Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	917 531 811
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	JO CHEMICAL TANKERS AS
Forretningsadresse:	Grev Wedels plass 7
	0151 OSLO

Regnskapsår

Årsregnskapets periode:	01.12.2017 - 30.11.2018

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Christian Fredrik Mathiesen
Dato for fastsettelse av årsregnskapet:	28.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 18.08.2020

Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	169 161	113 490
Sum kostnader		**169 161**	**113 490**
Driftsresultat		**-169 161**	**-113 490**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		2 401 164	4 645 507
Annen finansinntekt	4	2 144	29 489 371
Sum finansinntekter		**2 403 308**	**34 134 878**
Nedskrivning av finansielle eiendeler	4	1 653 046	14 873 266
Rentekostnad til foretak i samme konsern		1 986 792	2 264 927
Annen finanskostnad		-125 947	2 439
Sum finanskostnader		**3 513 891**	**17 140 632**
Netto finans		**-1 110 583**	**16 994 246**
Ordinært resultat før skattekostnad		**-1 279 744**	**16 880 756**
Skattekostnad på ordinært resultat	6	592 935	1 841 945
Ordinært resultat etter skattekostnad		**-1 872 679**	**15 038 811**
Årsresultat		**-1 872 679**	**15 038 811**
Overføringer og disponeringer			
Overføringer annen egenkapital	7	-1 872 679	15 038 811
Sum overføringer og disponeringer		**-1 872 679**	**15 038 811**

Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	4	32 535 344	32 549 334
Lån til tilknyttet selskap og felles kontrollert virksomhet	5	70 083 456	291 519 188
Investeringer i aksjer og andeler	4	69 100 952	52 211 472
Andre fordringer			248 640
Sum finansielle anleggsmidler		**171 719 752**	**376 528 634**
Sum anleggsmidler		**171 719 752**	**376 528 634**
Omløpsmidler			
Varer			
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	3	**39 380**	**103 759**
Sum omløpsmidler		**39 380**	**103 759**
SUM EIENDELER		**171 759 132**	**376 632 393**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	7, 8	7 276	7 276
Overkurs	7	84 212 619	287 712 619
Sum innskutt egenkapital		**84 219 895**	**287 719 895**
Opptjent egenkapital			
Annen egenkapital	7	9 812 525	15 035 515
Sum opptjent egenkapital		**9 812 525**	**15 035 515**

Balanse

Beløp i: USD	Note	2018	2017
Sum egenkapital		**94 032 420**	**302 755 410**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	5	20 609 209	69 714 266
Sum annen langsiktig gjeld		**20 609 209**	**69 714 266**
Sum langsiktig gjeld		**20 609 209**	**69 714 266**
Kortsiktig gjeld			
Leverandørgjeld	5		18 250
Betalbar skatt	6	164 889	1 234 840
Annen kortsiktig gjeld	5	56 952 614	2 909 627
Sum kortsiktig gjeld		**57 117 503**	**4 162 717**
Sum gjeld		**77 726 712**	**73 876 983**
SUM EGENKAPITAL OG GJELD		**171 759 132**	**376 632 393**

Directors' Report

General

JO Chemical Tankers AS was established July 7, 2016. It used to operate from an office in Bergen but this office was closed as of 31-May-2018, after which the operations have been moved to the office of Stolt-Nielsen Norway AS in Oslo. The activities of JO Chemical Tankers AS are related to investments in shares in companies with ownership in chemical tankers.

The company is 100% owned by Stolt Tankers Limited (Bermuda) (changed name from Stolt-Nielsen Acquisition Holdings Limited in 2017), a company owned by the Stolt-Nielsen Group.

In 2017 the company changed fiscal year from calendar year to December 1 through November 30 to be in line with the Stolt-Nielsen Group fiscal year. As a result, the income and expenses reported for 2017 are related to 11 months only.

Comments related to financial statements

Net result for 2018 was a loss of USD 1,872,679 compared to a profit of USD 15,038,811 in 2017 (which included a liquidation distribution from subsidiary Skibsaksjeselskapet Hassel of USD 29,489,109 and an impairment of the investment in JO Tankers AS of USD 14,873,266). Operating profit for 2018 was a loss of USD 169,161 compared to a loss of USD 113,490 in 2017. Total cash flow from operating activities in 2018 was negative with USD 1,646,214 compared to negative cash flow of USD 121,488 in 2017. The company does not generate positive cash flow from operating activities as it primarily holds investments in other companies, in 2018 its operating cash flow includes the payment of the 2017 tax charge of USD 1,234,840.
The comparisons above are between 12 months in 2018 and 11 months in 2017.

The company's cash reserve was USD 39,380 as of November 30, 2018, compared to USD 103,759 as of November 30, 2017.

Total assets as of November 30, 2018 were USD 171,759,132. Equity as of November 30, 2018 was USD 94,032,420.

Significant transactions

In 2018 the company has distributed a significant dividend to its parent Stolt Tankers Ltd, has largely converted the outstanding loans to its joint venture Hassel Shipping 4 into equity and has made a group contribution to its subsidiary JO Tankers AS.

On November 6, 2018 an Extraordinary General Meeting of JO Chemical Tankers AS resolved to distribute a dividend of USD 203,500,000 to Stolt Tankers Ltd. On the same date and subsequent to the general meeting referred to above this same amount was repaid by Stolt Tankers Ltd to JO Chemical Tankers AS to settle a large part of the outstanding loan (see also Note 5).

On November 30, 2018, JO Chemical Tankers AS, its joint venture Hassel Shipping 4 AS and J.O. Invest AS (the other partner of the JV) entered into an agreement under which the principal and the accrued interest of the outstanding loans to the joint venture were largely converted into equity (see Notes 4 and 5).

On November 30, 2018, an impairment on investment in subsidiary JO Tankers AS has been recognized, amounting to USD 1,404,815.

On December 21, 2018, JO Chemical Tankers AS decided to distribute an extraordinary group contribution of USD 1,951,533 to its subsidiary JO Tankers AS. The group contribution has been recognized in the financial statements of November 30, 2018, however, the tax effect was reported as an amendment of 2017 tax papers (see Note 4).

Analysis of key risks and uncertainties

The result of the company mainly consists of financial items related to intercompany loans and investments. Key risks are credit risk from loans to group companies and the joint venture and the main uncertainties relate to valuation of investments in subsidiaries and joint ventures.

Financial risk

There are no agreements or other financial instruments to minimize the credit risk of the company.

Market risk

The company's business outlook depends on the development of its investments.

Credit risk

There are credit risks related to intercompany loans.

Business outlook

Net financial income from investment activities is likely to give positive results in the future. There is normally uncertainty related to assessment of future conditions, caused in particular by the development of the industry in which the company's investments operate.

Research and development

The company did not have any expenses related to research and development in 2018.

Working environment, equality between men and women and discrimination

The company has no employees, the two Board members are male. There is no reason for specific measures related to the working environment, equality or discrimination. No accident or incidents have occurred over the year.

Environment

The company does not have a direct effect on the environment.

Going concern

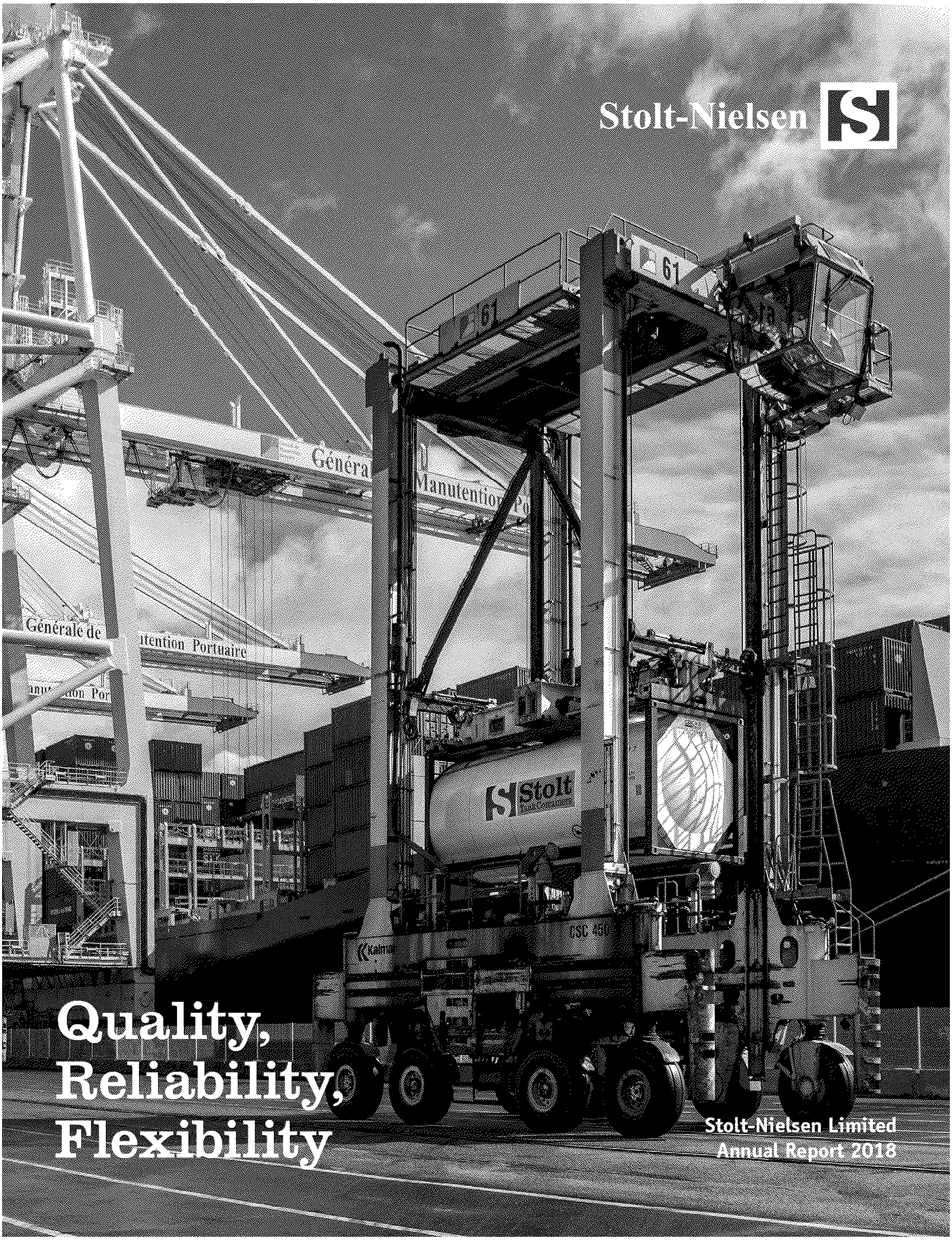
The Board considers that the annual financial statements and notes present a true and fair view of the company's operations in 2018 and the financial position at year-end. In accordance with the Accounting Act §3-3a the Board confirms that the going concern assumption is present.

As of 30.11.2018 the balance of receivables and payables is negative, but the Stolt-Nielsen Group has confirmed that it will support JO Chemical Tankers AS by providing adequate financial assistance to enable it to continue its business operations as a going concern for at least 12 months from the date of the signing of the financial statements

Oslo, June 28 2019
On behalf of JO Chemical Tankers AS

Christian Frederik Mathiesen
Chairman of the Board

Steven Scott Kretsch
Board member


Stolt-Nielsen
Générale de Manutention Portuaire
Stolt
Kalmar
CSC 450
Quality,
Reliability,
Flexibility
Stolt-Nielsen Limited
Annual Report 2018

Contents

Online Annual Report

For a more interactive experience please visit:
ar.stolt-nielsen.com/2018

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 pages 41-43.

Focused on delivering long term sustainable growth

Stolt-Nielsen is a long-term investor and manager of businesses focused on opportunities in logistics, distribution and aquaculture.

It has world-leading businesses in global bulk-liquid and chemical logistics, and an innovative business in land-based aquaculture.

The Stolt-Nielsen portfolio consists of its group of logistics businesses, Stolt Sea Farm and a number of LNG joint ventures and investments.

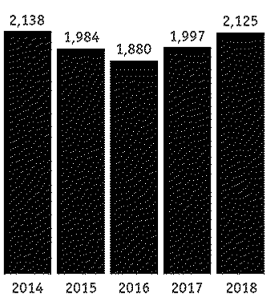
Stolt-Nielsen

Financial Highlights 2018

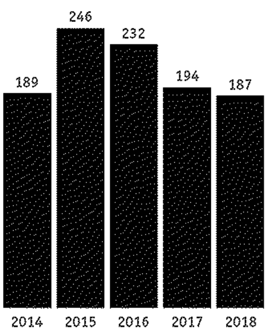
Our performance

Stolt-Nielsen Limited made progress in 2018 despite several headwinds.

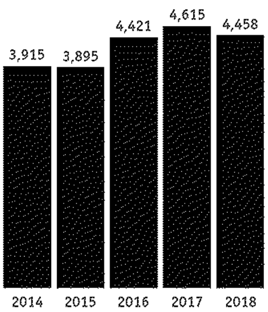
Operating revenue
(US $ millions)
US $2,125m



Operating profit
(US $ millions)
US $187m

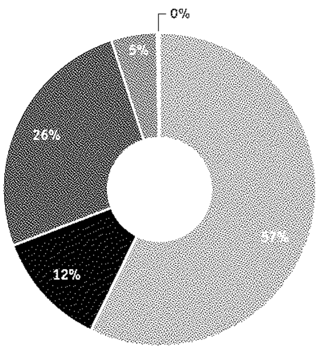


Total assets
(US $ millions)
US $4,458m



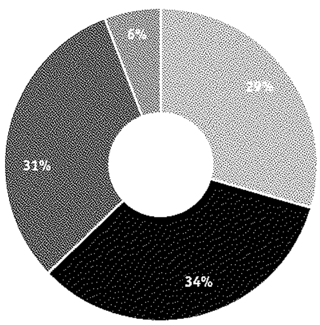
(In US $ millions, except per share data)	2018	2017	2016
Operating revenue	**2,125.5**	1,997.1	1,879.9
Operating profit	**187.1**	194.4	231.8
Net profit	**54.0**	50.1	113.2
Net profit per share:			
Basic	**$0.89**	$0.81	$2.05
Diluted	**$0.89**	$0.81	$2.05
Weighted average number of Common Shares and Common Share equivalents outstanding:			
Basic	**61.3**	61.9	55.2
Diluted	**61.3**	61.9	55.2

Operating revenue by business
(US $ millions)



Tankers	1,219
Terminals	252
Tank containers	551
Sea farm	98
Corporate and other	5

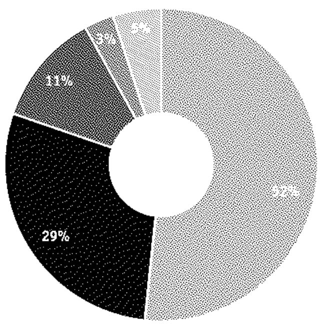
Operating profit by business*
(US $ millions)



Tankers	67
Terminals	76
Tank containers	71
Sea farm	13

* Excludes Corporate and other $40 million loss

Total assets by business
(US $ millions)



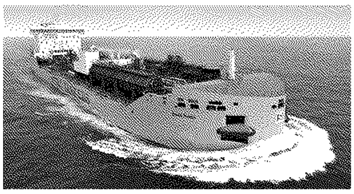
Tankers	2,310
Terminals	1,274
Tank containers	515
Sea farm	137
Corporate and other	222

Our Business

At a glance

Stolt Tankers

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



71 deep-sea parcel tankers

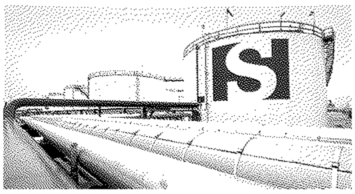
84 coastal and inland tankers

3m total deadweight tonnes

See pages 8-9 for more details

Stolthaven Terminals

Stolthaven's global terminal network provides safe, high quality storage and distribution services for chemicals, clean petroleum products, gas, vegetable oils, biofuels and oleochemicals in key markets and hubs worldwide.



4.7m cubic metres of storage

13 wholly owned terminals

4 joint venture terminals

See pages 10–11 for more details

Stolt Tank Containers

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

39,000 tank containers in the fleet

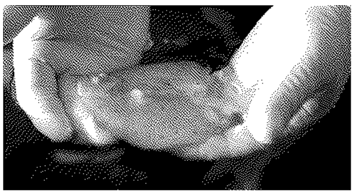
130,000 shipments

21 depots and hubs

See pages 12–13 for more details

Stolt Sea Farm

Stolt Sea Farm is the world's most advanced high-tech aquaculture company, and the premier provider of high quality turbot, sole, sturgeon and caviar in an environmentally sound manner.



15 environmentally friendly land-based farms in six countries

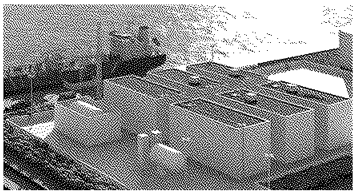
5,400 tonnes production capacity of turbot

850 tonnes production capacity of sole

See pages 14-15 for more details

Stolt-Nielsen Gas

Stolt-Nielsen Gas invests in opportunities in LPG and LNG shipping and distribution.

