSF continued to make progress toward commencement of the building of new sole farms in Portugal and Spain, which are expected to start production in 2019-20. Looking ahead in 2018, SSF's goal is to drive increased marketing and sales efforts into new geographic markets.

Stolt-Nielsen Gas

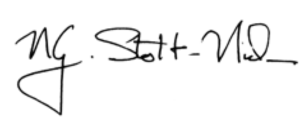
Stolt-Nielsen Gas continues to focus on the development of small-scale LNG supply chains serving 'stranded demand,' where off-the-grid customers lack access to natural gas. During 2017, SNG contracted with Keppel Singmarine for the construction of two 7,500 cbm LNG carriers with bunkering capability, scheduled to be delivered in 2019. On delivery, we expect full employment of both ships at attractive terms.

Dividend and employee incentive plans

On November 15, 2017, Stolt-Nielsen Limited's Board of Directors approved an interim dividend of $0.25 per Common Share, payable on December 12, 2017 to shareholders of record as of November 29, 2017. A final dividend of $0.25 per Common Share was recommended by the Board of Directors on February 7, 2018, subject to the approval of Shareholders at the Company's Annual General Meeting on April 19, 2018.

Stolt-Nielsen Limited compensates its employees competitively and fairly through salaries, short-term incentive plans (profit sharing), and long-term incentive plans that consist of cash rewards and benefits. We continuously compare our packages with salary surveys and, when possible, with industry-specific surveys. For 2017, the employee profit-sharing and performance incentive plans for SNL made payments of $14.4 million in early 2017.

Our focus in 2018 will be on getting a higher return from the assets we have by using our unique platform. After years of aggressive expansion in all of our businesses, our focus will now be on reducing debt and improving the earnings on what we have.



Niels G. Stolt-Nielsen
Chief Executive Officer
Stolt-Nielsen Limited

MARCH 1, 2018

Our exceptional people, innovative systems and dependable assets form the foundations for Stolt-Nielsen to reach its business objectives.


Exceptional people

Our employees are our most powerful resource. Without them we cannot achieve our business goals. We support them in reaching their full potential and this in turn is reflected in the quality of our services for customers.

Innovative systems

We have a longstanding reputation for innovation. Today we use technology to optimise processes and improve efficiency, creating value for our customers and shareholders.

Dependable assets

Our consistently well maintained and managed ships and land-based operations pass rigorous vetting inspections, while operating safely for people and the planet.

Creating value for our customers and shareholders

Stolthaven Terminals

Stolthaven Terminals is well positioned in key chemical production hubs with a similar global footprint to Stolt Tankers reaching from the US Gulf and Northwest Europe to Southeast and Northeast Asia where deep sea tanker trades converge with regional tanker trades.

Stolt Tankers

Stolt Tankers took delivery of 11 newbuildings during the year, nine from China and two from Japan, adding 341,000 dwt to the fleet.

STOLT SINCERITY
38,000 dwt
Dec 2 2016

STOLT LERK
33,000 dwt
Feb 22 2017

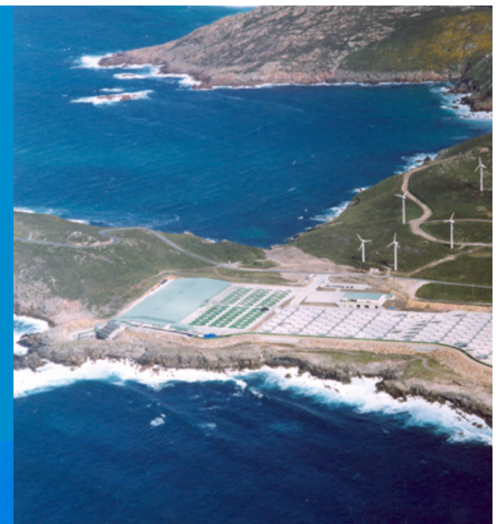
STOLT INTEGRITY
38,000 dwt
Feb 24 2017

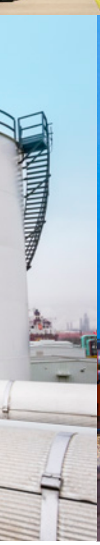
STOLT LIND
33,000 dwt
Mar 15 2017

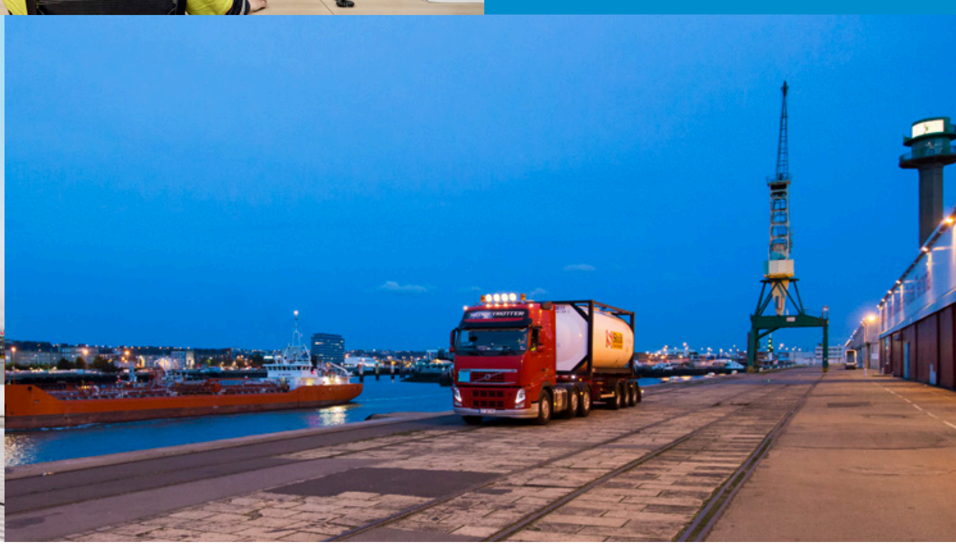
STOLT TENACITY
38,000 dwt
May 26 2017

Stolt Tank Containers

Stolt Tank Containers continued to strengthen its technology systems: streamlining key billing processes, launching a new 'paperless office' initiative and expanding the use of mobile technology for more effective depot management.







Stolt Sea Farm

Stolt Sea Farm retained its position as the only aquaculture company in the industry capable of consistently producing turbot and sole in high quality and commercial volumes, thanks to decades of R&D investment.

STOLT CALLUNA
33,000 dwt
Jun 16 2017

STOLT EBONY
33,000 dwt
Jul 11 2017

STOLT SATSUKI
12,000 dwt
Jul 14 2017

STOLT RENGE
12,000 dwt
Sep 15 2017

STOLT MAPLE
33,000 dwt
Oct 15 2017

STOLT LOYALTY
38,000 dwt
Nov 25 2017

Stolt Tankers

Deep-sea markets soften, but Stolt Tankers remains profitable

Stolt Tankers is the world's largest operator of sophisticated chemical tankers, providing safe, reliable and high quality transportation services for bulk-liquid chemicals, edible oils, acids and clean petroleum products.

KEY FIGURES

74
deep-sea parcel tankers

81
coastal and inland tankers

3m
total deadweight tonnes

"Our focus is on the long term and our goal is to deliver sustainable returns over the cycle, irrespective of market conditions."

Mark F. Martecchini
President
Stolt Tankers

Q&A with Mark F. Martecchini, President of Stolt Tankers

What were the biggest highlights and achievements for Stolt Tankers last year?

The fact that we successfully integrated the JoT fleet, the staff, its contracts and customers into Stolt Tankers – with a minimum of issues – was unquestionably a major highlight of 2017. But that's actually only part of the story, because we also took delivery of 11 newbuildings last year. And those two things combined put considerable demands on our organisation. So, from both a trading and shipowning perspective, 2017 was a very challenging year. But I'm pleased to say that our people stepped up to those challenges. What was particularly impressive was that we accomplished all this while also markedly improving our safety and operational performance during the year.

The other big highlight of 2017 was that we maintained our strong contract base. So even though fuel prices went up and there was a substantial decline in freight rates, Stolt Tankers remained profitable. The same thing cannot be said for our publicly reporting competitors.

How do you see the market shaping up in 2018?

While the market has improved after bottoming out in 2017, we're still not where we were in 2016 – or even 2015 for that matter. But we do believe that things will improve. Spot rates on the US Gulf-to-Asia and Asia-to-the-US tradelanes in particular have rebounded significantly since the lows of last summer. Spot rates are also improving out of the Arabian Gulf and in certain other markets.

On the downside, there are two main issues. First, there is still plenty of new tonnage entering the market in 2018, which will dampen rate increases, and, second, fuel prices are still rising. While it is true that spot freight rates are up, some players are aggressively pursuing COAs to secure base volumes for their new tonnage, so COA rates are lagging. So, 2018 is likely to be another challenging year.

All that said, the deep-sea freight market is our biggest challenge right now – that's where we have seen the biggest decline in rates. At the same time, Stolt Tankers also has a very strong base in the regional markets, which have been steady performers. A mixed fleet is an integral part of our overall strategy, and helps to mitigate the weakness in deep-sea. Think of it as portfolio diversification. Our regional and inland presence complements our deep-sea fleet and provides diversification that yields steady returns, even when the more cyclical deep-sea markets are suffering.

What are the key challenges and goals for Stolt Tankers in 2018?

Our focus is on the long term and our goal is to deliver sustainable returns over the cycle, irrespective of fleet size. And that can only be achieved by optimising performance, regardless of market conditions. Based on extensive internal research and analysis, 2018 will see Stolt Tankers explore how to better manage virtually every aspect of our business. In recent years we have steadily ramped up our use of data and analytics to better manage costs, enhance our performance and achieve competitive advantage, enabling Stolt Tankers to outperform regardless of the hand we are dealt by the market. So that's one key objective for 2018.

Our second key objective remains what it has always been: working collaboratively – and creatively – with our customers to find exceptional solutions to their transportation needs. Hurricane Harvey delivered a sobering reminder of how global supply chains can be enormously disrupted by just one storm. At the same time, our customers experience supply-chain challenges daily – production delays, uncertain sales, systemic port congestion from insufficient berths in Houston – and Stolt Tankers' ability to help solve those problems is what creates both customer value and competitive advantage. Quality, reliability and flexibility – that' s what defines Stolt Tankers.

Stolt Tankers

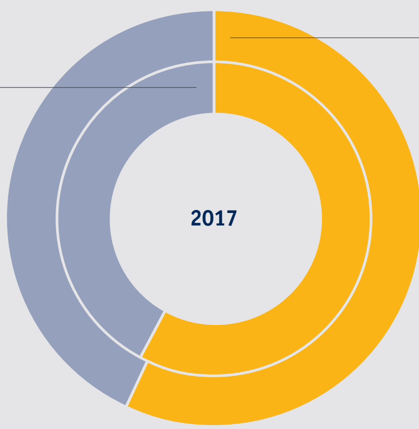
Performance

(US $ millions)	2017	2016	2015
Operating Revenue	**1,158**	1,061	1,137
Operating Profit	**111**	138	122

Percentage of group total

of total revenue

58%



of total operating profit

57%

MARKETS

Provides the world's leading manufacturers and consumers of chemicals, edible oils, acids and other bulk liquids with safe, reliable, high quality and flexible transportation services.

Delivers global deep-sea services and integrated regional services in Europe, Asia Pacific, the Indian Ocean, the Caribbean and the US.

STRATEGY

Stolt Tankers works collaboratively with its customers to enhance bulk liquid supply-chain efficiency, optimise asset management, reduce costs and leverage technology, all while operating in a manner that is safe for people and the environment.

OUTLOOK

With markets expected to remain soft in the near term, during 2018 Stolt Tankers will continue to focus on increasing efficiency, managing costs and optimising operations, while delivering superior service to customers, with a focus on safety for people and the environment.

Stolt Tankers operates the world's largest and most sophisticated fleet of chemical parcel tankers, with a global fleet of deep-sea tankers that is fully integrated with regional fleets in Europe, Asia and the Caribbean, and with inland barging services in Europe and the US Gulf. This global network gives our customers access to key hubs and markets worldwide, while delivering the quality, reliability and flexibility required to meet the often-changing requirements of their dynamic and complex global supply chains. In an environment where bulk liquid supply-chain efficiency is paramount, Stolt Tankers is increasingly working with its customers to capitalise on synergies with Stolthaven Terminals, creating integrated transportation and storage solutions that deliver the utmost in flexibility to the world's premier manufacturers and consumers of chemicals and other bulk liquids.

Review of 2017

Stolt Tankers' results weakened in 2017, driven largely by softness in deep-sea freight markets. The average contract of affreightment (COA) rate for 2017 decreased by 10% compared with 2016. The average spot rate fell even further in 2017, dropping 18% on a year-over-year basis. The effects of Hurricane Harvey had a negative impact of $7 million on Stolt Tankers' performance, from lost revenue and delays to ships in Houston at the time. Reduced earnings on positioning voyages from newbuilding yards held down revenue by $5 million. With the average price of intermediate fuel oil/low sulphur fuel consumed jumping to $314/tonne in 2017 from $216/tonne in 2016, total fuel costs (excluding the Jo fleet expansion) increased by nearly $5 million. Despite these challenges, Stolt Tankers reported an operating profit of $111.0 million for 2017.

Successful integration of Jo Tankers

Since 2016 eight joint-venture newbuildings together with JoT's existing 13 chemical tankers have joined the Stolt Tankers fleet. These, along with JoT personnel and customers have been successfully integrated into the business, enhancing trading synergies, offering new tradelanes and significantly reducing administrative and general costs.

While 2017 proved to be challenging, our regional fleets and joint ventures generated steady results over the course of the year. Stolt Tankers also completed the operational integration of Jo Tankers, which we acquired in November 2016 – a transaction that added 13 ships to the fleet, along with a 50% share in a joint venture with eight chemical tanker newbuildings. The JoT ships and sea staff proved to be a perfect fit, generating trading synergies, market expansion and cost efficiencies. Stolt Tanker's fleet expanded further in 2017 with the delivery of 11 new ships. As always, safety for people and the environment is our first priority. During 2017, Stolt Tanker's performance for both quality and safety improved on a year-on-year basis.

Achieving competitive advantage and delivering sustainable financial results over the business cycle requires more than simply responding to market conditions. During 2017, Stolt Tankers launched a major initiative focused on innovative ways to increase productivity and efficiency, reduce complexity and costs, improve voyage management and reduce port time, and increase revenue with less invested capital. Considerable research and analysis was completed in 2017 in support of the project, with plans to implement a number of initiatives in 2018.

Outlook

The chemical tanker market is unlikely to improve, at least until the latter half of 2018, when the orderbook is expected to shrink and the balance between tonnage supply and demand improves. In the meantime, Stolt Tankers continues to focus on the development of innovative processes and solutions that yield benefits – and competitive advantages – for both Stolt Tankers and its customers, regardless of changing market conditions.

Mark F. Martecchini
President
Stolt Tankers

Stolthaven Terminals

Focused on sustainable profitability and leveraging synergies

Stolthaven's global network of 19 terminals provides safe, high quality storage and distribution services for our customers with a focus on chemicals, clean petroleum products and gases in key markets and hubs worldwide.

KEY FIGURES

15
wholly owned terminals

4
joint-venture terminals

4.7m cbm
of total storage capacity

"Our goal is to deliver sustainable profitability, and to be valued by customers for our operational strengths and service capabilities."

Guy Bessant
President
Stolthaven Terminals

Q&A with Guy Bessant, President of Stolthaven Terminals

What were the highlights for Stolthaven in 2017?

To understand Stolthaven and where we're going, you've got to understand where we've come from. From 2004 to 2015, Stolthaven was about investing for growth. We invested over a billion dollars, expanding from five terminals with less than a million total cubic metres of storage, to a global network of 19 terminals with over 4.7 million cubic metres of storage. Over the last two years, our focus has been on building a cohesive brand from those assets – one that delivers sustainable profitability to SNL shareholders, and one that is recognised and valued by customers for its operational strengths and service capabilities.

To make sure we achieve those goals, we implemented a very disciplined strategic platform built on three pillars: Commercial Excellence, Operational Excellence and Capital Projects Excellence. So, take Commercial Excellence. Thanks to an aggressive marketing programme, our New Orleans terminal has gone from less than 80% utilisation a few years ago to over 95% in 2017 – it's been a tremendous success. And, we're applying what we've learnt in New Orleans to our other terminals, too. We are actively reaching out to the marketplace to tell our story and the results are paying off.

In terms of Operational Excellence, it's accurate to say that two years ago, Stolthaven would have been considered 'average' in terms of the annual number of safety incidents and claims. I am proud to say that, based on this year's data, we have halved the number of claims and significantly reduced the frequency of safety incidents. We achieved these results through stronger leadership, better management, closer supervision, enhanced training and making sure that all our people, across our entire network, recognised that our commitment to operational excellence and safety for people and the environment is genuine and unwavering. One of the totally unexpected – but hugely rewarding – outcomes of this is that our customers noticed the changes and were impressed by what they saw.

Of course, in terms of Capital Projects, there is a long list of things to point to in 2017 and although our focus is on improving the return on existing investments, we are continuing to invest where it makes sense. Investments include our new $45 million jetty in Houston and improvement projects in Dagenham, UK and Moerdijk, the Netherlands and new capacity in Santos, Brazil.

What's the outlook for the chemical storage market in 2018?

The chemical market is expected to remain stable-to-growing in 2018, which bodes well not only for Stolthaven, but also for our integrated partners – Stolt Tankers and Stolt Tank Containers. Our focus on chemicals means that we have relatively little exposure to the petroleum market compared with many of our peers. And that's important because the contango market for petroleum in the last few years has now completely unwound. We expect the chemical storage market to continue to grow roughly in line with GDP in 2018.

And Stolthaven is well positioned – literally – to benefit from these expected conditions. The 19 terminals in our global network are well situated, many in key hubs – and our balanced product portfolio ensures strong utilisation levels. So, our outlook for 2018 is a positive one.

And your goals for 2018?

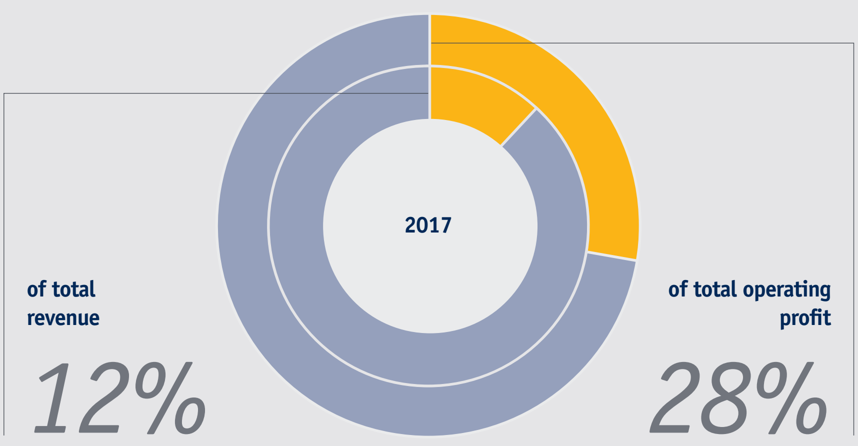
As I said at the outset: our goal is to deliver sustainable profitability to SNL shareholders, and to be recognised and valued by customers for our operational strengths and service capabilities. We believe 2018 will be a year in which the tremendous effort that we have put into this business over the last two years will truly begin to pay off, in terms of both financial performance and the elevation of the Stolthaven brand in the global storage marketplace.

Stolthaven Terminals

Markets

(US $ millions)	2017	2016	2015
Operating Revenue	**243**	235	217
Operating Profit	**54**	53	39

Percentage of group total



MARKETS

Provides manufacturers, distributors and users of chemicals, clean petroleum products and gas with safe storage and efficient, high quality handling in key markets worldwide.

STRATEGY

Drive operational improvements across the entire network, while working synergistically with both Stolt Tankers and Stolt Tank Containers to provide integrated solutions that improve customers' supply-chain efficiencies.

OUTLOOK

Stolthaven's results are expected to improve in 2018, as a result of continued actions and improvements aimed at enhancing operational performance and profitability across the division's global network of terminals.

Stolthaven's global network of 19 terminals provides high quality storage and distribution services worldwide, complementing the service capabilities of both Stolt Tankers and Stolt Tank Containers. These synergies enable us to deliver integrated storage and transportation solutions for our customers that reduce costs and increase operating efficiencies, all within an environment of assured quality and safety for people and the environment.

Stolthaven's 15 wholly owned terminals and four joint-venture facilities provide a total of 4.7 million cubic metres of bulk-liquid storage. In the US, the Houston and New Orleans terminals work closely with our Stolt Tankers fleet to optimise the ship-to-shore interface, thus reducing ship turnaround times and helping to offset the negative effects of increasing port congestion.

In Europe, Stolthaven's Moerdijk terminal in the Netherlands – with its excellent water, rail and road connections – effectively serves the Amsterdam/Rotterdam/Antwerp (ARA) region. In addition, the Moerdijk terminal is co-located with a Stolt Tank Containers' depot, generating both cost efficiencies and synergy opportunities for customers. Also in Europe, our joint venture terminal in Antwerp – Oiltanking Stolthaven Antwerp – is located amid one of the world's most extensive refining and petrochemical complexes. And our Dagenham terminal in the UK is the closest independent terminal to London.

In the Asia Pacific region, we operate 10 wholly owned terminals, one in Singapore, four in New Zealand and five in Australia, plus three joint-venture terminals in South Korea, Malaysia and China. In South America, our wholly owned terminal in Santos – Brazil's largest port – provides storage and logistical services for diesel fuel, chemicals and edible oils.

Stolthaven uses its storage and distribution capabilities to optimise the effectiveness of Stolt Tanker's deep-sea tanker fleet. In Europe, for example, the combination of our regional short-sea fleet, our intra-European self-propelled barge fleet, our wholly owned terminal in Moerdijk, and our joint venture terminal in Antwerp give us a gateway to Europe via the Rhine that provides tremendous flexibility to serve customers.

Review of 2017

Stolthaven's results improved in 2017 for the third consecutive year. Revenue rose to $243 million and operating income to $54 million, despite an $8.4 million one-time impairment of assets in the fourth quarter. Stolthaven's 2017 results reflected stable market conditions and continuing actions to improve long-term operational performance and profitability, while enhancing customer satisfaction and service worldwide.

Highlights of 2017 included breaking ground at Stolthaven Houston for the construction of a new ship dock capable of handling both ships and barges – all part of an ongoing $100 million-plus investment programme aimed at a broad range of infrastructure improvements and expansions at the terminal. The dock follows the addition of more than 100,000 cbm of storage in 2014, a doubling of the capacity of the terminal's existing barge dock, and an expansion of the terminal's TCEQ Centralised Waste Treatment Facility on the Houston Ship Channel. Future expansion options include the development of 162,000 square metres of adjacent land, which, if fully utilised, could double the terminal's existing capacity. Also in the US, successful marketing efforts resulted in utilisation levels of over 95% at Stolthaven New Orleans.

Capital projects were also completed at Stolthaven's terminals in Dagenham, UK; Ulsan, South Korea; and Moerdijk, the Netherlands. The Dagenham terminal – acquired in 2012 and located on the River Thames – has benefited from more than $20 million in extensive modernisation and expansion investment. In Ulsan – a gateway strategically located in North Asia – more than 160,000 cbm of storage has been added. At Stolthaven's terminal in Santos, Brazil storage capacity is being increased by 16,000 cbm, as the facility has successfully shifted from ethanol storage – as exports dropped – to mainly diesel fuel.

Increased chemical production in the Middle East has been accompanied by increased demand in Asia. During 2017, Stolthaven Singapore positioned itself as a strategically located gateway to many parts of Asia. By storing product at Stolthaven Singapore, customers – mainly Middle East producers of intermediate and finished products – can redistribute cargo on short notice, helping to shorten supply chains and increase competitive advantage.

Outlook

Chemical storage markets are expected to remain stable in 2018, and Stolthaven's focus on chemicals reduces its exposure to volatility in oil prices. Stolthaven intends to continue to execute against its strategy to increase the long-term sustainable performance of its global storage network by maintaining the highest operational and safety standards as its facilities worldwide, while working collaboratively with its customers and other divisions of Stolt-Nielsen to deliver innovative supply-chain solutions that reduce costs and increase efficiency.

Guy Bessant
President
Stolthaven Terminals

Specialist wastewater services

Our Houston terminal operates a wastewater treatment plant which is licensed to receive hazardous and non-hazardous biologically treatable wastewater via ships, barges, railcars and trucks. This provides customers with a TCEQ Centralised Waste Treatment Facility that provides safe, cost effective biological wastewater treatment with minimum turnaround times.

Stolt Tank Containers

Global demand for tank containers ramps up

Stolt Tank Containers is the world leader in logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products.

KEY FIGURES

35,396
tank containers

21
owned and joint-venture depots and hubs

"Delivering superior customer service at lower cost. That's STC's competitive advantage."

Michael W. Kramer
President
Stolt Tank Containers

Q&A with Michael W. Kramer, President of Stolt Tank Containers

What were the major highlights – and challenges – for Stolt Tank Containers in 2017?

The number-one highlight in 2017 for STC was unquestionably the rising global demand for tank containers, and our strong reputation meant that we were well positioned to capitalise on that growth. While the increase was consistent across all regions, the main driver was China. We have seen some rather deliberate efforts by the Chinese government over the last few years to bring their economy back into balance. So, they had capped consumption, but at a certain point you must refuel and 2017 was the year when things started to rebound. We saw more cars being produced, spending was up, the real estate bubble that everyone was worried about moved to the back burner for the time being, and so on. So, China fuelled a lot of the demand, but we also saw other regions opening up too.

The success and growth of our food-grade business was another big highlight. This was a very difficult market for us to break. But we did it and we're now the recognised market leader in food grade.

Why the demand in tank containers versus other modes?

It basically boils down to efficient use of capital – that's what is driving the demand. With our tank containers, cargoes are delivered on-time more than 90% of the time. That makes for an extremely capital-efficient mode of transportation. Why tie up a million dollars or more of capital in product inventory when you can ensure a continuous flow of product? Tank containers are also extremely safe, flexible and environmentally friendly, which our customers value.

What were the challenges during the year?

Well, for starters we had to meet the rising demand against a backdrop of extremely tight space in a rising ocean freight market, which made it tough to keep customer service levels high. But thanks to our people and the systems we have in place, we were able to do that. One of the other issues we are wrestling with is access to quality truckers around the world. Managing that part of our business is now taking a lot more time and effort than previously.

So how does the market look for 2018?

I always approach this business one day at a time, and map the challenges or opportunities that arise both operationally and commercially against our long-term strategies in order to build competitive advantage, but my overall view of the market is that the ocean freight market-which is a primary driver of our business-is going to remain buoyant in 2018. STC's business is really a microcosm of the steamship industry, and the outlook for 2018 is very solid. If you combine that with the signals we've been receiving from customers since late last year, then demand is going to be up in 2018. Granted, it's going to be a very competitive environment, but, again, we expect it to be a very buoyant market.

What does STC need to do to fully capitalise on that market?

To make the most of the rising demand, we have to focus on our customers – customer retention and development need to be front and centre. STC must continue to find cost-effective ways of improving customer service and adding customer value – without adding costs or complexity to our organisation. Focusing on the right accounts and sending the tanks to the right destinations at the right prices is also critical to improving our results this year. We did a good job last year, but we need to build on that performance. I think there is more room for improved margins in 2018, but we'll see.

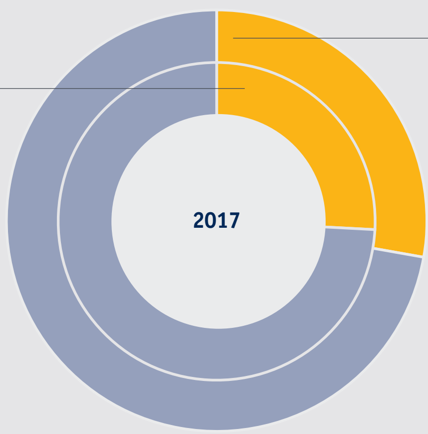
We also need to increase the returns from investments in our depot network and systems. We've invested heavily in systems to increase our scale and productivity, and they're paying off. Here I'm talking about constant efforts to innovate. For example, we've implemented new processes to handle so-called 'swivel-chair activities,' such as accessing websites, reading documents, filing, and so on. And when you add all of that up, it amounts to substantial reductions in man-hours. Streamlining our global documentation processes is another ongoing objective. Ultimately, it all boils down to one thing: delivering superior customer service at lower cost. That's STC's competitive advantage.

Stolt Tank Containers

Performance

(US $ millions)	2017	2016	2015
Operating Revenue	**513**	476	510
Operating Profit	**54**	48	63

Percentage of group total



MARKETS

Users and manufacturers of chemicals and food-grade bulk liquids who demand reliability, safety and quality, delivered efficiently and cost effectively.

STRATEGY

Continue to expand into new geographic markets in Asia, the Middle East, India and South America, while strengthening the division's competitive advantages in existing markets.

OUTLOOK

Continued growth driven by expansion opportunities and the ongoing acceptance of tank containers as one of the most efficient and safest modes of door-to-door transportation for bulk-liquid cargoes.

Stolt Tank Containers (STC) is the world's leading provider of logistics and transportation services for door-to-door shipments of both bulk-liquid chemicals and food-grade products. With more than 35,000 chemical and food grade tanks including specialty tanks for aggressive or high purity products, compressed gases and cryogenic cargoes – STC's global fleet is the world's largest.

Stolt Tank Containers' industry-leading fleet is complemented by STC's unique global network of 21 owned and joint-venture depots, which gives STC direct control over the handling, cleaning and maintenance of its tanks. Customers who choose STC know that their cargoes – and the tanks carrying them – are continually subject to STC's stringent operating standards – applied consistently worldwide. The result is unrivalled quality, reliability and safety for people and the environment.

STC's assets – in combination with its global scale and focus on operational efficiency – enable STC to deliver capital-efficient solutions that minimise costs and increase supply-chain efficiency for its customers.

Review of 2017

After two relatively challenging years, demand for tank containers surged in 2017, and STC's results reflect this increased demand. Full-year revenue rose by 7.8%, accompanied by a 13.1% increase in operating income. Total shipments for STC rose by 5.5% to nearly 127,000, with food-grade shipments climbing by 13.3%. Fleet utilisation rose by four percentage points to 72.5%.

Throughout the year, STC remained resolutely focused on its long-term strategic plan and actions aimed at enhancing its competitive advantage, while delivering added value to customers.

The number of depots in STC's global network rose to 21 in 2017, with the opening of two new facilities, in Laem Chabang, Thailand and Vado, Italy. Construction also began on two new depots in Saudi Arabia – in Jubail and Dammam – with a third depot planned for Jeddah. In addition, STC's depot in Kobe, Japan was renovated and expanded, while the Houston and Singapore depots added new loaded storage capacity. Every depot in the network posted improved operational results in 2017.

Safety for people and the environment remained STC's first priority in 2017. STC is currently transitioning globally from the ISO 9001-2008 quality management standard to the ISO 9001 2015 standard, with its greater focus on risk management. During 2017, STC also recertified and improved the CDI-MPC assessment scores of its European offices and completed a major audit of its facility in Moerdijk, the Netherlands.

STC's deployment of information technology, systems and solutions continued in 2017 on multiple levels. Actions included new modules to streamline key billing processes, the completion of STC's new 'paperless office' initiative and expanded use of mobile technology for more effective depot management. In addition, mySTCtanks.com, the online tool that allows STC customers to better manage their tanks, reduce costs and drive supply-chain improvements, continued to add users in 2017.

Outlook

Demand for tank containers is expected to strengthen in 2018. STC continues to focus on delivering superior customer service at lower cost by leveraging its global scale, by using technology to drive continuous improvements in operational efficiency, and by operating in a manner that is safe for people and the environment.

Michael W. Kramer
President
Stolt Tank Containers

The STC Network: Thinking globally, working locally

Stolt Sea Farm

Turbot and sole volumes rise

Stolt Sea Farm is one of the world's most advanced high-tech aquaculture companies, producing high quality turbot, sole, sturgeon and caviar using environmentally sound methods.

KEY FIGURES

15

environmentally friendly land-based farms

5,400

tonnes annual production capacity of turbot

"In 2017, everything we did was about preparing for growth. In 2018, it's going to be all about capturing opportunities."

Jordi Trias
President
Stolt Sea Farm

What were the highlights for SSF in 2017, from your point of view?

As I reflect on 2017, there were many highlights, but two were particularly important. First, we obtained the necessary permits and licences for our new sole farm in Portugal. The year before we had secured the same permits and licences for our new farm in Spain. Both these farms are expected to start production in 2019. Expanding our sole operations is a key part of our long-term growth strategy. Obtaining these permits and licences was very important for us.

The second key highlight was the realignment of our organisational structure to transform Stolt Sea Farm into a customer-driven company. This was a major effort requiring fundamental changes in the ways that we as an organisation approach our work and our customers. It was a top-to-bottom exercise that involved every part of the business. We also recruited new members to the team in the Customer Division and added new resources to key departments, particularly sales, as expanding into new geographic markets is one of the key elements of our business development and growth strategy.

How do you break down the outlook for your markets this year?

In 2017, everything we did was about preparing for growth. In 2018, it's going to be all about capturing opportunities.

In turbot, the focus this year will be on expanding into new markets and enhancing our profitability, by introducing our quality sustainable products to new customers that we believe will be very enthusiastic and receptive.

For sole, the improvements achieved at our sole farm in Iceland will enable us to supply key growth markets, such as the US, with higher quantities of fish. Since our production capacity right now is about 850 tonnes, versus 5,400 in turbot, we do not have the bandwidth in sole to cover all markets as we would like just yet. Nevertheless, improved production in 2018 and beyond is expected to enable us to expand our footprint in the US, the UK and elsewhere.

Finally, in caviar, 2018 is going to be a key year in terms of building the Sterling brand by increasing our direct sales, instead of going through distributors. We have already launched new marketing efforts in the US – our main market for caviar – while also beginning to selectively focus on international expansion.

What would you define as your key objectives for 2018?

Our main objective for 2018 is to increase sales to customers beyond our traditional markets in southern Europe. That is our number-one goal. In addition, we intend to continue to expand our sole production with the construction of our new farms in Spain and Portugal, while also supporting the transition of our caviar business to direct sales. And, of course, successfully executing against these strategic goals will enable Stolt Sea Farm to increase market share and to deliver profits to the shareholders of Stolt-Nielsen.

Stolt Sea Farm is the world leader in high-tech land-based aquaculture focused on turbot, sole, and sturgeon for caviar. Thanks to decades of research and development, we are the only aquaculture company in the industry capable of consistently producing these species in high quality commercial volumes.

Stolt Sea Farm

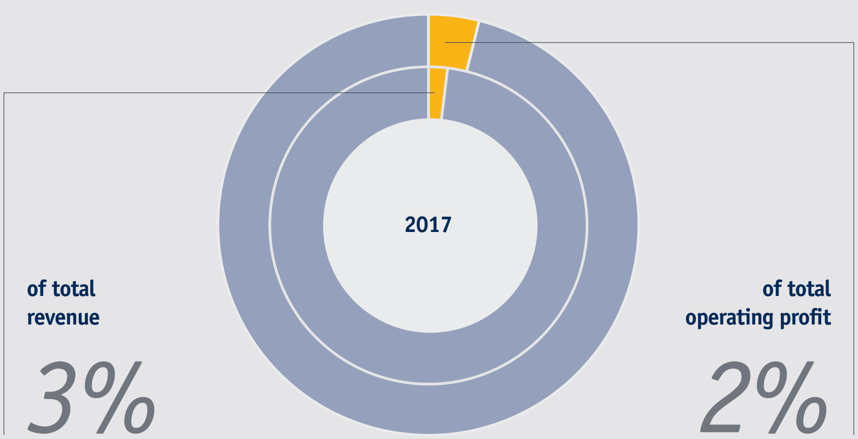
Farms (15):

Iceland	Portugal	Spain (7)
France	Norway	US (4)

Performance

(US $ millions)	2017	2016	2015
Operating Revenue	73	65	57
Operating Profit	4	14	–

Percentage of group total



MARKETS

Distributors and consumers of the finest farmed fish products, including turbot, sole and caviar.

STRATEGY

Continued focus on the production of land-based aquaculture that requires ongoing R&D and technological expertise to be successfully cultivated. The development of these facilities is a key factor in our ability to cost-effectively farm these species in a healthy and environmentally friendly manner.

OUTLOOK

As wild catch continues to decrease we expect to see growth in demand for farmed fish. 2018 will see a consolidation of sales in turbot and increasing sales in the US. We expect to see an increase in caviar sales driven by a growing customer base and higher prices.

During 2017, SSF obtained building permits and licences for its new sole farm in Tocha, Portugal. Construction of both the Tocha farm and SSF's new sole farm in Cervo, Spain, which is being built next to an existing turbot facility, will begin in 2018. The two new facilities will leverage SSF's proven recirculation technology, which has been developed and tested over a period of more than 10 years and has already been deployed at SSF's sole farm in Anglet, France.

During 2017, SSF continued to take actions to strengthen its sales and marketing functions in support of SSF's Prodemar™ and Sterling brands. Organisational efforts to reshape SSF as a customer-driven company also continued.

Review of 2017

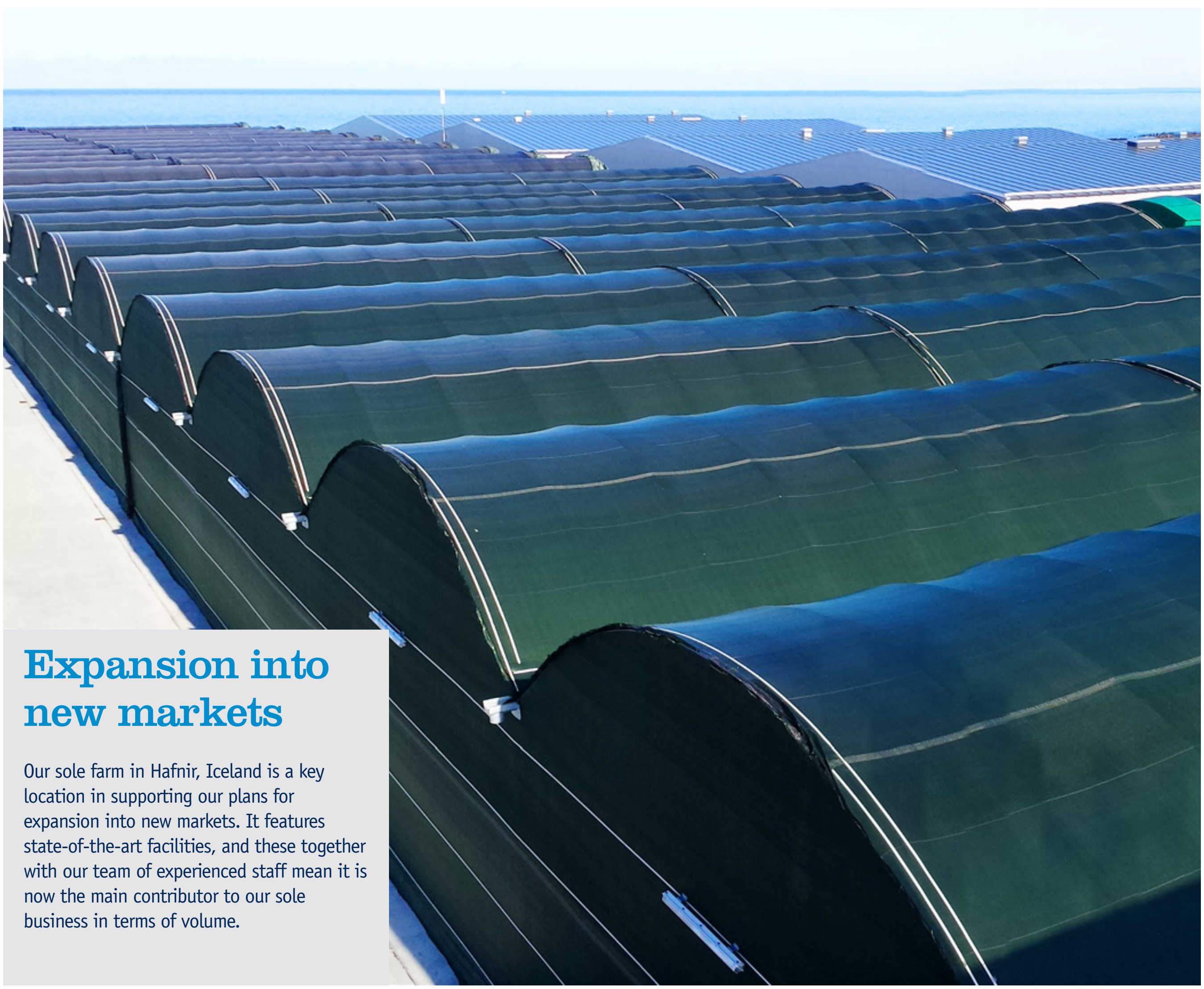
Stolt Sea Farm's results declined in 2017. While turbot and sole volumes sold rose by 20% and 9%, reflecting in part additional turbot sold on consignment, market prices declined by 4% and 3%, respectively, and caviar volume was down as SSF continued to move its marketing strategy to direct sales, which typically demand a higher margin.

Stolt Sea Farm operates 15 land-based farms. Seven farms in Spain and one each in Iceland, France, Portugal and Norway produce Prodemar™ turbot and sole. SSF's four farms in California, US produce sturgeon and Sterling Caviar™. The farms have an annual production capacity of 5,400 tonnes of turbot, 850 tonnes of sole, 500 tonnes of sturgeon and 10 tonnes of caviar.

Outlook

2018 is expected to be a good year for Stolt Sea Farm, driven by market diversification and increased sole production, increased turbot sales (including consignments), and the expansion of direct caviar sales.

Jordi Trias
President
Stolt Sea Farm



Expansion into new markets

Our sole farm in Hafnir, Iceland is a key location in supporting our plans for expansion into new markets. It features state-of-the-art facilities, and these together with our team of experienced staff mean it is now the main contributor to our sole business in terms of volume.

Stolt-Nielsen Gas

Pursuing a vision to supply clean-burning LNG

Stolt-Nielsen Gas develops opportunities in the LNG space, mainly small-scale supply chains serving off-the-grid customers in areas lacking access to LNG pipelines.

KEY FIGURES

Two
7,500cbm LNG vessels under construction

66%
ownership in HIGAS S.r.L

“Expanding SNG's operational strengths and capabilities this year will be a focus, as we shift from showing what is possible, to doing what is possible.”

Andrew Pickering
President
Stolt-Nielsen LNG

Q&A with Andrew Pickering, President of Stolt-Nielsen LNG

What were the highlights of 2017 for Stolt-Nielsen Gas?

Our focus to date has been on building a model for delivering LNG to areas of 'stranded demand' – off-grid customers in areas lacking access to LNG pipelines. That model is evolving out of our projects in Sardinia and Scotland, with Sardinia being the more mature of the two. We secured the necessary permits in January 2017, ordered our first two LNG carriers at Keppel Singmarine in Shanghai in May, and acquired a site for the terminal in October, and we're now developing off-take agreements. With the terminal in Oristano, we will create a home for one of the LNG newbuildings due for delivery next year. So, the project in Sardinia is essentially a proof-of-concept – and a lot of eyes are on it. Once we prove the concept – delivery of LNG via the ships, storage at the terminal, and local distribution – we will then be able to expand the model. In other words, increasing our fleet of LNG tankers and joining with partners to replicate the concept, instead of doing it all ourselves.

What's your view of the LNG market?

For us, the market basically breaks down into three segments. While the market for LNG distribution and/or power generation in remote areas has been slower to develop than we expected, it's happening. The world is short on power and a lot of that latent demand is in emerging countries with stranded demand. And that's just a variation on the theme of our current model.

Then there's an industrial model. With the price of oil rising, diesel, fuel oil and LPG are also becoming more expensive, not to mention the environmental impact. So, we're talking to several industrial players, but that's a wait-and-see game, because those deals take time. That said, cracking Sardinia and proving that model will help. It gives us utilisation for our assets, at least initially, until the other markets kick in.

And finally, there's the bunker play, which got a boost last year. The IMO's implementation of regulations to reduce the sulphur content of marine fuels in January 2020 came literally five years earlier than most expected. So, this has really opened things up, because we are talking about a 200-to-300-million-tonne remarket for LNG fuel. All of the LNG tankers we are building have ship-to-ship bunkering capability, which will allow us to participate in this market.

What are your goals for 2018?

2018 is going to be the year in which SNG begins to get real traction. Once the proof of concept is there, we can ramp up our investment, in terms of more floating assets, more shore-side installations and more integrated projects. By the end of 2018, I expect SNG's pipeline to be well along in terms of both more LNG tanker newbuildings and more new terminal projects. Expanding SNG's operational strengths and capabilities this year will also be a focus, as we shift from showing what is possible, to doing what is possible.

Stolt-Nielsen Gas

Stolt-Nielsen Gas (SNG) focuses on the development of small-scale Liquified Natural Gas (LNG) storage and distribution supply chains to provide clean-burning LNG to areas of so-called 'stranded demand' – off-the-grid customers lacking access to LNG pipelines. SNG is currently involved in two projects. The first is a joint venture called HIGAS S.r.L. to build and operate an LNG terminal and distribution facility in the port of Oristano, Sardinia. SNG plans to source and ship the LNG to the terminal using small LNG carriers, and then distribute the natural gas to customers via trucks and tank containers. During 2017, 30,000 cbm of land was purchased in Oristano, on which the terminal will be built.

The second project is with Flogas Britain Ltd, which plans to provide LNG to areas of Scotland not served by the existing natural-gas grid. SNG would ship the LNG on small-scale LNG carriers to a new terminal to be built in the Port of Rosyth for onwards distribution by Flogas.

SNG also continues to pursue its 50/50 joint venture with Golar LNG Limited (NASDAQ: GLNG) to develop small-scale LNG production and distribution opportunities, supported by Golar's midstream ocean-based systems.

As a result of new regulations, the LNG bunker market is expected to grow significantly in the next four years, resulting in increased demand for the types of tanker assets and logistics capabilities on which SNG is focused.

Review of 2017

Highlights of 2017 included SNG's announcement in September that it had invested $5.6 million in HIGAS S.r.L., increasing SNG's ownership to 66.25%. Earlier in the year, SNG announced that it had contracted with Keppel Singmarine for the construction of two 7,500 cbm LNG carriers, with options to purchase three additional ships. The initial two ships – with a total value of $80.0 million – are scheduled to be delivered in the second and third quarters of 2019, when they are expected to enter service in the two projects SNG is currently developing.

Performance

(US $ millions)	2017	2016	2015
Operating Revenue	**–**	–	–
Operating (Loss) Profit	**(14)**	(5)	14

MARKETS
Off-the-grid customers lacking access to LNG pipelines.

STRATEGY
Development of small-scale LNG supply chains to serve 'stranded demand'.

OUTLOOK
Demand for clean-burning LNG – and innovative distribution solutions – is growing.

Growing responsibly

At Stolt-Nielsen Limited safety is our first priority. We understand that we have an impact on the world around us and a responsibility to protect the environment. The way we treat our people and work together with our stakeholders reflects our core values of quality, reliability and flexibility.

Safety matters

At Stolt-Nielsen Limited (SNL), safety for people and the environment is our number-one priority with the goal of zero harm always in mind.

This Company-wide commitment is supported by ongoing efforts to:

- Create a deeper, hands-on awareness of safety issues at the highest levels of management
- Ensure that appropriate resources are provided to support SNL's stated commitment to safety, including training programmes
- Provide additional assurance of rigorous compliance in a constantly expanding and increasingly complex regulatory environment
- Drive the Company-wide implementation of safety processes and reporting that leverage both SNL's existing experience and ongoing developments in safety.

While our businesses drive operational safety initiatives, at a corporate level we focus on four key performance indicators. These are reported to our management team quarterly and measure:

- That procedures meet or exceed the latest industry standards
- That training is tracked and provided as scheduled
- That compliance with procedures is monitored and reported
- The trend in the number of serious accidents, incidents and near misses

As a result of these and other measures, the number of serious accidents was zero in 2017.

During the year we ran a number of programmes to increase awareness as to what constitutes an incident or near miss and trained our people on how to report them. We believe our improved reporting contributed to the increase in Total Recordable Case Frequency (TRCF) and Lost Time Injury Frequency (LTIF) rates for Stolt Tank Containers, and an increase in LTIF at Stolt Terminals. The downward trend in our incident and lost time rates continued at Stolt Tankers.

Stolt Tankers: embedding safety

Understanding the root causes of incidents – and putting in place processes to mitigate those risks – is critical. In addition to non-compliance with procedures, we have found that a high percentage of our accidents and near misses are often attributable to behavioural causes and we are taking steps to address this.

A new safety initiative launched in 2017 was *'Make it safe, make it personal, make it back home'*. The Stolt Tankers safety team produced a film that explores behavioural issues with the aim of encouraging open conversations among crew to share examples of their own experiences and alternative actions they would have taken in similar scenarios. The video was supplemented by 'flash reports' of recent near misses, which, again, were used to prompt crew members to consider how they would have responded in similar situations. Managers were also involved in these exercises, to help them identify ways of improving their current training programmes.

We understand that to develop a positive safety culture, we must start with our leaders. During the year members of our management team visited 69 of our ships, offering them a unique opportunity to interact with officers and crew in their day-to-day working environment. The aim was for management to be visible safety ambassadors by actively promoting safe behaviours through ownership, engagement and leading by example. Topics covered included resilience, coaching and effective presence and communication.

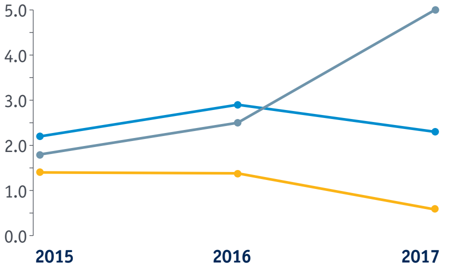
Stolthaven Terminals: sharing training, sharing knowledge

Sharing lessons learned is one of the most powerful ways to drive continuous improvement in safety. In 2017, Stolthaven Terminals introduced a new lessons-learned system, which provides an analysis of all serious incidents and near misses. This information is then used to facilitate discussions of lessons from those events. The main goal is not only to prevent similar events happening, but to provide related training, including how to make safety-related reports.

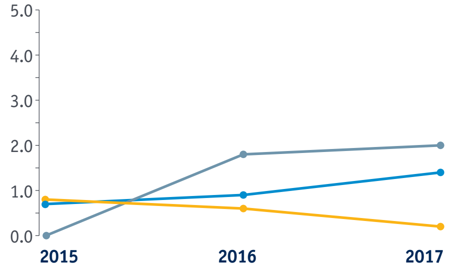
Stolt Tank Containers: improving safety processes

During 2017, Stolt Tank Containers launched a Global Safety Management System, which consolidated local procedures, guidance and forms for depots into one global standard.

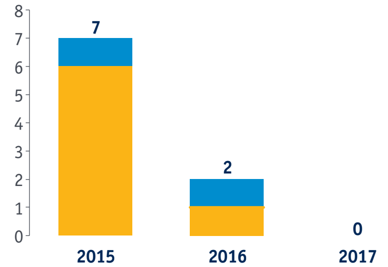
Total Recordable Case Frequency (TRCF)



Lost Time Injury Frequency (LTIF)



Serious accidents



Stolt Tankers[1,3] Stolthaven Terminals[2,4] Stolt Tank Containers[2]

1. Per 1,000,000 hrs exposure 2. Per 200,000 hrs exposure 3. Excludes barging 4. Includes joint ventures

The new system enables safety trends to be analysed across the division and training needs identified. Flexibility built into the system allows for localised procedures within the global framework. Audits of the use of the new system began in 2018.

Stolt Tank Containers further enhanced safety processes at its depots with the introduction of a global reporting system for training. The new system tracks completion of mandatory training for specific job roles and responsibilities, while also allowing for additional, individual training to be tracked as part of an employee's personal development.

Safety standards and ISO certification

Stolthaven Terminals operates across many different countries, complying with various local requirements. Our fully owned terminals at Dagenham, UK and Moerdijk, the Netherlands meet the requirements of the EU Seveso III Directive. Our Singapore, Australia and New Zealand sites meet similar standards based on the principles of the Directive.

Each of our terminals produces a Safety Document that identifies how possible major incidents might occur; identifies and describes the control measures implemented to prevent such incidents; and includes emergency plans to mitigate the effects of any major incident.

During the year, Stolt Tank Containers maintained its compliance with various regulations, codes and guidelines, including: VGM (Verified Gross Mass), IMDG (International Maritime Dangerous Goods) and ADR (European Agreement Concerning the International Carriage of Dangerous Goods by Road) revisions; ISO 9001 (Quality Management) standards; CDI-MPC (Chemical Distribution Institute-Marine Packed Cargo) and SQAS (Safety & Quality Assessment System) standards.

Stolt Tank Containers holds a multi-site ISO 9001 certificate and, according to Lloyds' reports, maintains standards to a high benchmark. STC's CDI-MPC standard improved in 2016, with the average scores of its European offices ranging from 85% to 90%, reflecting the division's commitment to international quality and safety standards.

During the year, STC's Food-Grade Division was recertified for ISO 22000 (Food Safety Management). The company also holds a Silver CSR Rating on the EcoVadis assessment (a key sustainability rating platform), with a score of 57%, compared with an average for comparable enterprises of 39%, based on a range of indicators, including safety performance, vendor ratings, environmental performance and labour practices.

During 2017, Stolt Sea Farm renewed its ISO 9001 (Quality Management) and ISO 14001 (Environmental Quality Management) certifications for its flatfish operations, in keeping with its Aquaculture Environmental and Quality certification 'Global GAP' (Good Aquaculture Practice).

The 'Stop Work Authority' Card: It's OK to say "No."

All Stolt-Nielsen employees, contractors and visitors have the authority and obligation to stop work where concerns or questions regarding control of health, safety and environmental risk exist – or when a hazard is identified that presents a danger – with no repercussions to them. Stop Work Authority cards have been distributed to all employees, whether land-based or at sea. These cards are provided in 18 local languages, and their use is encouraged and supported with posters that are displayed prominently in communal areas.

Managers and senior officers are required to ensure that all employees and crew members understand the Stop Work Authority procedure, which is also covered in the Company's safety manuals and introductory materials for new hires. The procedure explains how to stop work and how to initiate a restart of work. No work restarts until all stop work issues and concerns have been adequately addressed. The event is then recorded as part of the Company's standard incident reporting process.

All routine safety meetings and toolbox talks include a review of the Stop Work Authority procedure, to remind employees of their responsibilities should the need arise.

Meeting the challenges of sustainability

Our success in business depends on our ability to meet a range of environmental challenges. We must operate safely and manage the effect our activities have on the environment, neighbouring communities and society as a whole.

Stolt-Nielsen Limited's commitment to sustainability is driven and impacted by many factors and complex relationships. Efforts to increase fuel efficiency, which also has the environmental benefit of reducing emissions, have increased with rising bunker fuel prices.

Environmental regulations also continued to increase during 2017, the IMO's global sulphur cap on marine fuels which will enforce a reduction to 0.5% starting from January 1, 2020 being of particular note. At the same time, our stakeholders expect us to demonstrate our commitment to sustainability and our responsibility to the environment.

At Stolt-Nielsen the driving force behind all our efforts in this area is quite simple: it's the right thing to do. Highlights of 2017 are outlined below.

Stolt Tankers

In 2017, Stolt Tankers managed more than 100 ships for a total of 27,587 operating days. Progress against sustainability benchmarks was significant.

- Average fuel consumption/operating day/per deep-sea ship decreased by 6.3%, as a result of ongoing fuel-conservation and efficiency efforts,
- The fleet's Energy Efficiency Operational Indicator (EEOI) decreased by 6.7%. The EEOI enables measurement of the fuel efficiency of ships and the ability to gauge the impact of operational changes, such as improved voyage planning and hull/propeller cleaning.
- Stolt Tankers took delivery of 11 newbuildings in 2017. The Energy Efficiency Design Indexes (EEDIs) for the new ships exceeded minimum energy efficiency requirements by 28% to 36%.
- All of the newbuilds were equipped with UV-type ballast water treatment systems to prevent the distribution of invasive species. Four of the newbuilds delivered were equipped with hybrid SOx scrubbers, making them IMO-compliant with 2020 fuel/SOx emissions standards.
- Improved weather routing saved 1,779 metric tonnes of fuel.
- When it comes to ship recycling, Stolt Tankers – and the recycling yards it selects – operate in accordance with the International Maritime Organization's (IMO) Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships, 2009. All ships delivered for recycling hold a inventory of hazardous materials, certified by DNV GL, verifying that the vessel has been properly prepared. Stolt Tankers and the yards it uses are ISO 14001 and ISO 9001 certified for environmental and quality management. During recycling, Stolt Tankers maintains one to three surveyors on-site at the recycling yard, to monitor the process first-hand, from start to finish. Two ships were recycled by Stolt Tankers in 2017.

Stolt Tank Containers

STC's global network of 21 tank container depots harnesses new technology and innovative thinking to enhance sustainability.

- Membrane bioreactor (MBR) technology is now deployed in the wastewater treatment plants of STC's new depots, producing treated water that is either reused in our cleaning processes or for irrigation purposes. MBR technology generates far less sludge, thus reducing amounts of solid waste.
- The use of LEDs instead of metal halide lamps at our depots reduces both electricity consumption and maintenance costs, while providing better illumination at night.
- Condensate from the steam-heating processes at the depots is now recovered and used to pre-warm cold water to be used for cleaning tanks, thus lowering energy consumption.
- Rigorous maintenance and repair processes mean that STC tank containers are used multiple times, over many years after which more than 90% of each tank is recycled.

Stolthaven Terminals

Stolthaven's efforts last year focused on wastewater treatment, energy efficiency and emission control.

- At its terminals in Houston and New Orleans, US, Stolthaven now operates its own state-of-the-art wastewater treatment facilities, efficiently serving the needs of both the terminals and third parties on-site.
- A newly built solar energy installation is providing electricity to Stolthaven Singapore, and similar systems are being considered for other terminals.
- Emission-control upgrades at multiple facilities are in place to reduce emissions both from products and utilities.

Stolt Sea Farm

The sustainability attributes of Stolt Sea Farms' land-based approach to fish farming are outstanding.

- Ongoing monitoring and testing demonstrate that sea water taken up by Stolt Sea Farm's land-based fish farms is cleaner when it is returned to the sea as a result of filtration.
- Organic material filtered from the sea water is used by farmers as fertiliser.
- At SSF's innovative sole farm in Iceland, where large volumes of pure hot and cold sea water are readily available, there is no need to filter and recirculate. The outflow from the farm in Iceland is virtually pristine, as verified by Icelandic authorities.

Investing in our people

Stolt-Nielsen Limited is full of talented people with a real passion for delivering the highest level of service to our customers around the world. Without them we would not be able to deliver on our promise of quality in all that we do.

The professional development and personal growth of our employees, whether at sea or on shore, is vital to our success. We have in place specific programmes to train and develop them at all levels so that they are equipped with the knowledge and skills that our Company needs and to enable them to reach their full potential.

We pride ourselves on being a company that is large enough to offer a wealth of opportunities for career development, yet our teams are small enough for individuals to make a real difference. New recruits are often pleasantly surprised by how accessible our top people are. For those starting out on their career journey, our collaborative approach means that they can contribute ideas, gain hands-on experience and are given responsibility right from the start.

During the year, we launched a new performance management process which is underpinned by eight key attributes.

We believe that these are essential to help us achieve our business goals:

- Collaborative and builds a network
- Focuses on people
- Embraces change and innovation
- Communicates effectively
- Acts with integrity
- Strives to deliver great results
- Is pragmatic
- Is technically strong

The process ensures our people are given the opportunity to develop whilst also supporting our business goals. In 2017, 100% of eligible, employees completed the performance process with their manager.

To help support this process and increase operational efficiency throughout the organisation, in 2016 we launched a new, easy to use online HR system through which employees can also manage additional tasks such as timecards and annual leave and review their personal data. There is also an area where they can request feedback from their peers, giving them the opportunity to proactively manage their performance.

Rewarding performance

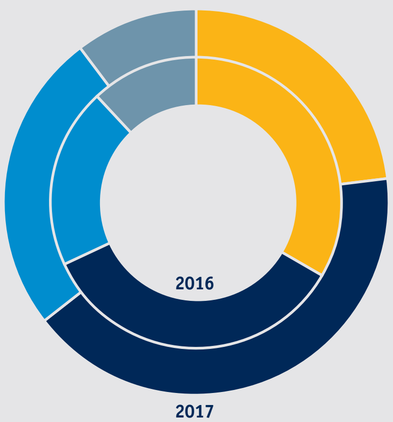
Our reward and benefits arrangements are designed to ensure that each individual's contribution to the Company is fairly rewarded. We believe that they are competitive and we regularly benchmark ourselves against our peers. Our total compensation programme is designed so that employment with us is attractive to new recruits and existing employees with the skills that match the needs of the business. With one of the longest serving workforces in our industry (2017 average tenure 8.6 years) we are incredibly proud to report that this loyalty to our people creates the same loyalty from them in return. Our voluntary staff turnover increased slightly during the year, yet remains significantly below the industry average at 6.3% (2016: 5.4%).

We understand the importance of employee wellbeing that goes beyond financial reward. Many of our operations offer on-site exercise facilities and health checks and complimentary fruit and healthy food is provided in our canteens. Our office in Manila held a series of well-attended lunch and learn workshops covering a broad range of topics including prevention and awareness of HIV/AIDS, tuberculosis and hepatitis.

Number of people employed

	2016		**2017**	
	Sea Personnel	Onshore Staff	**Sea Personnel**	**Onshore Staff**
Europe	1,182	548	**1,152**	**557**
North America	3	559	**3**	**548**
Asia	2,496	615	**3,384**	**615**
Rest of World	20	171	**18**	**172**
Total	3,701	1,893	**4,557**	**1,892**
Group totals	5,594		**6,449**	

Voluntary employee turnover



2016
- Europe: 6.5%
- North America: 6.8%
- Asia: 3.9%
- Rest of World: 2.3%

Total Group: 5.4%

2017
- Europe: 5.2%
- North America: 9.3%
- Asia: 5.7%
- Rest of World: 2.3%

Total Group: 6.3%

Excluding sea personnel

Our terminal in Dagenham, UK also ran a health awareness campaign, covering the benefits of good nutrition, exercise and the dangers related to smoking. In the Netherlands and the US we offer regular health checks where employees can seek support and advice from on-site health professionals.

Supporting a diverse workforce

Ours is a diverse organisation and we believe that by working together this can in turn help us to develop innovative solutions that will benefit our customers. As a company with businesses located across the world our global reach offers a wealth of opportunities for those employees with the skills and attitude to excel. We encourage employees to apply for roles across the Group which expands their experience and develops their skills.

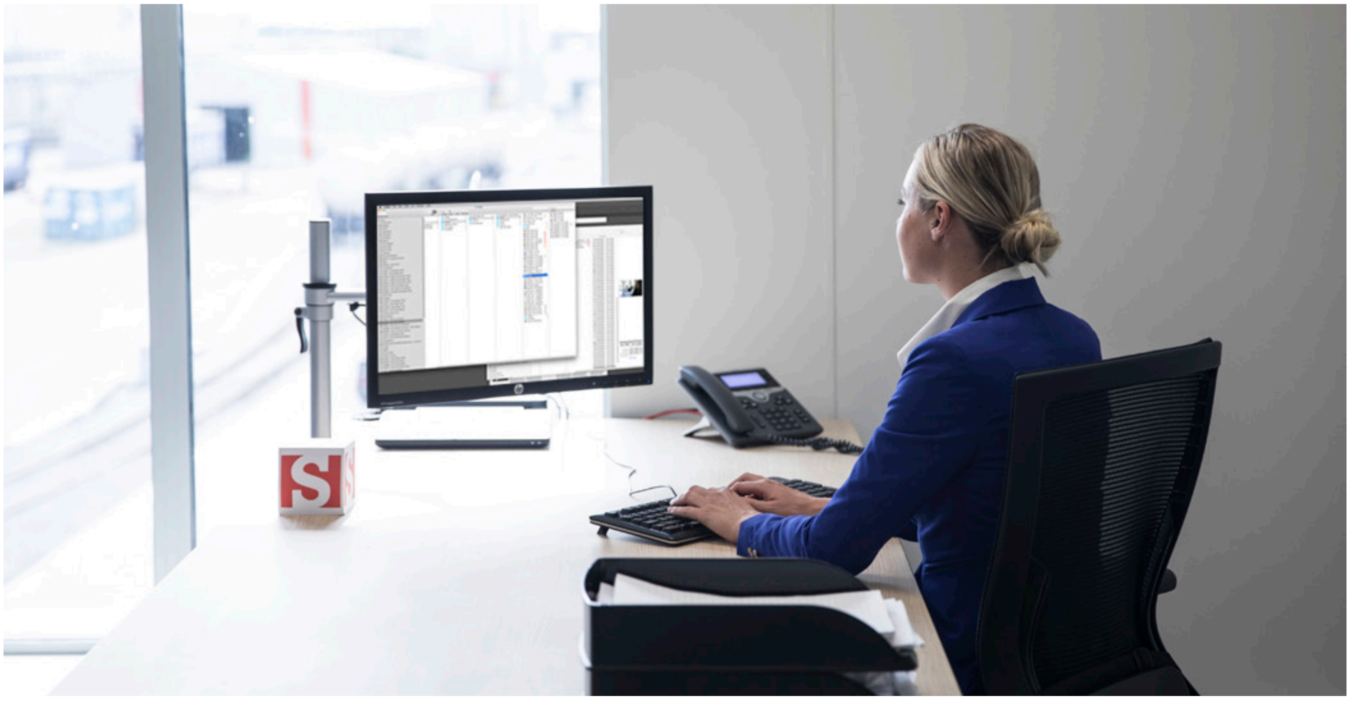
Stolt-Nielsen Limited is an equal opportunity employer and we recruit, train and develop our employees regardless of gender, ethnic origin, age, religion or belief, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender identity or disability.

Supporting responsible behaviour

We are committed to operating in an ethical, honest and legal way. To support this, we ensure that our Code of Business Conduct is reviewed and approved by the Board annually. It is clearly displayed at all our sites and is available in local languages. Any breach of the Code is viewed as a serious matter and individuals found to be in breach are subject to disciplinary action, up to and including termination of employment. The Code sets out the business conduct principles and rules that apply to all directors, officers, permanent employees, temporary employees, contractors and consultants.

The Code requires all personnel to act ethically in complying with relevant laws, regulations and Company policies and to behave with integrity, maintaining internal and external relationships in a professional manner, avoiding conflicts of interest, bribery and corruption.

We promote a culture which encourages employees to raise their concerns about potential, suspected or actual breaches of the Code without fear of victimisation, discrimination or disadvantage. Together with internal routes for raising concerns, Stolt-Nielsen has in place a whistleblower policy and anyone, internal or external, can access our online system to report confidentially and (where local law permits anonymously) directly to the Chairman of the Audit Committee and our Head of Operational Audit. All reports are taken seriously and investigated appropriately.



Committed to the welfare and wellbeing of our seafarers

Stolt-Nielsen Limited's commitment to the fair treatment and welfare of its seafarers is underscored by our compliance with standards mandated by multiple international agreements, conventions and processes. We also strive to provide our seafarers with benefits, resources and support that make service aboard our ships both attractive and valued by our officers and crew. These include:

- Medical insurance for all first-degree family members
- Exercise equipment or gyms on all ships
- Daily internet access for all seafarers
- Engagement and development of outstanding cadets for life-long careers at SNL
- Career counselling, guidance and management, emphasising permanent employment to ensure high experience levels
- State-of-the-art and focused safety and operational training programmes
- Empowerment of Ship Management Teams (SMTs) to drive pride of ownership

Thanks to these and other ongoing efforts, Stolt Tankers' turnover rates are among the industry's lowest, with a high proportion of sea staff choosing to pursue long-term careers aboard our ships. The experience of our sea staff is what enables Stolt Tankers to deliver the quality, reliability and flexibility for which we are known worldwide.

Rigorous compliance

All of Stolt-Nielsen's ships operate with valid International Transport Workers' Federation Union (ITF) agreements (Collective Bargaining Agreements) for all seafarers on board. In addition, we operate in conformance with the Seafarers' Bill of Rights of the Maritime Labour Convention (MLC), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), the International Convention for the Safety of Life at Sea (SOLAS), and the International Convention for the Prevention of Pollution from Ships (MARPOL). Compliance is verified through port state control and flag sate inspections. In addition, Stolt Tankers' compliance with MLC standards is fully documented within the division's Ship Management System. Further vetting takes place during routine on-board inspections as part of the Oil Companies International Marine Forum/ Chemical Distribution Institute (OCIMF/CDI) vetting regime and in-office reviews conducted as part of the OCIMF's Tanker Management & Self-Assessment process. Additional vetting takes place during periodic International Safety Management (ISM) audits carried out by DNV-GL, the world's largest ship classification society, on behalf of six flag states.

Roles and responsibilities of Stolt-Nielsen Board of Directors

"The Board of Directors of Stolt-Nielsen Limited is proud to serve in the interests of all SNL shareholders and stakeholders."

Samuel Cooperman
Chairman of the Board

The primary responsibility of the Stolt-Nielsen Limited Board of Directors is to act in the best interests of the Company. Having been elected by SNL shareholders, each Director is required by law to put the interests of the Company and, thereby, the common interests of all shareholders first. In addition to this primary responsibility, I, as Chairman, and the Directors have specific roles and responsibilities, as outlined below.

Role of the Chairman

As Chairman, one of my key roles is to ensure that the members of the Board possess the appropriate experience and knowledge to challenge the plans, tactics, strategies and goals of SNL's management team. Such governance is vital to the interests of shareholders, and to support this the SNL Board of Directors operates in compliance with the Norwegian Governance Code. As Chairman, in addition to ensuring that the actions of the Board serve the best interests of the Company and the common interests of all shareholders, it is also my responsibility to ensure that the Company operates in the common interests of other stakeholders, including our employees, when it comes to issues such as regulation and safety for people and the environment. To ensure that these processes are effectively executed and that the Company has sound internal controls and systems for risk management, the Board meets regularly and dedicates appropriate amounts of time to the matters before it. I am also responsible for the Operational Audit function which assures that all our businesses comply with Company policy and international and local regulations, particularly in regard to financial reporting. The function also maintains a Speak-Up website so that anyone, inside or outside the Company, may raise their concerns directly (see page 42).

Role of the Board

A key role of the Board is to work with management to ensure an appropriate balance between the pursuit of new opportunities and investments, while capitalising on the strengths of the businesses in the existing portfolio, where SNL already enjoys strong positions. The Board acts to guide the SNL management team toward effective decisions. This requires the addition of new knowledge and experience over time, to maintain a superior level of counsel, insights and guidance. As a result of additions to the Board in recent years, I am confident that the current Board is well equipped to discharge its responsibilities effectively. Board members hold positions on two committees: the Audit Committee, which is primarily responsible for assuring the accuracy of financial reporting, and the Compensation Committee, which is responsible for the oversight of competitive compensation and benefit structure for employees.

Knowledge drives effective oversight

The ability of the Board to act in the best interests of the Company requires an in-depth understanding of each of the businesses operated by SNL. This is accomplished via presentations made to the Board by each of the business heads four times a year. These detailed presentations enable Board members to raise questions and discuss any concerns directly with the business heads. In addition to scheduled Board meetings, the Directors periodically visit SNL facilities and assets. In 2017, for example, Board members visited Stolthaven Singapore, our joint venture terminal JSTT in Ulsan, South Korea and Stolt Sea Farm in Spain. Members of the Board also from time to time meet with senior management team members and participate in strategic and operational review meetings.

Culture and values

SNL's corporate culture can be defined as the combination of values, attitudes and behaviours that SNL employees embrace as they go about their business and engage with customers, suppliers, partners, fellow employees and all other parties and stakeholders. SNL's Code of Conduct and Statements of Responsibility regarding people and safety, health, environment and quality (SHEQ) are outlined on pages 37 to 43 of this report and can be viewed at www.stolt-nielsen.com. Safety for people and the environment is the first priority for the Company and this was reflected in our decision to elevate overall responsibility for SHEQ to the Corporate level in 2013 in order to establish a global, integrated and informed approach to continuous improvement in this area. In keeping with the responsibilities of good governance, the Board constantly monitors issues related to SNL's culture and values.

The Board of Directors of Stolt-Nielsen Limited is proud to serve in the interests of all SNL shareholders and stakeholders, ensuring that the Company operates in a manner consistent with their common best interests.

Samuel Cooperman
Chairman of the Board

Corporate Governance Report

Relevant Legislation and Codes of Practice for Corporate Governance

Stolt-Nielsen Limited's ('SNL' or the 'Company') corporate governance addresses the interaction between SNL's shareholders, the Board of Directors and management.

The Companies Act of 1981 of Bermuda ('Bermuda Companies Act') governs the incorporation, organisation and management of SNL. In addition, relevant Bermuda and international law applies to the operation of the business of SNL. Norwegian securities law and Oslo Børs Continuing Obligations apply as a result of SNL being listed on Oslo Børs. Being incorporated in Bermuda and listed on Oslo Børs, SNL is subject to the Norwegian Code of Practice for Corporate Governance (the 'Norwegian Code of Practice'). Adherence to the Norwegian Code of Practice is based on a 'comply or explain' principle, whereby companies are expected to either comply with the Norwegian Code of Practice or explain what alternative approach is pursued and why. Pursuant to Section 3-3b of the Norwegian Accounting Act and Section 7(2) of Oslo Børs Continuing Obligations, the Company has summarised any expansions or deviations in the SNL Bye-Laws from the provisions of Chapter 5 of the Norwegian Public Limited Liability Companies Act (dealing with General Meetings of Shareholders). The Company's Bye-Laws are available at www.stolt-nielsen.com/Investor-Relations.aspx. The Norwegian Code of Practice is available at www.nues.no/English.

SNL is under the majority control of Fiducia Ltd, a company that indirectly represents the Stolt-Nielsen family. As such, the Company's Corporate Governance reflects this majority control and will therefore not necessarily comply with all recommendations of the Norwegian Code of Practice.

1. Implementation and Reporting on Corporate Governance

SNL has a Code of Business Conduct which applies to all Directors, officers and employees. Any waivers of the Code of Business Conduct for Directors or executive officers are approved by the Board and are disclosed in this report. The Company's overarching business conduct guidelines, including ethical and social responsibility guidance, are set out in its Code of Business Conduct and, where appropriate, more specific policies have been developed to provide more detailed guidance.

2. Business

In compliance with the Bermuda Companies Act and common practice, SNL's Memorandum of Association describes its objects and purposes as 'unrestricted'.

3. Equity and Dividends

The Board of Directors is of the opinion that the Company currently has sufficient equity to meet its objectives, strategy and risk profile. The authorised share capital of SNL is 65,000,000 Common Shares, each with a par value of $1.00, and 16,250,000 Founder's Shares, each with a par value of $0.001. As of November 30, 2017, 64,133,796 Common Shares and 16,033,449 Founder's Shares were issued and 61,944,855 Common Shares and 15,486,214 Founder's Shares were outstanding. The authorised share capital of SNL may only be increased, reduced or otherwise altered by resolution of the shareholders. The Board of Directors is authorised to increase the issued share capital within the limits of the authorised capital.

The Common Shares available for issuance within the authorised share capital are intended to be available for the exercise of stock options under the Stolt-Nielsen S.A. (SNSA) 1997 stock option plan as continued by SNL. SNSA's stock option plan was approved at the 1997 Annual General Meeting. The stock option plan was established to create a long-term common interest among the Directors, the employees, and SNSA's shareholders. The Compensation Committee oversees SNL's share option programme. The last awards under the 1997 stock option plan were made in January 2007. The stock option plan has been closed and replaced by a long-term incentive plan which pays cash awards to management for meeting defined corporate financial objectives related to Return on total Capital Employed ('ROCE') and the ratio of Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent ('EBITDAR')-to-Revenue. The Board of Directors has established a dividend policy that is available on the SNL website (www.stolt-nielsen.com). Under Bermuda law, a company's Board of Directors may not declare or pay dividends if there are reasonable grounds for believing that the company is, or would after the payment, be unable to pay its liabilities as they become due or that the realisable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts.

In accordance with the provisions of the SNL Bye-Laws the Company may purchase its own shares for cancellation or acquire such shares as Treasury Shares in accordance with the Bermuda Companies Act on such terms as the Board of Directors shall think fit. Historically, the Annual General Meeting of Shareholders of SNL has authorised the Company, or any wholly-owned subsidiary, to purchase Common Shares of the Company, from time to time in the open market, provided that:

(i) the maximum price to be paid for such Common Shares shall not be higher than the higher of the price of the last independent trade and the highest current independent bid on Oslo Børs and shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading,

(ii) the minimum price to be paid for such Common Shares shall not be less than the par value (i.e. US $1.00 per share) thereof, and

(iii) other conditions for trading shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading, and further provided such purchases are in conformity with applicable law, such authorisation being granted for purchases completed on or before the following August 31.

The Board of Directors of SNL has resolved to continue share purchases, if any, on the foregoing terms.

Corporate Governance Report

4. Capital Structure, Equal Treatment of Shareholders and Transactions with Close Associates

SNL has two classes of shares, Common Shares and Founder's Shares, which carry rights as set forth below. Only the Common Shares are listed on Oslo Børs.

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 Bye-Laws, 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.

Under the Bye-Laws, in the event of a liquidation, all debts and obligations of SNL must first be paid and thereafter all remaining assets of SNL are paid to the holders of Common Shares and Founder's Shares in the following order of priority: (i) Common Shares rateably to the extent of the par value thereof (i.e. $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.

As of November 30, 2017, Fiducia Ltd., a company owned by a trust established for the benefit of certain members of the Stolt-Nielsen family, together with certain members of the Stolt-Nielsen family, controlled 59.48% of the outstanding shares of SNL entitled to vote generally on matters brought to a vote of the shareholders of SNL. As a result, the Stolt-Nielsen family is currently able to directly and indirectly exercise a controlling influence over SNL's operations and has sufficient voting power to control the outcome of matters requiring shareholder approval including: the composition of SNL's Board of Directors, which has the authority to direct SNL's business and to appoint and remove SNL's officers; approving or rejecting a merger, consolidation or other business combination; raising future capital; and amending the Bye-Laws which govern the rights attached to SNL's Common Shares. This control may deter a third party from attempting to take control of SNL without the approval of the Stolt-Nielsen family. Additionally, the interests of the Stolt-Nielsen family may conflict with the interests of SNL's other shareholders.

The Board of Directors reviews at least annually the financial and other relationships between Directors and SNL. SNL conducts an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis and all such transactions are approved by SNL's Audit Committee and disclosed in the Annual Report.

Any transactions SNL carries out in its own shares are carried out either through Oslo Børs or at prevailing stock exchange prices if carried out in any other way.

Directors and executive management must notify the Board of Directors if they have any material direct or indirect interest in any proposed transaction to be entered into by SNL. Following such notification, and unless disqualified by the Chairman of the relevant Board of Directors meeting, a Director may vote in respect of any such matter and may be counted in the quorum for such meeting.

The Board of Directors and the Board Committees may retain independent advisors, as they deem appropriate and at their discretion. SNL shall be responsible for the expenses of any such advisor.

5. Freely Negotiable Shares

Only the SNL Common Shares are listed on Oslo Børs. The Company's Bye-Laws limit individual shareholdings of Common Shares to 20%, single US person shareholdings to 9.9% and shareholders of any single country in aggregate to 49.9%.

While the Board of Directors is authorised to further restrict, reduce or prevent the ownership of shares if it appears to the Board of Directors that such ownership may threaten SNL with adverse consequences, including but not limited to adverse tax consequences, hostile takeover attempts or adverse governmental sanctions, it is the intention for the Board of Directors to assess any takeover offer for SNL or a substantial portion of SNL's assets, make a recommendation on any such offer, and call for a General Meeting of Shareholders to vote on the acceptance or rejection of such an offer.

6. General Meetings

The Board of Directors or the Chairman are responsible for calling both Annual and Special General Meetings of Shareholders. At any General Meeting, two or more persons present in person throughout the meeting and representing in person or by proxy issued voting shares in the Company, shall form a quorum for the transaction of business, except for those matters under the Bermuda Companies Act for which a specified super majority vote is required, in which case a quorum representing one-third of the issued and outstanding shares entitled to vote is required.

The Board of Directors is obligated to hold an Annual General Meeting every year at such time and place as the Board of Directors or Chairman shall designate.

A shareholder or group of shareholders representing at least one-tenth of the outstanding voting shares may request a Special General Meeting in writing indicating the agenda thereof. The Board of Directors will be obligated to hold the meeting forthwith.

Notices for both Annual and Special General Meetings shall be sent by mail to all holders entitled to attend and vote no later than 21 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 the opportunity to vote by proxy. Matters at the General Meetings are restricted to those set forth in the agenda.

The foregoing provisions relating to the holding of, and conduct at, General Meetings of Shareholders are set forth in SNL's Bye-Laws, as well as in relevant provisions of the Bermuda Companies Act. A summary of provisions of Chapter 5 of the Norwegian Public Limited Liability Companies Act where the SNL Bye-Laws expand or deviate from the provisions of the Act can be found on the Company's website at www.stolt-nielsen/Investor-Relations.aspx.

7. Nomination Committee

Bermuda law does not require that a nomination committee is established, and there is no provision in the SNL Bye-Laws relating to a nomination committee. Consequently, SNL has not established a nomination committee. Members of the Board of Directors identify and evaluate proposed candidates for nomination to the Board of Directors. 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.

8. Corporate Assembly and Board of Directors: Composition and Independence

The business affairs of SNL are managed under the direction of the SNL Board of Directors. The Board of Directors may delegate authority to the Chairman, specified committees of the Board of Directors, or to SNL's management. SNL does not have a corporate assembly as this is not required under Bermuda law.

As provided in SNL's Bye-Laws, 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 composition of the Board of Directors shall ensure that the SNL Board of Directors can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity, diversity and independence.

The Directors are elected at the Annual General Meeting of Shareholders. Directors shall hold office for such term as decided by the General Meeting, or in absence of such determination, until the next Annual General Meeting or until their successors are elected or appointed or their office is otherwise vacated. Directors may be removed only for cause by the vote at a Special General Meeting held for that purpose. In the event of a vacancy on the Board of Directors, the remaining members of the Board of Directors may 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 foregoing provisions relating to the election, removal and replacement of Directors are set forth in the SNL Bye-Laws.

Whereas the Board composition meets the requirements according to the Norwegian Code of Practice for independence from major shareholders and main business associates, four of the current six SNL Directors, Samuel Cooperman, Håkan Larsson, Rolf Habben Jansen and Tor Olav Trøim, are considered to be independent from the executive management according to the Norwegian Code of Practice. In the view of the SNL Board of Directors, the composition of the Board of Directors and the Board Committees ensures continuity and experience and is suitable to represent the interests of the minority shareholders.

The Chairman of the Board of Directors is elected by the Annual General Meeting of Shareholders. The CEO is a member of the Board of Directors. The Annual Report includes information to illustrate the expertise of the members of the Board of Directors.

An up to date composition of SNL's Board of Directors is available on the Company's website at www.stolt-nielsen.com/Investor-Relations.aspx.

9. The Work of the Board of Directors

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. SNL does not have a Deputy Chairman as this has not been considered necessary. The Board of Directors may appoint a Board Secretary who does not need to be a member 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. A majority of the Directors then in office shall constitute a quorum. The Board of Directors may also act by unanimous written consent.

Board Meetings – Executive Sessions

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 the Board of Directors' discussions. Directors are also expected to make themselves available outside the Board of Directors' meetings for advice and consultation.

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

Corporate Governance Report

Board Committees

The Board of Directors has established an Audit Committee and a Compensation Committee. The Board of Directors periodically reviews the size, structure and function of the Board Committees. The Audit Committee and Compensation Committee have written charters. These charters are reviewed and reassessed by the Board on an annual basis.

The Audit Committee is composed of at least two members, preferably each of whom is independent pursuant to all applicable regulatory requirements. The Compensation Committee is composed of at least two members, of whom at least one shall be deemed independent pursuant to all regulatory requirements applicable to SNL.

The Audit Committee is responsible for the oversight of the work of the Company's external auditor, and for recommending the external auditor's appointment, compensation and retention. Under Bermuda law the appointment of the external auditor has to be made by the shareholders in General Meeting, but the approval of the external auditor's compensation may be delegated by the shareholders to the Board of Directors.

The Compensation Committee of SNL is responsible for compensation strategy, overall salary increases and awards under its compensation programmes. It reviews and approves all aspects of senior executive management compensation, including performance incentive and equity based compensation plans.

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

The members of the Committees are set out on the Company's website at www.stolt-nielsen.com/Investor-Relations.aspx.

10. Risk Management and Internal Control

The Board of Directors is responsible for SNL's system of internal control, which covers financial, operational and compliance controls as well as risk management processes. SNL's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance that SNL is operating legally, ethically and within approved financial and operational policies and procedures with sufficient safeguards against material financial statement misstatements or loss of assets.

The main elements of the Company's system of internal control over financial reporting include the Code of Business Conduct, Global Accounting Policies and Procedures, Financial Reporting Risk Assessments, Annual Budgets, Authorisation Limits, Periodic Reporting and Evaluation of budgeted versus actual results. The different layers of control allow for a greater probability that errors in the financial reporting are identified early and corrected.

SNL's business heads conduct an annual review of SNL's most significant areas of exposure to risk and the related internal control system. The Operational Audit Department provides assurance that the Company has appropriate internal control, risk management and related corporate governance systems in place throughout the organisation, and performs regular independent audit reviews of these systems to assure adherence and recommend improvements.

The Board of Directors, through the Audit Committee, oversees the monitoring of compliance with the system of internal control over financial reporting. At its quarterly meeting the Audit Committee reviews and discusses results of internal audits performed by the Operational Audit Department. This also includes matters of an ethical nature. All employees, customers, suppliers and other parties have direct access to the Audit Committee, through the whistleblowing system, to report any potential illegal or unethical matters.

11. Remuneration of the Board of Directors

The Board of Directors reviews the Directors' compensation periodically. The review includes a comparison of SNL's Directors' compensation practices against the practices of comparable US and European companies. The remuneration of the Board of Directors reflects the Board of Directors' responsibility, expertise, time commitment and the complexity of SNL's activities. The remuneration is not linked to the performance of the Company.

Members of the Board of Directors and/or companies with which they are associated shall not in principle take on specific assignments for SNL in addition to their appointment as a member of the Board of Directors. If they do nonetheless take on such assignments this shall be disclosed to the full Board of Directors. The remuneration for such additional duties shall be approved by the Board of Directors.

The remuneration awarded to SNL's Board of Directors for their service as Directors is disclosed in aggregate in the Annual Report. Any remuneration in addition to normal directors' fees is specifically identified.

12. Remuneration of the Executive Management

The Compensation Committee of SNL is responsible for compensation strategy, overall salary increases and awards under its compensation programmes. It reviews and approves all aspects of senior executive management compensation, including performance incentive and equity based compensation plans.

The Company has in place a long-term incentive plan aimed at tying the executive management's compensation with the performance of the Company. This is a cash-based plan which sets future pay-outs based on Company performance relative to targets for Return of Capital Employed and EBITDAR-to-Revenue. All performance related compensation is capped at a maximum percent of the salary of the executive management.

13. Information and Communications

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

SNL promptly submits all press releases to Oslo Børs, and disseminates such press releases through an approved news wire service that provides simultaneous and broad distribution.

Copies of audited financial statements of SNL are distributed to shareholders prior to the Annual General Meeting of Shareholders and filed with Oslo Børs in accordance with its requirements. SNL publishes each year the dates for major events such as its Annual General Meeting of Shareholders, publication of interim reports, public presentations and dividend payment date if appropriate. These dates are available on SNL's website at

www.stolt-nielsen.com/Investor-Relations.aspx.

After each quarterly earnings release, SNL holds a conference call to discuss the results and respond to investor and analyst questions. The conference call is open to all those who wish to participate. Twice per year the results conference call is held in front of a live audience. All conference calls have a telephone dial-in and are webcast with playback options available.

14. Take-Overs

The Board of Directors will publicly disclose any serious offer for SNL, or a substantial portion of the assets of SNL, and will to the extent applicable follow the Norwegian Securities Trading Act and the recommendation in the Norwegian Code of Practice if any serious offer is received.

In most of SNL's financing agreements the Company has certain change of control provisions that would trigger a default in the event of a take-over, unless waivers were obtained from lenders.

15. Independent Auditor

The Audit Committee is responsible for the oversight of the work of the Company's external auditor, and for recommending the external auditor's appointment. The Audit Committee has established guidelines in respect of the use of the Independent Auditors by the Company's executive management for services other than the audit. The Audit Committee shall receive annual written confirmation from the Independent Auditors that such firm continues to satisfy the requirements for independence. In addition, the Independent Auditors shall provide the Audit Committee with a summary of all services in addition to audit work that has been undertaken for the Company. The Independent Auditors shall submit the main features of the plan for the audit of SNL to the Audit Committee annually.

The Independent Auditors shall participate in meetings of the Audit Committee that deal with the annual accounts and half-year results. At these meetings, the Independent Auditors shall comment on any material changes in the Company's accounting principles, comment on material management estimates and judgements, and report all matters on which there has been disagreement between the firm and the executive management of the Company.

The Independent Auditors shall at least once a year present to the Audit Committee commentary on any significant internal control findings arising during the audit.

The Audit Committee shall hold a meeting with the Independent Auditors at least once a year at which neither the CEO nor any other member of the executive management is present.

With the signing of the audit opinion in the Consolidated Financial Statements for the year ended 30 November 2016, the audit engagement partner completed five years in this role. During 2017, the Audit Committee requested PwC to agree to an extension of the audit engagement partner's tenure by one year to six years ending 2017. PwC acceded to this request.

Board of Directors

Samuel Cooperman
Chairman of the Board of Directors

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Appointment
Mr. Samuel Cooperman has served as Chairman of the Board of Directors since 2016. He has been a Director of Stolt-Nielsen Limited since 2008 and Chairman of the Audit Committee of the Board of Directors since 2009.

Experience
Mr. Cooperman joined Stolt-Nielsen in 1974 and held a number of senior management positions, including Chairman and Chief Executive Officer of Stolt-Nielsen Transportation Group. He retired from the Company in 2003. Mr. Cooperman was a member of the Executive Committee of the International Chamber of Shipping until May 2010; he also served as Vice-Chairman for two years. He holds BS and MS degrees in Electrical Engineering from Columbia University and from the Graduate School at the University of Pennsylvania, respectively, and an MBA from Temple University. He is a citizen of the United States.

Other Appointments
Mr Cooperman is the Chairman of New York Cruise Line and Chief Executive Officer of Cooperman Weiss Consulting LLC.

Niels G. Stolt-Nielsen
Director and Chief Executive Officer

Appointment
Mr. Niels G. Stolt-Nielsen has served as Chief Executive Officer since November 2000. He has been a Director of Stolt-Nielsen Limited since 1996.

Experience
Mr. Stolt-Nielsen joined Stolt Tankers in 1990 in Greenwich, Connecticut, US. In 1994 he relocated to China to open and head Stolt-Nielsen Limited's representative office in Shanghai. He was the President of Stolt Sea Farm from 1996 until 2000 when he became Chief Executive Officer of Stolt-Nielsen Limited. From September 2002 until March 2003 he also served as Interim Chief Executive Officer of Stolt Offshore S.A. Mr. Stolt-Nielsen graduated from Hofstra University in 1990 with a BS degree in Business and Finance. He is a Norwegian citizen.

Other Appointments
Mr. Stolt-Nielsen is the Chairman of the Board of Avance Gas Holding Ltd and a Director of Golar LNG Ltd.

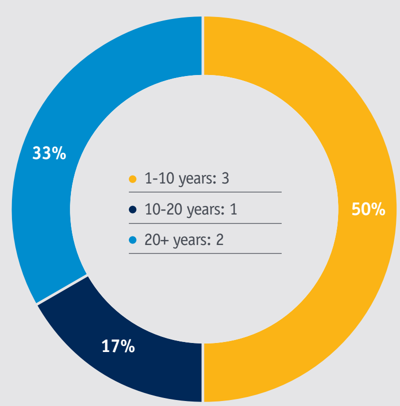
Rolf Habben Jansen
Director

Appointment
Mr. Rolf Habben Jansen joined Stolt-Nielsen Limited as a Director in December 2015.

Experience
Mr. Habben Jansen began his career at Royal Nedlloyd before joining Danzas, the Swiss logistics firm, which merged with DHL in 1999. He was Head of Global Customer Solutions at DHL from 2006 until joining Damco as Chief Executive Officer in 2009. He joined the Hapag-Lloyd AG Executive Board in 2014. Mr. Habben Jansen graduated from the Erasmus University in Rotterdam in 1991 with a degree in Economics. He is a Dutch citizen.

Other Appointments
Mr. Habben Jansen is Chief Executive Officer of Hapag-Lloyd AG.

Tenure



● Committee Chairman
A Audit Committee
C Compensation Committee

Håkan Larsson
Director

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Appointment
Mr. Håkan Larsson has served as Chairman of the Compensation Committee since 2016 and a member of the Audit Committee since 2009. He joined the Board of Stolt-Nielsen Limited in June 2007.

Experience
Mr. Larsson was Chief Executive Officer of Schenker AG from 2000 to 2003 and of Rederi AB Transatlantic from 2003 to 2007. He holds a Bachelor of Economics degree from the Gothenburg School of Economics and is a Swedish citizen.

Other Appointments
Mr. Larsson is Chairman of Tyrens AB, Valea Holding AB and Wallenius Wilhelmsen ASA, and is a Director of Viking Supply Ships AS. He is also Chairman of the Board of InPension Holding AB and a member of the regional board of Handelsbanken.

Jacob B. Stolt-Nielsen
Director

Appointment
Mr. Jacob B. Stolt-Nielsen has served as a Director of Stolt-Nielsen Limited since 1995.

Experience
Mr. Jacob B. Stolt-Nielsen joined the Company in 1987 and served in various positions in Oslo, Singapore, Greenwich, Connecticut, Houston, Texas and London. He was President, Stolthaven Terminals, from 1992 until 2000 with responsibility for the global tank storage business. In 2000, he founded and served as Chief Executive Officer of SeaSupplier Ltd. until 2003 when he became Executive Vice President of Stolt-Nielsen Limited. In 2012 he founded Norterminal AS. Mr. Stolt-Nielsen graduated from Babson College in 1987 with a BS degree in Finance and Entrepreneurial studies. He is a Norwegian citizen.

Other Appointments
Mr. Stolt-Nielsen is Chief Executive Officer of Norterminal AS and is a board member of Stolt-Nielsen Holdings AS, SN Terminal AS, Bothel Holding AS, Hydrogen Source AS, New York Cruise Lines, Inc. and Biomed Clinic AS.