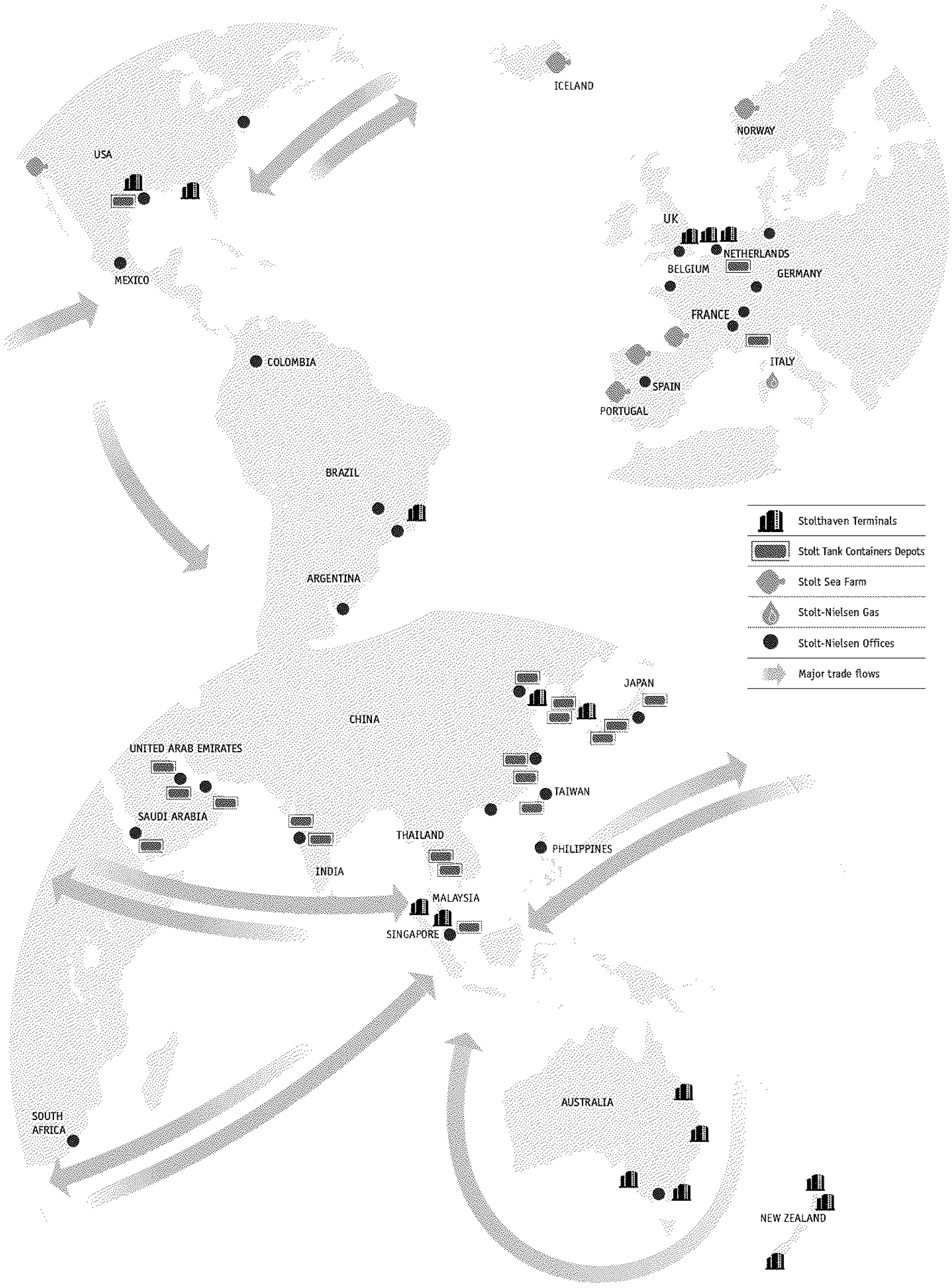


45% ownership of Avenir LNG

8.6% ownership of Avance Gas

2.3% ownership of Golar LNG

See pages 16–17 for more details


ICELAND
NORWAY
USA
MEXICO
UK
NETHERLANDS
BELGIUM
GERMANY
FRANCE
ITALY
SPAIN
PORTUGAL
COLOMBIA
BRAZIL
ARGENTINA
Stolthaven Terminals
Stolt Tank Containers Depots
Stolt Sea Farm
Stolt-Nielsen Gas
Stolt-Nielsen Offices
Major trade flows
JAPAN
CHINA
UNITED ARAB EMIRATES
SAUDI ARABIA
TAIWAN
THAILAND
PHILIPPINES
INDIA
MALAYSIA
SINGAPORE
AUSTRALIA
SOUTH AFRICA
NEW ZEALAND

Chief Executive Officer's Review

A year of mixed results for the Group

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

"With our strategic focus we expect to see a continued strengthening of the Group's underlying cash flow generation."

The Company reported a net profit of $54.0 million for 2018 including $24.9 million relating to US tax reforms, with earnings per share of $0.89. This compares to $50.1 million in 2017, with earnings per share of $0.81. 2018 proved to be a mixed year of results for the Group. Stolt Tankers faced several headwinds including rising bunker prices and significant growth in the supply of tonnage. This pulled down our overall results, despite Stolt Tank Containers (STC), Stolthaven Terminals (SHVN) and Stolt Sea Farm (SSF) producing improved results.

Our free cash flow after interest and capital expenditures was $153 million resulting in a debt reduction of $77.5 million for the year. Our debt at the end of the fiscal year was $2,392 million and our equity was $1,476 million.

Over the course of 2018, conditions in the chemical tanker market continued to gradually unfold in line with our expectations. There were 46 deliveries of newbuildings in the market, down from 50 in 2017, and while the orderbook continues to shrink, we still expect more than 30 newbuilding deliveries in 2019. Bunker fuel prices, which steadily increased over the last three years, started to drop off toward the end of November 2018. Unfortunately, this was only temporary - after bottoming out at around $325 per tonne in January 2019, it rebounded to around $400 per tonne in early February. Volatility seems to be the only certainty, and we have therefore mitigated this with the continuation of our bunker hedging programme. We have hedged 74.3% of our 2019 bunker consumption through bunker clauses in our COAs and paper hedges.

Another ongoing development in the tanker market is the significant ramping up of preparations for the implementation of the IMO's global 0.5% cap on sulphur content in bunker fuel, starting in 2020. This new regulation could increase our annual bunker fuel bill by as much as $130 million, which we simply cannot afford. These additional costs will have to be passed on to our customers and I am pleased to say that we have already seen evidence that customers understand the need for them to absorb these costs, and we are optimistic that this will become the accepted practice.

In contrast to the somewhat disappointing performance at Stolt Tankers, SNL's other operating units' results were considerably better. Performance at Stolthaven Terminals continued to steadily improve, with a 12.1% increase in year-on-year operating profit, excluding one-time items in both periods. This result reflects the focus management has had on operational excellence in the form of customer service, operational efficiency through the upgrading of infrastructure and investing in the automatisation of processes where possible.

Stolt Tank Containers had a strong year overall despite a weakening of markets in the latter half of 2018, reporting a 30.1% increase in operating profit, due partly to successful cost-reduction efforts. The total number of tank container shipments was up slightly, whereas average utilisation remained unchanged at around 72%. STC's strong performance in 2018 despite the competitive market, was also due to the teams' continuous focus on adopting new technologies. These included the launch of new tools to automate processes and a modernised online customer interface, as part of ongoing efforts to reduce costs and improve operational efficiency, while continuously improving customer service.

I am pleased to report that Stolt Sea Farm saw much improvement during the period, with market prices for turbot and sole up 10.5% and 11.4%, respectively. Meanwhile, turbot volume increased by 21.9%, driven mainly by additional volume traded. Operating profit for the year was 115% higher than 2017, excluding the impact of the fair-value adjustment on inventories. The improvements seen here were largely due to the launch of a new marketing strategy which has moved the company's primary focus from being on production to being much more focused on the development of new markets, new products and attracting new customers.

STOLT-NIELSEN GAS

Stolt-Nielsen Gas is the holding company for our investments in gas. Our strategy is to use our expertise in shipping, storage and distribution and apply it to the gas segment. Our current holdings are a 45% stake in Avenir LNG, an 8.6% stake in Avance Gas Holding Ltd and a 2.3% stake in Golar LNG Ltd.

DIVIDEND AND EMPLOYEE INCENTIVE PLANS

On November 15, 2018, Stolt-Nielsen Limited's Board of Directors approved an interim dividend of $0.25 per Common Share, payable on December 12, 2018 to shareholders of record as of November 28, 2018. A final dividend of $0.25 per Common Share was recommended by the Board of Directors on February 14, 2019, subject to the approval of Shareholders at the Company's Annual General Meeting on April 16, 2019. In February 2018, the Board authorised continuation of the share buy-back programme initially announced on March 2, 2016. In the year ended November 30, 2018 the company repurchased 1,066,489 shares at an average price of $14.21 each. Even though SNL's stated strategy is to build and grow long-term sustainable EBIDTA so that we can increase returns to our shareholders, the total dividend for 2018 was 50 cents per share versus our traditional $1.00 per share. As stated in last year's annual report; we will continue to focus on debt reduction and the Board therefore felt it was prudent to hold back on dividend levels again in 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 regularly compare our packages with salary surveys and, when possible, with industry-specific surveys. For 2018, the employee profit-sharing and performance incentive plans for SNL made payments of $8.7 million in early 2018.

OUTLOOK

Looking ahead, our outlook remains cautiously optimistic. At Stolt Tankers, we expect to see market demand growing in line with global trade which has historically been faster than global GDP. Growth of the industry's deep-sea chemical tanker fleet, which ran at about 6% annually from 2017 to 2018, is expected to gradually drop to about 2% or less per year for 2020 to 2021. Providing that orders for newbuildings remain low, we expect the excess tonnage to eventually be absorbed creating a more balanced market. Assuming global economic and / or trade conditions do not take an unexpected turn for the worse, we may finally begin to see an improvement in chemical markets later this year, with continued strengthening in 2020.

At Stolthaven, we expect to see further improvements during 2019. Chemical storage markets are likely to remain stable. Strong market fundamentals in the US will likely drive rates upward at both our Houston and New Orleans terminals in the US. Capacity expansions at our terminals in Santos, Brazil; New Orleans, US; Westport, Malaysia and Ulsan, South Korea will enable us to satisfy anticipated increases in demand at those locations. While recent volatility in the petroleum sector has impacted the storage market as a whole, Stolthaven's focus on chemicals helps to mitigate these effects.

We believe Stolt Tank Containers will continue to grow and prosper even as competition continues to increase. I believe that the long-term fundamentals of the tank container business remain strong, with more products moving from drums and chemical ships to tank containers due to attractive cost and time efficiencies. As the industry leader, STC is committed to its long-term strategy of providing the highest levels of service at the lowest cost. Cost efficiency is our priority and key to competitive advantage. 2019 will see the opening of three STC terminals in Saudi Arabia: the modernised facilities in Dammam and Jubail, and the rebuilt facility in Jeddah. These additions to STC's global terminal network substantially enhance STC's footprint in Saudi Arabia, a key emerging market for chemicals.

At Stolt Sea Farm we are expecting another good year. SSF's strategy is to deliver precisely what customers want; sustainably produced premium fish products with a steady supply, a steady quality and a steady price. Efforts to expand into new geographic markets are a key element of SSF's growth strategy, and the opening of new, state-of-the-art recirculation farms for sole in Portugal and Spain will provide additional volume as SSF continues to expand its presence in its targeted markets.

With our strategic focus we expect to see a continued strengthening of the Group's underlying cash flow generation. Our debt levels will likely increase slightly as we work to complete a number of ongoing expansion projects, and as these become operational we will increase our efforts to reduce debt, strengthen the balance sheet, and increase the cash available for our shareholders.

Looking beyond 2019, whatever the market conditions are in which we operate, we will only be able to deliver on our strategy if we do it in a safe and sustainable way towards our employees, towards the environment and towards our customers. Safety and sustainability will therefore continue to be our priority.

NG. Stolt-Nielsen

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

MARCH 11, 2019

Business Review

Stolt Tankers

After another challenging year, the outlook is improving for 2019

"We expect 2019 to be a transition year, preceding a significant strengthening of the market by 2020, as the balance between tonnage supply and demand improves."

Mark F. Martecchini
President
Stolt Tankers

Stolt Tankers (ST) is the leading operator of sophisticated international deap-sea and regional chemical tankers in the world, delivering the utmost in quality, reliability and flexibility to leading manufacturers and consumers of chemicals and other bulk liquids. ST's global fleet of deep-sea tankers is fully integrated with regional fleets in Europe, Asia and the Caribbean, as well as inland barging services in Europe and the US Gulf, giving customers access to key hubs and markets around the world. The size and reach of the fleet provides unparalleled options to meet the often-changing needs of customers' global supply chains.

HIGHLIGHTS FOR 2018

Market conditions remained challenging in 2018. While full-year revenue increased to $1.22 billion, operating income declined to $66.6 million. This was largely attributable to an oversupply of tonnage driven by the ongoing surge in chemical tanker newbuilding deliveries that started in 2017. That situation was exacerbated by the presence of swing tonnage – predominantly MR tankers – that shifted over to the chemical market because of the extremely low rates in the product markets normally served by those ships. As a result of the oversupply of tonnage, spot rates remained low, even as bunker prices rose in 2018, with the average price of intermediate fuel oil/low sulphur fuel consumed climbing to $413 per tonne in 2018 from $314 per tonne in 2017. Contracts of affreightment were renewed at slightly reduced rates during 2018. Rates overall were down slightly year-on-year. For the Stolt Tankers Joint Service deep-sea pool, sailing days rose by 4.4%, while total volume was up only 2.3%, causing utilisation to fall by 2.0%.

During 2018, Stolt Tankers took actions aimed at enhanced cost management, focusing on crewing costs, A&G and improvements in operational efficiency. With the increase in bunker fuel prices, Stolt Tankers redoubled its efforts to optimise efficiencies in voyage management, with an emphasis on reducing fuel consumption via improved weather routing, scheduling and speed adjustments. Actions to reduce port time also yielded positive results in the latter months of the year.

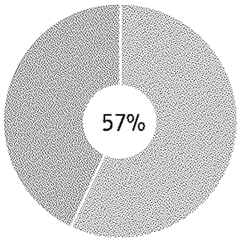
Stolt Tankers launched a new safety initiative in 2018, *Slashed Zero*, to complement its Safety Excellence Programme, with the goal of reducing shipboard safety incidents to zero. The new programme includes enhanced monitoring and training. (Read more on page 19).

Performance

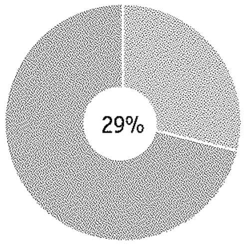
(US $ millions)	**2018**	2017	2016
Operating Revenue	**1,219**	1,158	1,061
Operating Profit	**67**	111	138

Percentage of group total

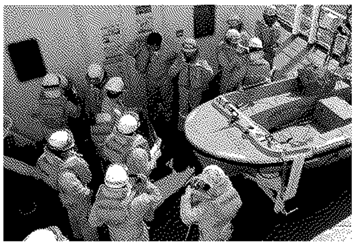
of total revenue



of total operating profit*



* Excludes Corporate and other $40 million loss



OUTLOOK

2019 will be a transition year for the chemical tanker market, with the number of new ships coming into the market slowing, and with continued expected growth in demand. Market improvements are expected to be further supported, at least in the near term, by the departure of swing tonnage from the chemical market, provided that spot rates in the clean petroleum market maintain the gains achieved towards the end of 2018.

With less new tonnage entering the market, along with the expected reduction of swing tonnage, spot prices in the chemical tanker markets should improve, ultimately driving increases in rates for contracts of affreightment going forward. The exact timing of that turning point is difficult to predict, and industry forecasts vary, but Stolt Tankers expects the picture to improve before the end of the year, leading to a distinct improvement in market conditions in 2020. Nevertheless, we remain cautious, given current political risks and other uncertainties, including both the future direction of bunker fuel costs and the impact of IMO 2020 fuel regulations.

Mark F. Martecchini
President
Stolt Tankers

71 **deep-sea parcel tankers**

3m **total deadweight tonnes**

84 **coastal and inland tankers**

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.
- Global deep-sea transportation services, combined with integrated regional capabilities in Europe, Asia Pacific, the Indian Ocean, the Caribbean and the US, provide added value and supply-chain efficiencies.

Strategy

Stolt Tankers leverages its industry-leading global scale and assets to provide customers with unrivalled access to key hubs and markets around the world, while working collaboratively with its customers and Stolthaven Terminals to offer value-added solutions that enhance bulk-liquid supply-chain efficiency.

Outlook

2019 will be a transition year, leading to improved market conditions by 2020, as the balance between tonnage supply and market demand improves. Stolt Tankers continues to focus on increasing efficiency, managing costs, and delivering superior service to customers, all while ensuring safety for people and the environment.

Business Review continued

Stolthaven Terminals

Quality storage and supply-chain synergies

"Our aim is to deliver sustainable profitability to shareholders by providing high quality storage services and value-added distribution and service capabilities that set us apart from other operators."

Guy Bessant
President
Stolthaven Terminals

Stolthaven's global network of 17 bulk-liquid terminals provides safe, high quality storage and distribution services for chemicals, clean petroleum products, gas, vegetable oils, biofuels and oleochemicals in key markets and hubs worldwide. Customers also benefit from the peace of mind that comes from knowing that all services are delivered to Stolt-Nielsen's global standards for quality and safety for people and the environment.

Stolthaven's 13 wholly-owned and four joint-venture facilities provide a total of 4.7 million cubic meters of bulk-liquid storage. In the US, the strong economy has led to substantial volume growth in both imports and exports. Stolthaven's Houston and New Orleans terminals work together with the Stolt Tankers' fleet to optimise the ship-to-shore interface. The result is quicker ship turnaround times, helping customers avoid the negative effects of increased port congestion. In South America, Stolthaven's terminal in Santos – Brazil's largest and busiest port – provides storage and logistical services for diesel fuel, chemicals and edible oils.

In Europe, Stolthaven's Moerdijk terminal in the Netherlands – with its ship, rail and road connections – effectively serves the entire Amsterdam, Rotterdam and Antwerp (ARA) region. Situated between Antwerp and Rotterdam, Moerdijk helps customers avoid the constant congestion of those ports. In addition, the Moerdijk terminal is directly adjacent to a Stolt Tank Container's depot, enabling customers to benefit from both cost efficiencies and synergy opportunities. Stolthaven's positioning in the ARA region is further enhanced by our joint venture terminal in Antwerp – Oiltanking Stolthaven Antwerp – which is ideally situated in one of the world's most extensive refining and petrochemical complexes. The combination of Stolt Tankers' regional short-sea fleet, the European inland tanker fleet, and our terminals in Moerdijk and Antwerp, provide customers with a flexible, multi-modal gateway into and out of mainland Europe via the Rhine River.

In the Asia Pacific region, Stolthaven operates eight wholly-owned terminals – one in Singapore, three in New Zealand and four in Australia – in addition to three joint-venture terminals in South Korea, Malaysia and China.

HIGHLIGHTS FOR 2018

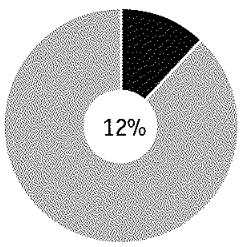
Stolthaven's results in 2018 improved for the fourth consecutive year. Revenue increased to $252 million from $243 million in 2017, while operating income climbed to $76 million, compared with $54 million in 2017. Excluding the impact of one-time items in both years, operating income increased by 12.1% in 2018. Results for 2018 were driven by stable market conditions and our focus on improving utilisation, combined with ongoing initiatives to create a more customer-centric, service-oriented

Performance

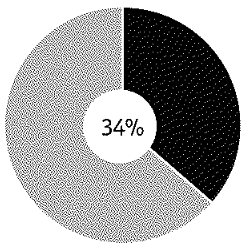
(US $ millions)	2018	2017	2016
Operating Revenue	**252**	243	235
Operating Profit	**76**	54	53

Percentage of group total

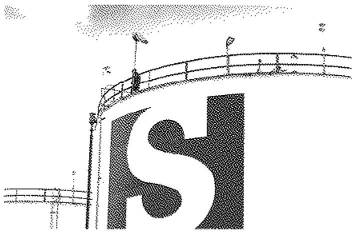
of total revenue



of total operating profit*



* Excludes Corporate and other $40 million loss



business to improve long-term operational performance and profitability, customer satisfaction and service.

Operational highlights of 2018 included strong performances in both Houston and New Orleans, where utilisation levels rose to more than 95%, driven by both strong economic conditions in the US, along with enhanced marketing activities and terminal optimisation efforts in New Orleans.