Tor Olav Trøim
Director

Appointment
Mr. Tor Olav Trøim has served as a Director of Stolt-Nielsen Limited since April 2016.

Experience
Mr. Trøim was an equity portfolio manager with Storebrand ASA and Chief Executive Officer for the Norwegian Oil Company DNO AS until 1995. He was employed by Seatankers Management Co. from 1995 to 2014. During this period he was also, at various times, Chief Executive Officer of a number of related public companies, including Frontline Limited, Knightsbridge Tankers, Ship Finance Ltd. and Seadrill Ltd. He has served as a director on the Boards of Frontline, Marine Harvest ASA, Golden Ocean Group Limited, Seadrill Ltd, Archer Limited and Aktiv Kapital ASA, among others. In 2014 he established Magni Partners UK, which focuses on research and consultancy in the energy industry. Mr. Trøim graduated as M.Sc. Naval Architect from the University of Trondheim, Norway in 1985 and is a Norwegian citizen.

Other Appointments
Mr Trøim is Chairman of Golar LNG Ltd and Golar MLP, Chairman of Borr Drilling Ltd and Director and owner of Magni Sport AS.

Financial Review

Jan Chr. Engelhardtsen
Chief Financial Officer

MANAGEMENT'S DISCUSSION OF OPERATING PERFORMANCE

This section discusses SNL's operating results and financial condition for the years ended November 30, 2017 and 2016. This discussion consists of:

- Results of Operations;
- Business Segment Information;
- Liquidity and Capital Resources;
- Critical Accounting Estimates;
- Principal Risks;
- Treasury Shares;
- Going Concern; and,
- Subsequent Events.

RESULTS OF OPERATIONS

Below is a summary of SNL's consolidated financial data for November 30, 2017 and 2016:

	For the years ended	
(in thousands)	**November 30, 2017**	November 30, 2016
Operating Revenue	**$ 1,997,090**	$ 1,879,905
Operating expenses	**(1,329,223)**	(1,241,320)
Depreciation and amortisation	**(264,497)**	(234,071)
Impairment of plant, property and equipment	**(15,300)**	–
Gross Profit	**388,070**	404,514
Gross margin	**19.4%**	21.5%
Share of profit of joint ventures and associates	**17,588**	33,599
Administrative and general expenses	**(216,529)**	(207,226)
US retiree healthcare plan curtailment gain	**3,931**	–
US pension plan settlement gain	**–**	3,769
Loss on disposal of assets, net	**(515)**	(137)
Other operating income	**2,675**	1,109
Other operating expense	**(851)**	(3,790)
Operating Profit	**194,369**	231,838
Operating margin	**9.7%**	12.3%
Non-operating income (expense):		
Finance expense	**(133,943)**	(106,134)
Finance income	**3,732**	2,518
Foreign currency exchange loss, net	**(2,774)**	(1,568)
Other non-operating income, net	**972**	2,290
Profit before Income Tax	**62,356**	128,944
Income tax expense	**(12,239)**	(15,707)
Net Profit	**$ 50,117**	$ 113,237
Attributable to:		
Equity holders of SNL	**50,313**	113,145
Non-controlling interests	**(196)**	92
	$ 50,117	$ 113,237

	For the years ended	
(in thousands)	**November 30, 2017**	November 30, 2016
Net profit before one-time items	**$ 63,417**	$ 119,386
One-time items:		
US pension plan settlement gain	**–**	5,642
US retiree healthcare plan curtailment gain	**7,171**	–
Terminal one-time items (see Terminals section below)	**(9,855)**	(6,193)
Impairment of assets in Stolt Bitumen	**(8,404)**	(4,200)
Acquisition costs for Jo Tankers	**(400)**	(2,200)
Restructuring charges for Tankers	**(2,158)**	–
Write-down of investment and advances in Stolt LNGaz Ltd.	**–**	(1,319)
Tax effect on the above one-time items	**346**	2,121
Net Profit	**$ 50,117**	$ 113,237

CONSOLIDATED INCOME STATEMENTS

Net profit of SNL was $50.1 million for 2017, compared with $113.2 million in 2016. Excluding the one-time items described in the table above, net profit was $63.4 million for 2017, compared with $119.4 million in 2016, or a $56.0 million reduction. The most significant factors affecting SNL's performance in 2017 were:

- Stolt Tankers reported an operating profit of $111.0 million, a 20% decline compared to prior year operating profit of $138.4 million. The acquisition of Jo Tankers (JoT) in November 2016 had a positive impact that was offset by the effect of higher bunker prices and lower average freight rates for the deep-sea fleet as the market softened during the second half of the year.
- Stolthaven Terminals reported an operating profit of $54.2 million compared to $53.0 million in 2016. Excluding the one-time negative adjustments of $9.9 million in 2017 and $6.2 million in 2016, as discussed in the Terminals section, operating profit increased by $4.8 million in 2017. The increase in operating profit was mainly due to an increase in storage capacity, higher throughput volume and a higher share of profit from joint ventures and associates, partly offset by a decrease in the average utilisation rate, higher operating expenses and higher depreciation as a result of adding extra capacity.
- Stolt Tank Containers reported an operating profit of $54.5 million, up from $48.2 million in 2016, an increase of 13% or $6.3 million. The increase was largely due to improved utilisation, with shipments increasing by 5.5%, as well as improved freight rates in most regions. This was partially offset by higher depreciation of $3.8 million due to a change in tank container salvage values as well as new capital expenditures.
- Stolt Sea Farm reported an operating profit of $3.5 million, compared with an operating profit of $14.1 million in 2016. The decrease in the operating profit was attributable to the adjustment for fair value of inventories, which had no impact on the operating profit in 2017, compared with a $7.6 million positive impact in 2016, as well as lower sales volumes of caviar.
- Corporate and Other operating loss was $28.8 million, compared to the prior year loss of $21.8 million. Excluding one-time items detailed in the Corporate and Other section, Corporate and Other operating profit decreased by $11.0 million. The majority of this decrease was due to a decline in SNL's share of profits in Avance Gas Holding Limited (AGHL), which decreased by $10.4 million due to the sharp decline in the LPG market in 2016, which had a full-year impact in 2017, as well as lower operating results at Stolt Bitumen.

Operating Revenue

Operating revenue was $1,997.1 million in 2017, which was $117.2 million, or 6.2%, higher than 2016, mainly due to higher freight revenues in Tankers from more trading days and lower bunker surcharge rebates, and shipment increases at Stolt Tank Containers. This was partially offset by a significant reduction in trading at Stolt Bitumen.

Stolt Tankers' revenue increased by $97.6 million, due to $48.3 million in higher freight revenue and $42.9 million lower bunker surcharge rebates. The freight revenue increase was mainly due to 20.5% more operating days in deep-sea resulting from the acquisition of Jo Tankers ('JoT') in November 2016 and the delivery of newbuildings during 2017. This increase in days more than offset a decrease in freight rates during 2017 which declined by 12.5% from the prior year. The lower bunker surcharge rebates were due to the increase in bunker prices during the year.

Stolthaven Terminals' revenue increased by $8.0 million compared to 2016, an increase of 3.4%. The improvement reflected an increase in average storage capacity, as well as higher throughput volume, partly offset by a decrease in the average utilisation rate to 87.9% in 2017 from 90.2% in 2016.

Stolt Tank Containers' revenue increased by $37.0 million in 2017 mainly due to a 5.5% increase in shipments. Also impacting revenues were higher freight rates as the market showed signs of improvement combined with increased activities at Stolt-owned depots.

Stolt Sea Farm's operating revenue increased by $7.4 million in 2017 from the prior year mainly due to additional volumes of turbot sold on consignment and owned turbot.

Corporate and Other operating revenue decreased as Stolt Bitumen stopped the trading of bitumen in 2017.

Gross Profit

SNL's gross profit decreased by 4.1% or $16.4 million to $388.1 million in 2017 compared to the prior year, reflecting market conditions at Stolt Tankers, reduced fair value gains on inventory at Stolt Sea Farm and the write-down of a bitumen ship at Stolt Bitumen and of the assets at Stolthaven New Zealand, partially offset by increased gross profit at Stolt Tank Containers.

Stolt Tankers' gross profit decreased by $8.2 million in 2017 to $194.6 million. The acquisition of Jo Tankers had a positive impact, but this was more than offset by the effect of lower average freight rates in deep-sea that reflected a soft market worldwide and the effect of higher bunker prices on operating expenses.

Gross profit for Stolthaven Terminals was $75.8 million in 2017, compared with $77.1 million, a decrease of $1.3 million. Excluding one-time adjustments discussed in the Terminals section below, gross profit increased by $2.3 million from the impact of higher revenue partially offset by higher operating expenses and higher depreciation as a result of new capacity.

Stolt Tank Containers saw an increase in gross profit of $9.2 million from the prior year due in large part to increased shipments and improved market conditions. This was partially offset by an increase in the repositioning of empty tank containers as well as increased depreciation expense, primarily due to a change in the salvage value of tank containers.

Stolt Sea Farm's gross profit decreased by $9.8 million as there was no fair value adjustment for inventories in 2017 compared to a gain of $7.6 million in 2016, together with lower caviar volumes sold.

Corporate and Other included Stolt Bitumen, which reported a $9.6 million reduction in gross profit as a result of decreased trading of bitumen and impairment of property, plant and equipment of $6.9 million and accounts receivable of $1.5 million.

Share of Profit of Joint Ventures and Associates

SNL's share of the profits from non-consolidated joint ventures and associates in 2017 was $17.6 million, down from $33.6 million in 2016.

Stolt Tankers' share of profit from joint ventures decreased by $6.0 million to $7.4 million. This was primarily caused by a decrease in profits of the deep-sea joint ventures NYK Stolt Tankers S.A. and Gulf Stolt Tankers DMCCO. In addition, Gulf Stolt DMCCO was also impacted by an off-hire of one of its ships in the first half of 2017 and by the reduction in operating days due to the sale of two ships to its shareholders in June 2017.

Stolthaven Terminals' share of profit from joint ventures and associates increased by $0.8 million. The improvement reflected higher equity income from the joint venture with Oiltanking in Antwerp, which was partly a result of the release of environmental accruals and higher equity income in Ulsan, South Korea due to capacity expansion. This was offset by lower results and impairments at other joint ventures.

Stolt Tank Containers' share of profit from joint ventures decreased by $0.3 million in joint-venture depots in the UAE, Japan and South Korea.

Corporate and Other's share of profit in joint ventures and associates decreased by $10.4 million, as a result of losses on the investment in AGHL.

Administrative and General Expenses

Administrative and General Expenses were $216.5 million in 2017, up from $207.2 million in 2016, an increase of $9.3 million. This was primarily due to regular salary increases, additional employees and $2.2 million in higher advisory costs relating to SNL's reorganisation, offset by lower profit-sharing expenses.

US Retiree Healthcare Plan Curtailment Gain

During the year ended November 30, 2017, the Group made changes to the US retiree medical plan which came into effect from January 1, 2018 which removes coverage for certain employees and provides fixed dollar stipends to other participants in place of company-paid medical benefits.

These changes reduced the liabilities by $7.2 million and this amount was recognised as a one-time gain on November 30, 2017. Of this total amount, $3.3 million of this gain has been reflected in Operating Expenses and $3.9 million in Administrative and General Expenses.

US Pension Plan Settlement Gain

In November 2016, the Group recognised a one-time settlement gain of $3.5 million for the terminated vested cash out for certain participants of the frozen defined benefit scheme in the United States. In addition, the Group also recognised a one-off gain of $2.1 million for the US post-retirement healthcare plan. The expense for this plan was less than estimated at the beginning of 2016 due to favourable claims experience and plan changes through increased retiree contributions, deductibles, out-of-pocket maximums and co-payments of this total amount of $5.6 million, $3.8 million was shown under Administrative and General Expenses and $1.8 million is included within Operating Expenses.

Loss on Disposal of Assets, Net

SNL recorded a net loss on disposal of assets of $0.5 million in 2017 and $0.1 million in 2016.

Other Operating Income and Other Operating Expense

Other operating income was $2.7 million in 2017, compared to $1.1 million in 2016. In 2017, additional income was recognised in relation to insurance receipts.

Other operating expense was $0.9 million in 2017, compared to $3.8 million in 2016. The decrease of $3.0 million was due to the impairment of receivables from Stolt Bitumen customers and advances to a joint venture in 2016.

Finance Expense

Finance (interest) expense was $133.9 million in 2017, up from $106.1 million in 2016, due to higher indebtedness and an increase in the average interest rate over the prior year. Additional debt outstanding related to the JoT acquisition and the newbuildings.

Finance Income

Finance income was higher by $1.2 million in 2017, compared with 2016.

Foreign Currency Exchange Loss

In 2017 SNL had a foreign exchange loss of $2.8 million, compared with a $1.6 million loss in 2016.

Other Non-Operating Income, Net

Non-operating income of $1.0 million in 2017 compared unfavourably with non-operating income of $2.3 million in 2016. Dividends from Golar were $0.5 million in 2017, compared to $1.3 million in 2016.

Income Tax Expense

Income tax expense was $3.5 million lower in 2017 than in 2016, mainly due to a lower tax charge on lower profits, particularly in the Sea Farm and Terminals divisions, partially offset by the tax charge on the US healthcare plan gain.

Non-controlling Interest

Non-controlling interest mainly relates to an external minority shareholder interest of 25% in Sterling Caviar.

BUSINESS SEGMENT INFORMATION

This section summarises the operating performance for each of SNL's principal business segments. The 'Corporate and Other' category includes Corporate-related expenses and all other operations, such as Stolt Bitumen Services and Stolt-Nielsen Gas, which are not reportable under other segments.

(in thousands)	Year ended November 30, 2017	Year ended November 30, 2016
Operating revenue:		
Stolt Tankers	**$ 1,158,466**	$ 1,060,861
Stolthaven Terminals	**242,738**	234,712
Stolt Tank Containers	**512,745**	475,704
Stolt Sea Farm	**72,744**	65,382
Corporate and Other	**10,397**	43,246
Total	**$ 1,997,090**	$ 1,879,905
Operating profit:		
Stolt Tankers	**$ 110,973**	$ 138,364
Stolthaven Terminals	**54,181**	53,009
Stolt Tank Containers	**54,492**	48,193
Stolt Sea Farm	**3,530**	14,069
Corporate and Other	**(28,807)**	(21,797)
Total	**$ 194,369**	$ 231,838

STOLT TANKERS

Operating Revenue

Operating revenue increased by $97.6 million in 2017 from 2016, with deep-sea revenue increasing by $103.1 million and regional revenues falling by $5.5 million. Deep-sea freight and demurrage revenue increased by $61.0 million, while bunker surcharge rebates to customers decreased by $38.1 million, the latter reflecting a higher average bunker price during the year.

Deep-sea freight revenues were higher due to a 20.5% increase in operating days as a result of the acquisition of JoT in November 2016 and the delivery of five newbuildings in late 2016 and throughout 2017. Cargo carried increased by 19.6% during 2017 compared to the prior year with utilisation falling by only 0.6%. However, a decrease in the average freight rates by 12.5% due to a softer market partially offset these increases. Spot rates decreased by 18.3% while the percentage of spot cargo carried increased by 7.9% between the two years. Further, in the latter half of the year, revenues were adversely affected by approximately $7.0 million by Hurricane Harvey, which caused disruption to operations for several months.

Regional fleet revenue decreased by $5.5 million, reflecting less cargo carried in the European coastal fleet due to the sale of several ships in the autumn of 2016, partly offset by more cargo carried by the European barging fleet because of a healthy barging market and by lower bunker surcharge rebates.

The average Sailed-In Time-Charter Index[1] for 2017 was 0.65, compared with 0.77 for 2016.

As of November 30, 2017, Stolt Tankers owned and/or operated 155 ships and barges, representing 2.89 million deadweight tonnes (dwt), higher than 2.66 million dwt at the end of 2016 due to the delivery of newbuildings in Stolt Tankers and Hassel Shipping 4 A.S.

	Number of ships	Millions of dwt	% of STJS net earnings for the year ended November 30, 2017
Stolt Tankers Joint Service (STJS):			
Stolt-Nielsen Limited (55 owned)	59	1.97	81%
NYK Stolt Tanker S.A.	5	0.15	8%
Hassel Shipping 4 A.S.	7	0.23	7%
Gulf Stolt Tankers DMCCO	–	–	4%*
	71	2.35	100%
Time-chartered ships	2	0.09	
Total Stolt Tankers Joint Service	**73**	**2.44**	
Ships in regional services (29 owned)	82	0.45	
Total	**155**	**2.89**	

* Before the sale of ships in June and November 2017.

Operating Profit

Operating profit decreased by $27.4 million, to $111.0 million in 2017 from $138.4 million in 2016. As discussed above, revenues increased by $97.6 million, but higher operating and administrative and general expenses and lower joint venture income more than offset this increase.

Operating expenses increased by $77.4 million, with $66.0 million of the increase the result of higher bunker costs. The average price of IFO consumed in 2017 increased to approximately $314 per tonne from $216 per tonne in 2016. Bunker hedges entered into by SNL in early 2016 and in mid-2017 resulted in gains of $13.5 million for the year, which was $6.1 million higher than in 2016. Other voyage costs, such as port charges, were higher during 2017 in line with the increased number of operating days.

The acquisition of Jo Tankers included six ships that were formerly time-chartered by Stolt Tankers. This, as well as the delivery of five newbuildings in late 2016 and throughout 2017, was the primary cause of the increase in depreciation of $28.4 million. This also caused time charter expenses to decrease by $26.4 million and led to an increase of $25.1 million in ship owning costs and higher administrative and general expenses.

Stolt Tankers' share of profit from joint ventures decreased by $6.0 million to $7.4 million. This was primarily caused by a decrease in profits of the deep-sea joint ventures, NYK Stolt Tankers S.A. and Gulf Stolt Tankers DMCCO. Gulf Stolt DMCCO was impacted by lower results in the deep-sea fleet as well as the off-hire of one of its ships in the first half of 2017. Stolt Tankers and Gulf Navigation Holdings PJSC each acquired one of the joint venture's ships in June 2017 and another in November 2017 as the joint venture is in the process of being dissolved.

1. The Stolt Tankers Joint Service Sailed-in Time-Charter index is an indexed measurement of the performance of the market in which the Joint Service operates. The sailed-in rate per operating day, also referred to as the time-charter equivalent rate, is a measure frequently used by shipping companies, which subtracts from a ship's operating revenue the variable costs associated with a voyage, primarily commissions, sublets, transshipments, port costs, and bunker fuel. The index has been set at 1.00 in the first quarter of 1996 and has been adjusted to exclude the impact of bunker hedge results, changes to the average ship size in the fleet and for the average inflation rate from 1996 onwards.

STOLTHAVEN TERMINALS

Operating Revenue

Stolthaven Terminals' revenue increased to $242.7 million in 2017 from $234.7 million in 2016. This increase of 3.4% was mainly due to an increase in overall storage capacity by 2.9% and higher throughput, partly offset by a decrease in the average utilisation rate to 87.9% in 2017 from 90.2% in 2016. The decrease in the average utilisation rate was mainly due to a lower average leased capacity in Singapore.

Total available average capacity at the consolidated terminals increased to 1,721,951 cubic metres in 2017 from 1,672,628 cubic metres in 2016, as a result of new capacity in Singapore, Dagenham and Moerdijk. Product handled increased to 15.0 million cubic metres in 2017 from 13.6 million cubic metres in 2016.

Operating Profit

Operating profit increased by 2.2% to $54.2 million in 2017 from $53.0 million in 2016. There were the following one-time items:

	For the Years Ended	
(in thousands)	**November 30, 2017**	November 30, 2016
Terminal operating profit before one-time items	**$ 64,036**	$ 59,202
One-time items:		
Impairment of plant and equipment in New Zealand	**(8,400)**	–
Accelerated depreciation of assets	**(1,455)**	(2,070)
Accelerated depreciation of tank assets in Houston due to loss of a customer	**–**	(871)
Impairment of operational software	**–**	(3,252)
Terminal operating profit	**$ 54,181**	$ 53,009

The increase of $4.8 million before the one-time items was mainly due to an increase in revenue as discussed above, partly offset by higher operating expenses and higher depreciation.

Operating expenses increased to $111.8 million in 2017 from $100.1 million in 2016. This was due to higher personnel costs in Houston from the higher use of temporary labour after Hurricane Harvey and the absence of a healthcare insurance benefit recognised in 2016.

Excluding one-time items noted above, depreciation and amortisation expense increased by $2.4 million. This increase was mainly due to additional capacity in Singapore, Dagenham and Moerdijk.

Share of profit of Stolthaven Terminals' joint ventures and associates increased by $0.8 million, excluding the one-time item mentioned above. Share of profit in the joint venture with Oiltanking in Antwerp increased by $1.2 million as a result of lower expenses while in Ulsan, South Korea, income increased due to capacity expansion. This was offset by losses at an associate.

STOLT TANK CONTAINERS (STC)

Operating Revenue

Stolt Tank Containers' revenue rose to $512.7 million in 2017 from $475.7 million in 2016, an increase of 7.8%. This was primarily due to increased utilisation combined with an increase in transportation rates as market conditions improved and freight costs increased. Revenue also increased due to higher activity at Stolt-owned depots. This was offset slightly by a reduction in demurrage revenue of $1.0 million.

In 2017, STC handled 126,785 tank container shipments, compared with 120,210 shipments in 2016, which represents a 5.5% increase. Average utilisation increased to 72.5% in 2017, from 68.5% in 2016. The fleet increased slightly to 35,396 tank containers at the end of 2017 compared to 34,564 tank containers at the end of 2016, due to the leasing of additional units.

STC's rates in most major markets increased because of the effects of improved market conditions combined with the additional recovery of ocean freight and trucking costs, as well as a slight decrease in intra-regional shipments, which have lower transportation rates. STC's rates were also impacted by the strong US dollar.

Operating Profit

Stolt Tank Containers' operating profit increased to $54.5 million in 2017 from $48.2 million in 2016. This reflects a $6.3 million increase in operating profit, with operating margins increasing to 10.6% in 2017 from 10.1% in 2016. The increase in operating margin was primarily due to better market conditions. This was partially offset by an increase in depreciation as a result of the change in salvage value of tank containers and additional investments in depots.

STOLT SEA FARM (SSF)

Operating Revenue

Stolt Sea Farm's revenue increased by $7.4 million, or 11.3%, to $72.7 million in 2017 from $65.4 million in 2016, primarily due to the new traded turbot volumes. Turbot prices were down by 4.0% on average for the year while owned turbot volumes were up 6.9% from 2016 to reach a record of 5,394 tonnes plus 666 tonnes of turbot sold on consignment. Sole volumes increased by 9.3%, as a consequence of production improvements. Caviar volumes decreased in 2017, while prices improved by 20.5% compared with 2016 as SSF continued to shift its caviar strategy to direct sales.

Operating Profit

Stolt Sea Farm reported an operating profit of $3.5 million in 2017 compared to an operating profit of $14.1 million in 2016, a year-over-year decrease of $10.6 million. Of the total change, $7.6 million was due to a nil fair market value adjustment on the biological assets in 2017 compared to a $7.6 million positive impact in 2016. A decrease of $2.2 million was the result of lower caviar volumes sold, with $0.6 million variance coming from higher administrative and general expenses.

CORPORATE AND OTHER

Corporate and Other operating loss was $28.8 million, compared with the prior year loss of $21.8 million. There were the following one-time items:

(in thousands)	For the Years Ended November 30, 2017	November 30, 2016
Corporate and Other operating profit before one-time items	**$ (25,113)**	$ (14,078)
One-time items:		
US retiree healthcare plan curtailment gain	**7,171**	–
Acquisition costs of JoT	**(400)**	(2,200)
SNL reorganisation costs	**(2,061)**	–
Impairment of assets at Stolt Bitumen	**(8,404)**	(4,200)
Write-down of investment and advance in Stolt LNGaz Ltd.	**–**	(1,319)
Corporate and other operating loss	**$ (28,807)**	$ (21,797)

Excluding these one-time items, Corporate and Other operating loss increased by $11.0 million. The majority of this was due to SNL's share of losses in AGHL increasing by $10.4 million, reflecting the continued decline in the LPG market in the current year, offset by a reduction in costs related to the profit share plan.

LIQUIDITY AND CAPITAL RESOURCES

(in thousands)	2017	2016
Summary Cash Flows		
Net cash provided by operating activities:		
Net profit	**$ 50,117**	$ 113,237
Depreciation, impairment and amortisation	**279,797**	234,071
Share of profit of joint ventures and associates	**(17,588)**	(33,599)
Loss on disposal of assets	**515**	137
Finance expense, net of income	**130,211**	103,616
Income tax expense	**12,239**	15,707
Other adjustments to reconcile net profit to net cash from operating activities	**(3,710)**	(14,435)
Changes in working capital assets and liabilities	**(10,528)**	(1,788)
Contributions to defined benefit pension plans	**(3,368)**	(2,274)
Dividends from joint ventures and associates	**23,232**	28,604
Other, net	**(344)**	2,758
Cash generated from operations	**460,573**	446,034
Net interest paid, including debt issuance costs	**(127,551)**	(116,449)
Income taxes paid	**(8,255)**	(7,805)
Net cash from operating activities	**$ 324,767**	$ 321,780
Cash flows from investing activities:		
Capital expenditures	**(360,372)**	(289,039)
Purchase of intangibles	**(3,576)**	(2,081)
Deposits for newbuildings	**(14,592)**	(36,475)
Sale of marketable securities	**11,507**	–
Purchase of Golar shares	**–**	(3,513)
Business acquisitions	**(24,026)**	(249,669)
Investment in and advances to joint ventures and associates	**(14,387)**	(3,812)
Proceeds from sale of ships and other assets	**16,329**	32,033
Other	**(594)**	(108)
Net cash used in investing activities	**$ (389,711)**	$ (552,664)
Net cash used for financing activities:		
(Decrease) increase of uncommitted credit lines	**(8,100)**	8,100
Repayment of long-term debt and finance lease obligations	**(718,458)**	(644,746)
Proceeds from issuance of long-term debt	**817,316**	942,596
Principal payments on capital leases	**(100)**	(96)
Purchase of Treasury shares	**–**	(1,715)
Dividends paid	**(55,022)**	(55,096)
Net cash provided by financing activities	**$ 35,636**	$ 249,043
Effect of exchange rate changes on cash	**(5,168)**	(2,920)
Net (decrease) increase in cash and cash equivalents	**$ (34,476)**	$ 15,239

Net Cash Provided by Operating Activities

In 2017, SNL generated cash from operations of $324.8 million, compared with $321.8 million in 2016. The increase in cash generated from operations was due to an improvement in operations at Stolt Tank Containers and Stolthaven Terminals, partially offset by reduced dividends from joint ventures, higher interest payments and increased working capital requirements.

Net Cash Used for Investing Activities

Cash used in investing activities was $389.7 million in 2017, compared with $552.7 million in 2016.

The most significant uses of cash for investing during 2017 were:

(a) capital expenditures of $360.4 million, which were $71.4 million higher than in 2016.
(b) deposits of $14.6 million for newbuildings, which were $21.9 million lower than in 2016.
(c) final payment for the business acquisition of JoT for $21.0 million and $3.0 million other smaller acquisitions, compared to the $249.7 million paid in 2016.
(d) equity contributions and advances to the Company's joint ventures and associates of $14.4 million, an increase of $10.6 million compared to 2016.

Offsetting the uses of cash were proceeds from the sale of ships and other assets of $16.3 million, compared with $32.0 million in 2016, and the sale of marketable securities for $11.5 million.

Capital expenditures by business are summarised below:

	For the years ended	
(in thousands)	**November 30, 2017**	November 30, 2016
Stolt Tankers	**$ 263,343**	$ 148,054
Stolthaven Terminals	**82,292**	101,833
Stolt Tank Containers	**8,422**	31,787
Stolt Sea Farm	**4,025**	3,421
Corporate and Other	**2,290**	3,944
Total SNL	**$ 360,372**	$ 289,039

SNL spent $360.4 million on property, plant and equipment. Cash spent during the year primarily reflected:

(a) $79.7 million on capital expenditures for terminals;
(b) $8.4 million on the acquisition of tank containers and construction of depots;
(c) final payments on delivery of the *Stolt Sincerity*, *Stolt Integrity*, *Stolt Tenacity* and *Stolt Loyalty* of $196.1 million;
(d) $32.1 million for the purchase of two ships: *Stolt Sisto* and *Stolt Facto* from the joint venture Gulf Stolt Tankers DMCCO; and
(e) $18.7 million for drydocking of ships.

Net Cash Provided by Financing Activities

Net cash provided by financing activities totalled $35.6 million in 2017, compared with $249.0 million in 2016.

The significant cash sources from 2017 financing activities were net proceeds of long-term debt issuances of $817.3 million, compared with $942.6 million in 2016. The 2017 debt issuances included:

(a) $200.0 million from the $275.0 million term loan facility closed in November 2016 in connection with the acquisition of JoT.
(b) $219.6 million on its second to fifth tranches under the $291.8 million term loan for the purchases of the newbuildings *Stolt Sincerity*, *Stolt Integrity*, *Stolt Tenacity* and *Stolt Loyalty*.
(c) $202.4 million (SGD 280.0 million) secured amortising term loan facility for the refinancing of the Stolthaven Singapore terminal.
(d) $175.0 million senior unsecured five-year bonds carrying a fixed coupon rate of 6.375%.

The principal uses of cash for financing activities in 2017 were:

(a) $55.0 million in dividend payments, compared to $55.1 million in 2016.
(b) $718.5 million in repayment of long-term debt and capital leases, compared with $644.7 million in 2016.
(c) $8.1 million repayment on uncommitted credit lines.

INDEBTEDNESS

SNL's total consolidated debt was $2,503.3 million as of November 30, 2017 and $2,388.4 million on November 30, 2016, as set forth in the table below:

(in thousands)	**2017**	2016
Long-term debt (including current portion)	**$ 2,282,293**	$ 2,040,338
Committed revolver, included in long-term debt	**221,000**	340,000
Uncommitted short-term bank loans	**–**	8,100
Total debt on consolidated financial statements	**2,503,293**	2,388,438
Available unused facilities:		
Committed revolver	**400,200**	310,000
Collateralised share pledge facility	**49,000**	–
Uncommitted short-term bank loans	**65,000**	85,000
Total unused facilities	**514,200**	395,000
Total debt and unused facilities	**$ 3,017,493**	$ 2,783,438

Long-term debt in the table above excludes debt issuance costs of $33.6 million and $36.2 million as of November 30, 2017 and 2016, respectively.

Short-Term Debt

Short-term debt consists of debt obligations to banks under uncommitted lines of credit and bank overdraft facilities. Amounts borrowed pursuant to these facilities bear an interest rate of 1.8% for both the years ended November 30, 2017 and 2016. SNL classifies its committed revolving credit agreement and collateralised share pledge facility as long-term debt, as there is no expectation of settlement within 12 months. As of November 30, 2017, the available committed revolver amounted to $400.2 million and collateralised share pledge facility was $49.0 million. Future availability is dependent on the amount of available collateral. Collateral values vary with fluctuations in ship prices. In addition, SNL has access to $65.0 million of uncommitted lines and overdraft facilities, which are unused. These can be withdrawn by the banks on short notice.

Long-Term Debt

Long-term debt consists of debt collateralised by mortgages on SNL's ships, tank containers and terminals, unsecured bank loans at Stolt Sea Farm, $175.0 million of unsecured bonds denominated in US dollars as well as the $551.8 million unsecured bond financing denominated in NOK ($688.8 million or NOK 4,574 million before the effect of the cross-currency interest rate swaps). It does not include the off-balance sheet arrangements discussed below. SNL's long-term debt was $2,469.7 million and $2,345.1 million as of November 30, 2017 and 2016, respectively, as set forth below:

(in thousands)		2017		2016
Long-term debt	**$**	**2,469,712**	$	2,345,125
Less: Current maturities		**(432,568)**		(548,874)
	$	**2,037,144**	$	1,796,251

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

SNL had the following changes in net debt, which is defined as short-term loans and long-term debt and finance leases, less cash and cash equivalents.

(in thousands)		2017		2016
Decrease (increase) in cash and cash equivalents for the year	**$**	**34,476**	$	(15,239)
Cash inflow from increase in debt		**817,316**		950,696
Cash outflow from repayments of debt and finance leases		**(726,658)**		(644,842)
Change in net debt resulting from cash flows		**125,134**		290,615
Assumption of JoT debt upon acquisition of JoT		**–**		189,753
Currency movements		**23,122**		117,529
Debt issuance costs and other movements		**2,707**		(11,242)
Movement in net debt in the year		**150,963**		586,655
Opening net debt		**2,260,441**		1,673,786
Closing net debt	**$**	**2,411,404**	$	2,260,441

During 2017, SNL met its liquidity needs through a combination of cash generated from operations, borrowings from commercial banks, issuance of bonds and proceeds from the sale of assets.

Generally, Stolt Tankers was able to operate with negative working capital by extending tight credit terms to customers, by keeping accounts receivable to a minimum, and by obtaining standard credit terms of 30 to 90 days from most suppliers. For Stolthaven Terminals and Stolt Tank Containers, a normal business operating cycle prevails with balanced credit terms. For Stolt Sea Farm, the production cycle for various farmed fish species is several months to years, requiring a normal working capital to finance inventory.

Ships, terminals, investment in shares and tank containers can be an important source of liquidity, as these assets can be used to secure debt or can be sold and, if needed, leased back. SNL realised proceeds from the sale of ships, investments and other assets of $16.3 million in 2017, compared to $32.0 million in 2016.

SNL's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. SNL monitors capital on the basis of the ratio of debt to tangible net worth (shareholders' equity less intangible assets, non-controlling interests and other components of equity). At November 30, 2017, shareholders' equity increased by $95.2 million from November 30, 2016. This was primarily due to a net profit of $50.1 million and change in other comprehensive income from cash-flow hedges, foreign currency and pension remeasurement of $86.3 million, partially offset by the declared dividends of $41.3 million. While tangible net worth increased, the increase in debt discussed in the previous pages resulted in the debt to tangible net worth ratio rising to 1.55 at November 30, 2017 from 1.49 at November 30, 2016. This is below the 2.00 threshold included as a debt covenant in most of SNL's debt agreements.

As of November 30, 2017, SNL directly owned 86 ships and barges, including two bitumen ships, having a total net book value of $2,018.0 million. Of the 86 total ships and barges, six ships and seven barges with a total net book value of $50.9 million were unencumbered, while 73 ships with a total net book value of $1,967.1 million were collateralised against total credit facilities of $1,376.3 million, of which $967.3 million was drawn down at year end. As of November 30, 2017, SNL also owned 7,471 tank containers that were unencumbered and 19,185 that were collateralising secured borrowings of $260.1 million. SNL tank containers have a total net book value of $313.6 million.

In addition, as of November 30, 2017, SNL had 15 wholly owned terminals. The 100% owned Singapore terminal has secured bank loans with $198.8 million remaining at November 30, 2017 and the Australasia terminals have secured a bank loan with $73.6 million outstanding. The Houston terminal has a secured loan with $250.0 million outstanding. As of November 30, 2017, SNL owned four terminals (New Orleans, Santos, Dagenham and Moerdijk) that were unencumbered, with a total net book value of $340.0 million, compared with $325.6 million in November 30, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

In addition to the obligations recorded on SNL's consolidated balance sheets, certain commitments that will result in future cash outlays are not recorded on the Company's consolidated balance sheets. In addition to long-term debt interest payments, these off-balance sheet arrangements consist of operating leases, committed capital expenditures and the retained and contingent interests discussed below.

Operating Leases

SNL's operating lease commitments were $334.4 million at November 30, 2017, compared with $321.7 million at November 30, 2016. As of November 30, 2017, SNL was obligated to make payments under long-term operating lease agreements for tankers, terminal facilities, tank containers, barges, computer and office 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.

Time Charter of Ships

In the past SNL entered into agreements with various Japanese ship owners for time charters of nine ships with stainless steel tanks. Over the years SNL has purchased seven of these ships and redelivered one ship. The remaining time charter was for an initial period of 96 months and includes options for SNL to extend the agreement for up to six additional years, of which a first option to extend by two years (until July 2018) has currently been executed. SNL also has the option to purchase this ship at predetermined prices at any time after six years from the delivery of the ship.

CONTRACTUAL OBLIGATIONS

SNL has various contractual obligations, some of which are required to be recorded as liabilities in the Consolidated Financial Statements. SNL's operating leases, committed capital expenditures, long-term debt interest payments and other executory contracts are not required to be recognised as liabilities on the Company's consolidated balance sheets. As of November 30, 2017, SNL's other purchase obligations were not material. The following summarises SNL's significant contractual obligations as of November 30, 2017, including those reported on the Company's consolidated balance sheet and others that are not:

(in thousands)		Total		Less than 1 yr.		2-3 yrs.		4-5 yrs.		More than 5 yrs.
Contractual cash obligations:										
Long-term debt, including committed revolver (1)	$	2,503,152	$	438,923	$	591,145	$	889,687	$	583,397
Finance leases		140		106		34		–		–
Operating leases		334,385		87,833		102,740		42,098		101,714
Committed capital expenditures		113,687		40,042		73,645		–		–
Long-term fixed rate debt interest payments		221,101		44,663		78,116		66,180		32,142
Long-term variable rate debt interest payments (2)		294,365		80,779		114,440		59,119		40,027
Derivative financial liabilities (2)		181,633		62,187		58,556		60,378		512
Pension and post-retirement benefit obligations (3)		1,034		1,034		–		–		–
Total contractual cash obligations:	$	3,649,497	$	755,567	$	1,018,676	$	1,117,462	$	757,792

1. Excludes debt-issuance cost.
2. Long-term variable rate debt interest payments and derivative financial liabilities are based on the rates in effect at November 30, 2017. Derivative financial liabilities are based on undiscounted cash flows.
3. Pension and post-retirement benefits contributions – SNL includes these amounts based on current estimates of contributions to the pension plans that may be required. The Company has not disclosed possible payments beyond the next 12 months due to the significant difficulty in forecasting these amounts with any accuracy.

FINANCIAL RISK MANAGEMENT

SNL is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on SNL's financial performance. This is covered in more detail in the annual financial statements.

CRITICAL ACCOUNTING ESTIMATES

In the preparation of SNL's financial statements, there are a number of areas where assumptions have been made about the future, management judgements and estimates. Such areas could experience significantly different outcomes should these assumptions, judgements and estimates differ from actual results. The key areas where estimates and judgements make significant differences are:

- Business combination
- Voyage revenue and costs;
- Depreciation and residual values;
- Impairment review;
- Goodwill impairment testing;
- Investments in joint ventures and associates;
- Biological assets; and,
- Pension and other post-retirement benefits.

To obtain a better understanding of SNL's detailed accounting policies in these areas, please see Note 2 to the financial statements included in the Annual Report.

PRINCIPAL RISKS

Each business segment considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties for the next financial year are discussed below.

Bunker Fuel and Freight Costs

Bunker fuel constitutes one of the major operating costs of the tanker fleet and price changes can have a material impact on SNL's results. Although efforts are made to reduce the impact of price changes by passing bunker fuel costs through to customers or through the Company's bunker hedging programme, a significant portion is incurred solely by the Company. Approximately 70.8% of Stolt Tankers' STJS revenue in 2017 was derived from COA. During that same time period, approximately 96.8% of the revenue earned under COA was under contracts that included provisions intended to pass through fluctuations in fuel prices to customers. The profitability of the remaining Stolt Tankers' STJS revenue earned under COA and all spot revenue was directly impacted by changes in fuel prices, subject to the Company's hedging programme. In addition, the bunker surcharge clauses can result in the Company providing customers with rebates in periods of lower bunker prices. SNL's policy is to hedge a minimum of 50% of expected bunker purchases within the next 12 months, through either bunker surcharges included in COA or through financial instruments.
In December 2015, Stolt Tankers entered into a swap programme in order to hedge a significant part of the uncovered portion of the estimated bunker consumption according to the budget for the period up to December 2017. In June 2017 Stolt Tankers added hedges for the uncovered portion of the estimated bunker consumption through the next 24 months (third quarter of 2017 until second quarter of 2019). In 2017 this programme yielded $7.4 million in realised gains (offsetting bunker price increases since the start of the swap programme) and $6.1 million in unrealised gains (mark-to-market of the remaining outstanding swaps).

For Stolt Tank Containers, the impact of increased freight costs due to tight capacity on container ships in select markets, additional surcharges, and fluctuations in fuel prices can result in downward pressure on margins. Cost increases are passed on to customers when possible. Given quoted rate validity periods to customers, there is a negative impact on margins until rates can be increased, in periods of rising freight costs.

Tanker and Tank Container Industry Risk

The tanker industry is cyclical and volatile, which may lead to reductions and/or volatility in freight rates, volumes and ship values. Fluctuations in the rates that Stolt Tankers can charge result from changes in the supply and demand for ship capacity and changes in the supply and demand for the products carried, particularly the bulk liquids, chemicals, edible oils, acids and other specialty liquids that are the majority of the products that the Company transports. Factors influencing demand include supply for products shipped, economic growth, environmental development and the distances that products are moved by sea. Factors influencing supply include the number of new ships and recycling of old ships, changes in regulations, and availability of newbuildings at shipyards.

Stolt Tankers mitigates this risk by actively managing the mix of business between COA and spot and utilises various tools to increase fleet flexibility and decrease risk. Contract business tends to be less volatile in terms of both rates and volumes than spot business. Management endeavours to increase the contract percentage and lengthen contract duration during periods of uncertainty or when management determines that market conditions are likely to deteriorate. In general, Stolt Tankers maintains a relatively high percentage of contract business. Stolt Tankers also actively manages its charter periods to allow a certain number of ships to be redelivered on short notice. Within the owned fleet, Stolt Tankers endeavours to maintain a balanced age profile. Through this technique, fleet size can be managed by early retirement of older ships when demand is soft and life extension of ships during periods of higher demand.

The tank container industry is cyclical and volatile, which may lead to reductions and/or volatility in freight rates and shipment volumes. Fluctuations in the rates that Stolt Tank Containers can charge its customers result from new competition attempting to aggressively grow market share combined with an over-supply of tank containers in the market. Stolt Tank Containers mitigates this risk by actively managing customer relationships and pricing as well as maintaining a balance of owned and leased tanks. Fleet size can easily be managed by the on-hire and off-hire of leased tanks.

Newbuilding Risk

SNL spends substantial sums during the construction of parcel tanker newbuildings without earning revenue and without assurance that ships will be completed on time or at all. SNL has two 7,500 cbm LNG carrier newbuilding contracts in place with delivery expected in 2019. In addition, SNL expects two tanker newbuildings to be delivered to its joint ventures, Hassel Shipping 4 A.S and NYK Stolt Tankers, S.A., in the first quarter of 2018.

The risks with respect to newbuildings arise because SNL is typically required to pay substantial amounts as progress payments during construction of a newbuilding, but does not derive any revenue from the ship until after its delivery. SNL's receipt of newbuildings could be delayed temporarily or indefinitely because of:

- Quality or engineering problems;
- Work stoppages or other labour disturbances at the shipyard;
- Bankruptcy or other financial crisis of the shipbuilder;
- A backlog of orders at the shipyard;
- SNL requests for changes to the original ship specifications; or
- Shortages of, or delays in, the receipt of necessary equipment or construction materials, such as steel.

If the delivery of a ship is materially delayed, it could adversely affect the business, results of operations, cash flow and financial condition. SNL manages these risks by agreeing to industry standard provisions dealing with compensation for delays and rights to terminate the newbuilding contract. Any progress or down payments made by the Company under the newbuilding contracts are secured by refund guarantees issued by commercial banks or government institutions to cover the repayment obligation by the shipyards in case of a yard default.

Political and Geopolitical Risk

SNL has international operations, and the business, financial condition and results of operations may be adversely affected by changing economic, political and government conditions in the countries and regions where SNL's ships and tank containers are employed and terminals are located.

SNL is also exposed to geopolitical risks where territorial and other disputes between countries could lead to the outbreak of war or the existence of international hostilities that could damage the world economy, adversely affect the availability of, and demand for, petroleum and chemical products and adversely affect SNL's ability to operate ships, terminals or tank containers. Moreover, SNL operates in a sector of the economy that is likely to be adversely affected by the impact of political instability, terrorist or other attacks, war or international hostilities.

For an effective and competitive global chemical shipping business, managing geopolitical risk is a strategic imperative. Cross-border expansion to facilitate corporate growth is a significant contributor to growth. In some cases, cargoes are located in or destined for troubled or developing markets where considerable cultural, infrastructure, security or technology challenges must be met. At the same time, economic and population growth, especially in Asia, is creating new demand for petroleum and chemical products. Sufficient supply must be in place with supporting infrastructure and distribution to meet demand in these high growth markets.

Project Development Risks

Stolthaven Terminals is working on various major projects at its wholly owned and joint venture terminals. The development of terminal operations and jetties involves significant up-front investment in infrastructure and there are risks inherent in such developments, including political, regulatory, currency exchange, liquidity, financial, contractual and structural risks. The occurrence of one or more of these risk factors could delay the project and result in increased project costs. Different countries carry varying degrees of risk depending on social, cultural, political and financial development and stability. Efforts are made to mitigate these risks by employing local country and regional representatives to act as liaisons with local authorities and to devise appropriate mitigating actions.

Sea Farm Biological Asset Inventory Price Risk

All mature turbot and sole are held at fair value less costs of sale and costs related to harvest. Sturgeon and the caviar they produce are fair valued at the point of harvest. A fair-value adjustment is also made at the point when previously juvenile turbot and sole are considered to become mature, which typically occurs when the fish reach a specified weight. Fair value is determined on the basis of market prices, and gains and losses from changes in fair value are recognised in the income statement.

The fair value of these assets fluctuates significantly based upon the season, competition, market conditions and existing supply. The fair-value adjustment recognised in the current year was nil in operating profit, compared with a $7.6 million increase in 2016. There is a risk that the fair value adjustment recognised in a year could negatively impact SNL's income statement.

Currency Risk

Most of the revenue earned by Stolt Tankers and Stolt Tank Containers is in US dollars, while a significant portion of their operating expenses is incurred in other currencies, primarily the euro, the Norwegian kroner, the Singapore dollar, Japanese yen and the British pound. When there is a mismatch between revenue and expense currencies, any depreciation of the revenue currency relative to the expense currency will decrease profit margins.

On average in 2017, the US dollar depreciated by 12.5% against the euro, causing a decrease in profit margins. This risk was partially mitigated through SNL's foreign currency hedging programme. SNL's policy is to hedge approximately 50% to 80% of the Company's expected future foreign currency exposure.

Cyber Risk

There is a risk that an external third party could gain unauthorised access to SNL's information technology systems for the purpose of financial gain, industrial espionage, sabotage or terrorism.

SNL has virus, spam and malware protection, an isolated environment for its business applications, firewalls and other network and data centre protection and an identity management system. As with all companies, these security measures are subject to third-party security breaches, employee error, malfeasance, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or customers into disclosing user names, passwords or other sensitive information, which may in turn be used to access SNL's information technology systems.

SNL devotes significant resources to network security, data encryption and other security measures to protect its systems and data, but these security measures cannot provide absolute security. To the extent SNL was to experience a breach of its systems and was unable to protect sensitive data, such a breach could negatively impact SNL's financial position.

Treasury Shares

At November 30, 2017, SNL held 2,188,941 treasury shares. See Note 28 in the consolidated financial statements and Note 11 in the Unconsolidated Stolt-Nielsen Limited Audited Financial Statements included as Appendix 1 of the consolidated financial statements.

Going Concern

The annual financial statements have been prepared under the going concern assumption.

Subsequent Events

See Note 35 in the consolidated financial statements for significant events occurring after November 30, 2017.

Independent auditors' report to the members of Stolt-Nielsen Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Stolt-Nielsen Limited's group financial statements and company financial statements (the 'financial statements'):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 November 2017 and of the group's and the company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Consolidated Financial Statements, which comprise: the Consolidated and Company Income Statements for the year ended 30 November 2017, the Consolidated and Company Statements of Comprehensive Income for the year ended 30 November 2017, the Consolidated and Company Balance Sheets as of 30 November 2017, the Consolidated and Company Statement of Changes in Shareholders' Equity for the year ended 30 November 2017, the Consolidated and Company Statements of Cash Flows for the year ended 30 November 2017 and the Notes to the Consolidated and Company Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

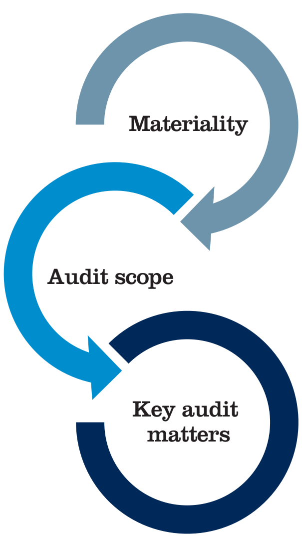
We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall group materiality: $20 million, based on 1% of revenue.
- Overall materiality for the Stolt-Nielsen Limited company: $19 million, based on 1% of total assets.

- Full scope audit of Stolt Tankers and Stolt Tank Containers, the largest trading divisions of the group.
- Full scope audit of the Australasia and Singapore Terminal divisions;
- Specified procedures over certain financial statement line items for Sea Farm Spain, Sea Farm Iceland, certain other Stolthaven terminals and the shared service centre in Manila;
- Audit of certain financial statement line items across the group entities and audit of the group consolidation.
- Overall, our audit covered 88% of the revenue generated by the group.

- Impairment of assets (Group)
- Voyage revenue recognition (Stolt Tankers)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of assets (Group)</td></tr>
<tr><td>The value of the Stolt Tankers fleet on the Balance Sheet is material and we have identified a significant audit risk that the carrying value of the assets may not be recoverable.

Impairment indicators were considered present during the fourth quarter of the financial year as the carrying value of the assets on the Group Balance Sheet was higher than the market capitalisation of the Stolt-Nielsen Limited group.

In addition to the Tankers fleet, we have also identified other areas of the business where the assets held on the balance sheet may not be recoverable. The Group's terminals in New Zealand and assets relating to the bitumen business were impaired during the fourth quarter of 2017.

We also focussed on this area due to the significant judgement inherent in the impairment review itself and the fact that any changes in the assumptions would have a direct impact on the impairment assessment.</td><td>We performed a detailed audit of the impairment assessment performed by management in accordance with IAS 36 – Impairment of assets. This included:
• Assessing the methodology applied in determining the value in use and checking the integrity and mathematical accuracy of the models.
• Challenging the key assumptions used in the cash flow forecasts with reference to historical trading performance, market expectations and strategic initiatives. This included testing the accuracy of historical budgets and assessing the appropriateness of the future residual values.
• Assessing the long term growth rates and discount rates applied in the impairment review, comparing the rates used to external data and involving our valuations experts where appropriate, and
• Completing sensitivity analysis on key assumptions to consider the extent to which a change in those assumptions (either collectively or individually) would be required for the assets to be impaired, in particular, the assumptions around cost escalation rates, bunker price curves and inflation growth rates.

In addition, we assessed the adequacy of the impairment related disclosures.

In conclusion, Stolt Tankers did not have an impairment loss based on their value in use and we were comfortable with the assumptions and methodologies used.

Impairments were booked by management in relation to the New Zealand terminals and assets relating to the Bitumen business.</td></tr>
<tr><td colspan="2">Voyage revenue recognition (Stolt Tankers)</td></tr>
<tr><td>Recognition of the group's revenue is inherently complex due to the differing revenue streams in each division. However, we have assessed that due to the complexity of the revenue recognition policies for Stolt Tankers, the revenue in this division carries a higher risk of fraud as it is more judgemental in nature.

The Tankers business applies a percentage of completion method, using an estimated pro-rated per day value for voyages in progress at the balance sheet date.

There is an inherent level of estimation uncertainty around the estimated revenue and costs and the percentage completion at the year end.</td><td>We have performed the following procedures:
• Assessed the methodology for producing and reviewing the value of revenue recognised at the year end,
• Tested key controls across the revenue cycle, including those over key systems, automated calculations and manual processes,
• Compared the estimated percentage completion at the year end to the actual percentages post year end,
• Agreed a sample of revenue recorded throughout the year to cash receipts,
• Performed subsequent receipts testing for a sample of revenue transactions recorded pre year end,
• Tested post year end credit notes to assess the accuracy of the year end position,
• Tested the voyage revenue cut off by agreeing a sample of revenue accruals and revenue items recorded pre year-end to supporting documentation.
• Tested a targeted sample of aged voyage accounting items on the balance sheet to assess recoverability of associated assets; and

Based on the work performed, we did not identify any material error or fraud.</td></tr>
</table>

There are no key audit matters in relation to the audit of the parent company financial statements.

Independent auditors' report to the members of Stolt-Nielsen Limited

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industries in which the group operates.

Stolt-Nielsen Limited has five significant divisions that operate globally; Stolt Tankers which operates chemical tankers for the transportation of bulk-liquid chemicals, oils, acids and clean petroleum products; Stolthaven Terminals which provides storage for bulk-liquid chemicals, oils, acids and clean petroleum products; Stolt Tank Containers which provides transportation for bulk-liquid chemicals and food-grade products; Stolt Sea Farm which operates farms producing premium fish species; Corporate and Other, which includes Stolt Bitumen Services (which distributes Bitumen in South East Asia) and Stolt-Nielsen Gas (which focuses mainly on the development of LNG supply chains). The group also has a number of subsidiaries, joint ventures and associates, including those within the significant divisions mentioned. The group also operates a shared service centre in Manila.

Our scoping considerations for the group audit were based both on financial significance and risk.

Using audit teams based in Rotterdam, Houston and Manila, we have performed full scope audits of Stolt Tankers and Stolt Tank Containers, due to the financial significance of these components.

For Stolthaven Terminals two territories have been audited to full scope, being Australasia and Singapore.

For Stolt Sea Farm specified procedures have been performed over certain material financial statement line items in Stolt Sea Farm Spain and Sea Farm Iceland, each by our local teams in these territories.

Certain procedures have also been performed at a group level in London over the carrying value of the group's assets held in Stolt Bitumen Services and the group's investment in Stolt LNGaz, Avance Gas and Golar, as well as additional items such as cash and payroll to gain coverage over these financial statement line items as a whole across the group.

Procedures are performed on certain processes performed at the shared service centre in Manila to the extent that those processes feed into the financial information of in-scope components as noted above. At group level, work is performed over centralised functions such as tax, treasury and pensions, as well as the consolidation.

In conducting our audit we have worked closely with our audit teams in each significant component and around the world. We have also visited our team in Rotterdam as part of the year end audit process.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	$20 million (2016: $18.7m)	$19 million (2016: $13.6m)
How we determined it	1% of revenue.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is the primary measure generally used by the shareholders in assessing the performance of the group.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of this entity.

For each component in scope for our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components (excluding the parent company materiality which is noted above) was between $0.25m and $16 million. Certain components were audited to a local statutory audit materiality that was also less than our overall allocated group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.5 million where those impacted the group income statement (2016: $0.5 million) and for those misstatements impacting the company only, $0.5 million (2016: $0.5 million), as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Consolidated Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Responsibility Statement set out on page 135, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

March 2, 2018

Stolt-Nielsen Limited
Consolidated Income Statement

		For the years ended November 30,	
(in thousands, except per share data)	Notes	2017	2016
Operating Revenue	3, 4	**$ 1,997,090**	$ 1,879,905
Operating Expenses	5	**(1,593,720)**	(1,475,391)
Impairment of plant, property and equipment	15	**(15,300)**	–
Gross Profit		**388,070**	404,514
Share of profit of joint ventures and associates	16	**17,588**	33,599
Administrative and general expenses	5	**(216,529)**	(207,226)
US pension settlement gain	25	**–**	3,769
US retiree healthcare curtailment gain	25	**3,931**	–
Loss on disposal of assets, net	7	**(515)**	(137)
Other operating income		**2,675**	1,109
Other operating expense	5	**(851)**	(3,790)
Operating Profit		**194,369**	231,838
Non-Operating Income (Expense):			
Finance expense	8	**(133,943)**	(106,134)
Finance income	8	**3,732**	2,518
Foreign currency exchange loss, net		**(2,774)**	(1,568)
Other non-operating income, net		**972**	2,290
Profit before Income Tax		**62,356**	128,944
Income tax expense	9	**(12,239)**	(15,707)
Net Profit		**$ 50,117**	$ 113,237
Attributable to:			
Equity holders of SNL		**50,313**	113,145
Non-controlling interests		**(196)**	92
		$ 50,117	$ 113,237
Earnings per Share:			
Net profit attributable to SNL shareholders			
Basic	31	**$ 0.81**	$ 2.05
Diluted	31	**$ 0.81**	$ 2.05

Notes 1 to 35 are an integral part of these consolidated financial statements.

Stolt-Nielsen Limited
Consolidated Statement of Comprehensive Income

		For the years ended November 30,	
(in thousands)	Notes	**2017**	2016
Net profit for the year		**$ 50,117**	$ 113,237
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain (loss) on pension schemes	25	**5,875**	(7,665)
Actuarial gain (loss) on pension scheme of joint venture	16	**427**	(824)
Deferred tax adjustment on post-employment benefit obligations	9	**1,263**	541
Items that may be reclassified subsequently to profit or loss:			
Net loss on cash flow hedges	32	**(23,637)**	(114,231)
Reclassification of cash flow hedges to income statement	32	**35,237**	137,968
Net gain on cash flow hedge held by joint ventures and associates	16	**769**	2,599
Deferred tax adjustment on cash flow hedges	9	**179**	(3)
Exchange differences arising on translation of foreign operations		**43,992**	(6,758)
Deferred tax on translation of foreign operations	9	**(10)**	(883)
Exchange differences arising on translation of joint ventures and associates	16	**22,161**	(6,293)
Change in value of investment in equity instruments	17	**722**	(6,297)
Net income (loss) recognised as other comprehensive income (expense)		**86,978**	(1,846)
Total comprehensive income		**$ 137,095**	$ 111,391
Attributable to:			
Equity holders of SNL		**$ 137,291**	$ 111,299
Non-controlling interests		**(196)**	92
Total comprehensive income for the year		**$ 137,095**	$ 111,391

Notes 1 to 35 are an integral part of these consolidated financial statements.

Stolt-Nielsen Limited
Consolidated Balance Sheet

		As at November 30,	
(in thousands)	Notes	**2017**	2016
ASSETS			
Current Assets:			
Cash and cash equivalents	10	**$ 58,308**	$ 92,784
Marketable securities	17	**–**	11,399
Restricted cash	10	**98**	87
Receivables, net	11	**241,115**	201,634
Inventories, net	12	**8,851**	5,940
Biological assets	13	**45,696**	44,027
Prepaid expenses		**66,699**	52,987
Derivative financial instruments	32	**9,025**	5,670
Taxes receivable		**7,648**	1,759
Assets held for sale	15,16	**2,275**	1,559
Other current assets		**44,150**	49,085
Total Current Assets		**483,865**	466,931
Property, plant and equipment	15	**3,440,609**	3,195,556
Investments in and advances to joint ventures and associates	16	**531,930**	536,654
Investment in equity instruments	17	**57,570**	56,848
Deferred tax assets	9	**13,699**	14,653
Intangible assets and goodwill	18	**51,635**	47,739
Employee benefit assets	25	**5,498**	3,796
Derivative financial instruments	32	**4,742**	1,426
Deposit for newbuildings	15	**7,297**	80,200
Other assets		**18,014**	17,415
Total Non-Current Assets		**4,130,994**	3,954,287
Total Assets		**$ 4,614,859**	$ 4,421,218

(in thousands)	Notes	As at November 30, 2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term bank loans	22	**$ –**	$ 8,100
Current maturities of long-term debt and finance leases	23	**432,568**	548,874
Accounts payable	19	**89,891**	71,732
Accrued voyage expenses		**53,356**	53,199
Dividend payable	28	**13,814**	27,550
Accrued expenses		**183,253**	188,128
Provisions	20	**2,529**	2,292
Income tax payable	9	**10,691**	8,130
Derivative financial instruments	32	**60,871**	18,001
Other current liabilities		**37,299**	26,703
Total Current Liabilities		**884,272**	952,709
Long-term debt and finance leases	23	**2,037,144**	1,796,251
Deferred tax liabilities	9	**66,411**	60,964
Employee benefit liabilities	25	**39,638**	49,634
Derivative financial instruments	32	**99,175**	167,639
Long-term provisions	20	**2,367**	3,575
Other liabilities		**7,023**	6,858
Total Non-Current Liabilities		**2,251,758**	2,084,921
Total Liabilities		**3,136,030**	3,037,630
Shareholders' Equity	28		
Founder's shares		**16**	16
Common shares		**64,134**	64,134
Paid-in surplus		**150,108**	150,108
Retained earnings		**1,483,143**	1,466,551
Other components of equity		**(169,889)**	(249,302)
		1,527,512	1,431,507
Less–Treasury shares		**(51,486)**	(51,486)
Equity Attributable to Equity Holders of SNL		**1,476,026**	1,380,021
Non-controlling interests		**2,803**	3,567
Total Shareholders' Equity		**1,478,829**	1,383,588
Total Liabilities and Shareholders' Equity		**$ 4,614,859**	$ 4,421,218

Notes 1 to 35 are an integral part of these consolidated financial statements.

Stolt-Nielsen Limited
Consolidated Statement of Changes in Shareholders' Equity

(in thousands)	Common Shares	Founder's Shares	Paid-in Surplus	Treasury Shares	Retained Earnings	Foreign Currency (a)	Hedging (a)	Fair Value (a)	Attributable to Equity Holders of SNL	Non-Controlling Interests	Total
Balance, November 30, 2015	**$ 64,134**	**$ 16**	**$ 314,754**	**$ (214,416)**	**$ 1,416,395**	**$ (158,854)**	**$ (56,311)**	**$ (40,239)**	**$ 1,325,479**	**$ 3,757**	**$ 1,329,236**
Comprehensive income (loss)											
Net profit	–	–	–	–	113,145	–	–	–	113,145	92	113,237
Other comprehensive income (loss)											
Translation adjustments, net	–	–	–	–	–	(13,934)	–	–	(13,934)	–	(13,934)
Remeasurement of post-employment benefit obligations, net of tax	–	–	–	–	(7,948)	–	–	–	(7,948)	–	(7,948)
Change in value of investment in equity instruments	–	–	–	–	–	–	–	(6,297)	(6,297)	–	(6,297)
Net income on cash flow hedges	–	–	–	–	–	–	26,333	–	26,333	–	26,333
Total other comprehensive (loss) income	–	–	–	–	(7,948)	(13,934)	26,333	(6,297)	(1,846)	–	(1,846)
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**105,197**	**(13,934)**	**26,333**	**(6,297)**	**111,299**	**92**	**111,391**
Transactions with shareholders											
Purchase of 167,000 treasury shares	–	–	–	(1,716)	–	–	–	–	(1,716)	–	(1,716)
Transfer of treasury shares	–	–	(164,646)	164,646	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–	(282)	(282)
Cash dividends paid–$1.00 per Common share (b)	–	–	–	–	(54,964)	–	–	–	(54,964)	–	(54,964)
Cash dividends paid–$0.005 per Founder's share (b)	–	–	–	–	(77)	–	–	–	(77)	–	(77)
Total transactions with shareholders	**–**	**–**	**(164,646)**	**162,930**	**(55,041)**	**–**	**–**	**–**	**(56,757)**	**(282)**	**(57,039)**
Balance, November 30, 2016	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (51,486)**	**$ 1,466,551**	**$ (172,788)**	**$ (29,978)**	**$ (46,536)**	**$ 1,380,021**	**$ 3,567**	**$ 1,383,588**
Comprehensive income (loss)											
Net profit (loss)	–	–	–	–	50,313	–	–	–	50,313	(196)	50,117
Other comprehensive income (loss)											
Translation adjustments, net	–	–	–	–	–	66,143	–	–	66,143	–	66,143
Remeasurement of post-employment benefit obligations, net of tax	–	–	–	–	7,565	–	–	–	7,565	–	7,565
Change in value of investment in equity instruments	–	–	–	–	–	–	–	722	722	–	722
Net income on cash flow hedges	–	–	–	–	–	–	12,548	–	12,548	–	12,548
Total other comprehensive income	–	–	–	–	7,565	66,143	12,548	722	86,978	–	86,978
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**57,878**	**66,143**	**12,548**	**722**	**137,291**	**(196)**	**137,095**
Transactions with shareholders											
Purchase of non-controlling interest	–	–	–	–	–	–	–	–	–	(568)	(568)
Cash dividends paid–$0.75 per Common share (c)	–	–	–	–	(41,209)	–	–	–	(41,209)	–	(41,209)
Cash dividends paid–$0.005 per Founder's share (c)	–	–	–	–	(77)	–	–	–	(77)	–	(77)
Total transactions with shareholders	**–**	**–**	**–**	**–**	**(41,286)**	**–**	**–**	**–**	**(41,286)**	**(568)**	**(41,854)**
Balance, November 30, 2017	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (51,486)**	**$ 1,483,143**	**$ (106,645)**	**$ (17,430)**	**$ (45,814)**	**$ 1,476,026**	**$ 2,803**	**$ 1,478,829**

(a) Other components of equity on the balance sheet of $169.9 million and $249.3 million at November 30, 2017 and 2016, respectively, are composed of Foreign currency, Hedging and Fair value.
(b) The $55.0 million is the 2015 final and 2016 interim dividend for common shares and $0.1 million for Founder's shares.
(c) The $41.2 million is the 2016 final and 2017 interim dividend for common shares and $0.1 million for Founder's shares.

Notes 1 to 35 are an integral part of these consolidated financial statements.

Stolt-Nielsen Limited
Consolidated Statement of Cash Flows

(in thousands)	Notes	For the years ended November 30, 2017	2016
Cash generated from operations	33	**$ 460,573**	$ 446,034
Interest paid		**(124,592)**	(101,844)
Interest received		**2,278**	1,229
Debt issuance costs		**(5,237)**	(15,834)
Income taxes paid		**(8,255)**	(7,805)
Net cash generated from operating activities		**324,767**	321,780
Cash flows from investing activities:			
Capital expenditures		**(360,372)**	(289,039)
Purchase of intangible assets	18	**(3,576)**	(2,081)
Business acquisitions, net of cash acquired	34	**(24,026)**	(240,169)
Cash flow sales of marketable securities		**11,507**	–
Pre-acquisition advance to J.O. Invest A.S.	34	**–**	(9,500)
Purchase of Golar LNG Limited shares	17	**–**	(3,513)
Deposit for newbuildings		**(14,592)**	(36,475)
Proceeds from sales of ships and other assets		**16,329**	32,033
Acquisition of non-controlling interest		**(1,311)**	–
Investment in joint ventures and associates	16	**–**	(11,896)
(Advances to) repayments of advances to joint ventures and associates, net		**(14,387)**	8,084
Other investing activities, net		**717**	(108)
Net cash used in investing activities		**(389,711)**	(552,664)
Cash flows from financing activities:			
(Decrease) increase in short-term bank loans, net	22	**(8,100)**	8,100
Proceeds from issuance of long-term debt	23	**817,316**	942,596
Repayment of long-term debt	23	**(718,458)**	(644,746)
Finance lease payments	23	**(100)**	(96)
Purchase of treasury shares	28	**–**	(1,715)
Dividends paid	28	**(55,022)**	(55,096)
Net cash provided by financing activities		**35,636**	249,043
Effect of exchange rate changes on cash		**(5,168)**	(2,920)
Net (decrease) increase in cash and cash equivalents		**(34,476)**	15,239
Cash and cash equivalents at beginning of year		**92,784**	77,545
Cash and cash equivalents at end of year		**$ 58,308**	$ 92,784

Notes 1 to 35 are an integral part of these consolidated financial statements.

Stolt-Nielsen Limited
Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Stolt-Nielsen Limited (the 'Company' or 'SNL') and its subsidiaries (collectively, the 'Group') is engaged in the business of transporting liquids which includes the tankers, tank containers and terminals divisions. The transportation business covers the worldwide transport, storage and distribution of bulk liquid chemicals, edible oils, acids and other specialty liquids.

The Group is also engaged in the seafood business, which is carried out through Stolt Sea Farm ('SSF'), and produces, processes and markets turbot, sturgeon, caviar and sole. Furthermore, the Group has investments in the gas industry through its 8.61% share in Avance Gas Holding Ltd ('AGHL') which has Liquefied Petroleum Gas ('LPG') carriers and a 2.3% holding of Golar LNG Limited ('Golar'). Golar is an independent owner and operator of liquid nitrogen gas ('LNG') carriers.

The Company is listed on the Oslo Stock Exchange under the ticker symbol SNI and is registered in Bermuda (Registration Number EC 44330).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union ('IFRSs') and interpretations issued by the IFRS Interpretations Committee.

The consolidated financial statements are prepared and published according to the provisions of the Bermudian Company law.

The presentation currency used in these consolidated financial statements is the US dollar. The functional currency of the Company is the US dollar.

Management is of the opinion that the Group's cash flows from operations and available credit facilities will continue to provide the cash necessary to satisfy the Group's working capital requirements and capital expenditures, as well as to make scheduled debt repayments, remain in compliance with the Group's financial covenants and satisfy the Group's other financial commitments for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Separate financial statements of the Parent Company, Stolt-Nielsen Limited, are included.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments, financial instruments measured at fair value through other comprehensive income or fair value through profit and loss, defined benefit plan assets and biological assets, all of which are stated at their fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs of disposal.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where either a parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Foreign currency

(i) Foreign currency transactions

The individual financial statements of all Group companies are presented in the functional currency of the primary economic environment in which the subsidiaries and equity method investees operate.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

Foreign exchange differences arising on retranslation are recognised in the income statement, except for those differences arising from hedging and monetary balances with foreign operations where settlement is not planned and unlikely to occur which are recorded in other comprehensive income. Differences related to hedging of operating expenses are also recorded in operating expenses.

(ii) Foreign operations

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

Other Significant Accounting Policies

Accounting policies for individual balance sheet and income statement accounts are included in the respective footnotes.

New standards

The following pronouncements, issued by the International Accounting Standard Board ('IASB'), are not yet effective:

The IASB has issued a new standard for the recognition of revenue, IFRS 15, Revenue from Contracts with Customers ('IFRS 15'). This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers voyage accounting and recognition of revenue over time. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Currently revenue is recognised when the risks and rewards of ownership transfer to the buyer. IFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption and will be applicable to the Group for the year ending November 30, 2019. The Group evaluated the impact of IFRS 15 and while it largely complies with the principles of IFRS 15, there may be areas where the timing of revenue recognition will be modified to reflect the point in time where transfer of control occurs. At this stage the impact of the transition to IFRS 15 is not expected to be material to the Consolidated Financial Statements.

IFRS 16, Leases ('IFRS 16') requires lessees to recognise assets and liabilities for most leases as 'right to use' assets. The implementation date for the Group is for the year ending November 30, 2020. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like Earnings before interest, taxes, depreciation and amortisation ('EBITDA') will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

These changes will result in an increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low-value assets. IFRS 16 will have a material impact on the financial statements of the Group due to the nature, number and complexity of lease contracts to which the Group is expected to be committed at the end of November 30, 2020, the transition date for the Group.

Other than IFRS 16, the Group does not expect there to be a material impact on its Consolidated Financial Statements from these standards, apart from additional disclosures in the financial statements.

Accounting policies that became effective during the year

There were no new or amendments to standards during 2017 which had a material effect on the Consolidated Financial Statements for the Group.

Critical accounting judgements and key sources of estimation uncertainty

In connection with the preparation of the consolidated financial statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. Actual results may differ from these estimates. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the financial statements are presented fairly and in accordance with IFRS and Bermudian Company law, applied on a consistent basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the change affects both as per IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Critical accounting estimates and judgements are those that have a significant risk of having a material impact on the consolidated financial statements. Management believes the following areas are the significant judgements and estimates used in the preparation of the Consolidated Financial Statements:

Stolt-Nielsen Limited
Notes to the Consolidated Financial Statements
continued

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ from Assumptions
BUSINESS COMBINATION		
In accordance with IFRS 3 – Business Combinations, the Group allocates the purchase price of an acquired business to its identifiable assets and liabilities and contingent liabilities assumed based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. The Group uses all available information to estimate fair values. In the case of significant transactions, the Group engages external appraisal firms to assist in the fair value determination of significant assets or liabilities. The Group adjusts the Preliminary Purchase Price allocation, as necessary, up to one year after the acquisition date as more information is obtained regarding asset valuations and liabilities assumed.	The purchase price allocation methodology contains uncertainties because it requires management to make assumptions and to apply judgement to estimate the fair value of acquired assets and liabilities. Management estimates the fair value of assets and liabilities based upon a combination of quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses. Unanticipated events or circumstances may occur which could affect the accuracy of the fair value estimates, including assumptions regarding industry economic factors and business strategies.	During 2016, the Group completed the acquisition of Jo Tankers ('JoT') for an enterprise value of $575.0 million. See Note 34. If the discount rate used in the determination of fair value was increased by 1%, the value of the net assets acquired would decrease by $33.8 million and goodwill would increase by the same amount. If the discount rate was decreased by 1%, the fair value of net assets acquired would increase by $38.0 million resulting in a negative goodwill of $32.3 million. A 1% increase in Sailed-In Rate would increase the value of the net assets acquired by $11.2 million and result in a small negative goodwill of $5.5 million. A reduction in the Sailed-In Rate by 1% would reduce the value of the net assets acquired by $11.2 million with a goodwill of $16.8 million.

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ from Assumptions
VOYAGE REVENUE AND COSTS		
The Group generates a majority of its revenues through its tanker segment from the transportation of liquids by sea and inland water under contracts of affreightment or through contracts on the spot market. Tankers follow the percentage of completion method with operating revenue and expenses recognised on each voyage leg. When computing the voyage revenue and costs, this recognition is first based on 'budgeted voyage legs' that are reviewed and updated annually. After the voyage legs have begun they are updated for actual results and the latest updated estimates.	In applying the percentage of completion method, the revenues and expenses for voyages still in progress at the end of the reporting period are estimated and prorated over the period of the voyage leg. A voyage comprises one or more 'voyage legs.' For each voyage leg, estimates are made of revenue and related costs based on available actual information, current market parameters such as fuel cost and customer contract portfolios, and relevant historical data such as port costs. Revenue and cost estimates are updated continually through the voyage to account for changes in voyage patterns, to include the most up-to-date data and to finalise revenues and expenses.	The accrued voyage and prepaid voyage expense accounts are used to adjust revenues billed and vendor invoices received to the appropriate amounts to be recognised based on the percentage of completion method of accounting. Management does not believe there would be a material change if the percentage of completion method was based upon criteria other than voyage legs. However, if actual results are not consistent with estimates or assumptions, revenues or costs may be over or under-stated. At November 30, 2017 and 2016, the accrued voyage expense account was $53.4 million and $53.2 million, respectively, in which $29.1 million and $26.4 million related to the deferral of revenues. Prepaid expenses included $18.4 million and $10.3 million of prepaid invoices for voyages in progress applicable to periods subsequent to November 30, 2017 and 2016, respectively.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement | Sources of Estimation Uncertainty | Effect if Actual Results Differ from Assumptions

DEPRECIATION AND RESIDUAL VALUE

Critical Accounting Judgement

Ships, barges, tank containers and terminals are depreciated on a straight-line basis over their estimated useful lives, after reducing for the estimated residual value.

Estimated useful lives are based on past experience, expected future performance and management's estimate of the period over which the asset will provide economic benefit.

For ships and barges, residual values are estimated based on the steel price, the estimated light displacement tonnage of the fleet and current trends in the price of recycling of ships. For the majority of the fleet, the steel price used is the average steel price for the last three years. For ships expected to be recycled in the near term, the steel price at the previous year end date is used.

The evaluation of residual values and estimated useful lives for tank containers is based on the steel price of different grades of steel.

In the case of terminals, the lives of terminal can range up to 40 years and the prices of steel and construction costs can vary across different terminals. If there is a material change in the estimated life of the terminal or price of steel then the estimates are revised.

Both estimated useful lives and the residual values are evaluated annually and the effect of any change is considered as a revision of accounting estimates and the effect is reflected in the future depreciation charge.

Sources of Estimation Uncertainty

The key judgements and estimates involved for depreciation and residual values are:

- In the case of ships, estimated useful lives of the components of the ships which range from an estimated 25 to 33 years. However, actual lives of the components of parcel tankers or barges may be different depending on many factors such as quality of maintenance and repair and the type of product carried by the ships or barges and this may result in a shorter or longer life.
- In the case of tank containers, the estimated useful life ranges between 10 to 20 years depending on the supplier and the quality of steel used.
- Residual values are difficult to estimate given the long lives of ships, barges and tank containers, the uncertainty as to future economic conditions and the price of steel, which is considered as the main determinant of the residual price.

Effect if Actual Results Differ from Assumptions

If the estimated economic useful life has to be revised, an impairment loss or additional depreciation expense could result in future periods.

A decrease in the useful life of the ship, barge or tank container or fall in the residual value would have the effect of increasing the annual depreciation charge and potentially resulting in an impairment loss.

If the residual value is over estimated, it would reduce the annual depreciation and overstate the value of the assets.

See Note 15 for further details.

Stolt-Nielsen Limited
Notes to the Consolidated Financial Statements
continued

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement | Sources of Estimation Uncertainty | Effect if Actual Results Differ from Assumptions

Impairment Review
Chemical Tankers and Barges

Critical Accounting Judgement

Chemical Tankers and Barges ('Tankers') are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet exceeds the recoverable amount. The impairment review also includes capital work in progress relating to any newbuildings. As of November 30, 2017, the carrying amount of the Group was more than its market capitalisation. The Tanker ships are tested for impairment on a cash-generating unit ('CGU') basis. The CGUs identified are the (1) deep-sea fleet plus interdependent regional fleets, (2) regional fleets and (3) European barges, as those are the lowest levels in which the cash flows are independent of other CGUs. Where they are integral to the CGU, leased ships are incorporated into the impairment testing.

Management measures the recoverable amount of these assets by comparing their carrying amount to the higher of their fair value less costs of disposal ('FVLCD') or value in use ('VIU').

VIU calculations prepared for impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. The calculation is based upon the future cash flows over the remaining useful lives of the ships. Calculating the net present value of the future cash flows requires assumptions to be made in respect of highly uncertain matters including management's expectations of:

- Future growth rates based on trends in industrial production.
- Supply-demand balance of chemical tankers.
- Sailed-In Rates per operating day (a profit measure of operating revenue less variable voyage expenses including bunker costs, on existing and future contracts and the spot market).

Sources of Estimation Uncertainty

The carrying values of the ships in the Tanker fleet may not represent their fair market value at any point in time since the short-term market prices of second-hand ships tend to fluctuate with changes in freight rates and the cost of newbuildings. Both charter rates and newbuilding costs tend to be cyclical in nature.

In order to assess impairment, we used projections in the approved budget and five-year plan as the basis for the cash flows used to calculate VIU. Based on management judgement and past experience, the following key assumptions were used in the VIU calculations:

- Pre-tax discount rate of 7.4% based on the weighted average cost of capital ('WACC'), which reflects specific risks relating to CGUs.
- The assumptions for the Sailed-In Rates growth during the projection period from 2018 to 2022 for the deep-sea fleet (adjusted for capacity changes) is an average of 4.6% and for the Regional fleets is 3.3%.
- A slow recovery in the chemical tanker market is expected to start in 2019 after the industry's newbuilding deliveries have been absorbed by the market.

The growth rate used in perpetuity beyond the projection period is 2% which does not exceed the long-term average inflation rate for the Tankers industry.

Effect if Actual Results Differ from Assumptions

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

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

A 0.5% increase in the discount rate would result in one of the Group's regional joint ventures having an impairment of $2.0 million.

A projected 5% decrease in the deep-sea tanker Sailed-In Rates would not result in an impairment in any of the wholly-owned fleets. One of the regional joint ventures would show an impairment of $5.4 million in this scenario with permanently depressed rates.

Bitumen Ships

Critical Accounting Judgement

Due to the weaker bitumen business and the decline in trading results of the two bitumen ships, an impairment test was performed.

The Group used Fair Value Less Cost of Disposal ('FVLCD') to determine the recoverable amount of $22.7 million. FVLCD was based on broker values from independent ship brokers.

As a result of this analysis, the Group recognised an impairment charge of $5.4 million for the year ended November 30, 2017 for one of the bitumen ships.

Sources of Estimation Uncertainty

Independent broker valuations for ships are based on the following:

- Market information gathered through the network of buyers, sellers and brokers for providing ship valuations.
- Prices of newbuildings of similar ships.
- Economic environment in which the ships operate.

Bitumen ships are a special type of ship and there are not many open market transactions, particularly during recent years. Accordingly, the fair value may not be representative of a price achieved between a 'willing buyer' and 'willing seller'.

Effect if Actual Results Differ from Assumptions

Given the range of uncertainties, the Group reduced the broker values by an additional $0.6 million for the two ships to $22.7 million. If the broker values were lower by 5% or $1.1 million, the impairment would be higher by the same amount.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ from Assumptions
Terminals		
For the Terminals segment, the Group evaluated the New Zealand terminals for impairment because of the expiry of certain key leases in 2022 and 2028. The Group considered the New Zealand terminals to be a cash-generating unit. The recoverable amount of $13.6 million for this CGU was based on VIU. The VIU was calculated based on net present values of the projected cash flows over the next five years based on management's budget and five-year plan. Calculating VIU required a number of assumptions to be made in respect of highly uncertain matters including management's expectations of: • Future customer contracts. • Customer rates on existing and future contracts and the spot market. • Expected utilisation rates and throughput volumes. As a result of this impairment analysis, the Group booked an impairment of $8.4 million before taxes for the New Zealand terminals for the year ended November 30, 2017.	The main source of estimation uncertainty is the application of the discount rate and future cash flows. Based on management judgement and past experience, the following key assumptions were used in the projections: • A pre-tax discount rate of 10.1% was applied. • Operating revenues and expenses are expected to increase by 2% during the projection period. • Cash flows for other smaller terminals in New Zealand beyond the five-year period have been extrapolated using a 2.0% growth rate.	The impact of changes in the key assumptions used in the VIU calculations is described below. An increase of 1% in the discount rate used would result in an additional impairment of $14.0 million. A 10% decrease in projected revenue would result in an additional impairment of $8.3 million.
AGHL		
The Group owns 8.61% of AGHL which engaged in the transportation of LPG. The investment remains an Investment in an Associate as a result of continued participation by the Group's management on the AGHL Board. The fair value of the Group's investment in AGHL was $12.9 million at November 30, 2017 based on the closing price on the Oslo Børs. The investment carrying value is $29.9 million at November 30, 2017. An impairment review was performed on the Group's investment in AGHL. The Group used VIU to determine the recoverable amount. The VIU was based on a discounted cash flow analysis on the dividends to be received on the AGHL investment starting from 2018 to the end of the Very Large Gas Carriers' ('VLGCs') lives.	In order to assess impairment, we used projections in the approved budget and five-year plan as the basis for the cash flows used to calculate VIU. The VIU is based on the dividends from cash flows calculated using the below assumptions: • A pre-tax discount rate of 8.1% based on the WACC, which reflects specific risks relating to CGUs. • Sailed-In Rates based on historical trends. • Utilisation rates based on historical waiting days. • A 1% increase in operating expenses and a 2% increase in administrative and general expenses.	A 0.5% increase in discount rate would result in an impairment of $1.7 million. A 10% increase in Operating Costs would result in an impairment of $3.0 million. A 10% increase in revenues either through higher capacity utilisation or rate increases, would increase the VIU by $8.7 million.

Stolt-Nielsen Limited
Notes to the Consolidated Financial Statements
continued

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement | Sources of Estimation Uncertainty | Effect if Actual Results Differ from Assumptions

GOODWILL IMPAIRMENT TESTING

Critical Accounting Judgement

The Group does not have any indefinite lived intangible assets other than goodwill.

Tankers

In 2016, goodwill of $5.7 million was recognised in the Tankers segment in relation to the acquisition of JoT. An impairment review of Tankers did not indicate that this goodwill was impaired.

In order to calculate VIU, the Group uses projections from the approved budgets and five-year plans as the basis for the cash flows which are then discounted to calculate value in use.

Tank Containers

Goodwill of $16.8 million is allocated to the Tank Container CGU. The total carrying value of the CGU, including the goodwill, is $529.3 million. The recoverable amount for the Tank Container segment was based on FVLCD. Goodwill is allocated to the Tank Container segment which is the smallest identifiable group of assets (i.e. the tank container fleet) that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. FVLCD was based on a discounted cash flow basis using the approved projections in the five-year plan.

Terminals

For the Terminals segment, the goodwill relates to the acquisition of Marstel Holdings Pty Limited (now Stolthaven Australasia Pty Ltd). See further discussion in Note 18. Goodwill of $12.0 million allocated to Australia was tested for impairment as the New Zealand goodwill was fully impaired in prior years.

The impairment test was based on the discounted cash flows based on the budget and five-year plan.

The recoverable amount for the Australia Terminals business was based on VIU.

Calculating the net present value of the future cash flows requires assumptions to be made in respect of highly uncertain matters including management's expectations of:

- Future escalation of price and cost increases.
- Customer rates on existing and future contracts and the spot market.
- Expected utilisation rates and throughput volumes.

Sources of Estimation Uncertainty

See Tankers Impairment Review for key sources of estimation uncertainty.

Tank Containers

The main source of estimation uncertainty is the application of the discount rate and future cash flows.

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

- Pre-tax discount rate of 6% based on the WACC for the risks specific to the tank container business.
- Future growth rates based on trends in industrial production. The growth rate used in perpetuity beyond the projection period is 2.0%.
- Future escalation of price and cost increases obtained from shipping and transportation carriers.
- Extent of capital expenditures from Tank Containers and competition.
- Future demand and supply.

Terminals

The main source of estimation uncertainty is the application of the discount rate and future cash flows.

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

- Pre-tax discount rate based on the WACC was 9.2% in Australia.
- The annual growth rate for revenues and costs in the initial five-year period was 2.0%. These rates have also been used in perpetuity in line with long-term inflation expectations.

Effect if Actual Results Differ from Assumptions

If the judgement applied in determining the recoverable amount of goodwill is incorrect or the fact pattern on which it is based changes, this could result in impairments being reflected in the consolidated financial statements.

Tankers

Based on our work relating to impairment of tankers, the Group concluded the goodwill of $5.7 million relating to tankers was not impaired.

Tank Containers

In the case of Tank Containers, the headroom based on the fair value less cost of disposal was more than twice the current segment value.

See Note 18 for further details related to goodwill.

Terminals

For the Australia CGU, an increase of 1% in the discount rate used in the present value calculation would not result in an impairment.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement | Sources of Estimation Uncertainty | Effect if Actual Results Differ from Assumptions

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Critical Accounting Judgement

The consolidated financial statements include the Group's results and all other entities in which the Group has control, except where the control over the operations is limited by significant participating interests held by another investor in such operations.

Where the Group does not have control, either because of significant participating interests by other parties or presence of only significant influence or where there is joint control over an entity, the entity is accounted for using the equity method.

Control exists where either parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.

Sources of Estimation Uncertainty

There are a number of areas where significant judgement is exercised to establish whether an entity needs to be consolidated or reported under the equity method of accounting. In order to establish whether an entity is a consolidated subsidiary, a joint venture or an associate, key areas of judgement include:

- Qualitative analysis of an entity including review of, among other factors, its capital structure, contractual terms, key decisions requiring unanimous approval, related party relationships and design of the entity.
- Rights of partners regarding significant business decisions, including disposals and acquisitions of assets.
- Board and management representation.
- Potential voting rights.
- Ability to make financing decisions.
- Approval of operating and capital budget and contractual rights of other shareholders.

The exercise of judgement on these areas determines whether a particular entity is consolidated as a subsidiary or accounted for under the equity method.

Effect if Actual Results Differ from Assumptions

If the judgement applied in determining the accounting treatment of an entity is incorrect or the fact pattern on which it is based changes, such entities may need to be consolidated or result in unexpected losses being reflected on the consolidated financial statements.

For example, it is possible that an investment is accounted for as a joint venture or associate using the equity method despite having an ownership interest exceeding 50% where it does not exercise direct or indirect control over the investee. To the extent that the Group is deemed to control these entities, the entities would have to be consolidated. This would affect the balance sheet, income statement, statement of cash flows and debt covenants.

See Note 16 for further details.

Critical Accounting Judgement | Sources of Estimation Uncertainty | Effect if Actual Results Differ from Assumptions

BIOLOGICAL ASSETS

Critical Accounting Judgement

The carrying value of biological assets as at November 30, 2017 was $45.7 million. Of this amount $36.0 million related to turbot and sole, and $9.7 million related to sturgeon for caviar.

All mature turbot weighing more than 300 grams, mature sole weighing more than 200 grams and mature sturgeon weighing more than 3 kilos are held at fair value less costs to sell, which includes costs of packaging and logistics. Gains and losses from changes in fair value are recognised in operating expenses in the income statement. Fair value is based upon achieved prices for harvested and marketed fish, reduced for packaging costs and freight costs.

Sources of Estimation Uncertainty

Determination of fair value requires significant judgement which includes the:

- Market price at the balance sheet date which is often volatile and cyclical.
- Volume of future biomass and its size distribution.
- Average weight of mature biomass.
- Estimated current mortality.
- Future costs of production.
- Future mortality during harvesting and quality of the fish.

Effect if Actual Results Differ from Assumptions

The Group's net earnings can fluctuate due to the fair value adjustments on the biological assets at each balance sheet date.

A change in assumptions, such as market price, can have a significant change on the valuation. For example, based upon November 30, 2017 turbot volumes, a change in the price of $1 per kilo would have an impact on the turbot valuation of $4.7 million.

See Note 13 for further details.

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CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ from Assumptions
PENSIONS AND OTHER POST-RETIREMENT BENEFITS		
The Group sponsors defined benefit pension plans and a supplemental executive retirement plan covering eligible employees. Net periodic pension costs and accumulated benefit obligations are determined in accordance with IAS 19R, Employee Benefits, using a number of assumptions including the discount rate, the rate of compensation increases, retirement ages and mortality rates. These assumptions have a significant impact on the amounts reported. The Group's pension cost consists of service costs and interest costs. The Group also provides post-retirement benefits to eligible retired employees and their spouses. The post-retirement programme provides limited healthcare benefits. This plan is not funded.	Management considers a number of factors in developing the pension assumptions, including an evaluation of relevant discount rates, plan asset allocations, mortality, expected changes in wages and retirement benefits, analyses of current market conditions and input from actuaries and other consultants. Costs of the programmes are based on actuarially determined amounts and are accrued over the period from the date of hire to the full eligibility date of employees who are expected to qualify for these benefits.	A 0.25%-point increase in the discount rate assumption for the defined benefit obligation would result in a decrease of $7.7 million and a 0.25% decrease in discount rate assumption would result in an increase of $8.2 million in the defined benefit obligation. The effect of a 1% change in the assumed healthcare cost trends on the accumulated post-retirement benefit obligation at the end of 2017 would result in a change of approximately $1.8 million. If more than one of these assumptions were changed simultaneously, the cumulative impact would not necessarily be the same as if only one assumption were changed in isolation. See Note 25 for further details.

3. BUSINESS AND GEOGRAPHIC SEGMENT INFORMATION

The Group has four reportable segments, which are Tankers, Tank Containers, Terminals and Stolt Sea Farm. The nature of these segments is described in Note 1. These reportable segments were determined based on the nature of the products and services offered. Reportable 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 Executive Management has been identified as the chief operating decision-makers as they direct the allocation of resources to operating segments based on the operating profit (loss) and cash flows of each respective segment.

The 'Corporate and Other' category includes Stolt Bitumen, the Group's investment in AGHL and Golar, 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 Group on the basis of corresponding direct costs and assets. Interest and income taxes are not allocated.

The following tables show the summarised financial information, in US thousand dollars, for each reportable segment and the underlying operating segments:

For the year ended November 30, 2017	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other (a)	Total
Operating revenue	**$ 1,158,466**	**$ 242,738**	**$ 512,745**	**$ 72,744**	**$ 10,397**	**$ 1,997,090**
Depreciation and amortisation including drydocking and impairments (b)	**(169,726)**	**(63,592)**	**(27,824)**	**(6,103)**	**(12,552)**	**(279,797)**
Share of profit (loss) of joint ventures and associates	**7,405**	**19,657**	**1,191**	**–**	**(10,665)**	**17,588**
Operating profit (loss)	**110,973**	**54,181**	**54,492**	**3,530**	**(28,807)**	**194,369**
Finance expense						**(133,943)**
Finance income						**3,732**
Profit before income tax						**62,356**
Income tax expense						**(12,239)**
Net profit						**50,117**
Balance Sheet						
Capital expenditures (c)	**311,959**	**81,345**	**9,600**	**5,377**	**15,166**	**423,447**
Investments in and advances to joint ventures and associates	**235,680**	**242,153**	**23,148**	**–**	**30,949**	**531,930**
Intangible assets and goodwill	**7,892**	**16,339**	**17,620**	**284**	**9,500**	**51,635**
Segment assets	**2,469,911**	**1,267,717**	**530,172**	**136,012**	**211,047**	**4,614,859**

For the year ended November 30, 2016	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other (a)	Total
Operating revenue	$ 1,060,861	$ 234,712	$ 475,704	$ 65,382	$ 43,246	$ 1,879,905
Depreciation and amortisation including drydocking and impairments	(141,356)	(57,575)	(24,000)	(5,579)	(5,561)	(234,071)
Share of profit (loss) of joint ventures and associates	13,395	18,867	1,527	–	(190)	33,599
Operating profit (loss)	138,364	53,009	48,193	14,069	(21,797)	231,838
Finance expense						(106,134)
Finance income						2,518
Profit before income tax						128,944
Income tax expense						(15,707)
Net profit						113,237
Balance Sheet						
Capital expenditures (c)	543,623	93,104	27,586	3,295	27,852	695,460
Investments in and advances to joint ventures and associates	259,664	213,024	15,850	–	48,116	536,654
Intangible assets and goodwill	5,690	16,447	15,695	223	9,684	47,739
Segment assets	2,329,564	1,186,351	529,306	122,989	253,008	4,421,218

(a) Corporate and Others include Stolt-Nielsen Gas and Stolt Bitumen.
(b) Includes impairment losses of $15.3 million of impairment losses relating to New Zealand Terminals and a Bitumen Ship. See Note 15.
(c) Capital expenditures include additions to property, plant and equipment, ship deposits and intangible assets other than goodwill including additions resulting from acquisitions through business combinations.