In recent years, we have invested more than $100 million at our Houston terminal, including a newly constructed dock which began operations in October 2018. Other enhancements as part of an ongoing investment programme include expansion of our barge handling capacity, an expansion and upgrade of the terminal's waste treatment facility, which also handles waste for customers, and upgrades to tanks and equipment related to automation. Future expansion opportunities include the development of land, which, if fully utilised, could double the terminal's existing capacity.

Results at the division's terminal in Santos, Brazil, were strong in 2018, despite challenging domestic economic conditions. Progress was also made in Australia with the addition of a new berth at the Newcastle terminal in New South Wales. In New Zealand, Stolthaven reached an agreement to consolidate its operations in Auckland at its Wynyard terminal, with plans to add capacity at its Mount Maunganui terminal in Tauranga.

Capital projects were completed at Stolthaven's terminal in Dagenham. The terminal – acquired in 2012 and located on the River Thames, London, UK – has benefited from more than $20 million in extensive modernisation and expansion investments.

The year also saw improved safety performance at Stolthaven Terminals, with no serious incidents recorded (see pages 19-20).

OUTLOOK

Chemical storage markets are expected to remain stable once again in 2019. While Stolthaven's focus on chemicals reduces its exposure to volatility in the petroleum sector, continued volatility in oil, combined with the ongoing risk of trade wars, is creating uncertainty among customers, prompting many to make contingency plans for their supply-chain and investment strategies.

For Stolthaven itself, additional capacity to meet expected increases in demand will be coming online in 2019 at our terminals in Santos, Brazil; New Orleans, US; Westport, Malaysia and Ulsan, South Korea. Additional capacity will be operational in 2020 in Mount Maunganui, New Zealand and in New Orleans, US. Stolthaven remains focused on its long-term strategy to increase the sustainable performance of its global storage network by maintaining high operational and safety standards worldwide, and by working collaboratively with its customers to deliver enhanced storage and supply-chain solutions that provide added value to customers in key markets and hubs around the world.

Guy Bessant
President
Stolthaven Terminals

4.7m **cubic metres of storage**

13 **wholly owned terminals**

4 **joint venture terminals**

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

Continue to focus on customers' needs and drive performance improvements across our global network.

Outlook

Stolthaven's results are expected to improve in 2019, reflecting ongoing actions to enhance operational performance and profitability across the division's global network of terminals.

Business Review continued

Stolt Tank Containers

A strong first half in 2018 preceded a second-half slowdown

"STC's strategy is to achieve competitive advantage by leveraging our scale, assets and unrivalled technology to deliver superior customer service at lower cost."

Michael W. Kramer
President
Stolt Tank Containers

Stolt Tank Containers (STC) is a leading provider of logistics and transportation services for door-to-door shipments of both bulk-liquid chemicals and food-grade products. STC's global fleet is the industry's largest, with more than 39,000 chemical and food-grade tanks, plus specialty tanks for aggressive or high purity products, compressed gases and cryogenic cargoes.

STC's unrivalled fleet is complemented by the division's global network of 21 owned and joint-venture depots. This network – unique in the industry – gives STC direct control over the handling, cleaning and maintenance of its tanks. This ensures that the tanks and our cargo handling operations are consistently subject to STC's stringent operating standards for quality, reliability and safety for people and the environment worldwide.

STC's global scale and assets, customer services, and operational efficiencies enable STC to deliver capital-efficient solutions that help minimise costs and increase supply-chain efficiency for its customers.

HIGHLIGHTS FOR 2018

Full-year revenue rose to $551 million, with operating income increasing to $71 million, driven mainly by increased shipments, higher demurrage billing, and lower repositioning costs. Total shipments were up 1.8% on the year, with a 14% increase in food-grade shipments. During 2018, STC successfully reduced the weighted average lease rate on its leased fleet, resulting in savings of nearly $7,000 per day. Fleet utilisation, however, slipped to 72.1%, from 72.5% in 2017, reflecting the impact of second-half market weakness and an increase in STC's fleet size.

During the year, STC continued to execute against its long-term strategy focused on enhancing competitive advantage through the implementation of new technologies and the expertise of our people, while delivering added value to customers.

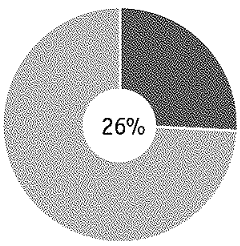
While the number of depots in STC's global network held steady at 21 in 2018 – after adding new facilities in Thailand and Italy in 2017 – substantial progress was made on STC's three joint-venture depots in Saudi Arabia. At the Dammam depot, capacity was quadrupled, while adding both a new cleaning system and a state-of-the-art wastewater treatment facility. At the Jubail depot – the largest depot in STC's network at 50,000 square meters – the first phase of planned construction was completed, with room to expand to a total of 105,000 square meters. The Dammam and Jubail facilities will both be commissioned at the start of 2019. Jeddah, the third facility, will also be upgraded with modern equipment.

Performance

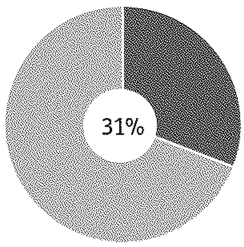
(US $ millions)	2018	2017	2016
Operating Revenue	**551**	513	476
Operating Profit	**71**	54	48

Percentage of group total

of total revenue



of total operating profit*



* Excludes Corporate and other $40 million loss

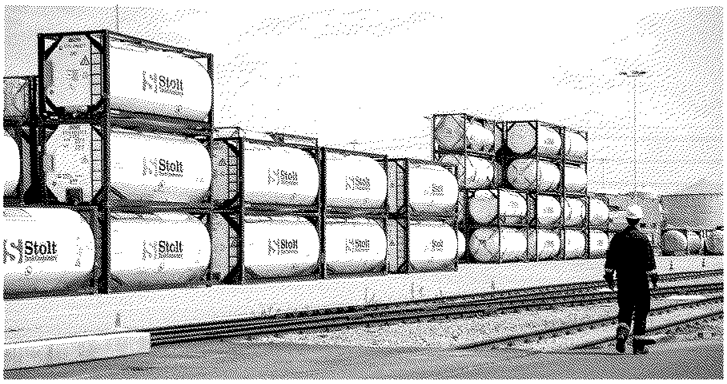
STC's safety performance in 2018 was stronger than the previous year. Increased process and sustainability scores were achieved for all ISO certifications and SQAS assessments conducted during the year. No major incidents were recorded and STC continued to enhance safety training and to further improve protection practices and capabilities across its global depot network (see pages 19-20).

As part of its continuous pursuit of enhanced operational efficiency and customer service, STC continued to deploy new technologies and processes in 2018. Over the past two years, STC has escalated its use of technology to reduce costs and enable staff to focus on value-added operations and service. During 2018, STC also continued to make enhancements to mySTCtanks.com, the online tool that allows STC customers to better manage their tanks, reduce costs and drive supply-chain improvements. mySTCtanks has an increasing number of regular users.

OUTLOOK

After a strong first half, market conditions softened in the second-half of 2018, which took many in the industry by surprise. That said, while the ultimate impact of ongoing political turmoil, possible trade wars and volatility in petroleum prices remains to be seen, the long-term fundamentals of the tank-container business remain strong. Stolt Tank Containers' strategy remains unchanged: continue to focus on delivering superior customer service at the lowest cost by leveraging STC's global scale, by utilising 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



39,000 **tank containers in the fleet**

130,000 **shipments**

21 **depots and hubs**

Markets

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

Strategy

Strengthen STC's competitive advantages and value-added services in all markets, while continuing to scale and expand into new geographic markets in Asia, the Middle East, India and South America.

Outlook

Sustained long-term growth driven by market 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.

Business Review continued

Stolt Sea Farm

A customer-centric model to drive growth

"Our expansion into new geographic markets, new products, and our dedication to sustainability and quality are all evidence of our strategy to deliver value for both our customers and our shareholders."

Jordi Trias
President
Stolt Sea Farm

Stolt Sea Farm (SSF) is a world leader in high-tech land-based aquaculture focused on the production of sole, turbot and caviar. SSF's difficult-to-farm species are regularly served at high-end restaurants, where our premium large-size brands are often featured to attract customers. We also sell our produce to supermarkets and others in the hospitality sector via wholesalers. Thanks to decades of innovation and intensive research and development, Stolt Sea Farm is today the only aquaculture company in the industry capable of consistently producing all these species in high quality commercial volumes.

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

HIGHLIGHTS FOR 2018

Stolt Sea Farm's results strengthened in 2018. The total volume of turbot sold by SSF increased by 21.9%, owing in part to sales on behalf of other producers. Market prices for turbot increased in 2018 overall, rising by 10.5%. During the year, under its Prodemar™ brand, SSF launched King Turbot™, a premium value-added product targeting the US market. Because of their large size, King Turbot yield steaks and fillets that can be vacuum-packed and marketed directly to those consumers not seeking to purchase whole fish.

Sole volumes were steady in 2018, in line with the capacities of SSF's current farms, but average sale prices rose by 11.4%, reflecting in part the continued positive impact of SSF's premium King Sole™ brand, introduced in early 2017. Consisting of fish weighing 500 grams or more – larger than most wild caught fish – King Sole effectively defined its own category and, as a result, is less sensitive to volatility in market prices.

SSF's ongoing efforts to expand into new geographic markets continued in 2018. More than 60% of SSF's turbot and sole was exported in 2018, up from 54% in the previous year.

In contrast, 2018 was a challenging year for the caviar business, particularly in the US, where an influx of lower-priced Chinese product has disrupted the market.

Development of SSF's new sole farms in Tocha, Portugal and Cervo, Spain continued in 2018. Production is expected to begin at the Cervo farm in late 2019, followed by the Tocha farm in 2020. The two new facilities leverage SSF's innovative and proven recirculation technology, which substantially expands SSF's options on sites for new farms, because of the reduced need for access to large volumes of water.

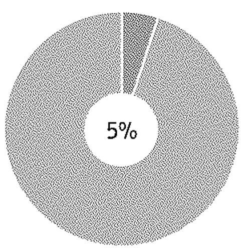
During the year, SSF began work on a new initiative focused on better communicating to

Performance

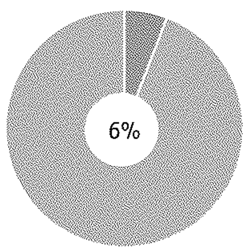
(US $ millions)	**2018**	2017	2016
Operating Revenue	**98**	73	65
Operating Profit	**13**	4	14

Percentage of group total

of total revenue



of total operating profit*



* Excludes Corporate and other $40 million loss

the marketplace SSF's unwavering commitment to sustainable production practices and strict adherence to regulations and appropriate procedures to ensure the welfare and humane treatment of the fish raised for production.

OUTLOOK

2019 is expected to be another year of growth for Stolt Sea Farm, as SSF continues to focus on its customer-centric growth strategy, to expand into new markets, both geographic and product-based, and to benefit from growing demand among both consumers and commercial customers seeking sustainably produced, premium fish products.

Jordi Trias
President
Stolt Sea Farm

15 **environmentally friendly land-based farms**

5,400 **tonnes production capacity of turbot**

850 **tonnes production capacity of sole**

Markets

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

Strategy

Focused on the production and marketing of land-based aquaculture that requires ongoing research and development, and technological expertise to be successfully cultivated in a healthy and environmentally friendly manner.

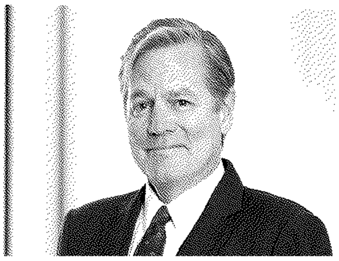
Outlook

Ongoing efforts to expand our markets are expected to increase demand for our premium products as wild catches decrease, supporting our growth strategy for turbot and sole.

Business Review continued

Stolt-Nielsen Gas

Investments focused in the gas segment



"We will continue to position Avenir to capitalise on developing opportunities in our target markets for the small-scale sourcing, delivery and distribution of LNG."

Andrew Pickering
President
Stolt-Nielsen LNG

Following the consolidation of Stolt-Nielsen Gas's (SNG) small-scale LNG activities into Avenir LNG Ltd in the fourth quarter of 2018, SNG now operates as an investment arm of Stolt-Nielsen Limited, focusing on the gas segment, with holdings in Avenir, Avance Gas Holding Ltd and Golar LNG Ltd. Avenir's results will now be reported as a joint venture.

As announced on October 1, 2018, Avenir is a joint venture with Stolt-Nielsen Gas, Golar LNG Ltd and Höegh LNG Holdings Ltd committing to combined investment of up to $182 million in Avenir, of which a total of $99 million was contributed by the partners on the date of the announcement.

On November 13, 2018, $11 million was raised in a private placement and the shares registered on the Norwegian OTC market under the ticker symbol AVENIR. Stolt-Nielsen Gas holds 45% of the shares in Avenir, Golar LNG Ltd and Höegh LNG Holdings Ltd each hold 22.5%, and the remaining 10% of shares is held by institutional and professional investors. Of the remaining investment commitment of $72 million, $36 million is SNG's, with the other half split between the two partners. In addition to its holdings in Avenir, Stolt-Nielsen Gas has minority ownership positions in Avance Gas Holding Ltd (OSE: AVANCE) and Golar LNG Ltd. (NASDAQ: GLNG).

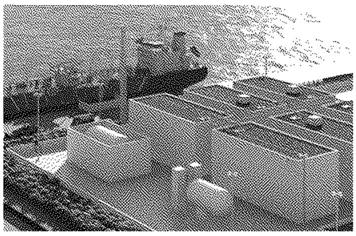
Avenir focuses on the development of small-scale LNG storage and distribution supply chains to provide clean-burning LNG to areas of so-called 'stranded demand' – off-the-grid customers lacking access to LNG pipelines. Avenir is also developing LNG bunkering capabilities, given pending IMO regulations for cleaner fuels for shipping.

Avenir currently has two supply-chain projects under way. The first is a joint venture with Higas S.r.L., in which Avenir owns an 80% share. This project is to construct an LNG terminal and distribution facility in the port of Oristano, Sardinia. Avenir will source and ship the LNG to the terminal via small LNG carriers, and distribute the natural gas to customers via trucks and tank containers. During 2018, ahead of the expected opening of the terminal in 2020, Avenir initiated shipments of LNG to end users in Sardinia. Sourced in France, the LNG is being delivered via tanker trucks transported from the mainland by ferry.

A second supply-chain project with two key stakeholders in the UK gas market plans to provide LNG to areas of Scotland not served by the existing natural-gas grid. Plans call for Avenir to ship the LNG on small-scale LNG carriers to the Port of Rosyth for subsequent distribution to customers.

Performance

(US $ millions)	**2018**	2017	2016
Operating Revenue	**–**	–	–
Operating Profit	**(11)**	(14)	(5)

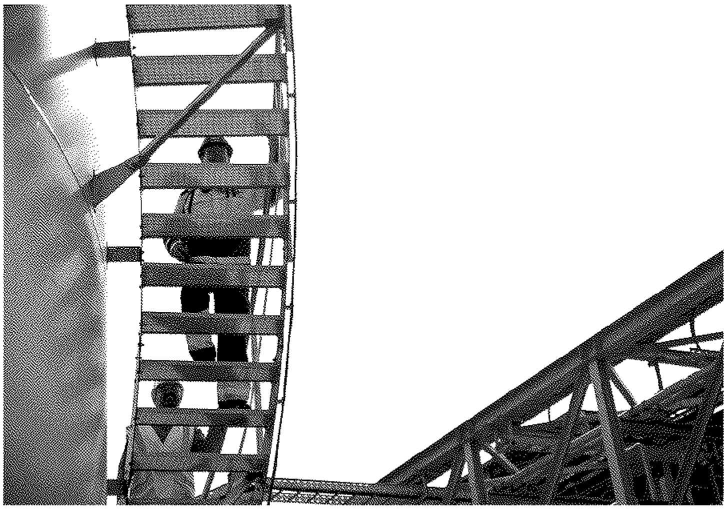


To support these projects, two 7,500 cbm small-scale LNG carriers are being built at Keppel Marine in Nantong, China with options for two more, and two 20,000 cbm small-scale LNG tankers are on order from Sinopacific Offshore Engineering, also in Nantong.

OUTLOOK

Looking ahead, in addition to current projects, Avenir intends to leverage the combination of Stolt-Nielsen's logistics capabilities along with Golar's and Höegh's expertise in LNG carriers, FSRUs and FLNGs to enhance the positioning of Avenir in small-scale LNG initiatives. In the near term, with the IMO's 2020 emissions regulations approaching, demand for LNG as a cleaner, low-sulphur marine fuel is increasing. Each of Avenir's LNG carriers is designed to perform safe ship-to-ship LNG bunkering, which Avenir plans to introduce at key strategic ports.

Andrew Pickering
President
Stolt-Nielsen LNG



45% **ownership of Avenir LNG**

2.3% **ownership of Golar LNG**

8.6% **ownership of Avance Gas**

Markets

Off-the-grid customers lacking access to LNG pipelines, emerging opportunities in LNG bunkering services.

Strategy

Development of both small-scale LNG supply chains to serve 'stranded demand' and LNG bunkering services in key ports.

Outlook

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

Corporate Responsibility

Building a sustainable future

At Stolt-Nielsen, we recognise our responsibility to minimise our impact on the world around us, while contributing positively to society and being a good corporate citizen. Our core values of quality, reliability and flexibility are reflected in the way we treat our people and work in partnership with our stakeholders, while safeguarding people and the environment.

Safety first

At Stolt-Nielsen Limited (SNL), the safety of people and the environment is our first priority. We are committed to our goal of zero harm.

We deliver on this commitment by:

- Creating a deeper, hands-on awareness of safety issues at the highest levels of management;
- Ensuring that appropriate resources are provided to support SNL's stated commitment to safety, including training programmes;
- Assuring rigorous compliance in a constantly expanding and increasingly complex regulatory environment;
- Focusing on the implementation of safety processes and reporting that leverage SNL's deep experience as well as ongoing developments in safety best practice.

Alongside the day-to-day operational safety initiatives driven by our businesses, we focus on several key performance indicators (KPIs) at a corporate level. These KPIs, reported to our management team quarterly, measure trends in the number of serious accidents, incidents and near misses – and, crucially, monitor the initiatives put in place to reduce such incidents, ensuring that:

- Procedures meet or exceed the latest industry standards;
- Training is tracked and delivered as scheduled;
- Compliance with procedures is monitored and reported.

During the year, we maintained our strong focus on ensuring that everyone across the business is engaged with health and safety and understands the critical role that each of us plays in improving performance in this area. Sadly, however, in 2018 our progress was overshadowed by a fatality in Germany. Including this, the number of serious accidents in 2018 was two.

Total Recordable Case Frequency (TRCF) at Stolthaven Terminals (SHVN) and Stolt Tank Containers (STC) decreased in 2018. Lost Time Injury Frequency (LTIF) also decreased at STC, while remaining stable at SHVN. However, at Stolt Tankers (ST) both TRCF and LTIF increased. To reverse this trend, significant efforts have been made to improve employee awareness. We believe that our continued leadership commitment and focus will ensure we meet our long-term ambition of zero harm.