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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 significantly to 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 thousands)	**2017**	2016
Operating Revenue:		
Tankers:		
US	**$ 423,105**	$ 417,563
South America	**26,536**	33,672
The Netherlands	**96,504**	74,984
Belgium	**72,143**	58,289
Other Europe	**102,680**	104,992
South Korea	**65,124**	55,638
Malaysia	**46,936**	42,580
Other Asia	**106,988**	90,551
Middle East	**121,030**	98,408
Africa	**96,894**	83,622
Other	**526**	562
	$ 1,158,466	$ 1,060,861
Terminals:		
US	**$ 117,495**	$ 113,889
Singapore	**39,801**	44,023
Australia and New Zealand	**31,282**	32,045
Brazil	**26,645**	19,189
United Kingdom	**15,200**	15,831
The Netherlands	**12,315**	9,735
	$ 242,738	$ 234,712
Tank Containers:		
US	**$ 104,797**	$ 99,796
South America	**27,911**	27,210
France	**45,273**	39,178
The Netherlands	**32,322**	31,099
Italy	**19,449**	18,401
Germany	**17,510**	18,240
Other Europe	**25,604**	24,691
Singapore	**55,593**	47,866
Japan	**19,106**	21,458
China	**81,088**	76,876
Other Asia	**42,900**	35,487
India	**15,425**	12,756
Middle East	**13,141**	12,710
Other	**12,626**	9,936
	$ 512,745	$ 475,704
Stolt Sea Farm:		
US	**6,640**	7,982
United Kingdom	**1,179**	1,388
Norway	**1,193**	842
Spain	**30,656**	26,791
France	**7,597**	7,557
Italy	**15,099**	12,741
Iceland	**39**	34
Other Europe	**10,097**	7,711
Other	**244**	336
	$ 72,744	$ 65,382

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, 2017 and 2016.

The following table sets out non-current assets excluding long-term deferred income tax assets and long-term pension assets by country for the reportable segments. Non-current assets include property, plant and equipment, intangible assets, investments in and advances to joint ventures and associates and certain other non-current assets.

Non-current assets by country are only reportable for the Terminals and Sea Farm operations. Tanker and Tank Container 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 non-current assets for Tankers amounted to $2,264.2 million and $2,288.0 million for the years ended November 30, 2017 and 2016, respectively, and for Tank Containers amounted to $412.9 million and $424.0 million, for the years ended November 30, 2017 and 2016, respectively.

	As of November 30,	
(in thousands)	**2017**	2016
Non-current Assets:		
Terminals:		
US	$ **376,906**	$ 345,444
Brazil	**45,830**	44,517
South Korea	**89,649**	74,572
United Kingdom	**81,767**	74,695
Belgium	**102,502**	88,954
The Netherlands	**68,859**	61,538
China	**39,406**	37,147
Australia and New Zealand	**156,381**	155,529
Singapore	**234,608**	232,864
Other	**10,655**	12,754
	$ **1,206,563**	$ 1,128,014
Stolt Sea Farm:		
US	$ **4,503**	$ 4,467
Norway	**512**	510
Portugal	**1,592**	1,208
Iceland	**21,958**	21,235
Spain	**34,403**	31,050
France	**2,834**	2,929
	$ **65,802**	$ 61,399

The Group has no material revenues or non-current assets in Bermuda, its country of domicile.

4. OPERATING REVENUE

Accounting policy

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

(i) Tankers

Freight revenue, including bunker surcharge and other revenues, is recognised using the percentage of completion method, based upon an estimate on a pro-rated per day basis for the results of voyages in progress at the balance sheet date. Other revenue from services such as demurrage is recognised upon completion.

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

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(ii) Tank Containers

Revenue from logistics services using tank containers is recognised based on the percentage of time and effort required for each shipment at the period end. This recognises the greater significance of specific acts in the successful completion of the contract obligation. Revenue from services such as demurrage and other ancillary services is recognised upon completion of such services.

(iii) Terminals

Revenue for terminal operations primarily consists of rental income from the utilisation of storage tanks by customers and other ancillary terminal services provided, with the majority of rental income earned under annual 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. Revenue is also earned under short-term agreements contracted at spot rates. Revenue is recognised over the time period of usage or as services are provided.

(iv) SSF

SSF recognises revenue based on the terms of sale. Where the terms of sale are free on board, revenue is recognised on dispatch of products to customers. Revenue is recognised on delivery of products to customers, where the terms of sale are cost, insurance and freight and delivered duty paid. The amount recorded as revenue includes all amounts recognised 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.

An analysis of the Group's revenue for the year (excluding finance income – see Note 8) is as follows:

	For the years ended November 30,	
(in thousands)	**2017**	2016
Revenue from the rendering of services	**$ 1,922,790**	$ 1,779,824
Revenue from the sale of goods	**74,300**	100,081
	$ 1,997,090	$ 1,879,905

5. OPERATING EXPENSES

Accounting policy

(i) 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, barging and transshipments costs, canal transit costs, insurance premiums and other ship owning expenses (for example, agency fees, provisions, ship supplies, cleaning, cargo survey costs and foreign exchange hedging costs).

(ii) 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).

(iii) 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 employee 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, insurance, survey costs, cleaning, line haul, rail costs and tank car hire costs).

(iv) 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 fertilisation, 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, mortality losses and fair value movements.

Operating expenses comprised the following:

(in thousands)	For the years ended November 30, 2017	2016
Bunker fuel costs	**$ 214,980**	$ 142,814
Depreciation and amortisation	**264,497**	234,071
Charter and lease expenses	**182,959**	211,792
Ocean and inland freight charges	**190,878**	176,436
Employee benefit expenses	**177,077**	162,215
Port charges	**141,502**	126,875
Maintenance and repairs	**65,798**	62,343
Bitumen purchases and expenses	**3,266**	33,516
Ship supplies and provisions	**43,182**	39,559
Expenses related to Biological assets *	**44,363**	38,924
Insurance	**35,169**	33,176
Cleaning costs	**34,380**	31,868
Facilities and utilities	**28,534**	27,073
Storage and other tank container move related costs	**26,688**	24,560
Repositioning of tank containers	**23,881**	22,483
Tank container ancillary billable costs	**26,913**	24,558
Commissions	**25,395**	21,703
Sublet expenses	**13,739**	22,239
Rail expenses	**13,554**	11,846
Voyage costs	**13,357**	6,355
Barging and transhipments	**9,770**	13,111
Foreign exchange loss	**197**	164
Biological assets market valuation adjustment	**(17)**	(7,590)
Bunker hedge gain (Note 32)	**(13,524)**	(7,444)
Other expenses	**27,182**	22,744
Total operating expenses	**$ 1,593,720**	$ 1,475,391

* Including $14.1 million and $13.5 million of employee benefit expenses for the years ended November 30, 2017 and 2016, respectively.

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An analysis of administrative and general expenses is as follows:

(in thousands)	For the years ended November 30, 2017		2016	
Employee benefit expenses	$	**158,719**	$	157,067
Information systems		**16,034**		13,766
Other professional fees		**9,882**		8,201
Travel and entertainment expenses		**6,848**		6,530
Office lease expenses		**6,370**		6,009
Office expenses		**5,847**		5,376
Investor relations and publicity		**2,352**		1,609
Legal fees		**4,444**		3,719
Communication expenses		**1,695**		1,640
Bank non-interest fees		**1,590**		1,474
Other		**2,748**		1,835
Total administrative and general expenses	$	**216,529**	$	207,226

Other operating expenses were $0.9 million and $3.8 million for the years ended November 30, 2017 and 2016, respectively. In 2016, the Group recorded the impairment of receivables of customers of Stolt Bitumen and wrote down advances to a joint venture by $1.3 million. See Note 16 for further details.

An analysis of employee benefit expenses included in operating expenses and administrative and general expenses is as follows:

(in thousands, except employee data)	For the years ended November 30, 2017		2016	
Salaries	$	**260,191**	$	232,770
Social security expenses		**18,306**		17,657
Pension expenses for defined contribution plans (Note 25)		**19,016**		16,852
Profit sharing and long-term incentive programmes		**8,744**		14,384
Travel and relocation		**10,838**		10,413
Insurance		**10,966**		9,770
Training		**7,468**		7,212
Temporary and contract employees		**7,110**		7,416
Pension expenses for defined benefit plans and post-retirement benefit plan (Note 25)		**4,192**		1,968
Expatriate expenses		**1,742**		1,808
Other benefits		**1,277**		12,534
Total employee benefit expenses	$	**349,850**	$	332,784
Average number of employees:				
Tankers*		**4,791**		4,244
Tank Containers		**750**		771
Terminals		**568**		575
Sea Farm		**398**		395
Other		**74**		76
Total average number of employees		**6,581**		6,061

* Including seafarers working on joint venture or third-party managed ships.

6. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	For the years ended November 30,			
(in thousands)		**2017**		2016
Fees payable to the Group auditors and associates for the audit of the consolidated and stand-alone financial statements	**$**	**2,928**	$	2,790
Fees payable to the Group auditors and associates for other services as detailed below*		**554**		732
Total fees	**$**	**3,482**	$	3,522
Tax services		**75**		224
Quarterly reviews		**100**		100
Other		**379***		408*
Total non-audit fees	**$**	**554***	$	732*

The audit and non-audit fees relate to PricewaterhouseCoopers LLP and their associate firms.

* Includes $191,000 (2016: $186,000) relating to services to the Group's associates and joint ventures.

7. LOSS ON DISPOSAL OF ASSETS, NET

Loss on disposal of assets, net, comprised the following:

	For the years ended November 30,			
(in thousands)		**2017**		2016
Loss on sale of ships	**$**	**(468)**	$	(3,301)
Gain on sale on emission credits		**–**		3,255
Gain on sale of tank containers		**74**		1
Loss on sale of other assets		**(121)**		(92)
	$	**(515)**	$	(137)

During 2017, Tankers recorded a net loss of $0.5 million on the recycling of the *Stolt Hill* and *Stolt Vinland* and sale of the *Stolt Dipper* and *Stolt Kite*. Terminals reported a net loss of $0.3 million for the sale of other assets.

During 2016, Tankers recorded a net loss of $3.3 million on the recycling of the *Stolt Helluland*, *Stolt Aquamarine*, *Stolt Topaz*, *Stolt Emerald* and *Stolt Jade* and sale of the *Stolt Kestrel*, *Stolt Puffin* and *Stolt Petrel* and net gain of $3.3 million on the sale of emission credits. Terminals reported a net loss of $0.4 million for the sale of other assets. A gain of $0.8 million was recorded for the sale of property and land in the United States.

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8. FINANCE EXPENSES AND INCOME

Accounting policy

(i) Finance expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method.

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

(ii) Finance Income

Finance income is recognised in the income statement as it accrues, using the effective interest method.

	For the years ended November 30,	
(in thousands)	**2017**	2016
Finance expense		
Interest on loans	**$ 110,523**	$ 83,453
Realised loss on interest rate swaps (Note 32)	**19,743**	20,757
Commitment fees	**3,462**	4,300
Interest on obligations under finance leases	**8**	11
Other interest expense	**4,436**	4,809
Total interest expense	**138,172**	113,330
Less interest capitalised to property, plant and equipment	**(4,229)**	(7,196)
	$ 133,943	$ 106,134
Finance income		
Interest from joint ventures	**$ 2,155**	$ 1,294
Bank deposits interest	**1,388**	964
Other	**189**	260
	$ 3,732	$ 2,518

The average interest rate used to capitalise the interest to property, plant and equipment was on average 5.38% and 5.25% for 2017 and 2016, respectively.

9. INCOME TAX EXPENSE

Accounting policy

Income tax represents the sum of current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and recognised only to the extent that it is probable that sufficient future taxable income will be available to allow the asset to be utilised based on Board approved budgets and up-to-date expectations of future trading. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. Current tax assets are set off against current tax liabilities when they relate to income taxes levied by the same taxation authority. The Group intends to settle its current tax assets and liabilities on a net basis. The Company is incorporated in Bermuda which is a non-taxable jurisdiction.

The following tables present the components of the income tax expense for the years ended November 30, 2017 and 2016:

(in thousands)	For the years ended November 30, 2017	2016
Current income tax expense	**$ 5,539**	$ 9,593
Adjustments in respect of prior years	**(853)**	(147)
	4,686	9,446
Deferred income tax expense	**9,794**	6,216
Adjustments in respect of prior years	**(2,241)**	45
	7,553	6,261
Total income tax expense	**$ 12,239**	$ 15,707

The following reconciles the actual income tax expense to income taxes computed at the Bermuda statutory tax rate of nil:

(in thousands)	For the years ended November 30, 2017	2016
Profit before income tax expense	**$ 62,356**	$ 128,944
Tax at the Bermuda statutory tax rate	**–**	–
Differences between the Bermuda and other tax rates	**45,018**	26,149
Non-taxable income and disallowed expenses	**(32,095)**	(12,069)
Changes in the recognition of tax losses	**2,287**	1,624
Adjustments in respect of prior years	**(3,094)**	(102)
Other differences, net	**123**	105
Total income tax expense	**$ 12,239**	$ 15,707

Substantially all of the Group's international shipping operations are carried out in subsidiaries incorporated in the Netherlands, which imposes income tax on a fixed profit calculated by reference to the deadweight tonnage of the ships in the fleet rather than on the operating profits of the business. Based on the calculation, the Group incurred tax in the Netherlands of $0.5 million for the years ended November 30, 2017 and 2016.

The following are the major deferred tax (liabilities) assets recognised and the movement thereon:

	Accelerated tax depreciation	Retirement benefit obligations	Tax losses	Derivatives	Other	Total
Balance, December 1, 2015	**$ (82,292)**	**$ 15,083**	**$ 25,882**	**$ –**	**$ 1,900**	**$ (39,427)**
(Charge) credit to income statement	(8,394)	(1,323)	3,447	–	9	(6,261)
Credit (charge) to Other comprehensive income	–	541	–	–	(886)	(345)
Arising on acquisitions, disposals and reorganisations	59	79	–	–	144	282
Exchange differences	(504)	(200)	(78)	–	222	(560)
Balance, November 30, 2016	**$ (91,131)**	**$ 14,180**	**$ 29,251**	**$ –**	**$ 1,389**	**$ (46,311)**
Credit (charge) to income statement	1,044	(2,520)	(5,720)	–	(357)	(7,553)
Credit (charge) to Other comprehensive income	–	1,263	–	179	(10)	1,432
Arising on acquisitions, disposals and reorganisations	(59)	(79)	–	–	(158)	(296)
Exchange differences	(674)	56	948	–	(314)	16
Balance, November 30, 2017	**$ (90,820)**	**$ 12,900**	**$ 24,479**	**$ 179**	**$ 550**	**$ (52,712)**

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Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	As of November 30,			
(in thousands)		**2017**		2016
Deferred tax liabilities	**$**	**(66,411)**	$	(60,964)
Deferred tax assets		**13,699**		14,653
	$	**(52,712)**	$	(46,311)

As of November 30, 2017, the Group has unused national corporate tax losses of $71.0 million (2016: $90.7 million) and unused regional tax losses of $80.0 million (2016: $85.0 million as adjusted for state tax rates) available for offset against future profits. A deferred tax asset of $7.8 million at November 30, 2017 (2016: $5.3 million) has not been recognised in respect of losses carried forward at the balance sheet date, in Group companies where profits are not forecast in the foreseeable future.

Deferred income tax liabilities of $12.6 million at November 30, 2017 (2016: $71.5 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are considered permanently reinvested. Unremitted earnings totalled $1.6 billion at November 30, 2017 (2016: $1.5 billion).

Please see Note 35 of these financial statements in relation to the impact of the recently enacted US Tax Cuts and Jobs Act.

10. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Accounting policy

Cash and cash equivalents comprise cash balances and short-term time deposits of less than three months, which are subject to an insignificant risk of changes in value.

	As of November 30,			
(in thousands)		**2017**		2016
Cash deposit	**$**	**51,421**	$	81,812
Short-term time deposits		**6,887**		10,972
Cash and cash equivalents	**$**	**58,308**	$	92,784
Restricted cash	**$**	**98**	$	87

Cash and cash equivalents comprise cash and short-term time deposits held by the Group. No cash or cash equivalents were placed as collateral at November 30, 2017 and 2016.

Included in other current assets were $8.6 million and $15.6 million of cash collateral relating to the cross-currency interest rate swaps and interest rate swaps which were held by certain financial institutions at November 30, 2017 and 2016, respectively.

11. RECEIVABLES, NET

Accounting policy

Accounts receivable are initially valued at their fair value and subsequently at amortised cost. Accounts receivable are subject to value adjustments where their recovery is compromised. The provision is calculated as the difference between the accounts receivable carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. These adjustments are not continued if the reasons for which the adjustments were made have ceased to apply. Subsequent recoveries of receivables previously written off are recorded as a reduction in operating expenses.

	As of November 30,	
(in thousands)	**2017**	2016
Customer trade receivables	**$ 222,200**	$ 201,835
Accrued revenue	**26,192**	13,939
Insurance	**2,697**	1,185
Other	**6,071**	3,031
	257,160	219,990
Allowance for doubtful accounts on customer receivables	**(16,045)**	(18,356)
	$ 241,115	$ 201,634

Customer trade receivables, net of allowance for doubtful accounts, were $206.2 million and $183.5 million as of November 30, 2017 and 2016, respectively. See Note 21 for an analysis of the credit risk of receivables.

12. INVENTORIES, NET

Accounting policy

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

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

The cost of items transferred from biological assets to inventory is the fair value less costs to sell at the date of harvest.

Inventories as of November 30, 2017 and 2016 consisted of the following:

November 30, 2017 (in thousands)	**Terminals**	**SSF**	**Bitumen**	**Other**	**Total**
Raw materials	**$ 235**	**$ 388**	**$ 52**	**$ –**	**$ 675**
Consumables	**1,012**	**–**	**3**	**1,333**	**2,348**
Finished goods	**–**	**5,828**	**–**	**–**	**5,828**
	$ 1,247	**$ 6,216**	**$ 55**	**$ 1,333**	**$ 8,851**

November 30, 2016 (in thousands)	Terminals	SSF	Bitumen	Other	Total
Raw materials	$ 171	$ 317	$ 54	$ 5	$ 547
Consumables	728	–	3	1,259	1,990
Finished goods	–	2,528	875	–	3,403
	$ 899	$ 2,845	$ 932	$ 1,264	$ 5,940

The cost of inventory included in operating expenses in 2017 and 2016 was $44.4 million and $38.9 million for Stolt Sea Farm and $3.3 million and $33.5 million for Bitumen, respectively. Bitumen finished goods inventory consists of bitumen acquired for future sale. Bunkers of $14.1 million and $12.1 million were included in prepaid expenses at November 30, 2017 and 2016, respectively.

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13. BIOLOGICAL ASSETS

Accounting policy

Biological assets primarily comprise turbot, sole and sturgeon, which include fish with and without an active market for sale ('mature' and 'juvenile' fish), which are farmed by the Group.

(i) Turbot and Sole

Turbot is considered as 'mature' when it weighs more than 300 grams, while juvenile turbot weighs less than 300 grams. Sole is considered mature at 200 grams. All mature turbot and sole are held at fair value less costs to sell and costs related to packaging. Gains and losses from changes in fair value are recognised in the income statement. Fair value is determined on the basis of quoted prices in the principal market for the fish, where such information is available. The fair value adjustment on biological assets has no cash impact and does not affect the result of operations before unrealised fair value adjustments.

Juvenile turbot and sole are carried at cost less provision for impairment as management does not believe that reliable fair values exist. This approach is used to measure juvenile turbot and sole for the following reasons:

- *There is no active market for juvenile turbot or sole.*
- *A non-active market price based upon discounted cash flows requires a number of variables and assumptions which historically cannot be reliably determined. Key variables and assumptions for turbot and sole include mortality rate, time to maturity, rate of growth and market price at the point of harvest. Given the specific circumstances for juvenile assets, any assumptions are subjective.*
- *The extent of these uncertainties also results in difficulty in determining the appropriate discount rate.*

A fair value adjustment is made at the point when previously juvenile turbot and sole is considered to mature. These fair value adjustments are recognised in the income statement.

After harvest, the produce from harvest is treated as inventory and the fair value at the point of harvest is treated as the cost of the inventory.

(ii) Sturgeon

Sturgeon are 'mature' when they reach 3 kilos per fish. The fair value of mature sturgeon is estimated at market value less costs to sell and costs related to packaging estimated based on the meat price of sturgeon and its weight.

Sturgeon and caviar that the sturgeon produces are fair valued at the point of harvest. After harvest, the caviar produced from harvest is treated as inventory and the fair value at the point of harvest is treated as the cost of the inventory. The fair value adjustment on biological assets has no cash impact and does not affect the result of operations before unrealised fair value adjustments.

There is no active market for juvenile sturgeon. They are therefore carried at cost less provision for impairment for the same reasons as those stated above for the juvenile turbot and sole.

Biological assets in the Balance Sheet

	As of November 30,			
(in thousands)		**2017**		2016
Turbot and sole	**$**	**35,977**	$	34,884
Sturgeon		**9,719**		9,143
	$	**45,696**	$	44,027

Biological assets are the work in process: live turbot, sturgeon and sole in the process of production. The biological assets are transferred to inventory after being harvested.

Reconciliation of changes in book value of turbot and sole

(in thousands)	As of November 30, 2017	2016
Balance at December 1,	**$ 34,884**	$ 27,441
Increases due to production and purchases	**43,449**	37,713
(Loss) gain from change in fair value	**(1,620)**	8,337
Effect of changes in foreign currency rates	**3,526**	294
Decreases due to mortalities	**(1,477)**	(1,394)
Transfer to inventory	**(42,785)**	(37,507)
Balance at November 30,	**$ 35,977**	$ 34,884

Reconciliation of changes in book value of sturgeon

(in thousands)	As of November 30, 2017	2016
Balance at December 1,	**$ 9,143**	$ 8,053
Increases due to production and purchases	**5,671**	5,468
Gain (loss) from change in fair value	**1,637**	(747)
Decreases due to mortalities	**(1,082)**	(789)
Transfer to inventory	**(5,650)**	(2,842)
Balance at November 30,	**$ 9,719**	$ 9,143

Fair value adjustments on biological assets in the income statement

(in thousands)	For the years ended November 30, 2017	2016
Work in process, turbot and sole	**$ (1,620)**	$ 8,337
Work in process, sturgeon	**1,637**	(747)
Total fair value adjustment recognised in the income statement	**$ 17**	$ 7,590

Value of biological assets at fair value

(in thousands)	As of November 30, 2017	2016
Work in process, turbot and sole	**$ 32,702**	$ 31,286
Work in process, sturgeon	**9,534**	9,007
Total assets held at fair value included in the balance sheet	**$ 42,236**	$ 40,293

Volumes of biomass (in tonnes)

(in thousands)	As of November 30, 2017	2016
Volume of biomass harvested during the year (live weight)	**6,334**	5,926
Volume of biomass in the water at year-end (live weight)	**4,638**	4,752

Value of juvenile biological assets at cost

(in thousands)	As of November 30, 2017	2016
Turbot and sole	**$ 3,275**	$ 3,598
Sturgeon	**185**	136
Total assets held at cost included in the balance sheet	**$ 3,460**	$ 3,734

The income statement impact relating to the change in carrying value when juvenile assets have reached maturity is immaterial for the years ended November 30, 2017 and 2016.

The Group is exposed to risks arising from fluctuations in the price of turbot, sole and caviar and monitors the effect of price changes on profitability.

For valuation method disclosures see Note 32.

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14. RELATED PARTY TRANSACTIONS

The Group is controlled and ultimately controlled by trusts for the benefit of the Stolt-Nielsen family. There are no other transactions between the Group and the Stolt-Nielsen family, other than those described below.

Employee and officer loans and advances

Included in 'Other current assets' are loans and advances to employees and officers of the Group of $0.5 million and $0.4 million as of November 30, 2017 and 2016, respectively. In addition, included in 'Other assets' are loans and advances to employees and officers of the Group of $0.5 million at November 30, 2017 and 2016. 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. Of the total loans and advances, $0.5 million were interest bearing, with interest rates ranging from 6.0% to 7.0% as of November 30, 2017 and 2016. Interest received was less than $0.1 million for both 2017 and 2016.

Board of Directors and key management compensation

Key management includes the Executive Officers and Presidents of the Group's major businesses. Total compensation and benefits of the Board of Directors and the key management were as follows:

	For the years ended November 30,	
(in thousands)	**2017**	2016
Board fees	**$ 721**	$ 561
Salary and benefits	**4,410**	4,138
Profit sharing	**682**	1,367
Long-term incentives	**925**	502
Pension cost	**916**	983
Total compensation and benefits	**$ 7,654**	$ 7,551
Average number of key managers included	**8**	8

At the end of 2017 the Board of Directors consisted of six members.

A member of the Board of Directors has a partial ownership of a company which supplies provisions for the Group. The amount paid to the company by the Group in 2017 and 2016 was nil and $0.2 million, respectively.

Transactions with joint ventures and associates

The consolidated balance sheets include the following items related to transactions with the Group:

	As of November 30,	
(in thousands)	**2017**	2016
Joint ventures:		
Amounts due from the Group	**$ 15,639**	$ 6,817
Amounts due to the Group	**70,063**	56,081

Included within Amounts due to the Group are $11.0 million and $2.7 million as of November 30, 2017 and 2016, respectively, for trade receivables from joint ventures and associates. These amounts are reflected in the consolidated balance sheets as Other current assets. The remaining amounts due to the Group are included in Investments in and advances to joint ventures and associates. Amounts due from the Group are included in Other current liabilities in the consolidated balance sheets.

Short-term advances are non-interest bearing. The long-term advance to NYK Stolt Tankers S.A. ('NYK Stolt') of $31.2 million bears interest at six-month LIBOR plus 1%. The Group had also advanced $27.9 million to other joint ventures and associates at November 30, 2017. Interest on these range from 4.5% to 6.6% in 2017 and 1.5% to 6.6% in 2016. Interest received in cash for 2017 and 2016 was $0.7 million and $0.6 million, respectively.

The joint ventures and associates include the following items related to transactions with the Group:

	For the years ended November 30,			
(in thousands)		**2017**		2016
Joint Ventures				
Charter hire revenue*	**$**	**91,690**	$	82,786
Tank container cleaning station revenue		**3,679**		2,738
Other revenue		**647**		1,240
Charter hire expense		**38,930**		30,214
Management and other expenses		**8,862**		7,592
Freight and joint service commission expense		**3,154**		3,156
Finance expense		**3,139**		1,294
Other expense		**1,960**		1,503
Associates				
Tank container cleaning station revenue	**$**	**3,572**	$	4,058
Other revenue		**80**		795

* The charter hire revenues are amounts distributed to NYK Stolt, Hassel Shipping 4 A.S. and Gulf Stolt Tankers DMCCO, joint ventures of the Group, for shares in the Joint Service's revenue.

The Group has a 24.99% interest in Norterminal A.S. which is a company working on storage projects in northern Norway. The remaining 75.01% of Norterminal A.S. is controlled by S-N Terminal A.S., a company wholly owned by one of SNL's directors. The Group's investment in Norterminal A.S. was $2.0 million and $5.3 million as of November 30, 2017 and 2016, respectively.

15. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction of significant assets are added to the cost of such assets until they are ready for their intended use. The cost of ships includes the contract price, pre-delivery costs incurred during the construction of newbuildings, borrowing costs and any material expenses incurred upon acquisition such as initial repairs, improvements and delivery expenses to prepare the ships for their initial voyage.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases and are included within property, plant and equipment. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings.

Leased assets acquired by way of finance leasing are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included as a finance lease obligation.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. Property, plant and equipment are depreciated to a residual value which reflects management's estimate of scrap value or otherwise recoverable value at the end of the estimated useful life of the asset. Residual values and economic lives are reviewed annually.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant leases.

(iii) Impairment of tangible and intangible assets with finite useful lives

Tangible assets and intangible assets with finite lives are tested for impairment if there are indications of impairment. The carrying amounts of the Group's tangible and finite-lived intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Ship newbuildings and other assets under construction are tested for impairment when there is an indication of impairment.

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FVLCD is determined as the amount that would be obtained from the sale of the asset in an orderly transaction between market participants. FVCLD is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion projects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate rate to arrive at a net present value of the asset.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

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

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

The estimated useful lives are as follows:

	Years
Tankers	
Parcel tankers and barges	25 to 33
Buildings	40
Other assets	5 to 40
Terminals	
Terminal tanks and structures	3 to 60
Other support equipment and other assets	3 to 45
Buildings	3 to 60
Stolt Tank Containers	
Tank containers	10 to 20
Buildings	40 to 50
Other operating equipment	3 to 10
SSF	
Transportation equipment	3 to 10
Operating equipment and other assets	3 to 20
Buildings	15 to 68
Bitumen	
Bitumen tankers	25
Tanks and structures	5 to 20

(iv) Subsequent costs – drydocking costs
Generally, ships drydock 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 Group capitalises a substantial portion of the costs incurred during drydocking, including the survey costs, and depreciates those costs on a straight-line basis from the time of completion of a drydocking or intermediate survey based upon the estimated life of each component of the drydocking. The Group expenses costs related to routine repairs and maintenance incurred during drydocking that do not improve or extend the useful lives of the ships. If the drydock results in an extension of the life of a ship, then the estimated useful life of the ship is changed accordingly.

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

(In thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Cost								
Balance at December 1, 2015	**$ 59,925**	**$ 114,001**	**$ 2,771,201**	**$ 524,753**	**$ 1,107,102**	**$ 15,791**	**$ 105,492**	**$ 4,698,265**
Additions	5	10,309	158,711	18,219	11,167	546	98,626	297,583
Disposals	(20)	(504)	(293,310)	(24,194)	(13,453)	(2,208)	(2,354)	(336,043)
Jo Tankers acquisition	–	30	380,104	–	293	95	–	380,522
Net foreign exchange differences	(2,012)	1,472	368	(414)	4,061	(480)	(4,556)	(1,561)
Transfers	–	5,369	4,164	(5)	58,876	–	(68,404)	–
Transfer to held for sale asset	–	–	(18,548)	–	–	–	–	(18,548)
Reclasses and other	–	(82)	709	–	68	(64)	159	790
Balance at November 30, 2016	**$ 57,898**	**$ 130,595**	**$ 3,003,399**	**$ 518,359**	**$ 1,168,114**	**$ 13,680**	**$ 128,963**	**$ 5,021,008**
Additions	5,214	3,105	310,649	3,447	12,426	1,114	156,576	492,531
Disposals	–	(33)	(115,608)	(10,811)	(9,160)	(777)	(833)	(137,222)
Net foreign exchange differences	3,399	10,188	6,402	(15)	34,115	(84)	9,254	63,259
Transfers	–	635	90,101	(5)	70,034	(586)	(160,179)	–
Reclasses and other	–	10	(1,496)	10	(683)	(28)	231	(1,956)
Balance at November 30, 2017	**$ 66,511**	**$ 144,500**	**$ 3,293,447**	**$ 510,985**	**$ 1,274,846**	**$ 13,319**	**$ 134,012**	**$ 5,437,620**

(in thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Accumulated depreciation and impairment								
Balance at December 1, 2015	**$ –**	**$ 30,730**	**$ 1,343,810**	**$ 182,260**	**$ 348,046**	**$ 8,188**	**$ –**	**$ 1,913,034**
Depreciation expense *	–	5,018	142,300	19,946	62,708	871	–	230,843
Disposals	–	(497)	(265,322)	(20,638)	(15,287)	(2,206)	–	(303,950)
Transfer to held for sale asset	–	–	(16,989)	–	–	–	–	(16,989)
Net foreign exchange differences	–	3	(11)	(155)	2,646	(127)	–	2,356
Transfers	–	3,203	–	–	(3,834)	631	–	–
Reclasses and other	–	243	(43)	5	(53)	6	–	158
Balance at November 30, 2016	**$ –**	**$ 38,700**	**$ 1,203,745**	**$ 181,418**	**$ 394,226**	**$ 7,363**	**$ –**	**$ 1,825,452**
Depreciation expense	–	7,029	170,155	24,253	58,893	811	–	261,141
Impairments	–	–	5,400	–	9,900	–	–	15,300
Disposals	–	(26)	(104,452)	(8,408)	(9,150)	(746)	–	(122,782)
Net foreign exchange differences	–	4,847	3,963	164	7,941	200	–	17,115
Transfers	–	17	–	–	577	(594)	–	–
Reclasses and other	–	(161)	71	(5)	808	72	–	785
Balance at November 30, 2017	**$ –**	**$ 50,406**	**$ 1,278,882**	**$ 197,422**	**$ 463,195**	**$ 7,106**	**$ –**	**$ 1,997,011**
Property, plant and equipment, net book value:								
At November 30, 2016	**$ 57,898**	**$ 91,895**	**$ 1,799,654**	**$ 336,941**	**$ 773,888**	**$ 6,317**	**$ 128,963**	**$ 3,195,556**
At November 30, 2017	**$ 66,511**	**$ 94,094**	**$ 2,014,565**	**$ 313,563**	**$ 811,651**	**$ 6,213**	**$ 134,012**	**$ 3,440,609**

* $0.2 million of the depreciation charge has been capitalised within inventory for the year ended November 30, 2016.

The net book value of assets under finance leases was $0.4 million at both November 30, 2017 and 2016. Assets under finance leases consist of tank containers.

Due to a change in steel prices, residual values of fully owned ships reduced by approximately $28.9 million for fully owned vessels and $4.6 million for the Group's share in joint venture ships. This resulted in additional depreciation of $4.6 million during the year ended November 30, 2017.

In the case of tank containers, the residual values also declined and resulted in an additional depreciation charge of $3.8 million during the year ended November 30, 2017.

For the year ended November 30, 2017, the Group paid deposits of $7.3 million for a tankers newbuilding which was delivered during 2017 and $7.3 million for two gas newbuildings.

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Upon the delivery of four newbuildings in 2017, $87.5 million of previous deposits were transferred to property, plant and equipment.

Proceeds of $16.3 million were received in 2017 from the sale or recycling of four ships and retirement of tank containers and other assets.

Certain property, plant and equipment have been pledged as security on loans. See Note 22 for additional details.

Plant and equipment principally includes assets of the Terminal and Sea Farm businesses.

Impairment of Non-Current Assets

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. During the fourth quarter, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment. As a result, the Group performed its annual impairment test in the quarter ended November 30, 2017.

With the exception of the impairments discussed below, the Group believes that currently there are no reasonably possible changes in any of the assumptions, which would lead to an impairment for any CGUs not impaired during the year.

New Zealand Terminals

The Group treated the New Zealand terminals as a cash-generating unit. The recoverable amount of $13.6 million for this CGU was based on Value in Use ('VIU'). The VIU was determined using the projected cash flows over the next five years. The main trigger for impairment is the expiry of the lease for its largest site in Auckland in 2022 which would result in decreasing revenue for its services. A pre-tax discount rate of 10.1% (November 30, 2016: 9.7%) was applied. Cash flows for other smaller terminals in New Zealand beyond the five-year period have been extrapolated using a 2.0% growth rate (November 30, 2016: 2.0%).

As a result of the impairment analysis, the Group booked an impairment of $8.4 million before taxes for the New Zealand terminals for the year ended November 30, 2017. The impairment charge is recorded in the income statement.

Bitumen Ships

The Group used Fair Value Less Cost of Disposal ('FVLCD') to determine the recoverable amount of bitumen ships. FVLCD is based on broker values from independent ship brokers. As a result of this analysis, the Group recognised an impairment charge of $5.4 million for the year ended November 30, 2017. The impairment charge is recorded in the income statement. The Bitumen division's assets are reflected under Corporate and Other Business Segment.

Bitumen Terminal, Vietnam

The bitumen terminal in Vietnam was impaired because VIU was lower than the carrying value by $1.5 million. This impairment charge was recorded in the income statement and reflected within the Corporate and Other Business Segment.

16. INVESTMENTS IN AND ADVANCES TO JOINT VENTURES AND ASSOCIATES

Accounting policy

(i) Associates

Associates are those entities over which the Group is in a position to exercise significant influence, but does not control or jointly control the entities' financial and operating policies. Significant influence is exercised generally through direct or indirect ownership of 20% to 50% of the voting rights. Such investment in associates are recorded in the consolidated financial statements using the equity method and are initially recognised at cost. The consolidated financial statements include the Group's share of the total comprehensive income of associates based on the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases.

Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Materiality of an associate to the Group is determined based on the Group's investment in the associate, the associate's contribution to the net profit of the Group as well as the strategic importance of the associate's operations to the Group.

(ii) Joint Ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Joint control requires unanimous consent of the parties sharing control in the decision making on relevant activities. The consolidated financial statements include the Group's share of the total comprehensive income of joint ventures based on the equity method of accounting, from the date that joint control commences until the date that joint control ceases. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the Group.

Materiality of a joint venture to the Group is determined based on the Group's investment in the joint venture, the joint venture's contribution to the net profit of the Group as well as the strategic importance of the joint venture's operations to the Group.

Investments in and advances to joint ventures and associates, which are all accounted for using the equity method of accounting, consisted of the following:

(in thousands)	Geographic Location	2017 % Shares	2017 % Voting Rights	As of November 30, 2017	2016
Joint Ventures:					
Tankers material joint ventures:					
NYK Stolt Tankers S.A.	Japan	50	50	**$ 52,200**	$ 53,810
Stolt NYK Asia Pacific Services Inc.	Singapore	50	50	**29,871**	31,331
NYK Stolt Shipholding Inc.	Singapore	50	50	**40,861**	39,003
Shanghai Sinochem-Stolt Shipping Ltd	China	49	50	**36,527**	36,538
Gulf Stolt Tankers DMCCO[1]	UAE	50	50	**–**	39,959
Hassel Shipping 4 AS	Norway	50	50	**69,988**	57,077
Tankers non-material joint ventures:					
SIA LAPA, Ltd	Latvia	70	50	**698**	975
Brovig SS II Indre Selskap	Norway	50	50	**5,373**	5,090
Shanghai New Xing Yang Marine Services Co. Ltd	China	40	40	**163**	164
				235,681	263,947
Terminals material joint ventures:					
Oiltanking Stolthaven Antwerp, NV	Belgium	50	50	**102,442**	88,553
Jeong-IL Stolthaven Ulsan Co. Ltd	South Korea	50	50	**89,650**	74,572
Tianjin Lingang Stolthaven Terminal Co.	China	65	50	**23,235**	22,524
Tianjin Lingang Stolthaven Jetty Company	China	40	50	**16,171**	14,622
Terminals non-material joint venture:					
Stolthaven (Westport) Sdn. Bhd.	Malaysia	49	50	**8,653**	7,498
				240,151	207,769
Tank Containers non-material joint ventures:					
Hyop Woon Stolt Transportation Services Co. Ltd	South Korea	50	50	**2,768**	2,640
Kanoo Tank Services Ltd.	Saudi Arabia	60	60	**8,775**	6,362
Infrastructure Logistic Systems Ltd	India	50	50	**3,502**	3,044
Vado Tank Cleaning SRL	Italy	50	50	**2,229**	801
Laem Chabang Tank Service Co. Ltd.	Thailand	49	49	**941**	928
FSTS CO., Ltd	Thailand	49	49	**550**	555
Joint Tank Services FZCO	UAE	40	40	**2,958**	3,285
				21,723	17,615
Corporate and Others non-material joint ventures:					
Stolt LNGaz Ltd	Bermuda	33	50	**–**	1,231
Subtotal				**497,555**	490,562
Associates:					
Material associate:					
Avance Gas Holding Ltd.	Bermuda	9	9	**29,958**	38,317
Non-material associates:					
N.C. Stolt Transportation Services Co. Ltd	Japan	50	50	**1,054**	1,130
Seaweed Energy Solutions AS	Norway	25	25	**6**	4
PT Stolt Berkah Mulia Mandiri	Indonesia	49	49	**986**	996
Norterminal A.S.	Norway	25	25	**2,001**	5,255
N.C. Stolt Chuyko Transportation Services Co. Ltd	Japan	35	35	**370**	390
Subtotal				**34,375**	46,092
				$ 531,930	$ 536,654

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(in thousands)	Joint Ventures	Associates	Total
Balance, December 1, 2015	**$ 434,587**	**$ 42,288**	**$ 476,875**
Share of profit of joint ventures and associates	31,820	1,779	33,599
Dividends	(26,174)	(2,430)	(28,604)
Hassel Shipping 4 AS acquisition (preliminary)	47,577	–	47,577
Contributions	5,721	6,175	11,896
Net foreign exchange differences	(6,880)	(221)	(7,101)
Pre-acquisition advance to Hassel Shipping 4 AS	9,500	–	9,500
Repayment of advances to joint ventures and associates, net	(8,084)	–	(8,084)
Write off of advance	(1,324)	–	(1,324)
Net loss on pension schemes held by joint venture	(824)	–	(824)
Net gain (loss) on cash flow hedges held by a joint venture and associate	3,999	(1,400)	2,599
Other	644	(99)	545
Balance, November 30, 2016	**$ 490,562**	**$ 46,092**	**$ 536,654**
Share of profit (loss) of joint ventures and associates	30,366	(12,778)	17,588
Dividends	(23,196)	(36)	(23,232)
Net foreign exchange differences	22,111	50	22,161
Transfer to Held for Sale Assets	(39,818)	–	(39,818)
Advances to joint ventures and associates, net	14,387	–	14,387
Net gain on pension schemes held by joint venture	427	–	427
Net (loss) gain on cash flow hedges held by joint ventures and an associate	(400)	1,169	769
Other	3,116	(122)	2,994
Balance, November 30, 2017	**$ 497,555**	**$ 34,375**	**$ 531,930**

Summarised financial information of material joint ventures

Summarised financial information of the Group's material joint ventures representing 100% of the respective amounts included in the individual joint ventures' financial statements is as follows as of and for the years ended November 30, 2017 and 2016:

	NYK Stolt Tankers S.A.		Stolt NYK Asia Pacific Services Inc		NYK Stolt Shipholding Inc.		Shanghai-Sinochem Stolt Shipping Ltd		Gulf Stolt Tankers DMCCO[1]	
(in thousands)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Cash and cash equivalents	**$ 17,054**	$ 21,620	**$ 11,555**	$ 16,164	**$ 5,087**	$ 4,571	**$ 7,026**	$ 4,726	**$ 2,748**	$ 8,749
Current assets, other than cash	**31,465**	23,279	**11,677**	9,474	**1,059**	1,250	**5,645**	5,564	**2,083**	5,209
Current assets	**48,519**	44,899	**23,232**	25,638	**6,146**	5,821	**12,671**	10,290	**4,831**	13,958
Non-current assets	**115,282**	125,222	**42,394**	42,300	**234,754**	212,677	**76,647**	77,044	**–**	146,445
Total Assets	**163,801**	170,121	**65,626**	67,938	**240,900**	218,498	**89,318**	87,334	**4,831**	160,403
Financial liabilities, other than accounts payable	**–**	5,448	**–**	–	**9,664**	13,551	**4,828**	2,106	**439**	77,000
Other current liabilities	**759**	1,719	**5,884**	5,277	**9,723**	8,720	**4,271**	3,040	**48**	1,003
Current liabilities	**759**	7,167	**5,884**	5,277	**19,387**	22,271	**9,099**	5,146	**487**	78,003
Financial liabilities	**121,161**	120,806	**–**	–	**139,791**	118,221	**5,674**	7,621	**–**	19,493
Total non-current liabilities	**121,161**	120,806	**–**	–	**139,791**	118,221	**5,674**	7,621		19,493
Net Assets	**$ 41,881**	$ 42,148	**$ 59,742**	$ 62,661	**$ 81,722**	$ 78,006	**$ 74,545**	$ 74,567	**$ 4,344**	$ 62,907
Selected Income Statement Information										
Operating revenue	**$ 40,187**	$ 46,779	**$ 85,694**	$ 70,686	**$ 49,102**	$ 37,973	**$ 34,320**	$ 31,806	**$ 21,989**	$ 35,051
Depreciation and amortisation	**15,426**	13,511	**–**	–	**15,149**	11,672	**5,563**	5,494	**6,230**	7,929
Finance income	**–**	–	**938**	642	**22**	10	**–**	339	**–**	–
Finance expense	**3,500**	3,007	**–**	–	**2,579**	1,336	**484**	278	**3,886**	4,753
(Loss) profit before taxes	**(268)**	9,071	**2,079**	5,095	**4,690**	2,780	**4,000**	4,646	**(505)**	6,763
Income tax expense	**–**	–	**–**	–	**–**	–	**661**	1,198	**–**	–
Net (loss) profit	**(268)**	9,071	**2,079**	5,095	**4,690**	2,780	**3,339**	3,448	**(505)**	6,763
Other comprehensive (loss) income	**–**	–	**–**	–	**(974)**	7,998	**3,117**	(6,791)	**–**	–
Total comprehensive (loss) income	**$ (268)**	$ 9,071	**$ 2,079**	$ 5,095	**$ 3,716**	$ 10,778	**$ 6,456**	$ (3,343)	**$ (505)**	$ 6,763
Dividends received	**$ –**	$ –	**$ 2,500**	$ 1,000	**$ –**	$ –	**$ 3,174**	$ 8,163	**$ 1,510**	$ –

1 The carrying value of Gulf Stolt Tankers DMCCO is classified as an asset held for sale at November 30, 2017 and is not included within investments in joint ventures and associates.

Long-term financial liabilities for NYK Stolt Tankers S.A. included shareholder loans of $62.5 million and $65.4 million for the years ended November 30, 2017 and 2016, respectively. For Gulf Stolt Tankers DMCCO, all shareholder loans had been offset by amounts owed for the acquisition of the joint venture's ships by November 30, 2017. At November 30, 2016, $19.5 million was included in long-term financial liabilities. Also, $42.0 million of the financial liabilities included in NYK Stolt Shipholding Inc. related to notes payable to Stolt NYK Asia Pacific Services Inc. at both November 30, 2017 and 2016.

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	Hassel Shipping 4 AS		Oiltanking Stolthaven Antwerp, NV		Jeong-IL Stolthaven Ulsan Co. Ltd		Tianjin Lingang Stolthaven Terminal Co.		Tianjin Lingang Stolthaven Jetty Company	
(in thousands)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Cash and cash equivalents	**$ 18,420**	$ 7,491	**$ 3,232**	$ 8,214	**$ 4,519**	$ 1,831	**$ 466**	$ 1,246	**$ 6,661**	$ 6,831
Current assets, other than cash	**7,778**	2,198	**17,494**	18,943	**13,108**	12,030	**139**	1,360	**2,203**	10,206
Current assets	**26,198**	9,689	**20,726**	27,157	**17,627**	13,861	**605**	2,606	**8,864**	17,037
Non-current assets	**342,490**	166,343	**413,488**	378,153	**364,739**	306,589	**51,204**	50,137	**31,900**	24,985
Total Assets	**368,688**	176,032	**434,214**	405,310	**382,366**	320,450	**51,809**	52,743	**40,764**	42,022
Financial liabilities, other than accounts payable	**9,664**	–	**–**	–	**12,328**	117,144	**1,316**	1,863	**–**	–
Other current liabilities	**5,955**	1,166	**102,837**	96,827	**63,746**	8,222	**2,286**	4,348	**5,219**	4,787
Current liabilities	**15,619**	1,166	**102,837**	96,827	**76,074**	125,366	**3,602**	6,211	**5,219**	4,787
Financial liabilities	**239,533**	65,450	**165,855**	166,465	**122,934**	45,064	**15,928**	11,880	**–**	–
Non-current liabilities	**18,480**	20,830	**626**	1,335	**13,590**	10,410	**–**	–	**–**	–
Total non-current liabilities	**258,013**	86,280	**166,481**	167,800	**136,524**	55,474	**15,928**	11,880	**–**	–
Net Assets	**$ 95,056**	$ 88,586	**$ 164,896**	$ 140,683	**$ 169,768**	$ 139,610	**$ 32,279**	$ 34,652	**$ 35,545**	$ 37,235
Selected Income Statement Information										
Operating revenue	**$ 34,663**	$ –	**$ 107,021**	$ 107,176	**$ 74,986**	$ 69,107	**$ 3,567**	$ 133	**$ 9,002**	$ 8,291
Depreciation and amortisation	**7,816**	–	**28,547**	28,195	**8,341**	7,823	**3,102**	3,201	**1,566**	1,621
Interest income	**49**	–	**7**	–	**–**	–	**–**	–	**34**	60
Interest expense	**7,059**	–	**8,111**	9,266	**4,556**	4,633	**934**	745	**–**	–
Profit (loss) before taxes	**5,366**	–	**32,918**	25,196	**30,595**	27,898	**(3,978)**	(6,378)	**4,441**	3,608
Income tax expense (benefit)	**–**	–	**10,360**	6,066	**6,694**	5,863	**(224)**	(1,460)	**1,051**	456
Net profit (loss)	**5,366**	–	**22,558**	19,130	**23,901**	22,035	**(3,754)**	(4,918)	**3,390**	3,152
Other comprehensive income (loss)	**1,104**	–	**22,182**	(694)	**12,127**	(2,550)	**1,381**	(2,604)	**1,375**	(2,890)
Total comprehensive income (loss)	**$ 6,470**	$ –	**$ 44,740**	$ 18,436	**$ 36,028**	$ 19,485	**$ (2,373)**	$ (7,522)	**$ 4,765**	$ 262
Dividends received	**$ –**	$ –	**$ 9,782**	$ 12,223	**$ 2,936**	$ 2,293	**$ –**	$ –	**$ 2,310**	$ 2,216

Hassel Shipping 4 AS includes $38.9 million and $19.0 million of shareholders loans at November 30, 2017 and November 30, 2016 respectively.