STOLT TANKERS: PROMOTING SAFETY THROUGHOUT THE ORGANISATION

Understanding the root causes of incidents – and putting in place processes to mitigate those risks – is critical for improving performance. In addition to non-compliance with procedures, we have found that a high percentage of our accidents and near misses can be attributed to behavioural causes. To address this, in 2018 ST launched its *Slashed Zero* programme.

This programme highlights the importance of employees changing their personal behaviours to improve safety standards. We developed a series of tools to encourage interaction between crew on board ships and improve communication between team members. Our seafarers are a diverse group and one aim of the programme is to bridge some of the cultural gaps – we believe that this, in turn, will lead to higher levels of both personal care and caring for colleagues.

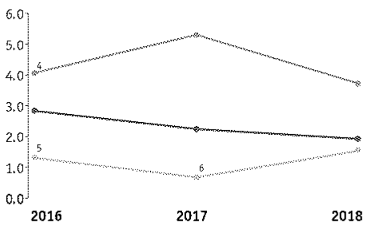
The Stolt Tankers management team is also central to the success of this programme. All crew attend a four-day safety training course, where half of the topics are delivered by members of our management team. In addition, this team visited 50% of our vessels during the year, with a focus on communicating and discussing safety with the crew on board.

The aims of *Slashed Zero* go beyond our fleet to include land-based employees too. Representatives from across the business take part in core group activities designed to bring all our safety initiatives into one programme and embed them into our culture.

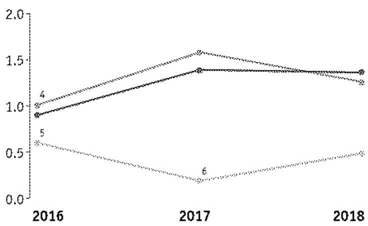
STOLTHAVEN TERMINALS: FOCUSED ON SHARING KNOWLEDGE

To combat the risk of employees becoming complacent about safety issues, Stolthaven held a series of global safety days in 2018. Organised as part of the ongoing drive to improve and reinforce the Company's safety culture, these events were held at multiple terminals.

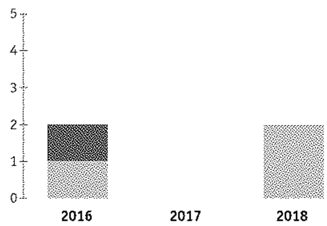
Total Recordable Case Frequency (TRCF)



Lost Time Injury Frequency (LTIF)



Serious accidents



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

1. Per 1,000,000 hrs exposure 2. Per 200,000 hrs exposure 3. Includes joint ventures 4. Restated to reflect the availability of more accurate data 5. Excludes barging and represents the 12 months to 31 December, 2016. 6. Restated to include barging.

Corporate Responsibility continued

The initial focus included promotion of safety awareness and of employees' responsibility to their colleagues; encouraging employees to view safety as a 'time out' from their normal duties; and highlighting issues specific to individual terminals.

The series of events, including the launch of a video explaining the Stop Work Authority concept, was a great success. Contributing towards an in-depth, hands-on awareness of safety issues across the workforce, including the highest levels of management; ensuring that the right resources are provided to ensure safety, including training programmes; focusing on rigorous compliance in an increasingly complex regulatory industry; and driving company-wide implementation of safety processes and reporting.

Building on this success, Stolthaven also conducted an employee engagement survey to better understand attitudes towards safety, creating several working groups that are tasked with improving safety and efficiency across the terminal network.

STOLT TANK CONTAINERS: INVESTING IN PROCESSES

During 2017, Stolt Tank Containers (STC) launched its Global Safety Management System (GSMS), which consolidated local procedures, guidance and forms for depots into one global standard. This system enables safety trends to be analysed across the division and training needs to be identified. Flexibility built into the system allows for localised procedures within the global framework. Audits of the system's use during 2018 helped us to assess information regarding the level of implementation of the safety procedures and the training of personnel in the safe handling of our tank containers, as well as the way in which gaps identified through incident analysis are filled.

At STC, we believe that improvements in safety will come from our focus on training. Every member of our depots' Technical Service Departments (TSD) receives monthly training in several areas, including dangerous goods handling, risk prevention and working in confined spaces. They are familiar with the high standards of safety we want them to achieve – not only on an individual level, but also for their colleagues in their working environment.

In 2018 we enhanced the planning, recording and reporting of safety training by using the GSMS to track the 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. 95% of mandatory safety trainings were completed in 2018. The LTIF remained well below the benchmarked rate at 1.3. This approach supports our efforts to improve STC safety standards not only at our fully owned depots but also across STC joint venture depots.

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. In 2018, Stolthaven became the first storage terminal in Singapore to successfully complete its safety case, having concluded its Safety Case Assessment Conclusion with Singapore's Major Hazard Department.

The 'Stop Work Authority' card

Ensuring a safe working environment is very much dependent on all those involved having the confidence to challenge the actions of others.

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

Managers and senior officers are required to make sure 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 is clear on how to stop work and how to initiate a restart of work. No work will restart 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.

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 sets out 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), ADR (European Agreement Concerning the International Carriage of Dangerous Goods by Road), 49CFR Parts and AEO (Authorised Economic Operator).

Standards such as ISO 9001:2015 (Quality Management) and ISO 22000 (Food Safety Management) have been recertified for the next three years. Compliance with other standards, including CDI-MPC (Chemical Distribution Institute-Marine Packed Cargo) and SQAS (Safety & Quality Assessment System), are continuously audited by third parties and customers.

Our Global Sustainability Compliance is rated through CSR (Corporate Social Responsibility risk and performance index). STC holds a Silver CSR rating with EcoVadis (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 2018, Stolt Sea Farm retained its ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) certifications for its flatfish operations, as well as its Aquaculture Environmental and Quality certification Global GAP (Good Aquaculture Practice).

In December 2018, our packing line at Lira, Spain received an IFS Food Standard, an internationally recognised standard used to audit and validate the quality and food safety in processes and products within the food value chain. This award required the implementation of a quality management system, with a Hazard Analysis and Critical Control Points (HACCP) approach to food safety.

Corporate Responsibility continued

Our responsibility to the environment

Our success in business depends on our ability to meet a range of environmental challenges. We must operate safely and manage the effect that our activities have on the environment.

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

Environmental regulations continued to intensify during 2018, with the IMO's global sulphur cap on marine fuels, to enforce a reduction to 0.5% 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.

The highlights of 2018 are outlined below.

STOLT TANKERS

In 2018, Stolt Tankers managed more than 100 ships for a total of 36,749 operating days. We continued to make good progress against sustainability benchmarks.

- We maintained our low average fuel consumption/operating days/per deep-sea ship as a result of ongoing fuel conservation and efficiency efforts.
- The fleet's Energy Efficiency Operational Indicator (EEOI) decreased by 6.3%. The EEOI measures the fuel efficiency of ships and enables us to measure the impact of operational changes, such as improved voyage planning and hull/propeller cleaning.
- Stolt Tankers took delivery of two newbuildings in 2018. The Energy Efficiency Design Indexes (EEDIs) for the new ships exceeded minimum energy efficiency requirements by 26% to 37%.
- Both newbuilds were equipped with UV-type ballast water treatment systems to prevent the distribution of invasive species. They were also fitted with hybrid SOx scrubbers, to meet with the IMO's 2020 fuel / SOx emissions standard.
- Improved weather routing saved 2,220 tonnes of fuel (2017: 1,779 tonnes).

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 an inventory of hazardous materials, certified by DNV GL, verifying that the vessel has been properly prepared. Stolt Tankers is ISO 14001 certified and, in addition, the yards it uses hold ISO 9001 certification for environmental and quality management. During recycling, Stolt Tankers maintains one to three surveyors onsite at the yard, to monitor the process first-hand from start to finish. One ship was recycled by Stolt Tankers in 2018.

Stolt Tankers is a founding member of the SRTI (www.shiprecyclingtransparency.org), a 'one-stop-shop' for publishing information on ship recycling against a set of predefined disclosure criteria. This online platform has been developed jointly by key industry stakeholders to encourage shipowners to share their ship recycling policies. The platform offers stakeholders access to information on different companies' approaches to ship recycling, enabling them to make informed decisions when choosing their shipping partners.

Stolt Tankers is an active participant in HiLo. Founded in 2016, this independent joint industry initiative is saving lives in the shipping industry by echoing successful predictive risk modelling projects in the rail and aviation industry. At present, the initiative is focused on the tanker sector. HiLo Maritime Risk Management analyses data collected onboard, using a predictive risk model, to produce recommendations for improved safety.

STOLTHAVEN TERMINALS

Stolthaven's efforts in 2018 focused on wastewater treatment, energy efficiency and control of emissions.

- At our terminals in Houston and New Orleans, we operate our own state-of-the-art wastewater treatment facilities, efficiently serving the needs of both the terminals and third parties onsite.
- A solar energy installation provides electricity to Stolthaven Singapore and similar systems are being considered for our other terminals.
- We upgraded our emission-control equipment at multiple facilities to reduce emissions both from products and utilities.

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 used in the wastewater treatment plants of STC's new depots, producing treated water that is reused either in our cleaning processes or for irrigation purposes. MBR technology generates far less sludge, thus reducing the amounts of solid waste. MBR technology increases the concentration of biological solids in the treatment process and requires a much smaller footprint than conventional wastewater treatment plants, hence requiring lower infrastructure investment.
- The use of LEDs instead of metal halide lamps at our depots reduces electricity consumption and maintenance costs. The savings in power usage are substantial, safety is improved because of much brighter illumination provided by LED lighting, and there are valuable environmental benefits. The lamp life is extended from 6,000 hours to approximately 50,000 hours. Subsequently, our CO_2 emissions have been reduced by 115 tonnes at our Houston depot and by 163 tonnes in Singapore. We are currently installing LED replacements at our Zhangjiagang depot.
- We have reduced energy consumption by recovering condensate from the steam-heating processes at depots to use to pre-warm cold water for cleaning tanks.
- Rigorous maintenance and repair processes mean that STC tank containers can be used multiple times, over many years, after which more than 90% of each tank is recycled.

STOLT SEA FARM

The sustainability attributes of our land-based approach to fish farming are outstanding:

- Ongoing monitoring and testing demonstrate that the quality of the seawater taken up by Stolt Sea Farm's land-based fish farms is similar to that of the water returned to the sea – the result of good design and efficient management of water use.
- One of the reasons that we chose to locate our innovative sole farm in Iceland was the access to large volumes of pure hot and cold seawater, meaning there is no need to filter and recirculate. The outflow from the farm in Iceland is virtually pristine, as verified by the Icelandic authorities.

Corporate Responsibility continued

Our people

Stolt-Nielsen is full of talented people with a passion for providing the highest levels of service to our customers around the world.

DEVELOPING TALENT

We understand that an engaged workforce is vital to our success. Whether at sea or on shore, investing in the professional development and personal growth of our employees will help us to achieve our strategic goals. Tailored programmes are in place to develop employees at all levels so that they are equipped with the knowledge and skills that we need, and to enable them to reach their full potential.

We pride ourselves in being a truly international company that offers a wealth of opportunities for career development. Those new to Stolt are often pleasantly surprised by how accessible our senior people are. And for those starting out in their career, this collaborative approach means that they can contribute ideas, gain hands-on experience and are given responsibility right from the start.

In recent years we have undertaken a programme of improving our performance management and ensuring it is globally consistent for our management and staff. At the heart of this process are eight key attributes:

- 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 that our people are given the opportunity to continuously improve while also supporting our business goals. In 2018, 100% of eligible employees completed the process with their manager.

We have in place a modern, easy-to-use HR system. This online portal allows employees to manage additional tasks such as timecards and annual leave and review their personal data. It also provides an area where they can request feedback from their peers. The system also helps us to identify and assess our emerging talent across the organisation.

In 2019, we will introduce the Learning Management System module which will enable employees to record, participate in and apply for training. We also plan to implement the recruitment module of the system, to enhance our communications and processes. Linked to this is our employee value proposition (EVP). This sets out how we position ourselves as a company, with a unique set of opportunities and benefits which employees receive in return for the skills, capabilities and experience they bring to Stolt-Nielsen. We have begun work on our EVP and plan to develop this further in the coming year.

REWARDING PERFORMANCE

Our reward and benefits arrangements ensure that everyone's contribution is rewarded fairly. 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 those with the skills that match the needs of the business. In 2018, 80% of our shore staff received a total reward statement showing the true value of the benefits that they receive, on top of their base salary.

The wellbeing of employees goes beyond financial reward alone. Many of our operations offer onsite exercise facilities, bootcamp classes and health checks. Our team based in Dubai took part in body composition testing and received nutritional and exercise advice from local experts. In Manila, our Philippines office held a series of well-attended 'lunch and learn' workshops covering a broad range of topics, including 'Standing out in Leadership', which covered coaching and mentoring skills.

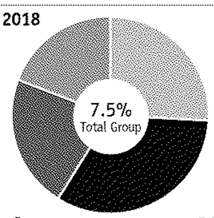
With one of the longest-serving workforces in our industry (2018 average tenure 8.7 years) we are proud to report that our loyalty to our people creates the same loyalty from them in return. Our voluntary staff turnover increased during the year, yet at 7.5% (2017: 6.3%) remains below the industry average.

Number of people employed

	2018		2017	
	Sea Personnel	**Onshore Staff**	Sea Personnel	Onshore Staff
Europe	**1,091**	**553**	1,152	557
North America	**3**	**538**	3	548
Asia	**3,301**	**617**	3,384	615
Rest of world	**18**	**172**	18	172
Total	**4,413**	**1,927**	4,557	1,892
Group totals		**6,340**		6,449

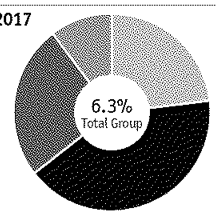
Voluntary employee turnover (%)*

2018



Europe	7.5
North America	9.5
Asia	6.3
Rest of world	5.5

2017



Europe	5.2
North America	9.3
Asia	5.7
Rest of world	2.3

* Excluding Sea Personnel

Our terminals in Dagenham, UK and New Orleans, US carried out employment engagement surveys to help management understand more about the experiences of people at Stolthaven. This resulted in the creation of several workgroups at each location that are responsible for addressing the outcomes of the survey. We plan to roll these surveys out to more locations in the coming year.

WORKING WITH OUR COMMUNITIES

We have a long tradition of community engagement, working with charities, local organisations and schools to help develop the local economy, protect the environment and promote education.

As a responsible business, we want to show that we provide value beyond the services that we offer to customers. During the year, our people undertook a number of initiatives to support local environmental organisations, from beach cleaning in Spain and Dubai to planting trees in the Philippines and India to mark World Environment Day. Our Stolt Sea Farm team also welcomes groups of local schoolchildren on site so that they can learn about the species we raise, and understand more about the importance of sustainable aquaculture practices in the future of our planet. And in Manila we have an ongoing commitment to working with local pre- and post-natal charity *Grace to be Born*, which offers support and supplies to underprivileged expectant mothers.

SUPPORTING AN INCLUSIVE ENVIRONMENT

We are 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. Beyond this, we are committed to building a diverse and inclusive workforce at all levels of the organisation.

We believe that this diversity can in turn help us to develop innovative solutions that will benefit our customers. As a company with businesses located around 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 increases their knowledge.

CODE OF BUSINESS CONDUCT

We are committed to operating in an ethical, honest and legal way. Our Code of Business Conduct is reviewed and approved by the Board annually. It is displayed at all our sites and is available in local languages. Any breach of the Code is viewed seriously, 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 and comply 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. In 2018, 100% of our shore-based staff required to do so successfully completed an online anti-bribery and corruption training module and confirmed their adherence to the Code.

We promote a culture that 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 whistle-blower policy and anyone, internal or external, can access our online 'Speak Up!' system to report confidentially and (where local law permits, anonymously) directly to the Audit Committee Chairman and our Head of Operational Audit. All reports are taken seriously and investigated.

COMMITMENT TO THE WELFARE 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 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 continuous employment to ensure high levels of expertise;
- State-of-the-art and focused safety and operational training programmes;
- Empowerment of Ship Management Teams (SMTs) to drive pride of ownership.

Stolt Tankers' turnover rates are among the industry's lowest, with a high proportion of sea staff choosing long-term careers aboard our ships.

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 State inspections.

Stolt Tankers' compliance with MLC standards is fully documented within the division's Ship Management System. Further vetting takes place during routine onboard 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 OCIMF's Tanker Management and Self-Assessment process. Additional vetting takes place during periodic International Safety Management (ISM) audits carried out by the world's largest ship classification society DNV GL, on behalf of the Flag States.

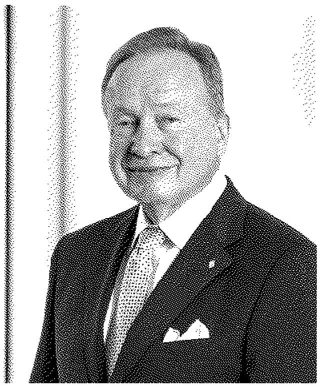
Corporate Governance

Our commitment to effective corporate governance

Stolt-Nielsen Limited adheres to the provisions set out in the Norwegian Code of Practice for Corporate Governance.

Letter from the Chairman

Board of Directors: Roles and responsibilities



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

Samuel Cooperman
Chairman of the Board

My primary responsibility as Chairman and that of the members of the Board is to act in the long-term best interests of the Company. Each director is elected by the shareholders of Stolt-Nielsen Limited, and is required to put the common interests of 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 support, challenge and guide the plans, tactics, strategies and goals of the SNL management team. Such governance is vital to the interests of shareholders. To achieve this, the SNL Board of Directors adheres to the provisions set out in the Norwegian Governance Code (see pages 28-31).

As Chairman, it is also my responsibility to ensure that the Company considers the interests of all stakeholders, including 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 also oversee the Operational Audit function, which assures that our businesses comply with Company policy and international and local regulations, particularly in relation to financial reporting. The function also maintains an online reporting system, 'Speak Up!', so that anyone, inside or outside the Company, may raise their concerns directly (see page 25).

ROLE OF THE BOARD

In addition to its role in overseeing governance, risk management and financial controls, the Board works with management to ensure that the pursuit of new opportunities and investments is balanced with building on the strengths of the existing businesses. The Board also acts to guide the SNL management team toward effective decision-making. This requires the addition of new knowledge and experience over time, to maintain a superior level of insight and guidance. 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 a competitive compensation and benefit structure for employees (see page 24).

We have a strong Board with a breadth of experience and perspectives, which we added to in March 2018 with the appointment of Jan Chr. Engelhardtsen, who brings with him a wealth of experience in our business and markets. I am confident that the current SNL Board is well-equipped to discharge its responsibilities effectively.

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 business operated by SNL. This is accomplished via presentations made to the Board by each of the business heads four times a year, together with weekly business updates, and monthly management reports, all of which provide updates on market trends, our business position and assets.