Tianjin Lingang Stolthaven Terminal Co. has $3.5 million of shareholder loans at November 30, 2017.

Tianjin Lingang Stolthaven Jetty Company has $4.9 million of shareholder loans at November 30, 2017.

The above joint ventures are private companies and there are no quoted market prices available for their shares.

Description of the nature of activities of the material joint ventures

NYK Stolt Tankers is a joint venture with NYK Line which owns five parcel tankers which participate in the Joint Service. The Group performs marketing, operational, administration and ship owning services for NYK Stolt Tankers' fleet in the deep-sea intercontinental market. The Group considers the investment in NYK Stolt Tankers to be strategic as it provides sophisticated tonnage to the Joint Service.

Stolt NYK Asia Pacific Services Inc ('SNAPS') is a joint venture with NYK Line which operates 13 ships in the East Asia and Southeast Asia areas, with the tankers marketed by the Group's offices in these regions. NYK Stolt Shipholding Inc ('NSSH') is the ship-owning joint venture and owns 12 of the ships operated by SNAPS. The investments in SNAPS and NSSH are considered to be strategic to the Group by serving the East Asia and Southeast Asia markets and supporting customers of the Joint Service.

Hassel Shipping 4 AS is a 50% joint venture with J.O. Invest AS for the joint ownership and operation of eight 33,000 dwt, stainless steel, chemical tankers ordered from New Times Shipbuilding Co. Ltd. ('New Times Shipbuilding') in China. Seven ships have been delivered with the remaining one delivered on January 11, 2018. The ships are expected to be operated through the Joint Service. This joint venture was acquired as a part of the JoT acquisition and is considered to be strategic as it provides sophisticated tonnage to the Joint Service.

Shanghai Sinochem-Stolt Shipping Ltd is a joint venture with Sinochem Shipping Co., Ltd to operate chemical tankers in the Chinese coast cabotage market. As of November 30, 2017, the joint venture operated 11 ships.

Gulf Stolt Tankers DMCCO ('GST') is a joint venture with Gulf Navigation Holding PJSC which is now in the process of liquidation and classified as held for sale since it has sold all its ships during 2017. On June 21, 2017, GST concluded the sale of the first two of the four ships, *Stolt Sisto* and *Stolt Gulf Mishref*, to Stolt-Nielsen Indian Ocean and Middle East Service Ltd and Gulf Navigation Holdings PJSC, respectively. On November 29, 2017, GST concluded the sale of its last two ships, *Stolt Facto* and *Stolt Gulf Mirdif*, to Stolt Facto BV and Gulf Navigation Holdings PJSC, respectively. The sales were concluded at current book value of the ships on the transaction dates, and the consideration was settled partly in cash sufficient to pay off the mortgage on each ship and partly in the form of a promissory note payable by each shareholder to GST. Following this transaction, GST has settled the bank loans in full and has no further financial indebtedness or fixed assets. The payable for the ships has been netted against the investment and shareholder loans and the net amount of $2.3 million is being shown as an asset held for sale at November 30, 2017. The joint venture will be dissolved in 2018.

	Assets Held for Sale	
(in thousands)		**2017**
Balance, December 1, 2016	**$**	**–**
Transfer from investments in and advances to joint ventures and associates		**39,818**
Payable to GST for ships		**(37,543)**
Balance, November 30, 2017	**$**	**2,275**

Oiltanking Stolthaven Antwerp, NV ('OTSA') is a 50% owned joint venture with Oiltanking GMBH and has a terminal facility in Antwerp, Belgium which provides independent tank terminal services in the Port of Antwerp for bulk liquid products, animal and vegetable oils and gas and other products. The investment in OTSA is considered to be strategic to the Group as it is integral to the Group's ability to provide an efficient ship-terminal interface.

Jeong-IL Stolthaven Ulsan Co. Ltd ('JSTT') is a 50% owned joint venture that owns a terminal facility in Ulsan, South Korea which provides independent tank terminal services for primarily clean petroleum and chemical products. The Group considers its investment in JSTT to be strategic as it is integral in the Group's ability to provide an efficient ship-terminal interface.

Tianjin Lingang Stolthaven Terminal Co., a 65% owned joint venture with the Lingang Harbor Affairs Company ('LHAC'), owns a terminal facility in Tianjin, China. It is considered to be a joint venture as all significant decisions are made unanimously. The Terminal joint venture was temporarily closed, as were several other terminals, after an explosion in the port of Tianjin in August 2015. The terminal is currently operational, following the reinstatement of its licence to operate from the Chinese government during 2016.

Tianjin Lingang Stolthaven Jetty Company, a 40% owned joint venture with LHAC, owns and operates a jetty and docks in Tianjin, China. It is considered to be a joint venture as all significant decisions are made unanimously.

Summarised financial information of material associate

Summarised financial information of the Group's material associate, AGHL, representing 100% of the respective amounts included in AGHL's financial statements is as follows:

	As of December 31,			
(in thousands)		**2017**		2016
Current assets	**$**	**86,795**	$	171,660
Non-current assets		**823,645**		861,048
Total assets		**910,440**		1,032,708
Current liabilities		**34,539**		31,888
Total non-current liabilities		**471,969**		543,861
Net assets	**$**	**403,932**	$	456,959
Selected Income Statement Information				
Operating revenue	**$**	**110,910**	$	143,915
Loss before taxes		**(54,695)**		(68,040)
Income tax expense		**(55)**		(117)
Net loss		**(54,750)**		(68,157)
Other comprehensive profit (loss)		**1,424**		(1,240)
Total comprehensive loss	**$**	**(53,326)**	$	(69,397)
Dividends received	**$**	**–**	$	7,580

The financial information for AGHL is for the twelve-month period December 31, 2017 and 2016 and income statement data for the year ended December 31, 2017 and 2016 as reported in the AGHL Condensed Consolidated Interim Financial Statements. AGHL is listed on the Oslo Børs and information for the twelve-month period to November 30, 2017 and 2016 is not practically possible to obtain since such information may constitute selective disclosure of inside information.

At both November 30, 2017 and 2016, the Group owned 8.61% of AGHL shares, after acquiring 3.0 million shares for $6.2 million in October 2016.

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The fair value of the Group's investment in AGHL was $12.9 million and $11.6 million at November 30, 2017 and 2016, respectively, based on the closing price on the Oslo Børs.

The investment remains an Investment in an Associate as a result of continued participation by the Group's management on the AGHL Board.

Reconciliation of Summarised Financial Information

	NYK Stolt Tankers S.A.		Stolt NYK Asia Pacific Services Inc		NYK Stolt Shipholding Inc.		Shanghai-Sinochem Stolt Shipping Ltd		Gulf Stolt Tankers DMCCO	
(in thousands)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Net Assets:										
Balance, December 1	**$ 42,148**	$ 33,077	**$ 62,661**	$ 59,566	**$ 78,006**	$ 67,228	**$ 74,567**	$ 94,569	**$ 62,907**	$ 56,144
(Loss) profit for the year	**(268)**	9,071	**2,079**	5,095	**4,690**	2,780	**3,339**	3,448	**(505)**	6,763
Dividends	**–**	–	**(5,000)**	(2,000)	**–**	–	**(6,478)**	(16,659)	**(2,210)**	–
Other comprehensive (loss) gain	**–**	–	**–**	–	**(974)**	7,998	**3,117**	(6,791)	**–**	–
Balance, November 30	**41,881**	42,148	**59,742**	62,661	**81,722**	78,006	**74,545**	74,567	**60,192**	62,907
Percentage owned	**50%**	50%	**50%**	50%	**50%**	50%	**49%**	49%	**50%**	50%
Interest in joint venture	**20,940**	21,074	**29,871**	31,331	**40,861**	39,003	**36,527**	36,538	**30,096**	31,454
Transfer to asset held for sale	**–**	–	**–**	–	**–**	–	**–**	–	**(39,818)**	–
Adjustment for disproportionate distribution	**–**	–	**–**	–	**–**	–	**–**	–	**(405)**	–
Deferred profits on sale of ships to joint venture by the Group	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1,240)
Advances	**31,260**	32,735	**–**	–	**–**	–	**–**	–	**10,127**	9,746
Investment in and advances to joint ventures	**$ 52,200**	$ 53,809	**$ 29,871**	$ 31,331	**$ 40,861**	$ 39,003	**$ 36,527**	$ 36,538	**$ –**	$ 39,960

	Hassel Shipping 4 AS		Oiltanking Stolthaven Antwerp, NV		Jeong-IL Stolthaven Ulsan Co. Ltd		Tianjin Lingang Stolthaven Terminal Co.		Tianjin Lingang Stolthaven Jetty Company	
(in thousands)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Net Assets:										
Balance, December 1	**$ 88,586**	$ –	**$ 139,720**	$ 145,730	**$ 139,612**	$ 124,619	**$ 34,652**	$ 42,174	**$ 36,555**	$ 41,833
Profit (loss) for the year	**5,366**	–	**22,558**	19,130	**23,901**	22,035	**(3,754)**	(4,918)	**3,390**	3,152
Dividends	**–**	–	**(19,564)**	(24,446)	**(5,872)**	(4,586)	**–**	–	**(5,775)**	(5,540)
Equity upon JoT acquisition	**–**	88,586	**–**	–	**–**	–	**–**	–	**–**	–
Other comprehensive gain (loss)	**1,104**	–	**22,182**	(694)	**12,127**	(2,456)	**1,381**	(2,604)	**1,375**	(2,890)
Balance, November 30	**95,056**	88,586	**164,896**	139,720	**169,768**	139,612	**32,279**	34,652	**35,545**	36,555
Percentage owned	**50%**	50%	**50%**	50%	**50%**	50%	**65%**	65%	**40%**	40%
Interest in joint venture	**47,528**	44,293	**82,448**	69,860	**84,884**	69,806	**20,980**	22,524	**14,219**	14,622
Advances	**19,427**	9,500	**–**	–	**–**	–	**2,255**	–	**1,952**	–
Purchase adjustment to property	**3,033**	3,284	**3,961**	4,440	**–**	–	**–**	–	**–**	–
Goodwill	**–**	–	**16,033**	14,253	**4,766**	4,766	**–**	–	**–**	–
Investment in and advances to joint ventures	**$ 69,988**	$ 57,077	**$ 102,442**	$ 88,553	**$ 89,650**	$ 74,572	**$ 23,235**	$ 22,524	**$ 16,171**	$ 14,622

	Avance Gas Holdings Ltd	
(in thousands)	**2017**	2016
Net Assets:		
Balance, December 1	**$ 456,959**	$ 499,945
Loss for the year	**(54,750)**	(68,157)
Dividends	**–**	(32,686)
Issuance of shares	**–**	58,742
Other comprehensive income (loss) and other	**1,723**	(885)
Balance, December 31	**403,932**	456,959
Percentage owned at December 31	**8.61%**	8.61%
Investment in material affiliate at December 31	**$ 34,779**	$ 39,344

Summarised Financial Information for Non-Material Joint Ventures and Associates

In aggregate, the Group's investment in and advances to non-material joint ventures were $36.6 million and $32.6 million and in the non-material associates were $4.4 million and $7.8 million for the years ended November 30, 2017 and 2016, respectively. The below summarises the financial information of the non-material joint ventures and associates:

	For the years ended November 30,			
(in thousands)		2017		2016
Joint Ventures				
Profit before taxes	**$**	**1,295**	$	3,467
Income tax expense		**826**		723
Net profit		**469**		2,744
Other comprehensive income		**1,522**		298
Total comprehensive income	**$**	**1,991**	$	3,042
Associates				
(Loss) Profit before taxes	**$**	**(2,400)**	$	2,461
Income tax expense		**12**		317
Net (loss) profit		**(2,412)**		2,144
Other comprehensive income		**293**		183
Total comprehensive (loss) income	**$**	**(2,119)**	$	2,327

Commitments

The Group has no commitments to joint ventures as of November 30, 2017. Capital commitments in joint ventures are in Note 26.

See Note 14 for amounts due from and to the Group from joint ventures and associates.

17. MARKETABLE SECURITIES AND INVESTMENTS IN EQUITY INSTRUMENTS

Accounting policy

Investments in equity instruments which are designated as fair value through other comprehensive income ('FVTOCI') are carried at their fair value and re-measured each period. Movements in the carrying amount are taken through other comprehensive income. Upon disposal of these equity investments, any balance within other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

Debt instruments that do not meet the criteria to be classified as amortised cost or FVTOCI are measured at fair value through profit or loss ('FVTPL'). They are initially recognised at fair value and re-measured each period with movements in the carrying amount recognised. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other non-operating income/expense in the period in which it arises. Interest income from these financial assets is included in the finance income.

Debt instruments held at FVTPL

Marketable securities of $11.4 million at November 30, 2016 comprised a bond portfolio acquired with JoT. The bond portfolio was sold in February 2017 for $11.5 million.

Equity investments designated at FVTOCI

The Group acquired 2.2 million equity shares of Golar for $99.9 million through open-market purchases during the second quarter of 2015, representing an ownership interest of 2.3% of Golar. Another 149,500 shares were purchased for $3.5 million in November 2016. This investment is designated as FVTOCI as this is a strategic investment for the Group as opposed to an investment held for trading.

A cumulative negative adjustment of $45.8 million ($0.7 million positive adjustment related to the year ended November 30, 2017) has been recognised in other comprehensive income since initial recognition due to a reduction in the share price of Golar. The share price of Golar was $24.71 and $24.40 as at November 30, 2017 and 2016, respectively. Based on these market prices, the value of this investment is $57.6 million at November 30, 2017 (2016: $56.8 million). Dividends of $0.5 million and $1.3 million were received for the years ended November 30, 2017 and 2016, respectively.

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18. INTANGIBLE ASSETS AND GOODWILL

Accounting policy

Goodwill represents amounts arising on the acquisition of subsidiaries, associates and joint ventures. Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangible assets are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

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

Goodwill is tested for impairment on an annual basis for each cash-generating unit to which the goodwill is allocated. When goodwill is monitored at the level of a group of CGUs, it is tested for impairment at that level. The Group's goodwill relates to the Tankers, Tank Containers and Terminals segments.

In the case of bargain purchases, the excess of net assets acquired over the fair value of the consideration paid arising on an acquisition is recognised in other operating income in the income statement in the period in which the acquisition is completed.

With the exception of goodwill, the Group does not have any intangible assets with indefinite useful lives.

Other intangible assets with finite lives that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation of customer contracts is charged to operating revenue over the life of the contracts based on the underlying cash flows. Other finite-lived intangibles are charged to the income statement under operating expenses over the estimated useful lives of the intangible assets on a straight-line basis. The trademark intangible is being amortised over a 10-year life while the customer relations and contract intangibles are amortised from two to fourteen years and computer software is amortised over an average life of three to ten years.

See Note 15 for the accounting policy for the impairment of intangible assets with finite lives.

Intangible assets are shown below:

(in thousands)	Goodwill	Trademark	Customer Relations/ Contracts	Computer Software	Other	Total
Cost:						
Balance, December 1, 2015	**$ 31,438**	**$ 1,379**	**$ 14,267**	**$ 41,717**	**$ 829**	**$ 89,630**
Additions	–	–	–	2,075	6	2,081
Jo Tankers acquisition	5,690	–	–	–	–	5,690
Disposals	–	–	–	(394)	(294)	(688)
Net foreign exchange differences	696	2	(1,104)	38	(13)	(381)
Balance, November 30, 2016	**$ 37,824**	**$ 1,381**	**$ 13,163**	**$ 43,436**	**$ 528**	**$ 96,332**
Additions	–	–	–	3,576	–	3,576
Acquisition	121	–	–	239	–	360
Net foreign exchange differences	1,838	171	1,258	3,460	102	6,829
Balance, November 30, 2017	**$ 39,783**	**$ 1,552**	**$ 14,421**	**$ 50,711**	**$ 630**	**$ 107,097**
Accumulated amortisation:						
Balance, December 1, 2015	**$ 4,606**	**$ 1,083**	**$ 9,342**	**$ 30,520**	**$ 236**	**$ 45,787**
Charge for the year	–	138	660	2,422	8	3,228
Disposal	–	–	–	(394)	–	(394)
Net foreign exchange differences	363	(92)	(287)	(25)	13	(28)
Balance, November 30, 2016	**$ 4,969**	**$ 1,129**	**$ 9,715**	**$ 32,523**	**$ 257**	**$ 48,593**
Charge for the year	–	155	614	2,606	(19)	3,356
Net foreign exchange differences	(175)	139	1,191	2,310	48	3,513
Balance, November 30, 2017	**$ 4,794**	**$ 1,423**	**$ 11,520**	**$ 37,439**	**$ 286**	**$ 55,462**
Net book value:						
At November 30, 2016	**$ 32,855**	**$ 252**	**$ 3,448**	**$ 10,913**	**$ 271**	**$ 47,739**
At November 30, 2017	**$ 34,989**	**$ 129**	**$ 2,901**	**$ 13,272**	**$ 344**	**$ 51,635**

All intangible assets other than goodwill were subject to amortisation as of November 30, 2017 and 2016.

During the year ended November 30, 2017, the Group spent $3.6 million on intangible assets, mainly on the acquisition of computer software.

At November 30, 2017, goodwill primarily consisted of $5.2 million for goodwill on the JoT acquisition, $16.8 million related to a prior year business combination in the Tank Container segment and $12.8 million related to the Marstel business combination in the Terminals segment.

Revaluation for foreign exchange differences for goodwill and other intangibles amounted to a gain of $3.3 million in the same period.

The Tankers, Tank Container and Terminals segment goodwill has been tested for impairment as of November 30, 2017 and 2016. See Note 2 for further discussion of the method of testing for impairment of goodwill.

The trademark intangible is being amortised over a 10-year life for which there are two years remaining while the customer relations and contracts intangibles are amortised from two to fourteen years and have one to eight years remaining. Computer software is amortised over an average life of three to ten years for which there is an average of less than one to ten years remaining.

19. ACCOUNTS PAYABLE

Accounting policy

Accounts payable are initially valued at their fair value and subsequently at amortised cost.

(in thousands)	As of November 30, 2017		2016
Trade payables	$	**78,757**	$ 61,023
Withholding and value added tax		**5,057**	5,496
Agent payables		**5,894**	4,626
In-transit payments		**49**	2
Other		**134**	585
	$	**89,891**	$ 71,732

20. PROVISIONS

Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money.

When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognised in the Consolidated Income Statements.

The present value of the recognised obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development or normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the useful life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognised by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Company recognises a gain or loss on settlement.

A provision is established for obligations under lease agreements to dismantle and/or restore leased property to its original condition.

Short–term Provisions

(in thousands)	Insurance Provisions	Perth Amboy Environmental Provision	Restructuring	Total
Balance at December 1, 2016	**$ 1,014**	**$ 641**	**$ 637**	**$ 2,292**
Additional provisions recognised	1,357	622	–	1,979
Reductions arising from payments	(877)	(406)	(459)	(1,742)
Balance at November 30, 2017	**$ 1,494**	**$ 857**	**$ 178**	**$ 2,529**

Insurance provisions represent claims made against the Group by external parties and are for insurance company deductibles or for claims which are below insurance company deductibles. The provision charge is recognised in the income statement in operating expenses, primarily. The balance is expected to be paid in 2018.

In 2013, the Group sold land in Perth Amboy, New Jersey. The sales price included an obligation to remediate for certain environmental matters at the site. The provision is based on the expected future costs to remediate the land.

A restructuring reserve was established in relation to the closure of an office in Norwalk, Connecticut and the move of the functions to the Houston, Texas office. The remaining liability represents deferred severance payments.

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Long–term Provisions

(in thousands)		Environmental Provision		Asset Retirement Obligations		Total
Balance at December 1, 2016	**$**	**1,879**	**$**	**1,696**	**$**	**3,575**
Reduction arising from the payments		(1,053)		–		(1,053)
Net foreign exchange differences		12		(167)		(155)
Balance at November 30, 2017	**$**	**838**	**$**	**1,529**	**$**	**2,367**

The environmental provision relates to ground water and soil disposal remediation costs necessary to remedy various contamination risks identified in Stolthaven Terminals. The provision is based on the present value of the expected costs to remediate the land. The majority of the provision relates to Stolthaven Dagenham. As part of the Stolthaven Dagenham Limited redevelopment programme, pollution remediation of existing groundwater contamination aimed at reducing potential offsite migration is being undertaken. A pilot programme related to the prevention of potential offsite migration of the existing ground water contamination was completed in January 2014 in certain sections of the Terminal site using an active barrier and was successful. The technology was used in June 2015 to remediate a source area within the groundwater at one location of the site. Further measures have been implemented in 2016 including the construction of passive collection wells to reduce source material within the site and also near to the northern boundary to monitor and capture any possible migrating products. Following the commissioning of ongoing expansion projects, an assessment will be conducted to measure the remaining pollution. The implementation of a full-scale barrier will be considered at that time as well as the need of further remediation works. The expected future ground water contamination and soil disposal remediation costs are currently estimated to be $1.5 million and should be completed by 2020. Due to the age of the site and certain tanks, ongoing maintenance (e.g. soil and groundwater monitoring) is expected to continue following completion of the remediation works. Further contamination, for which liabilities can, at this point, not be assessed, may materialise following the future decommissioning of older tanks and civil roadways.

The asset retirement obligations relate to an obligation to dismantle and/or restore leased property to its pre-leased condition for several of the Stolthaven terminals in New Zealand. The liability is expected to be paid upon the expiration of the leases from 2022. It is not expected that these leases will be renewed; therefore, the future obligations have been estimated based on the present value of the expected future costs to dismantle the terminal and/or restore the leased property in accordance with the lease contracts.

21. FINANCIAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a Central Treasury department under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US Dollars	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts and cross-currency interest rate swaps
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, available-for-sale debt instruments and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for available-for-sale and held-to-maturity investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

Market risk

The Group is exposed to market risk, including changes in interest rates, currency exchange rates, price risk and bunker fuel costs. To manage the volatility relating to these exposures, the Group enters into derivative transactions in accordance with Group policies. The financial impact of these instruments is offset by corresponding changes in the underlying exposures being hedged. Derivative instruments are not held for trading or speculative purposes.

The Group uses a value-at-risk ('VAR') model to assess the market risk of the derivative financial instruments. The model utilises a variance/covariance modelling technique. VAR models are intended to measure the maximum potential loss for an instrument or portfolio, assuming adverse changes in market conditions for a specific time period and confidence level. As of November 30, 2017, the estimated maximum potential one-day loss in fair value of foreign exchange rate instruments, calculated using the VAR model given a 95% confidence level, would be $0.1 million from adverse changes in foreign exchange rates. The maximum potential one-day loss in fair value for adverse changes in interest rates, given a 95% confidence level, would be $0.1 million. Actual experience has shown that gains and losses tend to offset each other over time, and it is highly unlikely that losses such as these would be experienced over an extended period of time. These amounts should not be considered projections of future losses, since actual results may differ significantly depending upon activity in the global financial markets.

The fair value losses shown in the table below have no impact on the Group's results or financial condition and serve only as an illustration of derivative and short-term interest rate volatility. Note that any adverse movement in foreign exchange or bunker derivatives is offset by corresponding changes in the fair value of the underlying exposure being hedged.

	VAR	
	As of November 30,	
(in millions)	**2017**	2016
Foreign currency exchange rates	**0.1**	0.2
Interest rates	**0.1**	*

* Less than $0.1 million.

The change in the VAR, in connection with foreign exchange rates, interest rates and bunker fuel rates, is attributable to market volatility.

At November 30, 2017, if interest rates on the Group's short-term and long-term debt had been 10 basis points higher/lower with all other variables held constant, the calculated pre-tax profit for the year would have been $0.6 million lower/higher, mainly as a result of higher/lower interest expense on floating rate debt for which the interest rate has not been hedged.

In addition, for bunker fuel risk, the majority of the contracts of affreightment ('COA') entered into by the Group's Tanker segment include provisions intended to pass through fluctuations in fuel prices to customers. The Group's policy is to hedge a minimum of 50% of expected bunker purchases within the next 12 months through either bunker surcharges included in COA or through hedging. The Group began a bunker hedging programme in December 2015.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Most of the revenue earned by Tankers and Tank Containers is in US dollars, while a significant portion of their operating expenses is incurred in other currencies, primarily the euro, the Norwegian kroner, the Singapore dollar, Japanese yen and the British pound. When there is a mismatch between revenue and expense currencies, any depreciation of the revenue currency relative to the expense currency will decrease profit margins. In addition, exposure occurs when a member of the Group holds accounts receivable or payable in a non-functional currency.

At November 30, 2017, prior to the effect of hedging, if the US dollar had weakened/strengthened by 5% against the major currencies mentioned above, with all other variables remaining constant, the recalculated pre-tax profit for the year would have been approximately $7.2 million higher/lower, mainly as a result of higher operating and administrative and general expenses, net of higher/lower revenues, from non-US dollar transactions and foreign exchange losses on translation of non-US dollar-denominated account receivable and payable balances.

SNL's policy is to hedge approximately 50% to 80% of the Group's expected future foreign currency exposure and 100% of its future committed capital expenditures denominated in foreign currencies.

Concentration of credit risk

Trade receivables are from customers across all lines of the Group's business. The Group extends credit to its customers in the normal course of business. The maximum exposure to credit risk is the net customer accounts receivable balance of $206.2 million and cash balance of $58.3 million. The Group regularly reviews its accounts receivable by performing credit checks upon entering into an initial sales contract with a customer and by the respective business controllers regularly reviewing the days past due accounts receivable reports. The majority of trade receivables are in US dollars.

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An analysis of the age of receivables that are past due is as follows:

	As of November 30, 2017	
(in thousands)	**Not Impaired**	**Impaired**
Up to 30 days past due	**$ 51,920**	**$ 1,203**
31 to 60 days past due	**15,250**	**778**
61 to 90 days past due	**9,861**	**557**
Greater than 91 days past due	**14,800**	**13,507**
	$ 91,831	**$ 16,045**

	As of November 30, 2016	
(in thousands)	Not Impaired	Impaired
Up to 30 days past due	$ 44,033	$ 814
31 to 60 days past due	11,660	1,635
61 to 90 days past due	4,376	886
Greater than 91 days past due	8,269	15,021
	$ 68,338	$ 18,356

Excluded from the above are $114.3 million and $115.2 million of accounts receivable that were not past due as of November 30, 2017 and 2016, respectively.

No collateral is held on any accounts receivable.

The only material loss allowance held against financial assets relates to trade receivables and is calculated on a lifetime expected loss basis. There have been no changes in the estimation techniques applied in the calculation of the loss allowance during the period.

The allowance for doubtful accounts changed as follows:

	November 30,	
(in thousands)	**2017**	2016
Balance at the beginning of the year	**$ 18,356**	$ 17,610
Charged against revenue	**(305)**	1,675
Accounts written off	**(2,006)**	(929)
Balance at the end of the year	**$ 16,045**	$ 18,356

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 concentrations of credit as of November 30, 2017. There have been no significant changes to the loss allowance as a result of changes in the gross carrying amount of trade receivables.

There are no significant amounts written off which are still subject to enforcement activity.

The Group's cash is held by a diverse group of financial institutions with credit ratings of A and above.

Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and is aggregated at the corporate level. The Treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (see Note 22) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and certain currencies' restrictions. The Group also reviews and monitors sensitivities.

22. SHORT-TERM BANK LOANS

Accounting policy

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

Short-term bank loans amounted to nil in November 30, 2017 compared to $8.1 million as of November 30, 2016. The short-term bank loans consisted of drawdowns under uncommitted lines of credit and bank overdraft facilities.

The Group has discretion to rollover its committed senior secured revolving credit obligations for a period of more than 12 months. As there is no expectation of settlement within 12 months, the $650 million Secured Reducing Multi-Currency Revolving Loan Facility Agreement ('$650M RCF') which had $221.0 million ($214.5 million net of debt issuance costs) and $340.0 million outstanding at November 30, 2017 and 2016, respectively, is presented as long term. The weighted average interest rate was 3.9% and 3.2% for November 30, 2017 and 2016, respectively. See Note 23 for further details.

Amounts borrowed pursuant to the $60 million Collateralised Revolving Credit Facility ('$60M RCF') are presented as long term. These amounts bear interest at rates ranging from 2.4% to 3.0% in 2017. Interest was negligible in 2016 due to the timing of the drawdown of the borrowings. The weighted average interest rate for these borrowings was 2.8% for November 30, 2017. See Note 23 for further details.

Amounts borrowed pursuant to the uncommitted lines of credit facilities bear an interest rate of 1.8% for both the years ended November 30, 2017 and 2016.

On October 14, 2016, the Group completed the renewal of its $650M RCF for a period of six years and it is secured by the bulk of the Group's fleet of chemical tankers. The agreement is with 11 banks, and the syndication was led by the three bookrunners: Nordea Bank, DNB Bank ASA and Danske Bank. The facility was $630.0 million at November 30, 2017 and will be reduced by $20.0 million per year, and availability is always subject to the value of the collateral assets.

As of November 30, 2017, based on available collateral, this line has a maximum amount that could be drawn of $621.2 million of which $400.2 million was undrawn and available for future use.

In addition, the Group had $49.0 million available on its $60M RCF (see Note 23) and $65.0 million available on its unsecured credit lines which are payable on demand and can be withdrawn by the banks at short notice. Commitment fees for unused lines of credit were $2.7 million and $4.3 million for the years ended November 30, 2017 and 2016, respectively.

Several of the short-term and long-term credit facilities contain various financial covenants applicable either quarterly or annually, which, if not complied with, could result in the acceleration of repayment of amounts due and could limit the ability of the Group to draw funds from time to time. At November 30, 2017 and 2016, the Group was in compliance with the financial covenants under its debt agreements.

Agreements executed in connection with certain debt obligations, both short-term and long-term, require that the Group maintains defined financial covenants, including, but not limited to, minimum consolidated tangible net worth of $600.0 million, maximum ratio of consolidated debt to consolidated tangible net worth of not greater than two-to-one and minimum ratio of consolidated EBITDA to consolidated interest expense of not less than two-to-one. 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. Short and long-term debt of $1.7 billion is collateralised by mortgages on ships, tank containers and terminals with a net carrying value of $2.9 billion as of November 30, 2017.

23. LONG-TERM DEBT AND FINANCE LEASES

Accounting policy

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

Long-term debt as of November 30, 2017 and 2016 consisted of the following:

(in thousands)	2017	2016
Preferred ship fixed rate mortgages:		
Fixed interest rates ranging from 3.6% to 5.8%, maturities vary through 2027	**$ 461,920**	$ 205,635
Preferred ship variable rate mortgages:		
Interest rates ranging from 2.0% to 4.3%, maturities vary through 2023	**267,300**	399,244
Senior secured credit facilities	**703,939**	656,832
Senior unsecured bond issues	**722,118**	548,346
$650M RCF (see Note 22)	**214,536**	332,624
Unsecured bridge loan	**–**	71,082
$60M RCF	**11,000**	49,909
Finance leases	**140**	241
Bank loans:		
Interest rates ranging from 3.9% to 4.4%, maturities vary through 2022	**88,759**	81,212
	2,469,712	2,345,125
Less–current maturities	**(432,568)**	(548,874)
	$ 2,037,144	$ 1,796,251

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Long-term debt
The majority of long-term debt is denominated or swapped into US dollars, with $285.9 million and $207.5 million denominated in other currencies as of November 30, 2017 and 2016, respectively.

(i) Preferred ship fixed rate and variable rate mortgages
Upon the acquisition of JoT, the Group assumed $189.8 million of debt. The Group received waivers for a six-month period from existing lenders under five separate variable-rate facilities, allowing the Group to replace JOI as guarantor. The Group has entered into a two-year $200.0 million secured facility with Nordea Bank, DNB Bank ASA and Danske Bank which was used to refinance the existing debt and secured by the 13 ships acquired.

With the deliveries of the five newbuildings, in late 2016 through 2017, the Group drew down $57.2 million in 2016 and $219.6 million in 2017 under the $291.8 million term loan with Export and Import Bank of China and Standard Chartered Bank. The loans are secured by the newbuildings and will be repaid over their ten-year life. Interest has been fixed at an average of 4.94%.

On March 9, 2009, the Group entered into a $250.0 million facility agreement with Eksportfinans ASA and DNB Bank ASA to be secured by mortgages on four ships that the Group had contracted to be constructed by STX Norway AS, Florø ('STX Yards') in Norway. $200.0 million of this facility is guaranteed by Garanti-instituttet for eksportkreditt. The Group had drawn down a total of $250.0 million under the facility as all ships have been delivered. On the delivery of each of the ships, the loan portion in respect of each of the ships (referred in the loan agreement as tranches 1-4) was drawn and is being repaid in 24 semi-annual instalments, with balloon payments along with the 24^{th} instalment for tranches 1- 4 totaling $37.5 million. As at November 30, 2017 two tranches had been repaid in full, with a balance of $54.1 million outstanding. The Group has converted the LIBOR rate into a fixed rate loan through interest rate swap contracts. The swaps began to be effective on December 1, 2009.

On February 8, 2008, the Group accepted an offer made by Danish Ship Finance A/S for a $150.0 million top-off facility to be secured by eight currently-owned ships. This $150.0 million top-off facility was added to an existing facility with Danish Ship Finance A/S with a tenor of 10 years. On this new top-off facility the Group drew down $100.0 million in 2008 and $14.0 million in 2009 with the final drawdown of $36.0 million made in December 2009. In 2016, 2015 and 2014, respectively, an additional $110.0 million, $50.0 million and $9.0 million were also drawn down to top up the existing facility.

On February 15, 2008, the Group entered into a NOK 825.6 million facility agreement with Eksportfinans and DNB Bank ASA and drew down the 12-year secured term loan in 2008 for $146.3 million. Upon drawdown, the loan was converted into a fixed US dollar liability. The loan is secured by a mortgage on the first two ships delivered from STX Yards in Norway.

(ii) Senior secured credit facilities
On May 24, 2016, the previous Stolthaven Singapore terminal loan facility of $126.9 million was refinanced with a seven-year SGD 280.0 million ($202.4 million) term loan facility. The agreement is with a bank club deal consisting of United Overseas Bank Limited, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited, and Australia and New Zealand Banking Group Limited and has a fixed interest rate of 4.16%.

On May 20, 2016, the Group entered into a $131.3 million fixed-rate borrowing agreement using a group of tank containers as collateral. The agreement is with ING Bank N.V., Development Bank of Japan and a group of private investors for six and a half years at a fixed interest rate of 3.4%. There are 26 equal payments of $3.6 million each and at the end of the agreement, the Group has an option to purchase the tank containers by paying a fixed amount of $59.1 million. As the option to repurchase was virtually certain to be exercised by the Group at the date of the borrowing, the transaction has been treated as collateralised debt.

On November 20, 2015, the Group entered into a $166.4 million fixed-rate borrowing agreement using a group of tank containers as collateral. The agreement is with ING Bank N.V. and a group of private investors for six and a half years at a fixed interest rate of 3.3%. There are 26 equal payments of $4.6 million each and at the end of the agreement, the Group has an option to purchase the tank containers by paying a fixed amount of $74.9 million. As the option to repurchase was virtually certain to be exercised by the Group at the date of the borrowing, the transaction has been treated as collateralised debt.

On February 19, 2015, the Group announced that it had closed a $250.0 million private placement with American International Group. The private placement has a term of 10 years and is secured by the Group's terminal in Houston. The loan was used to pay down existing debt and for general corporate purposes.

(iii) Senior unsecured bond issue
The Group announced on September 8, 2017 the placement of senior unsecured bonds for $175.0 million in a new five-year bond issue carrying a fixed coupon rate of 6.375%. Net proceeds from the bond issue will be used to repay a bond maturing in March 2018 and for general corporate purposes. On September 19, 2017, $16.2 million of the bonds maturing in 2018 were redeemed early.

On June 8, 2016, the Group completed the increase of NOK 200.0 million ($24.7 million) on its bond issuance maturing in 2018, NOK 500.0 million ($61.8 million) on its bond issuance maturing in 2019, NOK 150.0 million ($18.5 million) on its bond issuance maturing in 2020 and NOK 200.0 million ($24.7 million) on its bond issuance maturing in 2021. The Group swapped the bond proceeds into USD obligations at fixed interest rates of 4.47% for 2018, 5.49% for 2019, 5.78% for 2020 and 5.99% for 2021 bond issuances.

The Group announced on March 26, 2015 the placement of senior unsecured bonds for NOK 1,100 million (approximately $142.2 million) in a new five-year bond issue carrying an interest rate of three- month NIBOR plus 4.1%, which was fixed at 6.22% through interest rate swaps. The settlement date for the bonds was April 8, 2015. Net proceeds from the bond issue were used for general corporate purposes.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250 million (approximately $207.0 million) in a new seven-year bond issue. The settlement date for the new bonds was March 18, 2014. The Company has swapped the new bonds into US dollar obligations at a fixed interest rate of 5.89%.

On September 4, 2012, the Group received NOK 500.0 million ($85.9 million) on a new seven-year senior unsecured bond issue and an increase of NOK 200.0 million ($34.3 million) in the bond issue maturing in 2018. The placement date for the bonds was August 23, 2012. The Group swapped the new bonds into US dollar obligations for a total of $120.2 million at a fixed interest rate of 6.84% for the seven-year bonds and 6.28% for the five and a half year bonds.

On March 9, 2012, SNL placed a NOK 600.0 million ($105.2 million) six-year senior unsecured bond issue in the Norwegian market. SNL swapped the bond issues into US dollar obligations at a fixed interest rate of 6.79% for the six-year bonds. This bond will be repaid in March 2018.

On June 9, 2011, the Group completed the successful placement of a NOK 1.6 billion ($300.0 million) five-year senior unsecured bond issue. The bond issue was swapped to 6.63% fixed US dollar obligation for the loan's duration. This bond issue was repaid in 2016.

(iv) Unsecured Bridge Loan

For the year ended November 30, 2016, the Group drew down $75.0 million in connection with the acquisition of JoT. The Group repaid the $75.0 million bridge facility in full in June 2017.

(v) Secured Revolving Credit Line ($60M RCF)

On November 16, 2016, also in relation to the acquisition of JoT, the Group completed a one-year $50.0 million Collateralised Revolving Credit Facility secured by some of the Group's treasury shares and the Group's holding of Golar LNG Limited shares. During 2017, the facility was extended for another 12 months and the limit on it increased to $60.0 million. The facility is a bilateral loan with Skandinaviska Enskilda Banken AB, has to be repaid in full at maturity, and requires sufficient collateral value in the shares at all times. Interest is variable at LIBOR plus 1.8%.

(vi) Bank loans

In 2015, the Group renegotiated its EUR 9.0 million facility in SSF by entering into a four-year loan with Banco Bilbao Vizcaya Argentaria for $7.3 million (EUR 6.0 million) and Banco Santander for $6.1 million (EUR 5.0 million).

On February 4, 2014, the Group executed a new loan facility of approximately AUD 170.0 million for the Australasia terminals with ANZ Bank, New Zealand. The Group drew down $12.8 million and $23.8 million in 2017 and 2016, respectively, on the facility to fund the ongoing capacity expansion at Newcastle, Australia.

(vii) Debt issuance costs

Debt issuance costs of $33.6 million and $36.2 million have been netted against long-term debt at November 30, 2017 and 2016, respectively. Debt issuance costs recognised in the income statement as part of effective interest rates were $8.9 million and $4.8 million for the years ended November 30, 2017 and 2016, respectively.

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24. OPERATING LEASES

Accounting policy

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

As of November 30, 2017, the Group was obligated to make payments under long-term operating lease agreements for tankers, terminal facilities, tank containers, barges, rail cars, land, 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.

Between 2002 to 2006, the Group entered into agreements with various Japanese shipowners for the time charter (operating lease) of nine parcel tankers with initial periods of 36 to 96 months, which include an option for the Group to extend the agreements for up to nine additional years. In addition, the Group also has the option to purchase each ship at predetermined prices at any time after three years from the delivery of the ship. The Group has acquired seven of the nine parcel tankers from 2010 to 2014. One ship was redelivered in November 2016. The remaining ship's operating lease commitment for the initial period of approximately $3.2 million as of November 30, 2017 is included in the schedule below.

Minimum future lease commitments, under agreements which expire at various dates through 2044, are as follows:

(in thousands)		**2017**		2016
Less than:				
1 year	**$**	**87,833**	$	75,823
2 years		**61,403**		62,133
3 years		**41,337**		48,228
4 years		**24,910**		20,475
5 years		**17,188**		14,530
Thereafter		**101,714**		100,547
	$	**334,385**	$	321,736

Rental and charter hire expenses under operating lease agreements for the years ended November 30, 2017 and 2016 were $100.4 million and $137.2 million, respectively, net of sub-lease income of $3.1 million and $4.3 million, respectively. Of the total lease expense, no material amounts were from sub-leases. In addition to the above operating leases, through the Joint Service, certain ships are time chartered under operating leases from participants in the Joint Service. For the two years ended November 30, 2017, charter hire expenses related to these leases were $91.7 million and $81.8 million, respectively.

There are no non-cancellable sub-leases at November 30, 2017 and 2016.

25. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Accounting policy

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. The Group has no further payment obligations once the contributions have been paid.

(ii) Defined benefit plans and other post-employment benefits

The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted.

The liability discount rate for each plan is based on the yield curve of a portfolio of high-quality corporate bonds that have maturity dates approximating to the terms of the respective plan's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employees' service in the current year, benefit changes, curtailments and settlements.

When the benefits of a plan are increased, the increased benefit relating to past service by employees is recognised as an expense in the income statement immediately.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise.

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

Gains and losses on the curtailment or settlement of a defined benefit plan are recognised at the time the curtailment or settlement occurs. A curtailment occurs when the Group adopts a significant reduction in the number of employees covered by a plan or changes the terms of a defined benefit plan such that a significant part of future earnings to current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

(iii) Short-term and long-term cash-based benefits

Short-term employee benefit obligations are measured on an undiscounted basis while long-term cash-based employee benefit obligations are discounted based on expected payment date. They are expensed in the period in which the related service is provided. An accrual is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

At November 30, 2017 the Group operated a number of pension plans for the benefit of its employees throughout the world, with varying rights and obligations depending on the conditions and practices in the specific countries. The Group's pension plans are provided through both defined benefit and defined contribution arrangements. These plans are regulated by the respective regulators in each of the countries where they are set up.

The Group operates defined benefit plans in the United States, the United Kingdom, Bermuda, the Netherlands, Norway, the Philippines and Japan. One of the defined benefit plans covers certain ship officers and other sea farers while the others are for shore-based employees. Defined contribution pension plans are currently provided in all of the above countries and Spain. The Group also operates an unfunded post-retirement medical plan in the United States.

Defined benefit plans provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement.

Defined benefit plans

The Group's significant defined benefit pension plans are in the United States, Bermuda, the Netherlands and the United Kingdom.

The Pension Committees participate in the governance of each of the significant defined benefit pension plans. These Pension Committees comprise representatives who are employees and former employees. In addition, actuarial advisors and investment management advisors also participate in the Pension Committee meetings. The Pension Committees for plans act in the best interest of the plan participants and are responsible for setting certain policies, such as strategic asset allocation, investment and contribution policies, in consultation with the Group.

The defined benefit plans expose the Group to actuarial risks such as longer than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

Recognising these risks, the Group has adopted an approach of moving away from providing defined benefit plans. All defined benefit plans have also been closed to future accrual and new entrants.

The Group follows a coordinated strategy for the funding and investment of its defined benefit pension plans subject to meeting all local laws and regulations applicable to those plans. The assets of the plan are generally held separately from those of the Group and are administered by local management in the respective countries. The Group has no legal obligation to settle these liabilities with any immediate contributions or additional one-off contributions. The Group intends to continue to contribute to each defined benefit pension and post-retirement medical plan in accordance with the latest recommendations of each plan actuary and its pension funding policy.

In terms of investments, the Group's aim is for the value of defined benefit plan assets to be maintained at close to the value of the corresponding benefit obligations, allowing for some short-term volatility.

Plan assets are invested in a diversified range of asset classes, predominantly comprising bonds and equities. In some locations such as the United Kingdom, plan trustees and other bodies have legal and fiduciary responsibility for the investment of plan assets, and decisions on investment strategy are taken in consultation with the Group.

The Group monitors its exposure to changes in equity markets, interest rates and inflation, and measures its balance sheet pension risk using a risk-based approach. Strategic Asset Allocation Studies and asset-liability studies are carried out periodically for the significant pension plans. On a quarterly basis, the performance of all investments across the significant defined benefit plans is reviewed with the Group's investment management advisors.

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Pension plans overview

(in thousands)	As of November 30, 2017	2016
Present value of funded obligations	$ (241,518)	$ (236,061)
Fair value of plans assets	207,378	190,223
Net liabilities	$ (34,140)	$ (45,838)

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

(in thousands)	As of November 30, 2017	2016
Non-current assets	$ 5,498	$ 3,796
Non-current liabilities	(39,638)	(49,634)
Net accrued cost	$ (34,140)	$ (45,838)

US post-retirement healthcare plan

US based employees retiring from the Group after attaining the age of 55 with at least 10 years of service with the Group were eligible to receive post-retirement healthcare coverage for themselves and their eligible dependents. This plan is unfunded.

During the year ended November 30, 2017, the Group made changes to the US retiree medical plan which come into effect from January 1, 2018 which removes coverage for certain employees and provides fix-dollar stipends to other participants in place of company-paid medical benefits.

These changes reduced the liabilities by $7.2 million and this amount was recognised as a one-time gain on November 30, 2017. Of this total amount, $3.3 million of this gain has been reflected in Operating Expenses and $3.9 million in Administrative and General Expenses.