This detailed information enables Board members to raise questions and discuss any concerns directly. In addition to scheduled Board meetings, the Directors periodically visit SNL facilities and assets. In 2018, for example, Board members visited Stolthaven Houston to see for themselves progress on the new jetty and went aboard *Stolt Excellence*, one of our newest ships, in November. Members of the Board also meet from time to time with senior management team members and participate in strategic and operational review meetings.

CULTURE AND VALUES

SNL's culture is defined by the combination of values and behaviours that SNL employees embrace as they go about their business and interactions with customers, suppliers, partners, fellow employees and other stakeholders.
SNL's Code of Conduct and Statements of Responsibility regarding people and safety, health, environment and quality (SHEQ) are outlined on pages 18 to 25 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 the Board receives an update on health and safety matters from every business at each Board meeting. 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 best interests.

Corporate Governance continued

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: stolt-nielsen.com/media/1190/byelaws.pdf. The Norwegian Code of Practice is available at: www.nues.no/English.

SNL is under the majority control of Fiducia Ltd, a company owned by a trust established for the benefit of 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 objectives and purposes as 'unrestricted'. The Group's strategy and principal risks are described in its Annual Report.

3. EQUITY AND DIVIDENDS

The Board of Directors is of the opinion that the Company currently has a suitable capital structure 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, 2018, 64,133,796 Common Shares and 16,033,449 Founder's Shares were issued. The outstanding shares consisted of 60,878,366 Common Shares and 15,219,592 Founder's Shares. 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 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.

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 out 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, 2018, Fiducia Ltd, a company owned by a trust established for the benefit of the Stolt-Nielsen family, together with certain members of the Stolt-Nielsen family, controlled 56.7% 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 trustees of the family trust are currently able to directly and indirectly exercise a controlling influence over SNL's operations and have 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 trustees of the Stolt-Nielsen family trust. Additionally, the interests of the family trust 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.

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. SHARES AND NEGOTIABILITY

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 has to date not made use of its authority. 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 out in the agenda.

The foregoing provisions relating to the holding of, and conduct at, General Meetings of Shareholders are set out 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.com/en/investors/.

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. 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 out 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 seven 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

Corporate Governance continued

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 Chief Executive Officer 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/en/investors/.

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.

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.

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.

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 at the 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/en/investors/.

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. 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 whistle-blowing 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 percentage of the salary of the executive management team.

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. Each year SNL publishes 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/en/investors

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 and 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, 2017, the audit engagement partner completed six years in this role. During 2018, the Audit Committee requested PwC to agree to an extension of the audit engagement partner's tenure by one year to seven years ending 2018. PwC acceded to this request.

Corporate Governance continued

Board of Directors

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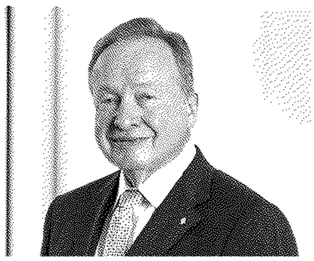

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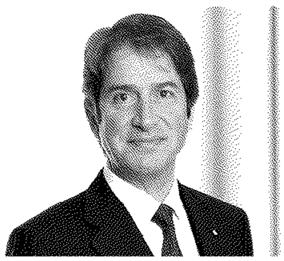

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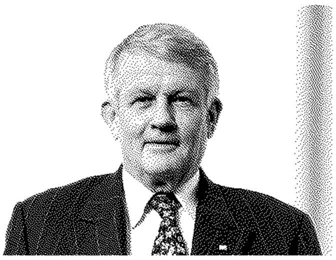

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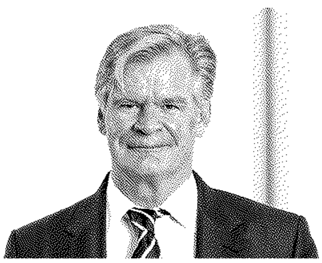
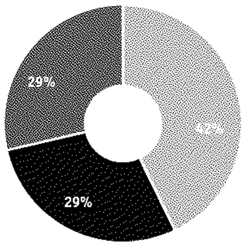


Tenure



1–10 years	3
11–20 years	2
20+ years	2

● Committee Chairman
A Audit Committee
C Compensation Committee

1. SAMUEL COOPERMAN (A) C
CHAIRMAN OF THE BOARD OF DIRECTORS

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. He has been a member of the Compensation Committee since 2016.

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.

2. 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 Avenir LNG and a Director of Golar LNG Ltd.

3. JAN CHR. ENGELHARDTSEN DIRECTOR A

Appointment
Jan Chr. Engelhardtsen was appointed to the Board of Directors in March 2018 and is a member of the Audit Committee.

Experience
Mr. Engelhardtsen previously served as Chief Financial Officer of Stolt-Nielsen Limited for 26 years. He has held numerous key positions during his career, including President of Stolt Tank Containers, where he played an important role in the Company's entry into tank containers, establishing what is today Stolt Tank Containers. He also served as President of Stolthaven Terminals, Chief Financial Officer of Stolt Offshore S.A., and President and General Manager of Stolt-Nielsen Singapore Pte. with overall responsibility for the Company's operations in South-East Asia. Mr. Engelhardtsen holds an MBA from the Sloan School at the Massachusetts Institute of Technology and undergraduate degrees in Business Administration and Finance. He is a citizen of Norway.

Other Appointments
Mr. Engelhardtsen is a Director of Avenir LNG.

4. 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.

5. HÅKAN LARSSON DIRECTOR A C

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 AB.

6. 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 of 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.

7. 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, Golar MLP and Borr Drilling Ltd and owner of Magni Sport and Magni Partners UK, where he is also Managing Partner.

Financial Review

Jens F. Grüner-Hegge
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, 2018 and 2017. 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, 2018 and 2017:

	For the years ended November 30,	
(in thousands)	2018	2017
Operating Revenue	$ **2,125,495**	$ 1,997,090
Operating Expenses	**(1,460,958)**	(1,329,223)
Depreciation and amortisation	**(264,664)**	(264,497)
Impairment of assets	**(26,390)**	(15,300)
Gross Profit	**373,483**	388,070
Gross margin	**17.6%**	19.4%
Share of profit of joint ventures and associates	**32,360**	17,588
Administrative and general expenses	**(223,137)**	(216,529)
US retiree healthcare plan curtailment gain	**–**	3,931
Loss on disposal of assets, net	**(1,325)**	(515)
Other operating income	**6,405**	2,675
Other operating expense	**(678)**	(851)
Operating Profit	**187,108**	194,369
Operating margin	**8.8%**	9.7%
Non-operating income (expense):		
Finance expense	**(139,111)**	(133,943)
Finance income	**3,872**	3,732
Foreign currency exchange loss, net	**(4,971)**	(2,774)
Other non-operating (expense) income, net	**(609)**	972
Profit before Income Tax	**46,289**	62,356
Income tax benefit (expense)	**7,701**	(12,239)
Net Profit	$ **53,990**	$ 50,117
Attributable to:		
Equity holders of SNL	**54,850**	50,313
Non-controlling interests	**(860)**	(196)
	53,990	50,117

	For the years ended November 30,	
(in thousands)	2018	2017
Net profit before one-time items	$ **46,291**	$ 63,417
One-time items:		
US corporate tax rate change	**24,900**	–
AGHL fair value loss	**(12,884)**	–
Avenir gain on deconsolidation	**11,157**	–
US retiree healthcare plan curtailment gain	**–**	7,171
Terminal one-time items (see Terminals section below)	**4,607**	(9,855)
Impairment of assets in Stolt Bitumen	**(17,715)**	(8,404)
Acquisition costs for JoT	**–**	(400)
Restructuring charges for Tankers	**(2,516)**	(2,158)
Tax effect on the above one-time items	**150**	346
Net Profit	$ **53,990**	$ 50,117

CONSOLIDATED INCOME STATEMENT

Net profit of SNL was $54.0 million for 2018, compared with $50.1 million in 2017. Excluding the one-time items described in the table on the previous page, net profit was $46.3 million for 2018, compared with $63.4 million in 2017, or a $17.1 million reduction. The most significant factors affecting SNL's performance in 2018 were:

- Stolt Tankers reported an operating profit of $66.6 million, a 40% decline compared with prior year operating profit of $111.0 million. Cargo volume carried was up as the deep-sea fleet expanded with the delivery of newbuildings in 2017 and early 2018, but freight rates were slightly lower while bunker prices increased by more than 30%. The development of freight rates reflects a chemical market characterised by an oversupply of tonnage.
- Stolthaven Terminals reported an operating profit of $76.4 million compared with $54.2 million in 2017. Excluding the one-time positive adjustments of $4.6 million in 2018 and negative adjustments of $9.9 million in 2017, as discussed in the Terminals section, operating profit increased by $7.8 million in 2018. The increase in operating profit was mainly owing to an increase in storage capacity, an increase in the average utilisation rate and a higher equity income in Ulsan, South Korea, partly offset by higher operating expenses and higher administrative and general expenses associated with the higher operating revenue.
- Stolt Tank Containers reported an operating profit of $70.9 million, up from $54.5 million in 2017, an increase of 30.1% or $16.4 million. The increase was largely owing to an increase in shipments of 1.8%, as well as an increase in demurrage revenue and strong results in the food grade business sector. This was partially offset by an increase in tank rental costs and higher administrative and general costs, which included $1.5 million one-time costs related to the reorganisation of operations in Northern Europe.
- Stolt Sea Farm reported an operating profit of $13.0 million, compared with an operating profit of $3.5 million in 2017. The increase in the operating profit was attributable to the higher sales for flatfish together with the adjustment for fair value of inventories which had a positive impact of $5.5 million to the operating profit in 2018, compared with no impact in 2017.
- Corporate and Other operating loss was $39.8 million, compared with the prior year loss of $28.8 million. Excluding one-time items detailed in the Corporate and Other section, Corporate and Other operating loss was lower than prior year by $3.1 million. The majority of this was owing to a $7.0 million reduction in share of losses from joint ventures and associates primarily caused by cessation of equity accounting for AGHL, offset by $4.0 million additional administrative and general expenses in the Gas business.

Operating revenue

Operating revenue was $2,125.5 million in 2018, which was 6.4% higher than 2017, mainly owing to higher freight revenues in Tankers from more trading days and higher bunker surcharge revenues, shipment and freight rate increases at Stolt Tank Containers and higher volume of turbot sold at Stolt Sea Farm.

Stolt Tankers' revenue increased by $60.7 million, owing to $22.5 million in higher freight revenue and $33.9 million higher bunker surcharge revenues. The freight revenue increase was mainly owing to 4.4% more operating days in deep-sea resulting from the delivery of newbuildings during 2017 and early 2018. The higher bunker surcharge revenues are owing to the increase in bunker prices during the year.

Stolthaven Terminals' revenue increased by $9.2 million compared with 2017, an increase of 3.8%. The improvement reflected an increase in average storage capacity by 0.1%, an increase in the average utilisation rate to 90.4% in 2018, from 87.9% in 2017 and rate escalation.

Stolt Tank Containers' revenue increased by $38.4 million, or 7.5% in 2018 mainly as a result of a 1.8% increase in shipments and higher freight rates. Also impacting revenue was an increase in demurrage revenue of $14.4 million as well as increases in ancillary revenue.

Stolt Sea Farm's operating revenue increased by $25.7 million in 2018 from prior year mainly owing to additional volumes of turbot traded, as well as a higher sale price for turbot and sole.

Corporate and Other operating revenue decreased as Stolt Bitumen stopped the trading of bitumen in 2017 and business continued to decline during 2018.

Gross profit

SNL's gross profit decreased by 3.8%, or $14.6 million, to $373.5 million in 2018 compared with prior year, reflecting market conditions at Stolt Tankers, the write-down of property, plant and equipment, accounts receivable and other assets at Stolt Bitumen, partially offset by increased gross profit at Stolthaven Terminals, Stolt Tank Containers and Stolt Sea Farm.

Stolt Tankers' gross profit decreased by $39.7 million in 2018 to $154.9 million. An increase in bunker prices of more than 30% was not compensated for in freight rates, which were slightly lower, reflecting a soft market worldwide. Cargo volume carried increased because of the larger fleet in deep-sea.

Gross profit for Stolthaven Terminals was $84.1 million in 2018, compared with $75.8 million, an increase of $8.3 million. Excluding one-time adjustments discussed in the Terminals section below, gross profit increased by $6.1 million from the impact of higher revenue partially offset by higher personnel, utility and maintenance expenses.

Stolt Tank Containers saw an increase in gross profit of $19.4 million to $136.1 million, largely owing to increased shipments and improved market conditions as well as increased demurrage revenue. This was partially offset by an increase in tank rental costs.

Stolt Sea Farm's gross profit increased by $10.8 million to $20.1 million owing to the higher sales prices and volumes for traded turbot together with a $5.5 million gain from fair value adjustments for inventories in 2018 compared with nil fair value adjustment in 2017.

Corporate and Other included Stolt Bitumen, which reported a $13.4 million reduction in gross profit as a result of decreased trading of bitumen and impairment of various assets, including bitumen ships, aggregating to $17.7 million.

Share of profit of joint ventures and associates

SNL's share of the profits from non-consolidated joint ventures and associates in 2018 was $32.4 million, up from $17.6 million in 2017.

Stolt Tankers' share of profit from joint ventures decreased by $4.5 million to $2.9 million. This was primarily caused by a decrease in profits at the South East Asian joint venture Stolt NYK Asia Pacific Service (SNAPS), which faced a generally weak market with an oversupply of tonnage and a lack of spot cargo demand. Equity pickups from the deep-sea joint ventures NYK Stolt Tankers S.A. and Hassel Shipping 4 A.S. were also lower owing to weaker results in Stolt Tankers Joint Service (STJS).

Stolthaven Terminals' share of profit from joint ventures and associates increased by $11.8 million to $31.5 million. The improvement reflected higher equity income from the joint venture with Oiltanking in Antwerp and higher equity income in Ulsan, South Korea. The higher equity income from the joint venture with Oiltanking in Antwerp was mainly a result of the partial release of a deferred tax liability of $8.2 million because of the reduction of the corporate income tax rate in Belgium and penalty fees from customers for early contract termination, which was partly offset

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by lower results because of a lower utilisation rate. The higher equity income in Ulsan, South Korea was owing to the first full year of new capacity added in October 2017. In 2017, there were also impairments at other joint ventures which did not recur.

Stolt Tank Containers' share of profit from joint ventures increased by $0.5 million from joint-venture depots in Saudi Arabia, South Korea and Italy.

Corporate and Other's share of profit in joint ventures and associates increased by $7.0 million, as a result of ceasing to equity account for the losses on the investment in Avance Gas Holding Limited (AGHL).

Administrative and general expenses and US retiree healthcare plan curtailment gain

Administrative and general expenses were $223.1 million in 2018, up from $216.5 million in 2017, an increase of $6.6 million. This was primarily owing to regular salary increases. During the fourth quarter of 2017, there was a $7.1 million gain from the curtailment of the US post-retirement healthcare plan, of which $3.2 million was recorded within operating expenses and $3.9 million within administrative and general expenses.

Loss on disposal of assets, net

SNL recorded a net loss on disposal of assets of $1.3 million in 2018 and $0.5 million in 2017.

Other operating income and other operating expense

Other operating income was $6.4 million in 2018, compared with $2.7 million in 2017. The improvement reflected the fee for early surrender of the land lease at Hamer Street, New Zealand. Other operating expense was $0.7 million in 2018, compared with $0.9 million in 2017.

Finance expense

Finance (interest) expense was $139.1 million in 2018, up from $133.9 million in 2017, owing to an increase in the average interest rate over the prior year.

Finance income

Finance income was $3.9 million, up by $0.2 million in 2018, compared with 2017.

Foreign currency exchange loss

In 2018, SNL had a foreign exchange loss of $5.0 million, compared with a $2.8 million loss in 2017.

Other non-operating income, net

Non-operating expenses of $0.6 million in 2018 compared unfavourably with non-operating income of $1.0 million in 2017. In 2018, a loss of $12.9 million was recorded when AGHL was classified as an Investment in equity instruments. This was partly offset by a gain of $11.2 million, recorded on the deconsolidation of Avenir LNG owing to a dilution of shareholding and loss of control. This was the result of the Group, along with Golar LNG Ltd and Höegh LNG Ltd, investing in Avenir LNG. Dividends from Golar were $0.5 million in both 2018 and 2017.

Income tax expense

Income tax was a benefit of $7.7 million in 2018, compared with an expense of $12.2 million in 2017. The improvement was mainly owing to a reduction in the US Federal tax rate from 35% to 21%, resulting in the reduction in deferred taxes of $24.9 million and a $1.0 million credit in the United Kingdom relating to prior years, offset by a $3.9 million increase in Corporate tax charges, a $1.0 million prior year charge in Norway owing to currency translation differences and a non-recurring tax credit in Brazil of $1.2 million in the year ended November 30, 2017, related to local legislative change.

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)		For the years ended November 30, 2018		2017
Operating revenue:				
Stolt Tankers	$	**1,219,153**	$	1,158,466
Stolthaven Terminals		**251,984**		242,738
Stolt Tank Containers		**551,102**		512,745
Stolt Sea Farm		**98,481**		72,744
Corporate and Other		**4,775**		10,397
Total	$	**2,125,495**	$	1,997,090
Operating profit:				
Stolt Tankers	$	**66,563**	$	110,973
Stolthaven Terminals		**76,411**		54,181
Stolt Tank Containers		**70,884**		54,492
Stolt Sea Farm		**13,016**		3,530
Corporate and Other		**(39,766)**		(28,807)
Total	$	**187,108**	$	194,369

STOLT TANKERS

Operating revenue

Operating revenue increased by $60.7 million in 2018 from 2017, with deep-sea revenue increasing by $45.7 million and regional revenues by $15.0 million. Freight and demurrage revenue increased by $24.3 million, while bunker surcharge revenues increased by $33.9 million, the latter reflecting a higher average bunker price during the year.

Deep-sea freight revenues were 2.1% higher owing to a 2.3% increase in tons of cargo carried. Operating days were 4.4% higher as a result of the delivery of 11 newbuildings throughout 2017 and early 2018, but utilisation decreased by 2.0%. Excluding the effect of bunker surcharges, average freight rates decreased by 0.4% (despite rising bunker prices), with spot rates increasing 3.8% and COA rates decreasing 1.9%. The percentage of spot cargo carried increased by 6.3% between the two years.

The average Sailed-In Time-Charter Index[1] for 2018 was 0.57, compared with 0.65 for 2017.

Regional fleet revenue increased by $15.0 million, reflecting more demurrage revenue owing to high congestion levels in North West European ports in the second quarter of 2018, more freight revenue in the European barging fleet because of a strong market and an unusually long period of low water on the river Rhine in the second half of 2018, and higher bunker surcharge revenues.

As of November 30, 2018, Stolt Tankers owned and/or operated 156 ships and barges, representing 2.85 million deadweight tons (dwt), lower than 2.89 million dwt at the end of 2017 owing to the recycling of *Stolt Mountain* and the redelivery of two time chartered ships in the deep-sea fleet.

1. The Stolt Tankers Joint Service ("STJS") 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, transship-ments, 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.

	Number of ships	Millions of dwt	% of STJS net earnings for the year ended November 30, 2018
Stolt Tankers Joint Service (STJS):			
Stolt Tankers Limited (53 owned)	57	1.92	79%
NYK Stolt Tanker S.A.	6	0.19	9%
Hassel Shipping 4 A.S.	8	0.26	12%
	71	2.37	100%
Time-chartered ship	1	0.02	
Total Stolt Tankers Joint Service	**72**	**2.39**	
Ships in owned regional services (27 owned)	61	0.26	
Ships in joint venture regional services (21 owned)	23	0.20	
Total	**156**	**2.85**	

Operating profit

Operating profit decreased by $44.4 million, to $66.6 million in 2018 from $111.0 million in 2017. As discussed above, revenues increased by $60.7 million, but higher operating and administrative and general expenses and lower joint venture income more than offset this increase.

Operating expenses increased by $95.5 million, with $59.9 million of the increase the result of higher bunker costs. The average price of IFO consumed in 2018 increased to approximately $413 per ton, up from $314 per ton in 2017. Bunker hedges entered into by SNL in early 2016 and in mid 2017 resulted in gains of $6.1 million for the year, which was $7.4 million lower than in 2017. Time-charter expenses increased by $12.2 million because of higher profit share to external owners in the European barging fleet and a ship on short-term time charter during 2018 in the Caribbean fleet. Other voyage costs, such as port charges, were higher during 2018 owing to increased port calls and canal transits.

Depreciation expense increased by $4.9 million owing to the impact of the newbuilding deliveries, but ship management costs were $6.7 million lower owing mainly to savings on manning costs, repair and maintenance costs, insurance and consumables and lower depreciation owing to life extension of some ships.

Stolt Tankers' share of profit from joint ventures decreased by $4.5 million to $2.9 million. This was primarily caused by a decrease in profits of the South East Asian joint venture SNAPS, which faced a generally weak market with an oversupply of tonnage and a lack of spot cargo demand. Equity pickups from the deep-sea joint ventures NYK Stolt Tankers S.A. and Hassel Shipping 4 A.S. were lower owing to weaker STJS results, despite the increase in their operating days owing to the deliveries of newbuildings.

STOLTHAVEN TERMINALS

Operating revenue

Stolthaven Terminals' revenue increased to $252.0 million in 2018 from $242.7 million in 2017. This increase of 3.8% was mainly owing to an increase in overall storage capacity by 0.1% and an increase in the average utilisation rate to 90.4% in 2018 from 87.9% in 2017. The increase in the average utilisation rate was mainly owing to a higher average leased capacity in Houston, New Orleans and Singapore.

Total available average capacity at the consolidated terminals increased to 1,723,589 cubic meters in 2018 from 1,721,951 cubic meters in 2017, as a result of new capacity added in 2018 in Dagenham and the first full year of new capacity added in 2017 in Singapore and Moerdijk. Product handled decreased to 14.4 million cubic meters in 2018, from 15.0 million cubic meters in 2017.

Operating profit

Operating profit increased by 41.0% to $76.4 million in 2018 from $54.2 million in 2017. There were the following one-time items:

(in thousands)	For the years ended November 30, 2018	2017
Terminal operating profit before one-time items	**$ 71,804**	$ 64,036
One-time items:		
Surrender fee Hamer Street, New Zealand, net of costs	**3,405**	–
Higher share of profit from joint ventures owing to a reduction in deferred tax charges, owing to a lower tax rate at Oiltanking in Antwerp	**8,225**	–
Impact penalty fees on share of profit joint venture with Oiltanking in Antwerp	**2,071**	–
Impairment of plant and equipment in Australasia	**(3,104)**	(8,400)
Partial write-off of loan receivable	**(3,557)**	–
Impairment of assets at joint ventures	**(1,527)**	–
Impairment of capitalised customer contract	**(906)**	–
Accelerated depreciation of assets	**–**	(1,455)
Terminal operating profit	**$ 76,411**	$ 54,181

The increase of $7.8 million before the one-time items was mainly owing to an increase in revenue as discussed above and an increase in equity income of $1.9 million in Ulsan, South Korea, partly offset by higher operating expenses associated with the higher operating revenue as well as higher administrative and general expenses.

Operating expenses increased to $105.7 million in 2018 from $103.4 million in 2017 as personnel, utility and maintenance expenses increased owing to additional activity at the terminals.

Share of profit of Stolthaven Terminals' joint ventures and associates increased by $11.8 million. Share of profit in the joint venture with Oiltanking in Antwerp increased by $7.5 million as a result of the partial release of a deferred tax liability because of the reduction of the corporate income tax rate in Belgium and penalty fees to customers for early contract termination, which was partly offset by lower results because of a lower utilisation rate. In Ulsan, South Korea, income increased by $1.9 million owing to the first full year of new capacity added in October 2017.

STOLT TANK CONTAINERS (STC)

Operating revenue

Stolt Tank Containers' revenue rose to $551.1 million in 2018 from $512.7 million in 2017, an increase of 7.5%. This was primarily owing to increased activities combined with an increase in transportation rates as market conditions improved and pass-through freight costs increased. Also benefitting revenue was an increase in demurrage revenue of $14.4 million as customers hold onto tanks longer as well as increases to ancillary revenue and higher activity at Stolt-owned depots.

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In 2018, STC handled 129,127 tank container shipments, compared with 126,785 shipments in 2017, which represents a 1.8% increase. Average utilisation decreased slightly to 72.1% in 2018, from 72.5% in 2017. The fleet increased by 10.8% to 39,202 tank containers at the end of 2018 compared with 35,396 tank containers at the end of 2017. This was owing to the leasing in of additional units at lower average lease rates.

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 lower priced intra-regional shipments. STC's rates were also impacted by a slightly weaker US dollar.

Operating profit

Stolt Tank Containers' operating profit increased to $70.9 million in 2018 from $54.5 million in 2017. This reflects a $16.4 million increase in operating profit, with operating margins increasing to 12.9% in 2018 from 10.6% in 2017. The operating margin improved primarily because of higher shipments as well as increased demurrage and other ancillary revenue, offset partially by increased tank rental costs with an increase in the number of leased units and higher administrative costs owing to the reorganisation of operations in Northern Europe.

STOLT SEA FARM (SSF)

Operating revenue

Stolt Sea Farm's revenue increased by $25.7 million, or 35.4%, to $98.5 million in 2018 from $72.7 million in 2017, primarily owing to the increase in traded turbot volumes as well as higher sales prices for flatfish. Turbot prices were up by 10.5% on average for the year while turbot volumes sold reached a new record of 7,387 tonnes increasing 21.9% from 2017. Sole volumes increased by 0.9% while sole sales prices increased by 11.4%.

Operating profit

Stolt Sea Farm reported an operating profit of $13.0 million in 2018 compared with an operating profit of $3.5 million in 2017, a year-on-year increase of $9.5 million. Of the total change, $5.5 million was owing to a fair market value gain on the biological assets in 2018 compared with a nil fair market value adjustment in 2017 with the remaining $4.0 million variance arising mainly from higher turbot sales.

Corporate and Other

Corporate and Other operating loss was $39.8 million, compared with the prior year loss of $28.8 million. There were the following one-time items:

	For the years ended November 30,	
(in thousands)	**2018**	2017
Corporate and Other operating profit before one-time items	**$ (19,830)**	$ (25,113)
One-time items:		
Impairment of assets at Stolt Bitumen	**(17,715)**	(8,404)
US retiree healthcare plan curtailment gain	**–**	7,171
Acquisition costs of Jo Tankers (JoT)	**–**	(400)
SNL reorganisation costs	**(2,221)**	(2,061)
Corporate and Other operating loss	**$ (39,766)**	$ (28,807)

Following this impairment, Stolt Bitumen's reported assets consist of two Bitumen ships.

Excluding these one-time items, Corporate and Other operating loss decreased by $5.3 million. The majority of this was owing to a $7.0 million reduction in share of losses from joint ventures and associates, primarily caused by cessation of equity accounting for AGHL, offset by $4.0 million additional administrative and general expenses in the Gas business.

LIQUIDITY AND CAPITAL RESOURCES

(in thousands)	**2018**	2017
Summary Cash Flows		
Net cash provided by operating activities:		
Net profit	**$ 53,990**	$ 50,117
Depreciation, impairment and amortisation	**291,054**	279,797
Gain on deconsolidation of Avenir LNG	**(11,157)**	–
Fair value loss on equity instruments	**12,884**	–
Share of profit of joint ventures and associates	**(32,360)**	(17,588)
Loss on disposal of assets	**1,325**	515
Finance expense, net of income	**135,239**	130,211
Income tax (benefit) expense	**(7,701)**	12,329
Other adjustments to reconcile net profit to net cash from operating activities	**10,197**	(3,710)
Changes in working capital assets and liabilities	**3,350**	(10,528)
Contributions to defined benefit pension plans	**(1,824)**	(3,368)
Dividends from joint ventures and associates	**22,204**	23,232
Other, net	**(342)**	(344)
Cash generated from operations	**476,859**	460,573
Net interest paid, including debt issuance costs	**(135,199)**	(127,551)
Income taxes paid	**(13,608)**	(8,255)
Net cash from operating activities	**$ 328,052**	$ 324,767
Cash flows from investing activities:		
Capital expenditures	**(146,327)**	(360,372)
Purchase of intangibles	**(3,012**	(3,576)
Deposits for newbuildings	**(7,326)**	(14,592)
Sale of marketable securities	**–**	11,507
Investment in joint venture	**(18,210)**	–
Business acquisitions, net of cash	**–**	(24,026)
Advances to joint ventures and associates, net	**(5,945)**	(14,387)
Proceeds from sale of ships and other assets	**11,674**	16,329
Other	**1,416**	(594)
Net cash used in investing activities	**$ (167,730)**	$ (389,711)
Net cash used for financing activities:		
(Decrease) increase of uncommitted credit lines	**–**	(8,100)
Repayment of long-term debt	**(374,267)**	(718,458)
Proceeds from issuance of long-term debt	**270,291**	817,316
Principal payments on capital leases	**(140)**	(100)
Purchase of Treasury shares	**(15,152)**	–
Dividends paid	**(27,465)**	(55,022)
Net cash (used in) provided by financing activities	**$ (146,733)**	$ 35,636
Effect of exchange rate changes on cash	**(7,368)**	(5,168)
Net increase (decrease) increase in cash and cash equivalents	**$ 6,221**	$ (34,476)

Net cash provided by operating activities

In 2018, SNL generated cash from operations of $328.1 million, compared with $324.8 million in 2017. The increase in cash generated from operations was owing to an improvement in operations at Stolt Tank Containers and Stolthaven Terminals, partially offset by higher interest and income tax payments.

Net cash used for investing activities

Cash used in investing activities was $167.7 million in 2018, compared with $389.7 million in 2017.

The most significant uses of cash for investing during 2018 were:

i) capital expenditures of $146.3 million, which were $214.0 million lower than in 2017, and
ii) a deposit of $7.3 million for a newbuilding, equity contributions and advances to the Company's joint ventures and associates of $24.2 million.

Offsetting the uses of cash were proceeds from the sale of ships and other assets of $11.7 million, compared with $16.3 million in 2017. In 2017, marketable securities were also sold for $11.5 million.

Cash capital expenditures by business are summarised below:

	For the years ended November 30	
(in thousands)	**2018**	2017
Stolt Tankers	**$ 41,060**	$ 263,343
Stolthaven Terminals	**88,321**	82,292
Stolt Tank Containers	**5,320**	8,422
Stolt Sea Farm	**7,936**	4,025
Corporate and Other	**3,690**	2,290
Total	**$ 146,327**	$ 360,372

During the year ended November 30, 2018, the Group spent $146.3 million on property, plant and equipment. Cash spent during the period primarily reflected:

i) $85.2 million on terminals, for projects including the Houston jetty, Santos expansion and Newcastle berth construction,
ii) $29.1 million on drydocking of ships,
iii) $5.3 million on the purchase of tank containers and construction at depots, and
iv) $7.9 million on Stolt Sea Farm capital expenditures.

Net cash provided by financing activities

Net cash outflow from financing activities totalled $146.7 million in 2018, compared with an inflow of $35.6 million in 2017.

The significant cash sources from 2018 financing activities were net proceeds of long-term debt issuances of $270.3 million, compared with $817.3 million in 2017. The 2018 debt issuances comprised:

i) $93.8 million from the additional Danish Ship Finance (DSF) facility drawn in October 2018,
ii) $7.6 million for the purchase of newbuilding *Stolt Loyalty* tranche under the $291.8 million term loan with Export and Import Bank of China and Standard Chartered Bank,
iii) $10.1 million of additional debt raised by Stolt Sea Farm, and
iv) $12.1 million of additional debt in Australasia.

In addition, $119.0 million was drawn under the $650 million Secured Reducing Multi-Currency Revolving Loan Facility Agreement and $23.0 million was drawn under the share pledge facility.

The principal uses of cash for financing activities in 2018 were:

i) $27.5 million in dividend payments, compared with $55.0 million in 2017, and
ii) $374.3 million in repayment of long-term debt and capital leases, compared with $718.5 million in 2017.

INDEBTEDNESS

SNL's total consolidated debt was $2,419.3 million as of November 30, 2018, and $2,503.3 million on November 30, 2017, as set out in the table below:

(in thousands)	**2018**	2017
Long-term debt (including current portion and finance leases)	**$ 2,079,252**	$ 2,282,293
Committed revolver, included in long-term debt	**340,000**	221,000
Total debt on Consolidated Financial Statements	**2,419,252**	2,503,293
Available unused facilities:		
Committed revolver	**213,967**	400,200
Collateralised share pledge facility	**26,000**	49,000
Uncommitted short-term bank loans	**65,000**	65,000
Total unused facilities	**304,967**	514,200
Total debt and unused facilities	**$ 2,724,219**	$ 3,017,493

Long-term debt in the table above excludes debt issuance costs of $27.0 million and $33.6 million as of November 30, 2018 and 2017, 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 average interest rate of 3.50% for the year ended November 30, 2018, and 1.8% for the year ended November 30, 2017. 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, 2018, the available committed revolver amounted to $213.9 million and collateralised share pledge facility was $26.0 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.

At November 30, 2018, $71.7 million of long-term debt relating to the ANZ's Syndicated Facility Agreement was reclassified as current because this facility was due to expire on February 14, 2019. Subsequent to year end, the maturity of this facility has been extended until March 31, 2020.

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 $430.5 million unsecured bond financing denominated in NOK ($540.1 million or NOK 3,700 million after 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 (including debt issuance cost) was $2,392.2 million and $2,469.7 million as of November 30, 2018 and 2017, respectively, as set out below:

(in thousands)	**2018**	2017
Long-term debt	**$ 2,392,231**	$ 2,469,712
Less: Current maturities	**(472,798)**	(432,568)
	$ 1,919,433	$ 2,037,144

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During February 2019, SNL entered into a $241.5 million fixed-rate borrowing agreement using eight ships as collateral. The closing of two ships has been delayed and SNL have only received $180.5 million as of February 28, 2019. The remaining amount will be received during the second half of March 2019. The agreement is with Development Bank of Japan, ING Bank N.V., National Australia Bank, Société Générale and a group of private investors at fixed interest rates ranging from 4.38% to 4.44%. There are equal quarterly payments for each ship and at the end of the agreement, SNL has an option to purchase the ships by paying fixed amounts. As the option to repurchase was virtually certain to be exercised by SNL at the date of the borrowing, the transaction has been treated as collateralised debt.

RECONCILIATION OF NET CASH FLOWS 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)		2018		2017
(Increase) decrease in cash and cash equivalents for the year	$	**(6,221)**	$	34,476
Cash inflow from increase in debt		**270,291**		817,316
Cash outflow from repayments of debt and finance leases		**(374,407)**		(726,658)
Change in net debt resulting from cash flows		**(110,337)**		125,134
Currency movements		**20,070**		23,122
Debt issuance costs and other movements		**6,565**		2,707
Movement in net debt in the year		**(83,702)**		150,963
Opening net debt		**2,411,404**		2,260,441
Closing net debt	$	**2,327,702**	$	2,411,404

During 2018, SNL met its liquidity needs through a combination of cash generated from operations, borrowings from commercial banks and proceeds from the sale of assets.

Generally, Stolt Tankers was able to operate with negative working capital 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 equity instruments 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 $11.7 million in 2018, compared with $16.3 million in 2017.

SNL's objectives when managing capital are to safeguard its ability to continue as a going concern, 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, 2018, shareholders' equity decreased by $3.2 million from November 30, 2017. This was primarily owing to a net profit of $54.0 million, offset by a net other comprehensive loss from cash-flow hedges, foreign currency and pension remeasurement of $11.7 million, the purchase of Treasury shares of $15.2 million and the declared dividends of $27.2 million. While tangible net worth increased, debt declined from November 2017, resulting in the debt to tangible net worth ratio falling to 1.48 at November 30, 2018, from 1.55 at November 30, 2017. This is below the 2.00 threshold included as a debt covenant in most of SNL's debt agreements. As of November 30, 2018, $308.0 million of property, plant and equipment net book value was unencumbered and available as security.

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 $312.6 million at November 30, 2018, compared with $334.4 million at November 30, 2017. As of November 30, 2018, 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 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 second option to extend by two years (until July 2020) has currently been exercised. 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, 2018, SNL's other purchase obligations were not material. The following summarises SNL's significant contractual obligations as of November 30, 2018, 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]	$ 2,419,252	$ 477,157	$ 543,351	$ 798,421	$ 600,323
Operating leases	312,620	79,376	105,726	52,018	75,500
Committed capital expenditures	111,665	89,096	22,569	–	–
Long-term fixed rate debt interest payments	203,752	42,692	78,972	54,235	27,853
Long-term variable rate debt interest payments[2]	183,220	65,388	56,260	35,927	25,645
Derivative financial liabilities[2]	263,026	45,828	217,198	–	–
Pension and post-retirement benefit obligations[3]	2,015	2,015	–	–	–
Total contractual cash obligations:	$ 3,495,550	$ 801,552	$ 1,024,076	$ 940,601	$ 729,321

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, 2018. 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 owing 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:

- Voyage revenue and costs;
- Depreciation and residual values;
- Impairment review of ships;
- Goodwill and intangible impairment testing;
- Investments in joint ventures and associates;
- Biological assets;
- 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 69.0% of Stolt Tankers' STJS revenue in 2018 was derived from Contracts of Affreightment ("COA"). During that same time period, approximately 91.3% 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 2018, the hedging programme yielded $14.4 million in realised gains and $8.1 million in unrealised losses.

For Stolt Tank Containers, the impact of increased freight costs owing to tight capacity on container ships in select markets, additional surcharges, and fluctuations in fuel prices can result in downward pressure on margins. 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.

Financial Review continued

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. 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.

On 1 January 2020, the International Maritime Organisation (IMO) will implement a new regulation for a 0.50% global sulphur cap for marine fuels. Under the cap, ships will have to use marine fuels with a sulphur content of no more than 0.50% against the current limit of 3.50% in an effort to reduce the amount of sulphur oxide.