Components of defined benefit cost

The net periodic benefit cost for the Group's defined benefit pension plans (including a retirement arrangement for one of the Group's ex-directors) and US post-retirement healthcare plan shown above for the years ended November 30, 2017 and 2016 consisted of the following:

(in thousands)	For the years ended November 30, 2017	2016
Service cost	$ 998	$ 1,187
Interest cost	1,816	1,940
Past service cost	828	(1,547)
Cost of plan administration	550	388
Net periodic benefit cost	$ 4,192	$ 1,968
US pension settlement gain	$ –	$ 3,476
US post-retirement medical plan gain	$ 7,171	$ 2,166

In November 2016, the Group recognised a one-time settlement gain of $3.5 million for the terminated vested cash out for certain participants of the frozen defined benefit scheme in the United States. In addition, the Group also recognised a one-off gain of $2.1 million for the US post-retirement healthcare plan. The expense for this plan was less than estimated at the beginning of 2016 due to favourable claims experience and plan changes through increased retiree contributions, deductibles, out-of-pocket maximums and co-payments. Of the total one-time gain of $5.6 million, $3.8 million was classified to Administrative and General Expenses and $1.8 million was included under Operating Expenses.

Impact on Equity

Remeasurements that are recognised in Other comprehensive income are as follows:

(in thousands)	For the years ended November 30, 2017	2016
Effect of changes in demographic assumptions	$ 2,221	$ (5,859)
Effect of changes in financial assumptions	9,378	20,673
Effect of experience assumptions	4,134	2,567
Return on plan assets (excluding interest income)	(21,608)	(9,716)
Remeasurements recognised in other comprehensive (income) loss	$ (5,875)	$ 7,665

Change in Benefit Obligation

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

	For the years ended November 30,			
(in thousands)		**2017**		2016
Benefit obligations at beginning of year	**$**	**236,061**	$	246,918
Current service cost		**998**		1,187
Past service cost		**828**		(1,547)
US pension settlement gain		**–**		(3,769)
US post-retirement medical plan curtailment gain		**(7,171)**		–
Transfer of the Netherlands pension plans to insurers		**(5,185)**		–
Interest cost		**8,850**		10,818
Benefits paid		**(10,796)**		(12,450)
Plan participant contributions		**15**		36
Foreign exchange rate changes		**2,185**		(5,244)
Settlement payments		**–**		(17,269)
Remeasurements:				
Effect of changes in demographic assumptions		**2,221**		(5,859)
Effect of changes in financial assumptions		**9,378**		20,673
Effect of experience adjustments		**4,134**		2,567
Benefits obligations at end of year	**$**	**241,518**	$	236,061

Change in plan assets

	For the years ended November 30,			
(in thousands)		2017		2016
Fair value of plan assets at beginning of year	**$**	**190,223**	$	203,276
Return on plan assets (excluding interest income)		**21,608**		9,716
Transfer of the Netherlands pension plans to insurers		**(5,185)**		–
Interest income		**7,034**		8,877
Company contributions		**3,123**		2,819
Plan participant contributions		**15**		36
Foreign exchange rate changes		**1,906**		(4,394)
Settlement payments		**–**		(17,269)
Benefits paid		**(10,796)**		(12,450)
Expenses paid		**(550)**		(388)
Fair value of plan assets at end of year	**$**	**207,378**	$	190,223

Change in asset ceiling

There were no defined benefit plans whose recognition of assets were limited.

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Participant profile
The defined benefit obligation by participant status is as follows:

(in thousands)	As of November 30, 2017	2016
Actives	**$ 71,988**	$ 89,803
Vested deferreds	**47,755**	49,573
Retirees	**121,775**	96,685
	$ 241,518	$ 236,061

The number of participants are as follows:

	As of November 30, 2017
Actives	**1,313**
Vested deferred	**454**
Retirees	**646**
	2,413

Key actuarial assumptions
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 US other post-retirement benefits:

	As of November 30, 2017	2016
Weighted-average assumptions to determine projected benefit obligations:		
Discount rate	**3.52%**	3.91%
Rate of compensation increase	**3.81%**	3.76%
Rate of pension increases	**3.07%**	3.01%
Rate of price inflation	**2.33%**	2.31%
Weighted-average assumptions to determine defined benefit cost:		
Discount rate	**3.91%**	4.10%
Rate of increase in compensation levels	**3.76%**	3.64%
Rate of pension increases	**3.01%**	2.83%
Rate of inflation	**2.31%**	2.29%
Life expectancy for an individual currently at 65:		
Male	**21.1yrs**	21.0yrs
Female	**23.1yrs**	23.2yrs

Healthcare cost trends assume a 6.55% annual rate of increase in the per capita cost of covered healthcare benefits for 2017, reducing gradually each year, reaching an ultimate rate of 4.5% in 2038 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 2017 would be an approximate $1.8 million increase or an approximate $1.8 million decrease.

	Impact on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	0.25%	Decrease by 3.2%	Increase by 3.4%
Salary growth rate	0.25%	Increase by 0.1%	Decrease by 0.1%
Pension growth rate	0.25%	Increase by 0.4%	Decrease by 0.4%
		Increase by 1 Year in Assumption	Decrease by 1 Year in Assumption
Life expectancy		Increase by 2.2%	Decrease by 2.2%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Fair value of plan assets

The Group's defined benefit pension plans' assets and weighted-average asset allocation as of November 30, 2017 and 2016, by category, were as follows:

	As of November 30,			
(in thousands)	**2017**	%	2016	%
Cash and cash equivalents	**$ 3,022**	**1%**	$ 2,648	1%
Equity instruments	**106,986**	**52%**	92,205	48%
Debt instruments	**76,309**	**36%**	71,188	37%
Real estate	**11,755**	**6%**	10,464	6%
Derivatives	**5,616**	**3%**	5,537	3%
Investment funds	**1,532**	**1%**	989	1%
Assets held by insurance company	**357**	**–**	372	–
Other	**1,801**	**1%**	6,820	4%
Total	**$ 207,378**	**100%**	$ 190,223	100%

The fair value of all plan assets were based on quoted market prices, except for cash.

It is the Group'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 recognising interest and dividend income, realised and unrealised capital gains and losses, employer contributions, expenses, and benefit payments.

The Group expects to contribute $2.5 million to its defined benefit pension and post-retirement benefit plans in 2017.

Weighted average duration of the defined benefit obligation is 18.0 years.

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Expected maturity analysis of undiscounted pension and post-employment benefits

(in thousands)	Less than a year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Pension benefits	$ 9,859	$ 21,748	$ 23,844	$ 57,311	$ **112,762**
Post-employment benefits	707	1,370	1,195	2,274	**5,546**
Total	$ 10,566	$ 23,118	$ 25,039	$ 59,585	$ **118,308**

The Group also provides defined contribution plans to certain of its qualifying employees. Group contributions charged to expense for these plans were $19.0 million and $16.9 million for the years ended November 30, 2017 and 2016, respectively.

26. COMMITMENTS AND CONTINGENCIES

As of November 30, 2017 and 2016, the Group had total capital expenditure purchase commitments outstanding of approximately $113.7 million and $245.6 million, respectively. At November 30, 2017, the total purchase commitments consisted of one newbuilding contract for two 7,500 cbm LNG carriers of $73.6 million, new and existing terminal expansion projects of $31.1 million and other smaller projects in the businesses. Of the total 2017 purchase commitments, $40.0 million is expected to be paid in the next 12 months and $3.2 million of that amount has financing in place. The remaining $36.8 million will be paid out of existing liquidity.

Newbuilding contract

The above newbuilding contract for the two 7,500 cbm LNG carriers was announced on May 24, 2017. These ships will be built by Keppel Singmarine with expected delivery in 2019. The first newbuilding deposit of $7.3 million was paid in June 2017, and the total cost for both ships is approximately $80.0 million, including site team costs and capitalised interest. The Group has options to purchase three additional similar ships.

Joint ventures' purchase commitments

The Group's joint ventures had an additional $92.2 million of purchase commitments, non-recourse to the Group, at November 30, 2017. These commitments primarily relate to $86.4 million for two parcel tankers at two joint ventures and $5.2 million terminal capital projects. In addition to the newbuildings for Hassel Shipping 4 A.S. discussed below, NYK Stolt Tankers, S.A. will take delivery of one ship from Hudong in the first quarter of 2018. Of the total 2017 purchase commitments at joint ventures and associates, $84.0 million is expected to be paid over the next 12 months. Financing has been arranged by the joint ventures for the newbuildings. The terminals projects will be paid out of the existing liquidity of those joint ventures.

As a part of the acquisition of JoT, the Group acquired a 50% interest in Hassel Shipping 4 A.S. which had previously ordered eight newbuildings from New Times Shipbuilding. Two newbuildings were delivered prior to acquisition. By November 30, 2017 the joint venture had taken delivery of five additional ships: *Stolt Lerk* was delivered on February 22, 2017; *Stolt Lind* on March 15, 2017; *Stolt Calluna* on June 16, 2017; *Stolt Ebony* on July 11, 2017; and *Stolt Maple* on October 20, 2017. The last ship ordered by Hassel Shipping 4 A.S., the *Stolt Palm*, was delivered on January 11, 2018.

Environmental

The Group's operations involve the carriage, use, storage and disposal of chemicals and other hazardous materials and wastes. The Group 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 US 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.

Actual or discontinued operations in the US may trigger a future liability. Due to the uncertainty whether or the length of time before any liability may occur, it is currently not considered probable that a liability will arise and consequently no provision has been recorded.

At the end of August 2012, Hurricane Isaac caused widespread flooding in southern Louisiana, including an unprecedented storm surge at the terminal in New Orleans/Braithwaite of about 13 feet of water. The storm surge overtopped the Parish levee system and despite extensive efforts to prepare the terminal for the impact of the hurricane, extensive damage was sustained to various portions of the facility, including several tanks, causing some tank releases of stored product to occur. Multiple notices were made to the relevant authorities. The protective measures taken in and around the terminal were successful in retaining a considerable amount of the releases. Following the hurricane, the rail cars stored at the terminal were inspected and no leaks were detected. Samples of the flood waters, soil and sediment of the area surrounding the terminal have been taken and tested in cooperation with the various government authorities. Results of the residential soil samples are within the guidelines established by the Louisiana Department of Environmental Quality.

Both the state and federal environmental agencies, as well as the Louisiana State Police, have claimed against the terminal for civil penalties for (a) failure to properly provide notice in accordance with the respective regulatory requirements, and (b) discharges of chemical products being stored at the terminal. The Group is challenging the claims. It is premature to offer a view on the final outcome of the regulatory claims. However, it is not expected that any resolution will have a material effect on the Group's business or financial condition.

27. LEGAL PROCEEDINGS

There are various legal proceedings arising in the ordinary course of business and in cases where the Group believes the likelihood of losses is probable and can be estimated, provisions would be recorded. Whilst ongoing legal proceedings could have a material adverse effect on the Group's consolidated financial position or results of operations in the future, the Group believes that none of these matters will have a material adverse effect on its business or financial condition.

During 2017 and 2016, the Group has been involved in certain civil litigation cases, which are described below.

For the matters described below, as each such matter is covered by insurance, the Group has not incurred any legal costs for the years ended November 30, 2017 and November 30, 2016.

Collision involving *Stolt Commitment*

On December 16, 2015, the *Stolt Commitment* was involved in a collision with the general cargo ship *Thorco Cloud*, whilst in the Singapore Strait. As a consequence of these events, the *Thorco Cloud* sank with the loss of three lives, three other crewmen being unaccounted for. She was carrying steel and project cargo. The *Stolt Commitment* was damaged in the collision and arrangements were made to tranship the cargo on board to Malaysia, following which she went for repair. General average has been declared. The wreck of the *Thorco Cloud*, which is in two pieces, will probably require removal along with the removal of bunkers on board the ship when she sank. Claims have been made against the *Stolt Commitment* and her insurers by the owners of the *Thorco Cloud* and her insurers, the bereaved families of the deceased/missing crewmen, and those interested in the cargo on board the *Thorco Cloud*. Claims have been notified by the *Stolt Commitment* to the owners of the *Thorco Cloud* and her insurers. Responsibility and allocation of fault for the collision has not yet been determined but any losses, repairs and legal costs will be covered by insurance maintained by the Group, subject to deductibles and certain unrecoverable expenses. It is not expected that there will be a material adverse effect on the Group's business or financial condition.

Civil Actions as a result of Hurricane Isaac

Following the flooding at the terminal in New Orleans/Braithwaite, two class actions and multiple individual actions were filed at the District Court in the Parish of Plaquemines, State of Louisiana.

All actions allege pollution of the claimants' properties with liquids stored at the terminal and allegedly released as a consequence of the flooding. The actions are being defended and the monitoring of air quality, sampling of the flood waters and soil testing, all carried out in cooperation with the various government authorities, have shown results within the guidelines established by the Louisiana Department of Environmental Quality. In addition, Stolthaven New Orleans LLC has received a number of claims from residents for costs and/or damages via a claims hotline and all such claims have been made part of the above-referenced litigation. All these matters including the legal fees for the defence are covered by insurance maintained by the Group and it is not expected that they will have a material adverse effect on its business or financial condition.

Civil Actions as a result of the fire on the *MSC Flaminia*

On July 14, 2012, a fire broke out aboard the *MSC Flaminia* during the ship's crossing of the Atlantic Ocean in cargo hold number 4. During the crew's attempt to extinguish the fire, an explosion occurred. Stolt Tank Containers ('STC') had 29 tank containers onboard the ship, three of which were stowed in cargo hold number 4. These tanks carried various products for various customers.

STC filed claims for the replacement value of the tank containers and the product carried. In August 2012 vessel interests declared General Average. The vessel was initially hauled to Germany and then sailed onward to Romania for inspection, investigation and discharge operations.

On May 29, 2013, the vessel interests, namely the owner, manager and operator filed counter and cross claims against STC and Deltech, the shipper of the three tank containers stowed in cargo hold number 4, alleging that these tank containers were the cause of the fire and that STC did not adequately warn of the inherently dangerous nature of the cargo. Since that time, several other cargo claimants have filed cross claims against STC and Deltech.

The case remains pending in the US federal court sitting in the Southern District of New York. All fact and expert discovery on liability has been completed. The trial format was set up in three phases with Phase 1 dedicated solely to the findings of fact, and Phase 2 dedicated to allocating liability amongst responsible defendants. Phase 3 is to determine recoverable damages. The Phase 1 trial occurred during autumn of 2017. The Phase 2 trial is scheduled to occur in August 2018. The matter is in the hands of the insurers and, other than the deductible of $100,000, all other costs and expenses are covered by insurance and it is not expected that they will have a material adverse effect on the Group's business or financial condition.

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General
The ultimate outcome of governmental and third-party legal proceedings is inherently difficult to predict. The Group's operations are affected by international environmental protection laws and regulations. Compliance with such laws and regulations may entail considerable expense, including ship modifications and changes in operating procedures.

28. COMMON SHARES, FOUNDER'S SHARES, PAID-IN SURPLUS AND DIVIDENDS DECLARED

Accounting policy

Equity capital stock
The Company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Dividends
Dividends recommended by the Board of Directors are recognised in the financial statements when they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when approved by the Board of Directors.

Treasury shares
Upon the Group's purchase of its own shares (Treasury shares), the consideration paid is deducted from equity attributable to equity holders until the shares are cancelled, reissued or otherwise disposed of. In cases where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to equity holders.

	Founder's Shares par value $0.001 per share		Common Shares par value $1 per share	
	Shares Issued	Treasury Shares	Shares Issued	Treasury Shares
Balance at December 1, 2015	16,033,449	2,255,485	64,133,796	9,021,941
Treasury shares-collateral for revolver facility	–	(1,750,000)	–	(7,000,000)
Repurchase of treasury shares	–	41,750	–	167,000
Balance at November 30, 2016 and 2017	**16,033,449**	**547,235**	**64,133,796**	**2,188,941**

See Note 30 for additional information on the exercise of share options.

Share rights
The Group's authorised share capital consists of 65,000,000 Common shares, par value $1.00 per share, and 16,250,000 Founder's shares, par value $0.001 per share. As of November 30, 2017 and 2016, there were 64,133,796 shares issued, of which Treasury shares were 2,188,941. 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 Bye-laws, holders of Common shares and Founder's shares participate in annual dividends, if any are declared by the Group, 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 Bye-laws 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 Bye-laws, in the event of a liquidation, all debts and obligations of the Group must first be paid and thereafter all remaining assets of the Group 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 par value thereof ($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.

Dividends
On November 15, 2017, the Group's Board of Directors declared an interim dividend of $0.25 per Common share and $0.005 per Founder's share to shareholders of record as of November 29, 2017. The total gross amount of the dividend was $13.8 million, which was classified as an interim dividend and paid on December 12, 2017.

On February 8, 2017, SNL's Board of Directors recommended a final dividend for 2016 of $0.50 per Common Share, payable on May 11, 2017 to shareholders of record as of April 27, 2017. In accordance with the normal settlement practice, the shares traded ex-dividend on and after April 26, 2017 (one business day prior to the April 27, 2017 record date). The dividend, which was subject to shareholder approval, was approved at the Company's Annual General Meeting of Shareholders held on April 20, 2017 in Bermuda. The total gross amount of the dividend was $27.5 million and paid on May 11, 2017.

Share repurchase

On March 2, 2016, the Group announced the board approval of a new share purchase programme authorising the repurchase of up to $30.0 million worth of its common shares. The total number of common shares bought under this programme in the year ended November 30, 2016 was 0.2 million shares for $1.7 million. The repurchases resulted in the Group holding 2,188,941 of SNL shares at November 30, 2016.

In November 2016, 7,000,000 of Treasury shares were used as the collateral for the $50.0 million secured revolving credit facility (now $60.0 million). In order to comply with Bermuda law, the ownership of these shares was transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. Stolt-Nielsen Finance Limited holds these shares on behalf of the lender and they are no longer included in Treasury Shares. These shares are now included within Paid-In Surplus on the Balance Sheet. For the purposes of the Earnings Per Share calculation, these shares are considered as outstanding.

Founder's shares and treasury shares

As of November 30, 2017 and 2016, 15,486,214 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.

As of November 30, 2017 and 2016, 2,188,941 of Treasury shares were held by the Group. The Group also held 547,235 of Founder's shares for the same years. Note that dividends are not paid on Treasury shares held by the Group.

Capital management

The Group defines capital as net debt and equity attributable to equity holders of SNL. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to shareholders, issue new shares, repurchase shares or sell assets to reduce debt.

The Group monitors capital on the basis of the ratio of debt to tangible net worth. This is calculated as short-term and long-term debt divided by equity attributable to equity holders less intangible assets and excluding other components of equity. As of November 30, 2017 and 2016, the ratio of debt to equity attributable to equity holders of SNL less intangible assets and excluding other components of equity was as follows:

	As of November 30,			
(in thousands)		2017		2016
Short-term bank loans and long-term debt	**$**	**2,469,712**	$	2,353,225
Equity attributable to equity holders of SNL less intangible assets and excluding other components of equity		**1,594,280**		1,581,584
Debt to tangible net worth	**$**	**1.55**	$	1.49

The debt to tangible net worth of 1.55 at November 30, 2017 is in line with management's expectations.

The Group has external restrictions on its capital, which are its bank covenants. See Note 22 for further details.

29. RESTRICTIONS ON PAYMENT OF DIVIDENDS

Under Bermuda law, dividends cannot be paid if there are reasonable grounds for believing that:

(a) The Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) The realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

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30. SHARE-BASED COMPENSATION

The Group has a 1997 Share Option Plan (the '1997 Plan') covering 5,180,000 Common shares. No further grants were issued under the 1997 Plan as it expired in 2007 although options granted prior thereto continue to be exercisable in accordance with their stated terms. Beginning in 2007, the option grants were replaced with a cash-settled non-equity based performance incentive plan. Share-based expense for the years ended November 30, 2017 and November 30, 2016 was nil, as all share options are fully vested. All options under this plan expired on January 10, 2017.

The following table reflects activity under the Plan for the years ended November 30, 2017 and 2016:

	2017			2016		
For the years ended November 30,	**Shares**		**Weighted Average Exercise Price**	Shares		Weighted Average Exercise Price
Common share options						
Outstanding at beginning of year	**373,400**	**$**	**28.90**	730,675	$	30.89
Expired	**(373,400)**		**(28.90)**	(357,275)		(32.96)
Outstanding at end of year	**–**	**$**	**–**	373,400	$	28.90
Exercisable at end of year	**–**	**$**	**–**	373,400	$	28.90
Weighted average share price at date options exercised		**$**	**–**		$	–

The following table summarises information about share options outstanding as of November 30, 2017 and 2016:

	Options Outstanding					
	2017			2016		
	Number Outstanding	**Remaining Contractual Life (years)**	**Number Exercisable**	Number Outstanding	Remaining Contractual Life (years)	Number Exercisable
Common share options:						
$28.90	**–**	**–**	**–**	373,400	0.10	373,400
	–	**–**	**–**	373,400	0.10	373,400

31. EARNINGS PER SHARE

Earnings per Common Share

Basic Earnings per Common share ('EPS') is computed by dividing net profit 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 28, 'Common shares, 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 profit attributable to Common Shareholders. Founder's shares are not included in the basic or diluted weighted average shares outstanding in the computation of earnings per Common share.

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computations:

	For the years ended November 30,			
(in thousands, except per share data)		**2017**		2016
Net profit attributable to equity holders of SNL	**$**	**50,313**	$	113,145
Less: Dividends on Founder's shares		**(77)**		(77)
Net profit attributable to Common Shareholders	**$**	**50,236**	$	113,068
Basic weighted average shares outstanding		**61,945**		55,162
Dilutive effect of share options		**–**		–
Diluted weighted average shares outstanding		**61,945**		55,162
Basic earnings per share	**$**	**0.81**	$	2.05
Diluted earnings per share		**0.81**		2.05

Outstanding share options to purchase of 373,400 shares were not included in the computation of diluted earnings per share for the year ended November 30, 2016 because the net effect of these share options would have been anti-dilutive. Average Treasury shares held by the Company are also not included in the weighted average shares outstanding.

32. FINANCIAL INSTRUMENTS

Accounting Policy for Financial Instruments

IFRS 9 contains a classification and measurement approach for financial assets and liabilities, including derivative instruments, that reflects the business model in which assets are managed and their cash flow characteristics.

Under IFRS 9 all financial instruments are initially measured at fair value plus or minus transaction costs, in the case of a financial asset or liability not at fair value through profit or loss. This requirement is consistent with IAS 39. Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified.

IFRS 9 contains three principal classification categories for financial assets, based on the business models under which they are held:

- *Amortised cost: The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the assets are held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Group's assets measured at amortised cost include trade and other receivables, cash and cash equivalents and advances from joint ventures and associates.*
- *Fair value through other comprehensive income (FVTOCI): Assets that are held for collection of contractual cash flows and for future sales the financial assets, where the assets' cash flows represent solely payments of principal and interest and dividends, are measured at fair value through other comprehensive income. See Note 17 for further details.*
- *Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. See Note 17 for further details.*

Impairment

As required by IFRS 9, the Group adopted an 'expected credit loss model', as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Credit losses are calculated as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive. Expected credit losses are the sum of all possible credit losses, weighted by their probability of occurrence.

The '12 month expected credit losses' approach is applied to all financial assets with the exception of trade receivables and advances to joint ventures. Both these asset classes generally do not contain a significant financing component. For these assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, net of any allowance losses. The allowance loss measurement is determined by applying a simplified approach equalling the lifetime expected credit losses.

Under the simplified approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within selling, marketing and distribution expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Fair Value Estimation

The information below summarises financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- *New business quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).*
- *Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).*
- *Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).*

The Group's investment in Golar is measured using quoted prices in an active market (Level 1) while its derivative assets of $13.8 million and $7.1 million as of November 30, 2017 and 2016, respectively and liabilities of $160.0 million and $185.6 million as of November 30, 2017 and 2016, respectively, are measured using inputs other than quoted prices (Level 2). The Group's mature biological assets are measured using inputs other than quoted prices (Level 2). There have been no changes in the fair value methodology in the periods presented.

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Hedge accounting

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has not applied the IFRS 9 hedge accounting requirements and will continue to apply the hedge accounting requirements of IAS 39.

Accounting policy for Derivative Assets and Liabilities

The Group enters into forward exchange contracts to hedge foreign currency transactions, interest rate swaps to hedge the risk of variability of interest payments, cross currency interest rate swaps to hedge the risk of variability of interest and principal payments on non-US dollar denominated borrowings and bunker fuel hedge contracts to lock in the price for a portion of forecasted bunker fuel requirements. No instruments are held for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss on remeasurement is recognised immediately in the income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of any resultant gain or loss on the income statement depends on the nature of the item being hedged. The impact in the income statement is shown in interest, foreign currency exchange gain (loss) or operating expenses as appropriate, based on the underlying value of the derivative.

(i) Determination of fair value

The fair value of interest rate swaps, cross currency interest rate swaps and foreign exchange contracts is based on discounted cash flow models based upon the valuations received from brokers, taking into account current interest rates and foreign exchange rates.

(ii) Cash flow hedges

The Group applies cash flow hedge accounting to its interest rate swaps, cross currency interest rate swaps and foreign exchange forward contracts.

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

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss recognised in other comprehensive income is removed and included in the initial cost or other carrying amount of the asset or liability.

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

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

(iii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to the host contract. Contracts are assessed for embedded derivatives at inception of such contracts or when the Group becomes party to them. Embedded derivatives that have been separated from host contracts are measured at fair value at each balance sheet date. Any gains or losses arising from changes in fair value are directly taken to the income statement.

The Group holds the following financial instruments:

	November 30, 2017				November 30, 2016			
(in thousands)	Current	Non-current	Total carrying value	Fair Value	Current	Non-current	Total carrying value	Fair Value
Financial assets								
Financial assets at FVTOCI								
Investments in equity instruments – listed	$ –	$ 57,570	$ 57,570	$ 57,570	$ –	$ 56,848	$ 56,848	$ 56,848
Financial assets at FVTPL								
JoT bond portfolio – listed	–	–	–	–	11,399	–	11,399	11,399
Financial assets at amortised cost								
Cash and cash equivalents	58,308	–	58,308	58,308	92,784	–	92,784	92,784
Restricted cash	98	–	98	98	87	–	87	87
Trade receivables	241,115	–	241,115	241,115	201,634	–	201,634	201,634
Loans and advances to joint ventures	–	59,107	59,107	59,107	–	53,200	53,200	53,200
Other current assets	44,150	–	44,150	44,150	49,085	–	49,085	49,085
	$ 343,671	$ 116,677	$ 460,348	$ 460,348	$ 354,989	$ 110,048	$ 465,037	$ 465,037
Financial Liabilities at amortised cost								
Accounts payables, excluding withholding and value added taxes	84,834	–	84,834	84,834	66,236	–	66,236	66,236
Accrued expenses	236,609	–	236,609	236,609	241,327	–	241,327	241,327
Dividend payable	13,814	–	13,814	13,814	27,550	–	27,550	27,550
Short-term bank loans	–	–	–	–	8,100	–	8,100	8,100
Long-term debt and finance leases including current maturities excluding debt issuance costs	438,215	2,064,078	2,503,293	2,597,212	548,874	1,796,251	2,345,125	2,480,148
	$ 773,472	$ 2,064,078	$ 2,838,550	$ 2,932,469	$ 892,087	$ 1,796,251	$ 2,688,338	$ 2,823,361
Derivative Financial Instruments at fair value								
Assets								
Cross-currency interest rate swaps – cash flow hedges	113	152	265	265	347	–	347	347
Bunker call options	–	–	–	–	575	645	1,220	1,220
Bunker purchase swap contracts	8,907	3,458	12,365	12,365	4,739	301	5,040	5,040
Foreign currency exchange contracts – cash flow hedges	5	–	5	5	9	480	489	489
Interest rate swaps	–	1,132	1,132	1,132	–	–	–	–
	$ 9,025	$ 4,742	$ 13,767	$ 13,767	$ 5,670	$ 1,426	$ 7,096	$ 7,096
Liabilities								
Cross-currency interest rate swaps – cash flow hedges	55,201	93,826	149,027	149,027	14,557	163,679	178,236	178,236
Foreign currency exchange contracts	50	–	50	50	338	–	338	338
Interest rate swaps	5,620	5,349	10,969	10,969	3,106	3,960	7,066	7,066
	$ 60,871	$ 99,175	$ 160,046	$ 160,046	$ 18,001	$ 167,639	$ 185,640	$ 185,640

Fair value of financial instruments

The estimated fair value amounts of financial instruments have been determined by the Group, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange.

The carrying amount of cash and cash equivalents, receivables, other current assets, accounts payable (excluding withholding and value added tax payables), accrued expenses and dividend payable are a reasonable estimate of their fair value, due to the short maturity thereof. The estimated value of the Group's financial assets and marketable securities are based on traded value. The estimated value of its senior unsecured bond issues is based on traded values, while the values on the remaining long-term debt is based on interest rates as of November 30, 2017 and 2016, respectively, using the discounted cash flow methodology. The fair values of the Group's foreign exchange and bunker contracts are based on their estimated market values as of November 30, 2017 and 2016. Market value of interest rate and cross-currency interest rate swaps was estimated based on the amount the Group would receive or pay to terminate its agreements as of November 30, 2017 and 2016.

The Group's financial instruments resulted in the following income, expenses, gains and losses recognised in the income statement:

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	Year Ended November 30	
	2017	2016
Dividends from equity investments held at FVTOCI	**$ 582**	$ 1,308
Impairment expense recognised on trade receivables	**1,504**	1,675
Total	**$ 2,086**	$ 2,983

Derivatives
The Group has derivative assets of $13.8 million and $7.1 million as of November 30, 2017 and 2016, respectively and derivative liabilities of $160.0 million and $185.6 million as of November 30, 2017 and 2016, respectively. All the Group's derivative activities are financial instruments entered with major financial institutions for hedging the Group's committed exposures or firm commitments with major financial credit institutions, shipbuilders and ship-repair yards. The fair values of the Group's foreign exchange contracts and cross currency interest rate swaps are based on their estimated market values as of November 30, 2017 and 2016, respectively. There were no changes in the valuation techniques during the period.

The Group has purchased forward contracts on 92,000 tonnes of bunker fuel for delivery in 2016, 111,000 tonnes for delivery in 2017 and 2018 and 48,000 tonnes for delivery in 2019 with initial expiration dates ranging from three to 24 months forward. The bunker contracts were marked-to-market through the Income Statement and a realised and unrealised gain of $13.5 million was recorded for the year ended November 30, 2017.

All of the Group's derivative activities are not publicly traded financial instruments. These financial instruments are entered into with major financial institutions for hedging the Group's committed exposures with major financial credit institutions, shipbuilders and ship repair yards. The Group holds foreign exchange forward contracts, commodity contracts and interest rate swaps, which subject the Group to a minimum level of counterparty risk. The Group 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 cumulative net losses recognised in equity were as follows at November 30, 2017 and 2016.

	As of November 30,	
(in thousands)	**2017**	2016
Interest rate derivatives	**$ (8,064)**	$ (4,895)
Cross-currency interest rate swaps	**(8,747)**	(23,201)
Foreign currency derivatives	**(50)**	(266)
Foreign exchange hedges held by a joint venture and interest rate hedges at an associate	**(846)**	(1,616)
Deferred income tax gain on the interest rate derivatives	**277**	–
	$ (17,430)	$ (29,978)

Foreign currency
The following foreign exchange contracts, maturing through May 2018, were outstanding as of November 30, 2017 and 2016:

	Purchase	
(in local currency, thousands)	**2017**	2016
Norwegian Kroner	**21,000**	–
Euro	**–**	–
Singapore Dollar	**373**	1,685
British Sterling	**–**	7,800

The US dollar equivalent of the currencies which the Group had contracted to purchase was $2.9 million and $11.2 million as of November 30, 2017 and 2016, respectively.

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

The Group has elected non-hedge accounting treatment for some contracts, with immaterial notional amounts. Gains and losses on hedges of committed commercial transactions are recorded as a foreign exchange gain or loss.

For the years ended November 30, 2017 and 2016, a $0.3 million and $1.6 million net unrealised gain, respectively, was reclassified from the hedging reserve into earnings. In 2017, there is no net unrealised gain or loss included in the hedging reserve that is expected to be reclassified into earnings within six months.

Interest rate and cross-currency interest rate swaps

The Group entered into interest rate and cross-currency interest rate swaps with notional values of $1,283.9 million and $899.9 million as of November 30, 2017 and 2016, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2017 and 2016, $19.7 million and $20.7 million, respectively, were recognised in finance expense. Any remaining amounts currently in other comprehensive income are expected to be reclassified to earnings in 2018 to 2027.

Maturity of financial liabilities

	For the Year Ended November 30, 2017				
(in thousands)	**Less than 1 yr**	**2-3 yrs**	**4-5 yrs**	**More than 5 yrs**	**Total**
Contractual obligations:					
Accounts payable, excluding withholding and value added taxes	**$ 84,834**	**$ –**	**$ –**	**$ –**	**$ 84,834**
Accrued expenses and dividend payable	**250,423**	**–**	**–**	**–**	**250,423**
Long-term debt and finance leases including current maturities	**439,029**	**591,179**	**889,687**	**583,398**	**2,503,293**
Interest on long-term debt and finance leases	**125,442**	**192,556**	**125,299**	**72,169**	**515,466**
Derivative financial liabilities	**62,187**	**58,556**	**60,378**	**512**	**181,633**
Total contractual obligations	**$ 961,915**	**$ 842,291**	**$ 1,075,364**	**$ 656,079**	**$ 3,535,649**

	For the Year Ended November 30, 2016				
(in thousands)	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total
Contractual obligations:					
Accounts payable, excluding withholding and value added taxes	$ 66,236	$ –	$ –	$ –	$ 66,236
Accrued expenses and dividend payable	268,877	–	–	–	268,877
Short-term debt	8,100	–	–	–	8,100
Long-term debt and finance leases including current maturities	551,201	470,563	490,911	867,663	2,380,338
Interest on long-term debt and finance leases	94,697	139,301	77,035	57,036	368,069
Derivative financial liabilities	18,178	102,038	85,114	84	205,414
Total contractual obligations	$ 1,007,289	$ 711,902	$ 653,060	$ 924,783	$ 3,297,034

Long-term debt in the table above excludes debt issuance costs of $33.6 million and $36.2 million and future finance charges on finance leases of approximately $0.1 million and $0.2 million as of November 30, 2017 and 2016, respectively. Derivative financial liabilities are stated at future undiscounted cash flows; therefore, they do not agree to the balance sheet.

Stolt-Nielsen Limited
Notes to the Consolidated Financial Statements
continued

33. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS

(in thousands)	For the years ended November 30, 2017	2016
Net profit	**$ 50,117**	$ 113,237
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation of property, plant and equipment	**261,141**	230,843
Amortisation of intangible assets	**3,356**	3,228
Impairment of property, plant and equipment	**15,300**	–
Impairment of accounts receivable	**1,504**	–
Gain on curtailment of US retiree healthcare	**(7,171)**	–
Finance expense, net	**130,211**	103,616
Net periodic benefit expense (credit) of defined benefit pension plans	**5,305**	(3,019)
Income tax expenses	**12,239**	15,707
Share of profit of joint ventures and associates	**(17,588)**	(33,599)
Fair value adjustment on biological assets	**(17)**	(7,590)
Foreign currency related loss	**2,774**	1,568
Unrealised bunker hedge gain	**(6,105)**	(5,394)
Loss on disposal of assets, net	**515**	137
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in receivables	**(38,742)**	6,094
(Increase) decrease in inventories	**(2,815)**	1,675
Decrease (increase) in biological assets	**1,920**	(888)
(Increase) decrease in prepaid expenses and other current assets	**(10,046)**	15,442
Increase (decrease) in accounts payable and other current liabilities	**39,155**	(24,111)
Contributions to defined benefit pension plans	**(3,368)**	(2,274)
Dividends from joint ventures and associates	**23,232**	28,604
Other, net	**(344)**	2,758
Cash generated from operations	**$ 460,573**	$ 446,034

Analysis of net debt

Net debt at November 30, 2017 comprises cash and cash equivalents of $58.3 million (2016: $92.8 million), short-term bank loans of nil (2016: 8.1 million) and long-term debt and finance leases, including current maturities, of $2,469.7 million (2016: $2,345.1 million). See Notes 22 and 23 for further details.

(in thousands)	At December 1, 2016	Cash Flow	Exchange Differences	Other Movements	At November 30, 2017
Cash deposits	$ 81,812	$ (25,223)	$ (5,168)	$ –	**$ 51,421**
Short-term time deposits	10,972	(4,085)	–	–	**6,887**
Cash and cash equivalents	92,784	(29,308)	(5,168)	–	**58,308**
Borrowings:					
Short-term bank loans	(8,100)	8,100	–	–	**–**
Long-term debt, including current maturities	(2,344,884)	(98,858)	(23,123)	(2,707)	**(2,469,572)**
Finance lease obligations	(241)	100	1	–	**(140)**
Net debt	**$ (2,260,441)**	**$ (119,966)**	**$ (28,290)**	**$ (2,707)**	**$ (2,411,404)**

Short-term time deposits included within cash and cash equivalents relate to term deposits repayable within three months.

Other non-cash movements in net debt primarily represent $8.7 million amortisation of debt issuance costs offset by the capitalisation of debt issuance costs and interest to debt of $6.2 million.

34. BUSINESS ACQUISITIONS

Accounting policy

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the aggregate of the fair values of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange for control of the acquiree. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Any adjustments of the purchase price allocation will be made if prior to one year after acquisition in accordance with IFRS 3.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group announced on July 18, 2016 that it had agreed to acquire 100% of the equity relating to the chemical tanker operations of JoT. The transaction comprises 13 chemical tankers in service and a 50% share in Hassel Shipping 4 A.S. with two newly delivered ships and six newbuildings. The total purchase consideration for net assets acquired was $295.6 million, including the share of the progress payments on the newbuildings in the joint venture. Funding for the transaction has been secured through some of the Group's main banks with a combination of bridge financing, secured term loans and available corporate funds. See Note 23. The acquisition was completed on November 23, 2016.

The Group entered into the acquisition to address the tonnage replacement needs of the Group's existing chemical tanker fleet for the next several years. Further, the acquisition will add new trade routes and expand the Group's presence in key trade-lanes, enabling the Group to better serve the needs of its global customer base. The acquisition will also provide some cost savings with relation to shore based staff.

Since the transaction was completed close to the year end, the purchase consideration, fair values and the purchase price allocation were preliminary and subject to change at the year ended November 30, 2016. As permitted under IFRS 3, if new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, then the accounting for this acquisition will be revised. There were no significant adjustments to the preliminary purchase price allocation and accordingly the purchase price allocation disclosed in Note 34 of the Consolidated Financial Statements for the year ended November 30, 2016 is final.

As part of the acquisition of JoT, the Group acquired a 50% interest in Hassel Shipping 4 *A.S.* which had previously ordered eight newbuildings from New Times Shipbuilding. Two newbuildings were delivered prior to acquisition. By November 30, 2017, the joint venture had taken delivery of five additional ships: *Stolt Lerk* was delivered on February 22, 2017; *Stolt Lind* on March 15, 2017; *Stolt Calluna* on June 16, 2017, *Stolt Ebony* on July 11, 2017; and *Stolt Maple* on October 20, 2017. The last ship, ordered by Hassel Shipping 4 *A.S.*, *Stolt Palm*, was delivered on January 11, 2018. See Note 35.

Stolt-Nielsen Limited
Notes to the Consolidated Financial Statements
continued

35. SUBSEQUENT EVENTS

Hassel Shipping 4 A.S.
On January 11, 2018, the Group's joint venture Hassel Shipping 4 A.S. took delivery of M/T *Stolt Palm*, the last 33,000 dwt fully stainless steel newbuildings from New Times Shipbuilding.

US tax reform
The Group expects the recently enacted US Tax Cuts and Jobs Act ('the Act') to positively impact its future US after-tax adjusted earnings, primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% applicable from January 1, 2018.

Further, the Group expects that the changes will result in a one-time non-cash tax credit for the quarter ending February 28, 2018 relating to the revaluation of US deferred tax assets and liabilities. This credit is expected to be approximately $25 million based on the net US deferred tax liabilities at November 30, 2017.

The ultimate impact of the Act is subject to complex provisions in the legislation with further guidance and clarifications expected to be issued by the US authorities.

Dividends
On February 7, 2018, the Group recommended a final dividend for 2017 of $0.25 per Common Share, payable on May 9, 2018 to shareholders of record as of April 26, 2018. The dividend which is subject to shareholder approval, will be voted on at the Group's Annual General Meeting of Shareholders scheduled for April 19, 2018 in Bermuda. The shares will trade ex-dividend on and after April 25, 2018.

Share buy-back
On February 7, 2018, the Group announced the continuation of the share buy-back programme announced on March 2, 2016. Under the 2016 buy-back programme, the Board had authorised the purchase of up to $30 million worth of Common Shares, of which the Group only utilised $1,715,353.48, leaving $28,284,646.52 available for further purchases.

The shares will be purchased through open market transactions and private offerings in accordance with applicable laws and regulations, and purchased shares will be held as treasury shares. The purchases will continue until the targeted amount of $30 million has been reached, but will be halted in the period March 15, 2018 until April 9, 2018, as the Group will be in a restricted period until the first quarter 2018 results have been released.

Stolt-Nielsen Limited
Responsibility Statement

We confirm, to the best of our knowledge, that the consolidated Group and Company financial statements for the period December 1, 2016 to November 30, 2017 have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the Group's assets, liabilities, financial position and profit as a whole. In preparing these financial statements, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclosure with reasonable accuracy at any time the financial position of the Company and the Group and enable us to ensure that the financial statements comply with the Bermuda Company Act of 1981. We are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. We are responsible for the maintenance and integrity of the Company's website. We highlight that legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We also confirm, to the best of our knowledge, that the Financial review and the Business Review include a fair review of important events that have occurred during the financial year and their impact on the financial statements, a description of the principal risks and uncertainties facing the Group and material related party transactions.

The financial statements on pages 68 to 134 and 136 to 151 were approved and signed for on behalf of the Board of Directors.

Niels G. Stolt-Nielsen
Chief Executive Officer

Jan Chr. Engelhardtsen
Chief Financial Officer

London

March 01, 2018

Stolt-Nielsen Limited
Income statement

(in thousands)	Notes	For the years ended November 30, 2017	2016
Revenue		**$ 1,366**	$ 900
Administrative and general expenses	3	**(1,326)**	(913)
Operating income (loss)		**40**	(13)
Finance expense	13	**(51,475)**	(53,109)
Finance income	13	**51,475**	53,109
Foreign exchange (loss) gain		**(40)**	13
Dividend income	5	**821,405**	59,700
Profit before income taxes		**821,405**	59,700
Income tax expense	2	**–**	–
Net Profit		**$ 821,405**	$ 59,700

The accompanying notes form an integral part of these financial statements.

Stolt-Nielsen Limited
Statements of Comprehensive Income

		For the years ended November 30,	
(in thousands)	Notes	**2017**	2016
Net profit for the year		**$ 821,405**	$ 59,700
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Net loss on cash flow hedges	14	**(15,192)**	(115,318)
Reclassification of cash flow hedges to income statement	14	**29,628**	134,477
Other comprehensive income for the year		**14,436**	19,159
Total comprehensive income		**$ 835,841**	$ 78,859

The accompanying notes form an integral part of these financial statements.

Stolt-Nielsen Limited
Balance Sheet

(in thousands)	Notes		As at November 30, 2017		2016
ASSETS					
Cash and cash equivalents	4	**$**	**15**	$	15
Accounts receivable from subsidiaries	5		**1,767,750**		870,800
Derivative financial instruments	14,15		**113**		347
Other current assets	6		**6,290**		10,140
Total Current Assets			**1,774,168**		881,302
Long-term receivables from subsidiaries	5		**727,665**		207,871
Investments in subsidiaries	7		**1,676,112**		581,828
Other non-current assets			**153**		–
Total Non-Current Assets			**2,403,930**		789,699
Total Assets	$		**4,178,098**	$	1,671,001
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current maturities of long-term debt	13	**$**	**116,287**	$	49,954
Accounts payable to subsidiaries	5		**417**		223
Interest payable	8		**7,573**		5,148
Derivative financial instruments	14		**55,201**		15,027
Dividends payable	8		**13,814**		27,550
Other current liabilities			**11**		–
Total Current Liabilities			**193,303**		97,902
Long-term debt	13		**616,830**		548,301
Long-term payable to subsidiaries	5		**2,087,873**		469,408
Derivative financial instruments	14		**93,826**		163,679
Total Non-Current Liabilities			**2,798,529**		1,181,388
Total Liabilities			**2,991,832**		1,279,290
Equity					
Founder's shares	11		**16**		16
Common shares, par value $1	11		**64,134**		64,134
Paid-in surplus	11		**396,608**		396,608
Retained earnings			**785,740**		5,621
Hedging reserve	14		**(8,746)**		(23,182)
			1,237,752		443,197
Treasury shares	11		**(51,486)**		(51,486)
Total Shareholders' Equity			**1,186,266**		391,711
Total Liabilities and Equity		**$**	**4,178,098**	$	1,671,001

The accompanying notes form an integral part of these financial statements.

Stolt-Nielsen Limited
Statement of Changes in Shareholders' Equity

(in thousands)	Common Shares	Founder's Shares	Paid-in Surplus	Retained Earnings	Hedging Reserve	Treasury Shares	Total Shareholder's Equity
Balance, December 1, 2015	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 962**	**$ (42,341)**	**$ (214,416)**	**$ 204,963**
Comprehensive income							
Net Profit	–	–	–	59,700	–	–	59,700
Other comprehensive income:							
Net income on cash flow hedge	–	–	–	–	19,159	–	19,159
Other comprehensive income	–	–	–	–	19,159	–	19,159
Total comprehensive income	–	–	–	59,700	19,159	–	78,859
Transactions with shareholders							
Purchase of 167,000 treasury shares	–	–	–	–	–	(1,715)	(1,715)
Transfer of 7,000,000 SNL treasury shares	–	–	–	–	–	164,645	164,645
Cash dividends paid – $1.00 per Common share	–	–	–	(54,964)	–	–	(54,964)
Cash dividends paid – $0.005 per Common share	–	–	–	(77)	–	–	(77)
Total transactions with shareholders	–	–	–	(55,041)	–	162,930	107,889
Balance, November 30, 2016	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 5,621**	**$ (23,182)**	**$ (51,486)**	**$ 391,711**
Comprehensive income							
Net Profit	–	–	–	821,405	–	–	821,405
Other comprehensive income:							
Net income on cash flow hedge	–	–	–	–	14,436	–	14,436
Other comprehensive income	–	–	–	–	14,436	–	14,436
Total comprehensive income	–	–	–	821,405	14,436	–	835,841
Transactions with shareholders							
Cash dividends paid – $0.75 per Common share	–	–	–	(41,209)	–	–	(41,209)
Cash dividends paid – $0.005 per Common share	–	–	–	(77)	–	–	(77)
Total transactions with shareholders	–	–	–	(41,286)	–	–	(41,286)
Balance, November 30, 2017	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 785,740**	**$ (8,746)**	**$ (51,486)**	**$ 1,186,266**

The accompanying notes form an integral part of these financial statements.

Stolt-Nielsen Limited
Statement of Cash Flow

		For the years ended November 30,	
(in thousands)	Note	2017	2016
Cash (used in) generated from operations	16	**$ (15,273)**	$ 67,900
Interest paid		**(47,448)**	(53,952)
Debt issuance payments		**(2,039)**	(1,492)
Net cash (used in) provided by operating activities		**(64,760)**	12,456
Cash flows generated from (used in) financing activities:			
Proceeds from issuance of long-term debt		**175,000**	179,710
Repayment of long-term debt		**(55,218)**	(300,000)
Transfer of treasury shares		**–**	164,645
Repurchase of shares		**–**	(1,715)
Dividends paid		**(55,022)**	(55,096)
Net cash flow provided by (used in) financing activities		**64,760**	(12,456)
Net change in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of year		**15**	15
Cash and cash equivalents at the end of the year		**$ 15**	$ 15

The accompanying notes form an integral part of these financial statements.