Stolt Tankers is exploring alternative fuels and technology. Any cost increases will be passed on to customers.

Newbuilding risk

SNL spends substantial sums during the construction of newbuildings without earning revenue and without assurance that ships will be completed on time or at all. SNL has committed to $36.0 million of additional investment in Avenir LNG, in part to fund newbuilding commitments, currently consisting of two 7,500 cbm LNG carrier newbuilding contracts in place with delivery expected in 2019. Avenir LNG have commitments in respect of these newbuildings aggregating to $58.9 million which are with recourse to the Group.

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 on the season, competition, market conditions and existing supply. The fair-value adjustment recognised in the current year was a gain of $5.5 million in operating profit, compared with nil in 2017. 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 denominated in US dollars, while a significant portion of the divisions operating expenses is incurred in other currencies, primarily the euro, the Norwegian krone, 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 2018, the US dollar has strengthened by approximately 8% against the euro, causing an increase in profit margins. SNL's foreign currency hedging policy is to hedge approximately 50% to 80% of the Company's expected future foreign currency operating exposures.

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, 2018, SNL held 3,255,430 Treasury shares. See Note 29 in the Consolidated Financial Statements and Note 11 in the Unconsolidated Stolt-Nielsen Limited Audited Financial Statements included with the Consolidated Financial Statements.

SNL has pledged 7,000,000 Treasury shares as collateral for the SEB $60.0 million revolver credit facility since November 2016. 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 and are considered outstanding for the purposes of the Earnings Per Share calculation.

GOING CONCERN

The annual Financial Statements have been prepared under the going concern assumption.

SUBSEQUENT EVENTS

See Note 32 in the Consolidated Financial Statements for significant events occurring after November 30, 2018.

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 2018 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 International Financial Reporting Standards (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 Annual Report, which comprise: the Group consolidated and parent company balance sheets as at 30 November 2018; the Group consolidated and parent company income statements and statements of comprehensive income, the Group consolidated and parent company statements of cash flows, and the Group consolidated and parent company statements of changes in shareholders' equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

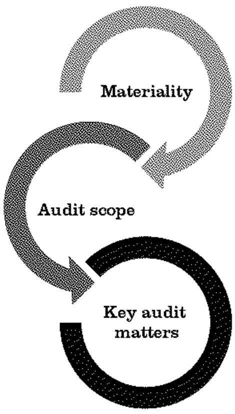
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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 FRC'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: $21.25 million (2017: $20.0 million), based on 1% of revenue.
- Overall company materiality: $19.1 million (2017: $19.0 million), based on 1% of Total assets, limited so as not to exceed 90% of Group materiality.

- 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 terminals within the Stolthaven Terminals division;
- Specified procedures over certain financial statement line items for Stolt Sea Farm Spain, Stolt Sea Farm Iceland and the shared service centre in Manila; and
- Audit of certain financial statement line items across the group have also been performed over the carrying value of the group's assets held in Stolt Bitumen Services, 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.

- Impairment of assets; and
- Voyage revenue recognition.

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 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.

Key audit matter	How our audit addressed the key audit matter
Impairment of assets (Group) 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 assets relating to the bitumen business and certain terminals were impaired during the year. 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.	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 value in use model 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 discount rates, Sailed in rates, bunker price curves and growth rates. • Cross-checking the output of these sensitivities on the value in use model with other valuation indicators – such as Broker Valuations & transaction multiples. 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 assets relating to the bitumen ships and terminals, and other terminals.
Voyage revenue recognition (Stolt Tankers) 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 or error 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.	We have performed the following procedures: • Assessed the methodology for estimating and reviewing the amount 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.

We determined that there were no key audit matters applicable to the parent company to communicate in our report.

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

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 industry in which they operate.

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, 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, legal 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	$21.25 million (2017: $20.0 million).	$19.1 million (2017: $19.0 million).
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. However materiality levels have been capped at 90% of Group Materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $0.75m and $19.1m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.5 million (Group audit) (2017: $0.5 million) and $0.5 million (Company audit) (2017: $ 0.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report 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 107, 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.

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 33, 2019

FINANCIAL STATEMENTS

Consolidated Income Statement

(in thousands, except per share data)	Notes		For the years ended November 30, 2018		2017
Operating Revenue	3, 4	$	**2,125,495**	$	1,997,090
Operating Expenses	5		**(1,460,958)**		(1,329,223)
			664,537		667,867
Depreciation and amortisation	15, 18		**(264,664)**		(264,497)
Impairment of assets	15, 18, 20		**(26,390)**		(15,300)
Gross Profit			**373,483**		388,070
Share of profit of joint ventures and associates	16		**32,360**		17,588
Administrative and general expenses	5		**(223,137)**		(216,529)
US retiree healthcare curtailment gain	25		**–**		3,931
Loss on disposal of assets, net	7		**(1,325)**		(515)
Other operating income			**6,405**		2,675
Other operating expense	5		**(678)**		(851)
Operating Profit			**187,108**		194,369
Non-Operating Income (Expense)					
Finance expense	8		**(139,111)**		(133,943)
Finance income	8		**3,872**		3,732
Foreign currency exchange loss, net			**(4,971)**		(2,774)
Other non-operating (expense) income, net	16, 17		**(609)**		972
Profit before Income Tax			**46,289**		62,356
Income tax benefit (expense)	9		**7,701**		(12,239)
Net Profit		$	**53,990**	$	50,117
Attributable to:					
Equity holders of SNL			**54,850**		50,313
Non-controlling interests			**(860)**		(196)
		$	**53,990**	$	50,117
Earnings per Share:					
Net profit attributable to SNL Shareholders					
Basic	30	$	**0.89**	$	0.81
Diluted	30	$	**0.89**	$	0.81

Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in thousands)	Notes	For the years ended November 30, 2018	2017
Net profit for the year		**$ 53,990**	$ 50,117
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on pension schemes	25	**14,254**	5,875
Actuarial (loss) gain on pension scheme of joint venture	16	**(844)**	427
Deferred tax adjustment on defined benefit and other post-employment benefit obligations	9	**(6,287)**	1,263
Items that may be reclassified subsequently to profit or loss:			
Net income (loss) on cash flow hedges		**33,311**	(23,637)
Reclassification of cash flow hedges to income statement		**(12,414)**	35,237
Net income on cash flow hedges held by joint ventures and associates	16	**3,452**	769
Deferred tax adjustment on cash flow hedges	9	**(323)**	179
Exchange differences arising on translation of foreign operations		**(32,766)**	43,992
Deferred tax on translation of foreign operations	9	**766**	(10)
Exchange differences arising on translation of joint ventures and associates	16	**(12,420)**	22,161
Change in value of investment in equity instruments	17	**1,580**	722
Net (loss) income recognised as other comprehensive income		**(11,691)**	86,978
Total comprehensive income		**$ 42,299**	$ 137,095
Attributable to:			
Equity holders of SNL		**$ 43,159**	$ 137,291
Non-controlling interests		**(860)**	(196)
		$ 42,299	$ 137,095

Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

(in thousands)	Notes	As of November 30, 2018	2017
ASSETS			
Current Assets:			
Cash and cash equivalents	10	**$ 64,529**	$ 58,308
Restricted cash	10	**167**	98
Receivables, net	11	**243,910**	241,115
Inventories, net	12	**9,043**	8,851
Biological assets	13	**50,585**	45,696
Prepaid expenses		**71,456**	66,699
Derivative financial instruments	21	**4,599**	9,025
Income tax receivable		**6,833**	7,648
Assets held for sale	16	**998**	2,275
Other current assets		**32,480**	44,150
Total Current Assets		**484,600**	483,865
Property, plant and equipment	15	**3,260,693**	3,440,609
Investments in and advances to joint ventures and associates	16	**554,506**	531,930
Investment in equity instruments	17	**74,205**	57,570
Deferred tax assets	9	**12,071**	13,699
Intangible assets and goodwill	18	**47,262**	51,635
Employee benefit assets	25	**6,812**	5,498
Derivative financial instruments	21	**4,858**	4,742
Deposit for newbuildings		**–**	7,297
Other non-current assets		**13,149**	18,014
Total Non-Current Assets		**3,973,556**	4,130,994
Total Assets		**$ 4,458,156**	$ 4,614,859
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Current maturities of long-term debt	23	**$ 472,798**	$ 432,568
Accounts payable	19	**83,245**	89,891
Accrued voyage expenses		**68,634**	53,356
Dividend payable	29	**13,549**	13,814
Accrued expenses		**174,821**	183,253
Provisions	26	**3,751**	2,529
Income tax payable	9	**12,216**	10,691
Derivative financial instruments	21	**40,918**	60,871
Other current liabilities		**38,675**	37,299
Total Current Liabilities		**908,607**	884,272
Long-term debt and finance leases	23	**1,919,433**	2,037,144
Deferred tax liabilities	9	**46,215**	66,411
Employee benefit liabilities	25	**27,143**	39,638
Derivative financial instruments	21	**72,765**	99,175
Long-term provisions	26	**3,487**	2,367
Other non-current liabilities		**4,849**	7,023
Total Non-Current Liabilities		**2,073,892**	2,251,758
Total Liabilities		**2,982,499**	3,136,030
Shareholders' Equity	29		
Founder's Shares		**16**	16
Common Shares		**64,134**	64,134
Paid-in surplus		**150,108**	150,108
Retained earnings		**1,514,851**	1,483,143
Other components of equity		**(188,703)**	(169,889)
		1,540,406	1,527,512
Less - Treasury shares		**(66,638)**	(51,486)
Equity Attributable to Equity Holders of SNL		**1,473,768**	1,476,026
Non-controlling interests		**1,889**	2,803
Total Shareholders' Equity		**1,475,657**	1,478,829
Total Liabilities and Shareholders' Equity		**$ 4,458,156**	$ 4,614,859

Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

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, 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											
Translation adjustments, net	–	–	–	–	–	66,143	–	–	66,143	–	66,143
Remeasurement of post-employment benefit obligations, net of tax	–	–	–	–	7,565	–	–	–	7,565	–	7,565
Fair value adjustment equity investments	–	–	–	–	–	–	–	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 (b)	–	–	–	–	(41,209)	–	–	–	(41,209)	–	(41,209)
Cash dividends paid-$0.005 per Founder's Share (b)	–	–	–	–	(77)	–	–	–	(77)	–	(77)
Total transactions with Shareholders	**–**	**–**	**–**	**–**	**(41,286)**	**–**	**–**	**–**	**(41,286)**	**(568)**	**(41,854)**
Balance, November 30, 2017	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (51,486)**	**$ 1,483,143**	**$ (106,645)**	**$ (17,430)**	**$ (45,814)**	**$ 1,476,026**	**$2,803**	**$1,478,829**
Comprehensive income (loss)											
Net profit (loss)	–	–	–	–	54,850	–	–	–	54,850	(860)	53,990
Other comprehensive income (loss)											
Translation adjustments, net	–	–	–	–	–	(44,420)	–	–	(44,420)	–	(44,420)
Remeasurement of post-employment benefit obligations, net of tax	–	–	–	–	7,123	–	–	–	7,123	–	7,123
Fair value adjustment equity investments	–	–	–	–	–	–	–	1,580	1,580	–	1,580
Net income on cash flow hedges	–	–	–	–	–	–	24,026	–	24,026	–	24,026
Total other comprehensive income (loss)	–		–	–	7,123	(44,420)	24,026	1,580	(11,691)	–	(11,691)
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**61,973**	**(44,420)**	**24,026**	**1,580**	**43,159**	**(860)**	**42,299**
Transactions with Shareholders											
Cash dividends paid-$0.50 per Common Share (c)	–	–	–	–	(27,124)	–	–	–	(27,124)	–	(27,124)
Cash dividends paid-$0.005 per Founder's Share (c)	–	–	–	–	(76)	–	–	–	(76)	–	(76)
Dilution of an investment in a joint venture	–	–	–	–	(3,065)	–	–	–	(3,065)	–	(3,065)
Deconsolidation of Avenir LNG Limited	–	–	–	–	–	–	–	–	–	(54)	(54)
Purchase of own shares	–	–	–	(15,152)	–	–	–	–	(15,152)	–	(15,152)
Total transactions with Shareholders	**–**	**–**	**–**	**(15,152)**	**(30,265)**	**–**	**–**	**–**	**(45,417)**	**(54)**	**(45,471)**
Balance, November 30, 2018	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (66,638)**	**$ 1,514,851**	**$ (151,065)**	**$ 6,596**	**$ (44,234)**	**$ 1,473,768**	**$1,889**	**$1,475,657**

(a) Other components of equity on the balance sheet of $188.7 million and $169.9 million at November 30, 2018 and 2017, respectively, are composed of foreign currency, hedging and fair value.

(b) The $41.2 million is the 2016 final and 2017 interim dividend for Common Shares and $0.1 million for Founder's Shares.

(c) The $27.1 million is the 2017 final and 2018 interim dividend for Common Shares and $0.1 million for Founder's Shares.

Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in thousands)	Notes	For the years ended November 30, 2018	2017
Cash generated from operations	31	**$ 476,859**	$ 460,573
Interest paid		**(137,020)**	(124,592)
Interest received		**2,698**	2,278
Debt issuance costs		**(877)**	(5,237)
Income taxes paid		**(13,608)**	(8,255)
Net cash generated from operating activities		**328,052**	324,767
Cash flows from investing activities			
Capital expenditures		**(146,327)**	(360,372)
Purchase of intangible assets	18	**(3,012)**	(3,576)
Investment in joint venture	16	**(18,210)**	–
Business acquisitions, net of cash		**–**	(24,026)
Cash flow sales of marketable securities		**–**	11,507
Deposit for newbuildings		**(7,326)**	(14,592)
Proceeds from sales of ships and other assets		**11,674**	16,329
Acquisition of non-controlling interest		**–**	(1,311)
Advances to joint ventures and associates, net	16	**(5,945)**	(14,387)
Other, net		**1,416**	717
Net cash used in investing activities		**(167,730)**	(389,711)
Cash flows from financing activities			
Decrease in short-term bank loans, net	22	**–**	(8,100)
Proceeds from issuance of long-term debt	23	**270,291**	817,316
Repayment of long-term debt	23	**(374,267)**	(718,458)
Finance lease payments	23	**(140)**	(100)
Purchase of Treasury shares	29	**(15,152)**	–
Dividends paid	29	**(27,465)**	(55,022)
Net cash (used in) provided by financing activities		**(146,733)**	35,636
Net increase (decrease) in cash and cash equivalents		**13,589**	(29,308)
Effect of exchange rate changes on cash		**(7,368)**	(5,168)
Cash and cash equivalents at beginning of year		**58,308**	92,784
Cash and cash equivalents at end of year		**$ 64,529**	$ 58,308

Notes 1 to 32 are an integral part of these Consolidated Financial Statements.

Notes to the 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 an investment in the gas industry through its 2.3% holding of Golar LNG Limited ("Golar"), its 8.61% holding of Avance Gas Holding Ltd ("AGHL") and its 45.0% holding of Avenir LNG Limited ("Avenir LNG"). Golar is an independent owner and operator of liquefied natural gas ("LNG") carriers while AGHL has liquefied petroleum gas carriers. Avenir LNG supplies LNG for the power, bunkering, trucking and industrials markets.

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 ("IFRS") 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 that 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 begins until the date that control ceases. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements continued

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 values were 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. 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 and additional disclosures will be required. As permitted by IFRS 15, the Group will apply the modified retrospective approach for the adoption for the year ending November 30, 2019. Apart from additional disclosures, the impact of the transition to IFRS 15 is not expected to be material to the Consolidated Financial Statements.

Applying the modified retrospective approach requires the recognition of the cumulative effect of initially applying IFRS 15 to the opening balance of equity as of December 1, 2018 ("Transition Date") without restating prior years. The impact of applying IFRS 15 resulted in a one-time reduction of $2.3 million to opening Shareholders' equity at December 1, 2018.

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 have a material impact on the Financial Statements of the Group owing to the nature, number and complexity of lease contracts to which the Group is expected to be committed at transition. 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. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. An optional exemption exists for short-term and low-value leases.

The key impact from IFRS 16 are as follows:

- The income statement, total expense will be higher in the earlier years of a lease and lower in later years.
- Key metrics like Earnings before interest taxes, depreciation and amortisation ("EBITDA") will increase, though operating expense will reduce.
- 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 will continue to be presented as operating cash flows.
- 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.

Information on the undiscounted amount of the Group's existing operating lease commitments under IAS 17, Leases ("IAS 17"), the current leasing standard, is disclosed in Note 24.

Except as discussed above, 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 IFRSs during 2018 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:

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 calculating 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 throughout 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 on 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, 2018 and 2017, the accrued voyage expense account was $68.6 million and $53.4 million, respectively, in which $38.3 million and $29.1 million related to the deferral of revenues. Prepaid expenses included $13.9 million and $18.4 million of prepaid invoices for voyages in progress applicable to periods subsequent to November 30, 2018 and 2017, 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 values 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.	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.	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. During the last quarter of 2018, some of the ships went through a life extension programme. The lives of these ships were extended from 25 years to 30 years. This will lower the annual depreciation of owned ships by $14.2 million per annum and for joint venture ships by $3.6 million per annum. See Note 15 for further details.

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 As of November 30, 2018, the carrying amount of the Group was more than its market capitalisation. In accordance with IAS 36, Impairment of Assets, this is a trigger for impairment and the Group has performed an assessment to determine its recoverable amount.		
Chemical Tankers and Barges 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 Tanker ships are tested for impairment on a cash-generating unit ("CGU") basis. The CGUs identified are the i) deep-sea fleet plus interdependent regional fleets, ii) regional fleets, and iii) 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 with 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 on 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).	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. 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 8.2% 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 2019 to 2023 for the deep-sea fleet (adjusted for capacity changes) is an average of 5.8%, and for the Regional fleets is 1.5%. • 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. • Cost relating to low sulphur fuel will be passed on to customers. 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.	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. An increase of 2.67% in the discount rate would trigger an impairment. A 0.5% increase in the discount rate would result in one of the Group's regional joint ventures having an impairment of $1.9 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. The regional joint ventures would show an impairment of $15.5 million in this scenario with permanently depressed rates. A decrease of 5.85% in the deep-sea tanker Sailed-in Rates would cause an impairment.
Bitumen ships Owing 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 $10.0 million. FVLCD was based on broker values from independent ship brokers. As a result of this analysis, the Group recognised an impairment charge of $11.8 million for two bitumen ships during the year ended November 30, 2018.	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".	If broker values decline further, we would also perform a value in use calculation to assess recoverable value compared with the carrying value. However, lower broker values could result in higher impairment.

Notes to the Consolidated Financial Statements continued

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgement

Goodwill impairment testing

The Group does not have any indefinite lived intangible assets other than goodwill and this is subject to an annual impairment review.

Tankers
Goodwill of $5.2 million is allocated to the Tankers segment in relation to the acquisition of Jo Tankers ("JoT"). An impairment review of Tankers did not indicate that this goodwill was impaired.