Stolt-Nielsen Limited
Notes to the Financial Statements

1. CORPORATE STRUCTURE AND MANAGEMENT

Stolt-Nielsen Limited ('SNL' or the 'Company') is a limited liability holding company incorporated in Bermuda on June 11, 2010. The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and with the registration number EC 44330.

The object of the Company is the participation in any manner in all commercial, industrial, financial and other enterprises of Bermuda or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which the Company will administer and exploit; the Company may lend or borrow with or without security, provided that any money so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated with the Company; and in general to undertake any operations directly or indirectly connected with such objectives as permitted by the Bermuda Company Act.

The Company holds direct and indirect investments in various subsidiaries throughout the world which transport, store and distribute bulk liquid chemicals, edible oils and other specialty liquids as well as subsidiaries and equity investees in seafood, the distribution of bitumen and other subsidiaries which provide management and agency services to specified subsidiaries owned by the Company. The Company also commenced its operations in the transportation of Liquefied Petroleum Gas and Liquid Nitrogen Gas through its subsidiary, Stolt-Nielsen Gas Limited.

A subsidiary of the Company completed its acquisition of the chemical tanker operations of Jo Tankers ('JoT') on November 23, 2016. The transaction comprises 13 chemical tankers and a 50% share in a joint venture with eight newbuildings. For details on this acquisition see Note 34 in the SNL Consolidated financial statements.

The functional and presentational currency of the Company is the US dollar. The Company is reimbursed by its subsidiaries for certain administrative and general expenses incurred on behalf of the subsidiaries.

The Company also prepares consolidated financial statements. Both these financial statements and the consolidated financial statements are prepared and published according to the provisions of the Bermudian Company law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stolt-Nielsen Limited have been prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union ('IFRSs') and IFRIC Interpretations, applied on a consistent basis with the prior year.

The significant accounting policies used in the preparation of these financial statements are given below.

Basis of measurement

The financial statements are prepared on the historical cost basis with the exception of derivatives which are recorded at fair value.

Cash and cash equivalents

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

Financial Assets

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Company's assets measured at amortised cost include trade and other receivables, cash and cash equivalents and advances from joint ventures and associates.

Stolt-Nielsen Limited
Notes to the Financial Statements
continued

Impairment
As required by IFRS 9, the Company adopted an 'expected credit loss model', as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Credit losses are calculated as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive. Expected credit losses are the sum of all possible credit losses, weighted by their probability of occurrence.

The '12 month expected credit losses' approach is applied to all financial assets with the exception of trade receivables and advances to joint ventures. Both these asset classes generally do not contain a significant financing component. For these assets, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, net of any allowance losses.
The allowance loss measurement is determined by applying a simplified approach equalling the lifetime expected credit losses.

Under the simplified approach the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within selling, marketing and distribution expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Investments in subsidiaries
The Company accounts for its investments in subsidiaries at historical cost. At each reporting date investments in subsidiaries are assessed for an indication of impairment. As the investments in subsidiaries are not listed on a stock exchange or dealt in another regulated market, market value corresponds to the probable market or recovery value estimated with care and in good faith by management. At November 30, 2017, no indication of impairment was identified.

Revenue recognition
Revenue is recorded for the reimbursement of administrative and general expenses when these transactions occur.

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

Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

Derivative financial instruments and hedging
The Company enters into forward exchange contracts to hedge foreign currency transactions and interest rate swaps to hedge the risk of variability of interest payments or a combination of these transactions. No instruments are held for speculative purposes.

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

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

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

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

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

Equity capital stock

The Company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Share-based payments

Where subsidiaries incur charges for share based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiaries with a corresponding credit to shareholders' equity.

Finance expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method.

Taxes

The Company is incorporated in Bermuda which is a non-taxable jurisdiction.

Dividends

Dividends recommended by the Board of Directors are recognised in the financial statements when they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when approved by the Board of Directors.

IFRSs issued but not effective as of November 30, 2017

The following pronouncements, issued by the International Accounting Standard Board ('IASB'), are not yet effective:

The IASB has issued a new standard for the recognition of revenue IFRS 15, Revenue from Contracts with Customers ('IFRS 15'). This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers voyage accounting and recognition of revenue over time. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Currently revenue is recognised when the risks and rewards of ownership transfer to the buyer. IFRS 15 permits either a full retrospective or a modified retrospective approach for the adoption and will be applicable to the Company and its subsidiaries for the year ending November 30, 2019. The Company evaluated the impact of IFRS 15 and, while it largely complies with the principles of IFRS 15, there may be areas where the timing of revenue recognition will be modified to reflect the point in time where transfer of control occurs. At this stage the impact of the transition to IFRS 15 is not expected to be material to the Financial Statements.

IFRS 16, Leases ('IFRS 16') requires lessees to recognise assets and liabilities for most leases as 'right to use' assets. The implementation date for the Company is for the year ending November 30, 2020. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

These changes will result in an increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low-value assets. IFRS 16 will have a material impact on the financial statements of the Company and its subsidiaries due to the nature, number and complexity of lease contracts to which the Company and its subsidiaries are expected to be committed at the end of November 30, 2020, the transition date for the Company and its subsidiaries.

Other than IFRS 16, the Company does not expect there to be a material impact on its Financial Statements from these standards, apart from additional disclosures in the financial statements.

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Critical Accounting Policies

The Company reviews for impairment of its subsidiaries on a consolidated basis.

The fair value of cross-currency interest rate swaps is based on discounted cash flow models based upon the valuations received from brokers, taking into account current interest rates and foreign exchange rates and the current creditworthiness of the swap counterparties.

See the Critical Accounting Judgements and Key Sources of Estimation in the Consolidated Financial Statements of Stolt-Nielsen Limited included herein.

3. ADMINISTRATIVE AND GENERAL EXPENSES

Each non-executive director receives a Board fee and additional fees are paid for audit and legal expenses.

(in thousands)		**2017**		2016
Board and other costs	**$**	**1,326**	$	913
Total	**$**	**1,326**	$	913

At the end of 2017 and 2016, the Board of Directors consisted of six members.

4. CASH AND CASH EQUIVALENTS

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

5. RELATED PARTY TRANSACTIONS

Effective December 1, 2011, SNL entered into a related party loan with Stolt Tankers Holding Ltd ('Stolt Tankers') for $273.3 million. Stolt Tankers borrowed an additional $356.9 million during 2012 and $207.0 million during 2014. During 2014, the receivable from Stolt Tankers Holding Ltd was transferred to Stolt-Nielsen M.S. Ltd. ('Stolt-Nielsen MS') and in 2016 Stolt-Nielsen MS repaid SNL $170.3 million. The interest rates on the loans range from 4.5% to 6.8% and mature from one to seven years. Also in 2016, SNL entered into a related party loan with Stolt-Nielsen Acquisition Holdings Ltd (now Stolt Tankers Limited) for $50.0 million in relation to the acquisition of JoT. Interest is at LIBOR plus 1.8%. All remaining receivables and payables to subsidiaries at November 30, 2017 are non-interest bearing and repayable on demand with the majority being denominated in US dollars. Their market value and contractual balances are in line with amounts recorded.

At November 30, 2017, no receivables are over-due or impaired. The maximum exposure to credit risk is the carrying value of the receivables.

(in thousands)		**2017**		2016
Accounts Receivable from Subsidiaries				
Stolt-Nielsen Group Resources Ltd (Liberia)	**$**	**670,710**	$	678,732
Stolt-Nielsen Investment Holdings BV (Netherlands)		**898,890**		–
Stolt-Nielsen Finance Ltd (Bermuda)		**164,646**		164,646
Other		**33,504**		27,422
	$	**1,767,750**	$	870,800
Accounts Payable to Subsidiaries				
Other	**$**	**417**	$	223
	$	**417**	$	223
Long-term Receivable to Subsidiaries				
Stolt Tankers Ltd (Bermuda) formerly Stolt-Nielsen Acquisition Holding Ltd	**$**	**672,608**	$	207,871
Stolt Tankers BV (Netherlands)		**55,057**		–
	$	**727,665**	$	207,871
Long-term Payable to Subsidiaries				
Stolt-Nielsen M.S. Ltd. (Bermuda)	**$**	**2,087,873**	$	469,408

Receivables from subsidiaries of $1,767.8 million were primarily the result of the historical issuance of shares, proceeds from long-term debt issuances, payment of dividends and billings of expenses to subsidiaries, prior acquisitions of investments, receipt of dividends from subsidiary companies and normal expenses. In 2017, the Company restructured certain of its investments which resulted in the receivable from Stolt-Nielsen Investment Holdings BV (Netherlands) of $898.9 million.

The long-term receivable from Stolt Tankers Ltd, formerly Stolt-Nielsen Acquisition Holding Ltd, related to the acquisition of JoT in 2016. In 2017, the Company restructured its investments in certain subsidiaries which resulted in the receivable increasing to $672.6 million.

Dividends received of $31.0 million and $59.7 million were from Stolt-Nielsen Group Resources Ltd for the year ended November 30, 2017 and 2016, respectively. Dividends of $790.4 million were from Stolt-Nielsen Investment NV for the year ended November 30, 2017.

The long-term payable to Stolt-Nielsen M.S. Ltd related to the acquisition of a subsidiary, investment in and restructuring of certain of its investments by the Company in 2017 and external dividends, partially offset by the interest-bearing loan discussed above.

The Company has no employees as all services are performed by employees of its subsidiaries. Board of Directors' and key management compensation for SNL are as follows for the full year 2017 and 2016:

(in thousands)		2017		2016
Board fees	$	721	$	561
Salary and benefits		4,410		4,138
Profit sharing		682		1,367
Long-term incentives		925		502
Pension cost		916		983
Total compensation and benefits	$	7,654	$	7,551
Average number of key managers included		8		8

Key management includes the Executive Officers and Presidents of the major businesses.

The Company is ultimately controlled by trusts for the benefit of the Stolt-Nielsen family.

6. OTHER CURRENT ASSETS

Other current assets represent $6.3 million and $10.1 million of cash collateral held by the counterparties of the cross-currency interest rate swaps as of November 30, 2017 and 2016, respectively. A cash margin is posted when the mark-to-market exceeds a predetermined threshold.

7. INVESTMENTS IN SUBSIDIARIES

Investments in which the Company holds at least 20% in their share capital are as follows:

Undertaking's Name (Legal Form) (in thousands)	Registered Office	Ownership %		November 30, 2016		Additions/ (deductions)		November 30, 2017
Stolt-Nielsen M.S. Ltd	Bermuda	100%	$	17	$	–	$	17
Stolt-Nielsen Group Resources Ltd	Liberia	100%		327,680		–		327,680
Stolt Tankers Ltd (formerly Stolt-Nielsen Acquisition Holding Ltd)	Bermuda	100%		10		1,138,000		1,138,010
Stolt-Nielsen Gas Limited	Bermuda	96%		63,952		–		63,952
Stolt-Nielsen Investments NV	Curacao	100%		45,364		(43,706)		1,658
Stolt Tankers Holdings Ltd	Bermuda	100%		144,785		–		144,785
Stolt-Nielsen Finance Ltd	Bermuda	100%		10		(10)		–
Stolt-Nielsen Ship Finance Ltd	Bermuda	100%		10		–		10
Stolt-Nielsen Investment Pte Ltd	Singapore	100%		–		–		–
			$	581,828	$	1,094,284	$	1,676,112

The following indirect subsidiaries of the Company are considered to be significant as either their consolidated assets or revenues contribute 5% or more of the results of Consolidated Stolt-Nielsen Limited:

Undertaking's Name (Legal Form)	Registered Office	Ownership %
Stolt-Nielsen USA, Inc.	USA	100%
Stolt Tankers BV	The Netherlands	100%
Stolt Tank Containers BV	The Netherlands	100%
Stolthaven Terminals BV	The Netherlands	100%

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8. OTHER PAYABLES

At November 30, 2017, the balance of other payables mainly related to the 2017 interim dividend of $13.8 million and interest payable of $7.6 million on long-term debt.

At November 30, 2016, the balance of other payables mainly related to the 2016 interim dividend of $27.6 million and interest payable of $5.1 million on long-term debt.

9. COMMITMENTS AND CONTINGENCIES

As of November 30, 2017, the Company has guaranteed substantially all of the $2,037.1 million in long-term debt obligations of its direct and indirect subsidiaries.

As of November 30, 2017, the Company's subsidiaries and certain of its indirect subsidiaries had various credit lines payable through 2020 totaling $755.0 million, of which $449.2 million of committed lines was undrawn and available for future use. Substantially all of the committed and uncommitted bank loans outstanding under these credit facilities at November 30, 2017 are guaranteed by the Company. Several of the credit facilities contain various financial covenants, which, if not complied with, could limit the ability to draw funds from time to time.

Substantially all debt held by subsidiaries is secured on assets owned by the Company's subsidiaries; therefore, no liability has been recorded in relation to the fair value of this guarantee.

Subsidiaries of the Company have entered into contracts for the purchase of foreign currencies under their foreign exchange lines with various banks. Any contracts entered into pursuant to these lines generally are guaranteed by the Company. Certain of the currency positions entered into by these subsidiaries effectively have been closed by entering into offsetting foreign exchange contracts. At November 30, 2017, the total value of the currencies which these subsidiaries had contracted to purchase pursuant to open foreign exchange contracts maturing through May 2018 was $2.9 million, with a mark to market position of nil.

10. LEGAL PROCEEDINGS

There are various legal proceedings arising in the ordinary course of business and in cases where the Company believes the likelihood of losses is probable and can be estimated, provisions would be recorded. Whilst ongoing legal proceedings could have a material adverse effect on the Company's consolidated financial position or results of operations in the future, the Company believes that none of these matters will have a material adverse effect on its business or financial condition.

During 2017 and 2016, the Company has been involved in certain civil litigation cases, which are described in note 27 of the consolidated financial statements.

For the matters described below, as each such matter is covered by insurance, the Company has not incurred any legal costs for the years ended November 30, 2017 and November 30, 2016.

11. EQUITY

	Founder's Shares par value $0.001 per share		Common Shares par value $1 per share	
	Shares Issued	Treasury Shares	Shares Issued	Treasury Shares
Balance at December 1, 2016 and 2017	16,033,449	547,235	64,133,796	2,188,941

Under the Bermuda Company Law, Founder's shares are not considered as representing capital of the Company.

Share rights

The Company's authorised share capital consists of 65,000,000 Common shares, par value $1.00 per share, and 16,250,000 Founder's shares, par value $0.001 per share. As of November 30, 2017 and 2016, there were 64,133,796 shares issued, of which Treasury shares were 2,188,941. 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 Bye-laws, 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 Bye-laws 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 Bye-laws, 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 par value thereof ($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.

Treasury shares – transfer

In November 2016, 7,000,000 of Treasury shares were used as the collateral for the $50.0 million revolver facility (now $60 million). In order to comply with Bermuda law, the ownership of these shares was transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. Stolt-Nielsen Finance Limited holds these shares on behalf of the lender and they are no longer included in Treasury Shares. These shares are now included within Paid-In Surplus on the Balance Sheet. For the purposes of the Earnings Per Share calculation, these shares are considered as outstanding.

Founder's shares and treasury shares

As of November 30, 2017 and 2016, 15,486,214 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.

As of November 30, 2017 and 2016, 2,188,941 of Treasury shares were held by the Company. The Company also held 547,235 of Founder's shares for the same years. Note that dividends are not paid on Treasury shares held by the Company.

Share repurchase

On March 2, 2016, the Company announced the board approval of a new share purchase programme authorising the repurchase of up to $30.0 million worth of its common shares. The total number of common shares bought under this programme in the year ended November 30, 2016 was 0.2 million shares for $1.7 million. The repurchases resulted in the Company holding 2,188,941 of SNL shares at November 30, 2017 and 2016.

Capital management

The Company defines capital as net debt and shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase shares or sell assets to reduce debt. Capital management for the Company is performed on a consolidated basis with its subsidiaries. See the Consolidated Financial Statements of Stolt-Nielsen Limited for further discussion of how Consolidated Stolt-Nielsen Limited manages its capital.

12. DIVIDENDS

On November 15, 2017, the Company's Board of Directors declared an interim dividend of $0.25 per Common share and $0.005 per Founder's share to shareholders of record as of November 29, 2017. The total gross amount of the dividend was $13.8 million, which was classified as an interim dividend and paid on December 12, 2017.

On February 8, 2017, SNL's Board of Directors recommended a final dividend for 2016 of $0.50 per Common Share, payable on May 11, 2017 to shareholders of record as of April 7, 2017. In accordance with the normal settlement practice, the shares traded ex-dividend on and after April 26, 2017 (one business day prior to the April 27, 2017 record date). The dividend, which was subject to shareholder approval, was approved at the Company's Annual General Meeting of Shareholders held on April 20, 2017 in Bermuda. The total gross amount of the dividend was $27.5 million and paid on May 11, 2017.

13. LONG-TERM DEBT AND FINANCE EXPENSES

The Company announced on September 8, 2017 the placement of senior unsecured bonds for $175.0 million in a new five-year bond issue carrying a fixed coupon rate of 6.375%. Net proceeds from the bond issue will be used to repay a bond maturing in March 2018 and for general corporate purposes.

On November 16, 2016, in relation to the acquisition of JoT, SNL completed a one-year $50 million revolving credit facility secured by SNL's treasury shares and the Stolt-Nielsen Gas Limited's holding of Golar LNG Limited shares. During 2017, the facility was extended for another 12 months and the limit on it increased to $60 million as at November 30, 2017. The facility is a bilateral loan with Skandinaviska Enskilda Banken AB and has to be repaid in full at maturity. It requires sufficient collateral value in the shares at all times. Interest is variable at LIBOR plus 1.8%. Of the total, $11.0 million is outstanding at November 30, 2017.

On June 8, 2016, the Company completed the increase of NOK 200 million ($24.7 million) on its bond issuance maturing in 2018, NOK 500 million ($61.8 million) on its bond issuance maturing in 2019, NOK 150 million ($18.5 million) on its bond issuance maturing in 2020 and NOK 200 million ($24.7 million) on its bond issuance maturing in 2021. The Company swapped the bond volumes into USD obligations at fixed interest rates of 4.47% for 2018, 5.49% for 2019, 5.78% for 2020 and 5.99% for 2021 bond issuances. On September 19, 2017, $16.2 million of the bonds maturing in 2018 were redeemed early.

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The Company announced on March 26, 2015 the placement of senior unsecured bonds for NOK 1,100 million (approximately $142.2 million) in a new five-year bond issue carrying a coupon rate of three-month NIBOR plus 4.1%, which was fixed at 6.22% through interest rate swaps. The settlement date for the bonds was April 8, 2015. Net proceeds from the bond issue were used for general corporate purposes.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250 million (approximately $207 million) in a new seven-year bond issue. The settlement date for the new bonds was March 18, 2014. The Company has swapped the new bonds into US dollar obligations at a fixed interest rate of 5.89%.

On September 4, 2012, SNL received NOK 500.0 million ($85.9 million) on a new seven-year senior unsecured bond issue and an increase of NOK 200.0 million ($34.3 million) in the existing six-year bond issue. The placement was oversubscribed. The placement date for the bonds was August 23, 2012. SNL swapped the new bonds into US dollar obligations for a total of $120.2 million at a fixed interest rate of 6.84% for the seven-year bonds and 6.28% for the five-year bonds.

On March 9, 2012, SNL placed a NOK 600.0 million ($105.2 million) six-year senior unsecured bond issue in the Norwegian market. SNL swapped the bond issues into US dollar obligations at a fixed interest rate of 6.79% for the six-year bonds.

Finance expenses of $51.5 million and $53.1 million relate to the senior unsecured bond issue and revolving credit facility for the years ended November 30, 2017 and 2016, respectively.

Debt issuance costs of $4.7 million and $4.3 million have been netted against long-term debt at November 30, 2017 and 2016, respectively. Debt issuance costs recognised as part of effective interest rates were $1.7 million for each of the years ended November 30, 2017 and 2016.

14. DERIVATIVE ASSETS AND LIABILITIES

	November 30, 2017		November 30, 2016	
(in thousands)	**Assets**	**Liabilities**	Assets	Liabilities
Cross-currency interest rate swaps – cash flow hedges				
Current portion	**$ 113**	**$ 55,201**	$ 347	$ 15,027
Non-current portion	**–**	**93,826**	–	163,679
	$ 113	**$ 149,027**	$ 347	$ 178,706

The Company's derivative activities are financial instruments not traded on a stock exchange but entered into with major financial institutions for hedging the Company's long-term debt and which subject the Company to a minimum level of counter-party 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 net gain recognised in equity for cross-currency interest rate swaps was $14.4 million for the year ended November 30, 2017 and net gain was $19.2 million for the year ended November 30, 2016.

The notional value of the cross-currency interest rate swap was $688.8 million and $703.7 million as of November 30, 2017 and 2016, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2017 and 2016, $14.1 million and $17.3 million loss, respectively, were recognised in finance expense. The balance is expected to be reclassified to earnings in 2018 to 2023. Nothing has been reclassified into earnings for the ineffective portion of the derivative instruments for the years ended November 30, 2017 or 2016.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company's objectives when managing capital are to safeguard the Company and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company and its subsidiaries' activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company and its subsidiaries' financial performance.

Risk management is carried out by a central Treasury department under policies approved by the Board of Directors. The Company's Treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity. All risk management is performed for the Company and its subsidiaries on a consolidated basis.

Fair value of financial instruments

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 realised in a current market exchange:

	As of November 30,			
(in thousands)	**2017 Carrying Amount**	**2017 Fair Value**	2016 Carrying Amount	2016 Fair Value
Financial assets (Loans and receivables):				
Cash and cash equivalents	**$ 15**	**$ 15**	$ 15	$ 15
Accounts receivable from subsidiaries	**1,767,750**	**1,767,750**	870,800	870,800
Other current assets	**6,290**	**6,290**	10,140	10,140
Long-term receivable from subsidiaries	**727,665**	**727,665**	207,871	207,871
Financial liabilities (Amortised Costs):				
Accounts payable to subsidiaries	**417**	**417**	223	223
Interest payables	**7,573**	**7,573**	5,148	5,148
Dividend payable	**13,814**	**13,814**	27,550	27,550
Long-term payable to subsidiaries	**2,087,873**	**2,087,873**	469,408	469,408
Long-term debt including current maturities	**737,782**	**747,833**	602,551	601,723
Derivative financial instruments (Fair value):				
Cross-currency interest rate swaps asset	**113**	**113**	347	347
Cross-currency interest rate swaps liability	**149,027**	**149,027**	178,706	178,706

The carrying amount of cash and cash equivalents, accounts receivable from subsidiaries, other current assets, accounts payable to subsidiaries, interest payable and dividend payable 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 trading values as of November 30, 2017 and 2016. Market value of cross-currency interest rate swaps was estimated based on the amount the Company would receive or pay to terminate its agreements as of November 30, 2017 and 2016. Long-term debt in the table above excludes debt issuance costs of $4.7 million and $4.3 million for the years ended November 30, 2017 and 2016, respectively.

The Company has no financial assets which would otherwise have been past due or impaired that have been renegotiated.

Maturity of financial liabilities

	For the year ended November 30, 2017				
(in thousands)	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total
Contractual obligations:					
Interest payable	**$ 7,573**	**$ –**	**$ –**	**$ –**	**$ 7,573**
Dividend payable	**13,814**	**–**	**–**	**–**	**13,814**
Long-term debt including current maturities	**116,385**	**271,458**	**349,939**	**–**	**737,782**
Interest on long-term debt	**51,140**	**74,861**	**29,495**	**–**	**155,496**
Derivative financial liabilities	**56,478**	**54,169**	**59,559**	**–**	**170,206**
Total contractual obligations	**$ 245,390**	**$ 400,488**	**$ 438,993**	**$ –**	**$ 1,084,871**

	For the year ended November 30, 2016				
(in thousands)	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total
Contractual obligations:					
Interest payable	$ 5,148	$ –	$ –	$ –	$ 5,148
Dividend payable	27,550	–	–	–	27,550
Long-term debt including current maturities	50,000	235,109	317,442	–	602,551
Interest on long-term debt	45,077	71,750	25,808	–	142,635
Derivative financial liabilities	14,722	99,125	84,024	–	197,871
Total contractual obligations	$ 142,497	$ 405,984	$ 427,274	$ –	$ 975,755

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Long-term debt in the table above excludes debt issuance costs of $4.7 million and $4.3 million for the years ended November 30, 2017 and 2016, respectively. Derivative financial liabilities are stated at future undiscounted cash flows; therefore, they do not agree to the balance sheet.

Market risk

The Company is exposed to market risk, including changes in interest rates and currency exchange rates. To manage the volatility relating to these exposures, the Company enters into derivative transactions in accordance with Company policies. The financial impact of these instruments is offset by corresponding changes in the underlying exposures being hedged. Derivative instruments are not held for trading or speculative purposes.

Concentration of credit risk

Receivables are from subsidiaries and with counterparties on derivative financial instruments. The maximum exposure to credit risk is the Accounts Receivable balance of $1,767.8 million. The Company reviews the financial instrument counterparties' credit ratings upon entering into a derivative contract. There are no past due receivables and no allowance for doubtful accounts.

Liquidity risk

Cash flow forecasting is performed by the subsidiaries of the Company and is aggregated at the corporate level. The Treasury department monitors rolling forecasts of the Company subsidiaries' liquidity requirements to ensure the Company and its subsidiaries have sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and certain currencies' restrictions.

Fair value estimation

The below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's derivative assets of $0.3 million as of November 30, 2017 and 2016 and derivative liabilities of $149.0 million and $178.4 million as of November 30, 2017 and 2016, respectively, are measured using inputs other than quoted prices (level 2).

16. RECONCILIATION OF NET PROFIT TO CASH PROVIDED BY OPERATIONS

	For the Years Ended November 30,	
(in thousands)	2017	2016
Net profit	**$ 821,405**	$ 59,700
Adjustments to reconcile net profit to net cash from operating activities:		
Finance expense	**51,475**	53,109
Finance income	**(51,475)**	(53,109)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivables from subsidiaries	**(841,087)**	4,709
Decrease in other current assets	**3,850**	3,210
Increase in accounts payable	**194**	47
Other	**365**	234
Cash (used in) provided by operations	**$ (15,273)**	$ 67,900

17. SUBSEQUENT EVENTS

Hassel Shipping 4 A.S.

On January 11, 2018, a joint venture of a subsidiary of the Company, Hassel Shipping 4 A.S., took delivery of M/*T Stolt Palm*, the last 33,000 dwt fully stainless steel newbuildings from New Times Shipbuilding.

US Tax reform

The Company expects the recently enacted US Tax Cuts and Jobs Act ('the Act') to positively impact its future US after-tax adjusted earnings, primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% applicable from January 1, 2018.

Further, the Company expects that the changes will result in a one-time non-cash tax credit within its subsidiaries for the quarter ending February 28, 2018 relating to the revaluation of US deferred tax assets and liabilities. This credit is expected to be approximately $25 million based on the net US deferred tax liabilities at November 30, 2017 to the subsidiaries' income statements.

The ultimate impact of the Act is subject to complex provisions in the legislation with further guidance and clarifications expected to be issued by the US authorities.

Dividends

On February 7, 2018, the Company recommended a final dividend for 2017 of $0.25 per Common Share, payable on May 9, 2018 to shareholders of record as of April 26, 2018. The dividend, which is subject to shareholder approval, will be voted on at the Company's Annual General Meeting of Shareholders scheduled for April 19, 2018 in Bermuda. The shares will trade ex-dividend on and after April 25, 2018.

Share buy-back

On February 7, 2018, the Company announced the continuation of the share buy-back programme announced on March 2, 2016. Under the 2016 buy-back programme, the Board had authorised the purchase of up to $30 million worth of Common Shares, of which the Company only utilised $1,715,353.48, leaving $28,284,646.52 available for further purchases.

The shares will be purchased through open market transactions and private offerings in accordance with applicable laws and regulations, and purchased shares will be held as treasury shares. The purchases will continue until the targeted amount of $30 million has been reached, but will be halted in the period March 15, 2018 until April 9, 2018, as the Company will be in a restricted period until the first quarter 2018 results have been released.

Shareholder Information

Stock Listing
Common Shares
On Oslo Børs under symbol SNI

Shares Outstanding
(as of November 2017)
Common Shares – 61,944,855
Country of Incorporation
Bermuda

Annual General Meeting
April 19, 2018 at 11:00 am
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

Registrar
Common Shares – VPS
DNB Bank ASA
Dronning Eufemias gate 30
0191 Oslo, Norway
Tel: +47 23 26 80 30
Email: sten.sundby@dnb.no

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
UK

Financial Information
Copies of press releases and quarterly earnings releases are available on the internet at www.stolt-nielsen.com or by contacting:

Stolt-Nielsen M.S. Ltd.
Aldwych House
71-91 Aldwych
London WC2B 4HN UK
Tel: +44 20 7611 8960
Email: investors@stolt.com

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

Jan Chr. Engelhardtsen
Stolt-Nielsen M.S. Ltd
Aldwych House
71-91 Aldwych
London WC2B 4HN UK
Tel: +44 20 7611 8972
Email: j.engelhardtsen@stolt.com

Jens F. Grüner-Hegge
Stolt-Nielsen M.S. Ltd
Aldwych House
71-91 Aldwych
London WC2B 4HN UK
Tel: +44 20 7611 8985
Email: j.gruner-hegge@stolt.com

www.stolt-nielsen.com

Stolt-Nielsen Offices and Facilities

Stolt Tankers

Argentina – Buenos Aires
Stolt-Nielsen Argentina S.A.
Moreno 584, 2nd floor, Office 'A'
C1091AAL, Capital Federal
Buenos Aires
Argentina

Tel: +54 11 4345 5001

Australia – Melbourne
Stolt-Nielsen Australia Pty. Ltd.
14th Floor
60 Albert Road
South Melbourne
VIC 3205
Australia

Brazil – São Paulo
Stolt-Nielsen Brazil Afretamento Ltda.
Al. Santos 2224, 3 Andar Cerqueira Cesar
São Paulo 01418-200
Brazil

Tel: +55 11 3897 4999

China – Shanghai
Stolt-Nielsen Transportation (Shanghai) Ltd.
Suite 27A, New Shanghai Int'l Tower
No.360, Pudong Nan Lu,
Shanghai 200120
China

Tel: +86 21 5877 9779

India – Mumbai
Stolt-Nielsen India Pvt Ltd
A-901, Godrej Coliseum,
Behind Everard Nagar, Sion East
Mumbai 400022
India

Tel: +91 22 2406 5600

Japan – Tokyo
Stolt-Nielsen Japan Co. Ltd.
Urban Shibakoen 4F
3-1-13, Shibakoen
Minato-ku, Tokyo 105-0011
Japan

Tel: +81 3 6841 7001

Netherlands – Rotterdam
Stolt Tankers B.V. (Headquarters Office)
Westerlaan 5
3016 CK Rotterdam
The Netherlands

Tel: +31 10 299 6666

Philippines – Manila
Stolt-Nielsen Philippines Inc.
6th Floor V. Corporate Centre
125 L.P. Leviste St.
Salcedo Village
Makati City 1227
Manila
Philippines

Tel: +63 2 830 7900

Singapore
Stolt Tankers Singapore Pte. Ltd.
460 Alexandra Road
#31-01 PSA Building
Singapore 119963

Tel: +65 6273 4844

South Africa – Durban
Stolt-Nielsen Africa Pty. Ltd.
49 Richefond Circle
2nd Floor, Unit 9
Ridgeside Office Park
Umhalanga
Durban 4319
South Africa

Tel: +27 31 561 4122

Switzerland – Zug
Stolt-Nielsen Switzerland AG
Baarerstrasse 149
6302 Zug
Switzerland

Tel: +41 41 766 30 20

Taiwan – Taipei
Stolt-Nielsen Taiwan Co. Ltd.
6F, No.96, Sec 1
Jian Guo N. Road
Taipei 105
Taiwan

Tel: +886 2 2518 5078

UAE – Dubai
Stolt-Nielsen Middle East DMCC
Office 1802, Swiss Tower, Cluster Y
Jumeirah lake Towers
Dubai
UAE
PO Box 337246

Tel: +971 4 5129800

USA – Houston
Stolt Tankers USA, Inc.
15635 Jacintoport Blvd
Houston, Texas 77015
USA

Tel: +1 281 457 0303

USA – New Orleans
Stolt Tankers USA, Inc.
2444 English Turn Road
Braithwaite
Louisiana 70040
USA

Tel: +1 504 682 1610

Stolt-Nielsen Offices and Facilities

Stolthaven Terminals

Australia – Altona
Stolthaven Altona (Terminal)
401-435 Kororoit Creek Road
Altona
Victoria 3018
Australia

Tel: +61 3 8360 0340

Australia – Bundaberg
Stolthaven Bundaberg (Terminal)
Wharf Drive
Bundaberg
Queensland
Australia

Tel: +61 3 3 9931 1880

Australia – Newcastle
Stolthaven Newcastle (Terminal)
Lot 2 Steelworks Road
Mayfield
Newcastle
New South Wales 2304
Australia

Tel: +61 498 762076

Australia – Port Alma
Stolthaven Port Alma (Terminal)
Barjool – Port Alma Road
Port Alma
Queensland
Australia

Tel: + 62 3 9931 1880

Australia – West Melbourne
Stolthaven Coode Island (Terminal)
42-52 Mackenzie Road
West Melbourne
Victoria
Australia

Tel: +61 408 090802

Belgium – Antwerp
Oiltanking Stolthaven Antwerp (Terminal)
Haven 623, Scheldelaan 450
2040 Antwerp
Belgium

Tel: +31 6 46308337

Brazil – São Paulo
Stolthaven Santos (Terminal)
R. Augusto Scaraboto, 215
Alemoa – Santos – São Paulo
11095-500
Brazil

Tel: + 55 13 3295 9000

China – Tianjin
Stolthaven Tianjin (Terminal)
No.468 Bohai 15 Road
Lingang Industrial Area
Binhai New Area, Tianjin
P.R. China

Tel: +86 22 6661 9951

Republic of Korea – Ulsan
Jeong IL Stolthaven Ulsan (Terminal)
297, Sanam-ro
Onsan-eup, Uljoo-gun
Ulsan City
Republic of Korea

Tel: +82 2 7896811

Malaysia – Westport
Stolthaven Westport (Terminal)
Petrochemical Jetty
Westport
42009 Port Klang
Selangor Darul Ehsan
Malaysia

Tel: + 60 3 31011551

Netherlands – Moerdijk
Stolthaven Moerdijk B.V. (Terminal)
Middenweg 30 – Port number M374
4782 PM
Moerdijk
The Netherlands

Tel: +31 168 334373

Netherlands – Rotterdam
Stolt-Nielsen Holdings B.V. (Headquarters Office)
Westerlaan 5
3016 CK Rotterdam
The Netherlands

Tel: +31 10 299 6666

New Zealand – Auckland (Hamer St.)
Stolthaven Hamer Street (Terminal)
52E Hamer Street
Freemans Bay
Auckland 1010
New Zealand

Tel: +64 9 366 6791

New Zealand – Auckland (Wynyard)
Stolthaven Wynyard (Terminal)
120 Hamer Street
Freemans Bay
Auckland 1010
New Zealand

Tel: +64 9 366 6791

New Zealand – Bluff
Stolthaven Bluff (Terminal)
Island Harbour
Bluff
New Zealand

Tel: +64 2 1614807

New Zealand – Mount Maunganui
Stolthaven Mount Maunganui (Terminal)
Corner Hewletts Rd & Tasman Quay
Mount Maunganui
New Zealand

Tel: +64 2 1614807

Singapore – Jurong Island
Stolthaven Singapore Pte Ltd (Terminal)
22 Tembusu Crescent
Jurong Island
Singapore

Tel: +65 64 774530

UK – Dagenham
Stolthaven Dagenham (Terminal)
Hindmans Way
Dagenham
Essex RM9 6PU
UK

Tel: +44 20 8593 7211

USA – Houston
Stolthaven Houston Inc.
15602 Jacintoport Blvd
Houston
Texas 77015
USA

Tel: +1 281 860 6800

USA – New Orleans
Stolthaven New Orleans LLC
2444 English Turn Road
Braithwaite, LA 70040
USA

Tel: +1 504 682 9989

Stolt Tank Containers

OFFICES

Argentina – Buenos Aires
Stolt-Nielsen Argentina S.A.
Stolt Tank Containers Department
Moreno 584, 2nd floor, Office "A"
C1091AAL, Capital Federal
Buenos Aires
Argentina

Tel: +54 11 4345 5001

Australia – Melbourne
Stolt-Nielsen Australia Pty. Ltd.
Level 6, 11 Queens Road
Melbourne VIC 3004
Australia

Tel: +61 3 9820 3288

Brazil – Santos
Stolt-Nielsen Brazil Afretamento Ltda.
Rua Frei Gaspar, 51 – Conj. 22 – Centro
Santos/SP
CEP 11010-091
Brazil

Tel: +55 13 3219 4558

Brazil – São Paulo
Stolt-Nielsen Afretamento Brazil Ltda.
Al. Santos 2224, 3 Andar Cerqueira Cesar
São Paulo, SP 01418-200
Brazil

Tel: +55 11 3897 4999

China – Shanghai, Stolt-Nielsen Logistics Ltd.
Shanghai Stolt-Kingman Tank Container Transportation Limited
(Office- China domestic logistics business)
Room 1101, No.268 Middle Xi Zang Road
The Raffles Plaza
Shanghai 200001
China

Tel: +86 21 6198 2200

China – Shenzen
Stolt-Nielsen Transportation (Shanghai) Ltd.
Shenzhen Rep. Office
Block C1, 7/F, Times Plaza
No.1 Taizi Road
Shekou, Shenzhen 518067
China

Tel: +86 755 2667 6359

China – Shanghai
Stolt-Nielsen Transportation (Shanghai) Ltd
(Office)
11th Floor, Raffles City Office Tower
268 Xizang Middle Road
Shanghai 200001
China

Tel: +86 21 6198 2200

Colombia – Bogota
Stolt Tank Containers Colombia Ltda.
Calle 100 No. 19a-10 Of 403
Edificio Torre Azul
Bogotá
Colombia

Tel: +57 1 5253787

Stolt-Nielsen Offices and Facilities

France – Le Havre
Stolt Tank Containers France SAS
12 Cours Commandant Fratacci
BP 31382
76600 Le Havre
France

Tel: +33 2 32 79 63 00

Germany – Hamburg
Stolt Tank Containers Germany GmbH
Speersort 1 – Pressehaus
20095 Hamburg
Germany

Tel: +49 40 35 09 08 0

India – Mumbai
Stolt-Nielsen India Pvt Ltd
A-901, Godrej Coliseum,
Behind Everard Nagar, Sion East
Mumbai 400022
India

Tel: +91 22 2406 5600

Italy – Savona
Stolt Tank Containers Italy Srl
Piazza Ilaria Alpi, 2 int. 5
17100 Savona
Italy

Tel: +39 019 216 0190

Japan – Tokyo, Minato-Ku
Stolt-Nielsen Japan Co Ltd
Urban Shibakoen 4F
3-1-13, Shibakoen
Minato-ku, Tokyo 105-0011
Japan

Tel: +81 3 5562 7001

Mexico – Mexico City
Stolt-Nielsen Mexico S.A. de C.V.
Calle Violeta No 16
Col San Jose de Jaral
Atizapan de Zaragoza
Mexico City
C.P. 52924
Mexico

Tel: +52 55 5308 2609

Netherlands – Rotterdam
Stolt Tank Containers B.V. (Headquarters)
Westerlaan 5
3016 CK Rotterdam
The Netherlands

Tel: +31 0 10 281 8888

Philippines – Manila
Stolt-Nielsen Philippines Inc.
6th Floor V. Corporate Centre
125 L.P. Leviste St.
Salcedo Village
Makati City 1227
Manila
Philippines

Tel: +63 2 830 7900

Saudi Arabia – Al Khobar
Stolt Tank Containers Saudi Arabia Ltd
Eastern Cement Tower
3rd Floor, Office 305, P.O. Box 1634
Al Khobar 31952
Saudi Arabia

Tel: +96 613 887 0969

Saudi Arabia – Jeddah
Stolt Tank Containers Saudi Arabia Ltd.
Floor No. 2, Office 208, Kanoo Building No. 1
PO Box 6767
Madina Road
Jeddah, 23441
Saudi Arabia

Tel: +966 12 263 1617

Singapore
Stolt-Nielsen Singapore Pte. Ltd.
460 Alexandra Road
#31-01 PSA Building
Singapore 119963

Tel: +65 6273 4844

South Africa – Durban
Stolt-Nielsen Africa (PYT) Ltd.
49 Richefond Circle
2nd Floor, Unit 9
Ridgeside Office Park
Umhlanga
Durban
South Africa 4319

Tel: +27 31 561 4122

Thailand – FSTS (Fusion Stolt Tank Services) Co. Ltd.
Hemaraj Chonburi Industrial Estate
369/2 Moo 6, Tambon Bowin, Amphur Sriracha
Chonburi 20230 Thailand

Tel: +66 38 346 4224

Taiwan – Taipei
Stolt-Nielsen Taiwan Co. Ltd.
6F, No. 96, Sec 1
Jian Guo N. Road
Taipei 105
Taiwan

Tel: +886 2 2518 5078

UAE – Dubai
Stolt-Nielsen Middle East DMCC
Office 1802, Swiss Tower, Cluster Y
Jumeirah lake Towers
Dubai
UAE
PO Box 337246

Tel: +971 4 5129800

UK – Romford
Stolt Tank Containers UK Ltd.
Stolt-Nielsen House
1-5 Oldchurch Road
Romford, Essex
RM7 0BQ
UK

Tel: +44 1708 746 070

USA – Houston
Stolt-Nielsen USA Inc.
15635 Jacintoport Blvd
Houston, Texas 77015
USA

Tel: +1 281 457 0303

USA – Linden, NJ
Stolt Tank Containers USA Inc.
c/o Infineum USA L.P.
Park & New Brunswick Avenue
CAB 139
Linden, New Jersey 07036
USA

Tel: +1 908 474 6030

Stolt Tank Containers

DEPOTS

China – Jiangsu
Zhangjiagang Stolt Tank Container Logistics Co Ltd.
90 Shanzheng Road, Jiangsu Environmental Protection New Material Industrial Park,
Zhangjiagang Free Trade Zone
Jiangsu 215600
China

Tel: +86 512 5871 9105

China – Shanghai, Nanhui
Shanghai Stolt Container Terminal Ltd
No: 288 Liang Le Road, Lao Gang Zhen Industry Area, Nanhui
Shanghai 201302
China

Tel: +86 21 68296397

China – Tianjin, Hangu
Tianjin Binhai Stolt Container Terminal Co Ltd.
92 Zi Dong St., Hangu Ind. Park, Hangu District
Tianjin 300480
China

Tel: +86 22 67158593

India – Gujarat
Stolt Tank Containers Cleaning & Repair Kandla Pvt Ltd
Plot 344, Situated at GIDC-Phase II, Mithirohar,
Gandhidham 370201, Kutch District, Gujarat
India

Tel: +91 99 79852662

India – Maharashtra
SPS Intermodal Services (India) Private Limited
Plot No. 36/1 A
Dhigode Village
Uran Taluka, Raigad District
Maharashtra 410207
India

Tel: +91 99 8789 5780

Italy – Vado
Italy – Vado Tank Cleaning srl
Via G. Bertola 53
17047 Vado Ligure
Italy

Tel: +39 0192160106
Tel: +39 0192162103

Japan – Kobe
N.C. Stolt Transportation Services Co. Ltd
7-1, 6-Chome, Minatojima, Chuo-Ku
Kobe, Hyogo-pref 650-0045
Japan

Tel: +81 78 3032371

Japan – Nagoya
N.C. Stolt Chukyo Transportation Services Co. Ltd
1152, Fujimae, 1-Chome, Minato-Ku
Nagoya, Aichi-pref 455-0855
Japan

Tel: +81 52 3031120

Japan – Tokyo, Ota-Ku
N.C. Stolt Transportation Services Co. Ltd
1-21 Tokai 4-Chome, Ota-Ku, Tokyo 143-0001
Japan

Tel: +81 3 37999447

Stolt-Nielsen Offices and Facilities

Republic of Korea – Yangsan
Hyop Woon Stolt Transportation Services Co. Ltd
#800-6 Hogae-Dong, Kyung Nam
Yangsan City 50567
Republic of Korea

Tel: +82 55 3830841

Republic of Korea – Ulsan
Hyop Woon Stolt Transportation Services Co Ltd
No: 58-13 Haknam-Ri, Onsan-Eup, Ulju-Kun
Ulsan City 44992
Republic of Korea

Tel: +82 52 2371434

Netherlands – Moerdijk
Stolt Container Terminal Moerdijk B.V.
Middenweg 30, 4782 PM Moerdijk
The Netherlands

Tel: +31 1682 00000

Saudi Arabia – Dammam
Kanoo Tank Services (Sahreej)
Behind GCC Olayan Yard, Near King Abdul Aziz Sea Port Area
Dammam
Saudi Arabia

Tel: +966 56 5527078

Saudi Arabia – Jeddah
Kanoo Tank Services (Sahreej)
c/o: Kanoo Terminal Services Ltd
King Faisal Road, Opposite Al Sudais Warehouse,
Near Petromin, Al Khumra Area, Jeddah
Saudi Arabia

Tel: +966 56 5527078

Saudi Arabia – Jubail
Kanoo Tank Services (Sahreej)
Al Tofih Area, Plot No. 5, AbuHadriya Road, West/
South Side of Jubail City Jubail
Saudi Arabia

Tel: +966 56 5527078

Singapore – Jurong Island
Stolt Container Terminal Pte Ltd
23 Ayer Merbau Road
Jurong Island
Singapore 627825

Tel: +65 68610520

Thailand – Chonburi
Laem Chabang Tank Services Co. Ltd
Hemaraj Chonburi Industrial Estate, 369/2 Moo 6,
Tambon Bowin, Amphur Sriracha,
Chonburi 20230
Thailand

Tel: +66 38-3464224

Thailand – Chonburi
Thailand – FSTS (Fusion Stolt Tank Services)
Co. Ltd.
Hemaraj Chonburi Industrial Estate
369/2 Moo 6, Tambon Bowin, Amphur Sriracha
Chonburi 20230
Thailand

Tel: +66 38-3464224

Taiwan – Kaohsiung
Stolt Container Terminal Co Ltd
No 14 Chu Kang 3rd Street, Ta Fa Industrial District
Kaohsiung 83164
Taiwan

Tel: +886 7 7872660

UAE – Dubai
Joint Tank Services FZCO
Plot No. S41004, Street No. S1102
PO Box 17512
Jebel Ali Free Zone (South)
Dubai
UAE

Tel: +971 4 8807801 Ext 107

USA – Houston
Stolt-Nielsen USA Inc.
16300 Dezavala, Building 3, Channelview,
Texas 77530
USA

Tel: +1 281 8606302

Stolt Sea Farm

Spain – Santiago de Compostela

Stolt Sea Farm
Edificio Quercus
C/Letonia nº 2
Polígono Costa Vella
15707 Santiago de Compostela
Spain

Tel: +34 981 837501

USA – Elverta, CA

Sterling Caviar LLC
9149 East Levee Road
Elverta, California 95626
USA

Tel: +1 916 991 4420

Stolt-Nielsen LNG

UK – London

Stolt-Nielsen M.S Limited
Aldwych House
71-91 Aldwych
London
WC2B 4HN
UK

Tel: +44 20 7611 8646