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 $16.0 million is allocated to the Tank Container CGU. The total carrying value of the CGU, including the goodwill, is $515.4 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 $12.4 million allocated to Australia was tested for impairment.

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 8% 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 8.6% 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 $5.2 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.

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.

See Note 18 for further details related to goodwill.

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. 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.

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
Biological assets The carrying value of biological assets as of November 30, 2018 was $50.6 million. Of this amount, $40.7 million related to turbot and sole, and $9.8 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 on achieved prices for harvested and marketed fish, reduced for packaging costs and freight costs.	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.	The Group's net earnings can fluctuate owing 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 on November 30, 2018 turbot volumes, a change in the price of $1 per kilo would have an impact on the turbot valuation of $3.2 million. See Note 13 for further details.
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% increase in the discount rate assumption for the defined benefit obligation would result in a decrease of $6.2 million and a 0.25% decrease in discount rate assumption would result in an increase of $6.6 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 2018 have a negligible change owing to steps taken on the US Retirement Healthcare Plan to mitigate the risk. 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, Avenir LNG 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, 2018	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other (a)	Total
Operating revenue	$ 1,219,153	$ 251,984	$ 551,102	$ 98,481	$ 4,775	$ 2,125,495
Depreciation, amortisation and impairment (b)	(174,659)	(62,140)	(24,485)	(6,439)	(23,331)	(291,054)
Share of profit (loss) of joint ventures and associates	2,924	31,473	1,665	–	(3,702)	32,360
Operating profit (loss)	66,563	76,411	70,884	13,016	(39,766)	187,108
Finance expense						(139,111)
Finance income						3,872
Profit before income tax						46,289
Income tax benefit						7,701
Net profit						53,990
Balance Sheet						
Capital expenditures (c)	40,686	91,927	5,441	10,013	13,162	161,229
Investments in and advances to joint ventures and associates	230,100	242,754	31,787	–	49,865	554,506
Intangible assets and goodwill	7,522	13,755	16,787	241	8,957	47,262
Segment assets	2,309,682	1,273,889	515,383	137,303	221,899	4,458,156

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, amortisation and impairment (d)	(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

(a) Corporate and Other includes Stolt-Nielsen Gas and Stolt Bitumen.

(b) Includes impairment losses of $8.7 million for Terminals, $2.0 million for Bitumen Vietnam terminal, $3.9 million for accounts receivable of Bitumen and $11.8 million for Bitumen ships.

(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.

(d) Includes impairment losses of $15.3 million of impairment losses relating to New Zealand Terminals and a Bitumen Ship.

Notes to the Consolidated Financial Statements continued

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)	**2018**	2017
Operating Revenue:		
Tankers:		
US	**$ 435,282**	$ 423,105
South America	**33,893**	26,536
The Netherlands	**106,935**	96,504
Belgium	**83,069**	72,143
Other Europe	**106,781**	102,680
South Korea	**54,681**	65,124
Malaysia	**50,917**	46,936
Other Asia	**106,757**	106,988
Middle East	**140,736**	121,030
Africa	**96,590**	96,894
Other	**3,512**	526
	$ 1,219,153	$ 1,158,466
Terminals:		
US	**$ 126,372**	$ 117,495
Singapore	**41,095**	39,801
Australia and New Zealand	**28,276**	31,282
Brazil	**25,847**	26,645
United Kingdom	**17,226**	15,200
The Netherlands	**13,168**	12,315
	$ 251,984	$ 242,738
Tank Containers:		
US	**$ 110,599**	$ 104,797
South America	**29,308**	27,911
France	**53,895**	45,273
The Netherlands	**34,804**	32,322
Italy	**17,841**	19,449
Germany	**16,507**	17,510
Other Europe	**25,833**	25,604
Singapore	**62,361**	55,593
Japan	**19,895**	19,106
China	**89,484**	81,088
India	**20,100**	15,425
Other Asia	**40,095**	42,900
Middle East	**13,819**	13,141
Other	**16,561**	12,626
	$ 551,102	$ 512,745
Stolt Sea Farm:		
US	**$ 7,616**	$ 6,640
United Kingdom	**1,925**	1,179
Norway	**1,347**	1,193
Spain	**39,652**	30,656
France	**11,293**	7,597
Italy	**22,024**	15,099
Other Europe	**14,231**	10,097
Iceland	**59**	39
Other	**334**	244
	$ 98,481	$ 72,744

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, 2018 and 2017.

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 $2,114.9 million and $2,264.2 million for the years ended November 30, 2018 and 2017, respectively, and for Tank Containers amounted to $398.5 million and $412.9 million, for the years ended November 30, 2018 and 2017, respectively.

	As of November 30,	
(in thousands)	**2018**	2017
Non-current Assets:		
Terminals:		
US	**$ 403,332**	$ 376,906
Brazil	**46,871**	45,830
South Korea	**97,319**	89,649
United Kingdom	**79,527**	81,767
Belgium	**103,553**	102,502
The Netherlands	**65,494**	68,859
China	**31,716**	39,406
Australia and New Zealand	**157,568**	156,381
Singapore	**219,820**	234,608
Other	**10,165**	10,655
	$ 1,215,365	$ 1,206,563
Stolt Sea Farm:		
US	**$ 4,656**	$ 4,503
Norway	**555**	512
Portugal	**1,621**	1,592
Iceland	**17,361**	21,958
Spain	**36,322**	34,403
France	**2,230**	2,834
	$ 62,745	$ 65,802

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 on 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 on 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 on the combined operating revenue of the ships which participate in the Joint Service less combined voyage expenses, overhead costs, and commissions to outside brokers and upon each ship's cargo capacity, its number of operating days during the period, and its assigned earnings factor.

(ii) Tank Containers

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 on completion of such services.

Notes to the Consolidated Financial Statements continued

(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:

(in thousands)	For the years ended November 30, 2018	2017
Revenue from the rendering of services	**$ 2,027,014**	$ 1,922,790
Revenue from the sale of goods	**98,481**	74,300
	$ 2,125,495	$ 1,997,090

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, 2018		2017
Bunker fuel costs	$	**275,337**	$	214,980
Charter and lease expenses		**198,567**		182,959
Ocean and inland freight charges		**197,856**		190,878
Employee benefit expenses		**199,585**		191,130
Port charges		**159,190**		141,502
Maintenance and repairs		**63,599**		65,798
Bitumen purchases and expenses		**–**		3,266
Ship supplies and provisions		**45,003**		43,182
Expenses related to Biological assets		**23,143**		26,695
Purchase of inventory		**21,826**		5,686
Insurance		**30,610**		35,169
Cleaning costs		**34,512**		34,380
Facilities and utilities		**29,956**		28,534
Storage and other tank container move related costs		**30,545**		26,688
Repositioning of tank containers		**23,105**		23,881
Tank container ancillary billable costs		**28,750**		26,913
Commissions		**27,138**		25,395
Sublet expenses		**11,737**		13,739
Rail expenses		**15,290**		13,554
Voyage costs		**15,689**		13,357
Barging and transshipments		**10,127**		9,770
Foreign exchange loss		**8**		197
Biological assets market valuation adjustment		**(5,452)**		(17)
Bunker hedge gain (Note 21)		**(6,111)**		(13,524)
Other expenses		**30,948**		25,111
Total operating expenses	**$**	**1,460,958**	$	1,329,223

An analysis of administrative and general expenses is as follows:

(in thousands)		For the years ended November 30, 2018		2017
Employee benefit expenses	$	**165,868**	$	158,719
Information systems		**14,152**		16,034
Professional fees		**10,295**		9,882
Travel and entertainment expenses		**6,708**		6,848
Office lease expenses		**7,023**		6,370
Office expenses		**6,456**		5,847
Investor relations and publicity		**2,633**		2,352
Legal fees		**5,010**		4,444
Communication expenses		**1,624**		1,695
Bank non-interest fees		**1,490**		1,590
Other		**1,878**		2,748
Total administrative and general expenses	**$**	**223,137**	$	216,529

Notes to the Consolidated Financial Statements continued

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, 2018	2017
Salaries	$ 269,185	$ 260,191
Social security expenses	19,754	18,306
Pension expenses for defined contribution plans (Note 25)	18,772	19,016
Profit sharing and long-term incentive programmes	8,902	8,744
Travel and relocation	11,450	10,838
Insurance	12,168	10,966
Training	7,122	7,468
Temporary and contract employees	9,709	7,110
Pension expenses for defined benefit plans and post-retirement benefit plan (Note 25)	2,438	4,192
Expatriate expenses	2,062	1,742
Other benefits	3,891	1,277
Total employee benefit expenses	**$ 365,453**	$ 349,850
Average number of employees:		
Tankers *	4,868	4,791
Tank Containers	752	750
Terminals	623	568
Sea Farm	425	398
Other	74	74
Total average number of employees	**6,742**	6,581

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

6. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

(in thousands)	For the years ended November 30, 2018	2017
Fees payable to the Group auditors and associates for the audit of the consolidated and stand-alone Financial Statements	$ 3,337	$ 2,928
Fees payable to the Group auditors and associates for other services as detailed below*	546	554
Total fees	**$ 3,883**	$ 3,482
Tax services	164	75
Quarterly reviews	100	100
Other	282*	379*
Total non-audit fees	**$ 546***	$ 554*

* Includes $196,000 (2017: $191,000) relating to services to the Group's associates and joint ventures.

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

7. LOSS ON DISPOSAL OF ASSETS, NET

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

(in thousands)	For the years ended November 30, 2018	2017
Loss on sale of ships	$ (1,002)	$ (468)
Gain on sale of tank containers	284	74
Loss on sale of other assets	(607)	(121)
	$ (1,325)	$ (515)

During 2018, Tankers recorded a net loss of $1.0 million on the recycling of *Stolt Mountain* and sale of *Stolt Kittiwake*. Tank Containers reported a net gain of $0.3 million for the sale of tank containers. Loss on sale of other assets includes the sale of a building.

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.

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.

(in thousands)	For the years ended November 30, 2018		2017	
Finance expense				
Interest on loans	$	**121,780**	$	110,523
Realised loss on interest rate swaps (Note 21)		**15,009**		19,743
Commitment fees		**3,351**		3,462
Interest on obligations under finance leases		**5**		8
Other interest expense		**2,872**		4,436
Total interest expense		**143,017**		138,172
Less interest capitalised to property, plant and equipment		**(3,906)**		(4,229)
	$	**139,111**	$	133,943
Finance income				
Interest from joint ventures	$	**3,044**	$	2,155
Bank deposits interest		**685**		1,388
Other		**143**		189
	$	**3,872**	$	3,732

The average interest rate used to capitalise interest to property, plant and equipment was 5.15% and 5.38% for 2018 and 2017, respectively.

9. INCOME TAX

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.

Notes to the Consolidated Financial Statements continued

The following tables present the components of the income tax expense for the years ended November 30, 2018 and 2017:

(in thousands)	For the years ended November 30, 2018	2017
Current income tax expense	**$ 14,940**	$ 5,539
Adjustments in respect of prior years	**1,257**	(853)
	16,197	4,686
Deferred income tax (credit) expense	**(23,208)**	9,794
Adjustments in respect of prior years	**(690)**	(2,241)
	(23,898)	7,553
Total income tax (benefit) expense	**$ (7,701)**	$ 12,239

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, 2018	2017
Profit before income tax expense	**$ 46,289**	$ 62,356
Tax at the Bermuda statutory tax rate	**–**	–
Differences between the Bermuda and other tax rates	**17,635**	45,018
Non-taxable income and disallowed expenses - other	**(3,745)**	(32,095)
Impact of change in US federal tax rate	**(24,952)**	–
Changes in the recognition of tax losses	**2,787**	2,287
Adjustments in respect of prior years	**567**	(3,094)
Other differences, net	**7**	123
Total income tax (benefit) expense	**$ (7,701)**	$ 12,239

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, 2018 and 2017.

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, 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 and 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)**
(Charge) credit to Income statement	(4,082)	736	2,647	–	(355)	(1,054)
Credit (charge) to Income statement related to US federal tax rate change	29,065	(1,752)	(1,585)	–	(776)	24,952
(Charge) credit to Other comprehensive income	–	(6,287)	–	(323)	766	(5,844)
Exchange differences	953	45	(348)	(2)	(134)	514
Balance, November 30, 2018	**$ (64,884)**	**$ 5,642**	**$ 25,193**	**$ (146)**	**$ 51**	**$ (34,144)**

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:

(in thousands)	As of November 30, 2018	2017
Deferred tax liabilities	**$ (46,215)**	$ (66,411)
Deferred tax assets	**12,071**	13,699
	$ (34,144)	$ (52,712)

As of November 30, 2018, the Group has unused national corporate tax losses of $77.5 million (2017: $71.0 million) and unused regional tax losses of $78.2 million (2017: $80.0 million) available for offset against future profits. A deferred tax asset of $10.2 million at November 30, 2018 (2017: $7.8 million) has not been recognised in respect of losses carried forward at the balance sheet date. These losses have arisen in Group companies where profits are not forecast in the foreseeable future.

Deferred income tax liabilities of $17.8 million at November 30, 2018 (2017: $12.6 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, 2018 and 2017.

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.

(in thousands)		As of November 30, 2018		2017
Cash deposit	$	**61,183**	$	51,421
Short-term time deposits		**3,346**		6,887
Cash and cash equivalents	$	**64,529**	$	58,308
Restricted cash	$	**167**	$	98

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, 2018 and 2017.

Included in other current assets were $7.7 million and $8.6 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, 2018 and 2017, respectively.

11. RECEIVABLES, NET

Accounting policy

Trade and other receivables are recognised initially at transaction price and are subsequently stated at amortised cost using the effective interest method, less allowances for expected credit losses. The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss. Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

Expected credit losses on trade receivables are calculated by using the provision matrix approach. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Provision for expected credit losses is made when the Group will not collect all amounts due. Changes in estimation basis or in economic conditions could lead to a change in the level of provision recorded and consequently on the charge or credit to profit or loss.

Impairment on receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

(in thousands)		As of November 30, 2018		2017
Customer trade receivables	$	**238,702**	$	222,200
Accrued revenue		**18,899**		26,192
Insurance		**1,703**		2,697
Other		**7,142**		6,071
		266,446		257,160
Allowance for impairment on customer trade receivables		**(22,536)**		(16,045)
	$	**243,910**	$	241,115

Customer trade receivables, net of allowance for impairment, were $216.2 million and $206.2 million as of November 30, 2018 and 2017, respectively. See Note 20 for an analysis of the credit risk of receivables.

Notes to the Consolidated Financial Statements continued

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, 2018 and 2017 consisted of the following:

November 30, 2018 (in thousands)	Terminals	SSF	Other	Total
Raw materials	$ 207	$ 396	$ 8	$ 611
Consumables	1,147	–	1,461	2,608
Finished goods	–	5,824	–	5,824
	$ 1,354	$ 6,220	$ 1,469	$ 9,043

November 30, 2017 (in thousands)	Terminals	SSF	Other	Total
Raw materials	$ 235	$ 388	$ 52	$ 675
Consumables	1,012	–	1,336	2,348
Finished goods	–	5,828	–	5,828
	$ 1,247	$ 6,216	$ 1,388	$ 8,851

The cost of inventory included in operating expenses in 2018 and 2017 was $64.8 million and $44.4 million for Stolt Sea Farm and nil and $3.3 million for Bitumen, respectively. Bunkers of $20.6 million and $14.1 million were included in prepaid expenses at November 30, 2018 and 2017, respectively.

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 on 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

(in thousands)	As of November 30, 2018	2017
Turbot and sole	$ 40,737	$ 35,977
Sturgeon	9,848	9,719
	$ 50,585	$ 45,696

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, 2018	2017
Balance at December 1,	$ 35,977	$ 34,884
Increases owing to production and purchases	40,762	43,449
Gain (loss) from change in fair value	6,111	(1,620)
Effect of changes in foreign currency rates	(2,323)	3,526
Decreases owing to mortalities	(878)	(1,477)
Transfer to inventory	(38,912)	(42,785)
Balance at November 30,	$ 40,737	$ 35,977

Reconciliation of changes in book value of sturgeon

(in thousands)	As of November 30, 2018	2017
Balance at December 1,	$ 9,719	$ 9,143
Increases owing to production and purchases	6,819	5,671
(Loss) gain from change in fair value	(659)	1,637
Decreases owing to mortalities	(1,523)	(1,082)
Transfer to inventory	(4,508)	(5,650)
Balance at November 30,	$ 9,848	$ 9,719

Fair value adjustments on biological assets in the income statement

(in thousands)	For the years ended November 30, 2018	2017
Work in process, turbot and sole	$ 6,111	$ (1,620)
Work in process, sturgeon	(659)	1,637
Total fair value adjustment recognised in the income statement	$ 5,452	$ 17

Value of biological assets at fair value

(in thousands)	As of November 30, 2018	2017
Work in process, turbot and sole	$ 37,247	$ 32,702
Work in process, sturgeon	9,633	9,534
Total assets held at fair value included in the balance sheet	$ 46,880	$ 42,236

Volumes of biomass (in tonnes)

(in tonnes)	As of November 30, 2018	2017
Volume of biomass harvested during the year (live weight)	6,188	6,334
Volume of biomass in the water at year end (live weight)	4,645	4,638

Value of juvenile biological assets at cost

(in thousands)	As of November 30, 2018	2017
Turbot and sole	$ 3,490	$ 3,275
Sturgeon	215	185
Total assets held at cost included in the balance sheet	$ 3,705	$ 3,460

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, 2018 and 2017.

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.

Notes to the Consolidated Financial Statements continued

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 as of November 30, 2018 and 2017. In addition, included in Other non-current assets are loans and advances to employees and officers of the Group of $0.5 million at November 30, 2018 and 2017. 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, 2018 and 2017. Interest received was less than $0.1 million for both 2018 and 2017.

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)		**2018**		2017
Board fees	**$**	**835**	$	721
Salary and benefits		**4,510**		4,410
Profit sharing		**705**		682
Long-term incentives		**931**		925
Pension cost		**880**		916
Total compensation and benefits	**$**	**7,861**	$	7,654
Average number of key managers included		**9**		8

At the end of 2018 and 2017, the Board of Directors consisted of seven and six members, respectively.

During the year ended November 30, 2018, a member of the Board was given a loan of $0.2 million at an interest rate of 5.25%. The full amount, including accrued interest, was repaid in the fourth quarter of 2018.

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)		**2018**		2017
Joint ventures:				
Amounts due from the Group	**$**	**20,367**	$	15,639
Amounts due to the Group		**44,382**		70,063

Included within Amounts due to the Group are $1.5 million and $11.0 million as of November 30, 2018 and 2017, 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 to joint ventures and associates are non-interest bearing and amounted to $5.0 million at November 30, 2018. The long-term advance to NYK Stolt Tankers S.A. ("NYK Stolt") of $28.3 million bears interest at six-month LIBOR plus 1%. The Group had also made long-term advances of $9.6 million to other joint ventures and associates at November 30, 2018. Interest on these range from 6% to 6.5% in 2018 and 4.5% to 6.6% in 2017. Interest received in cash for 2018 and 2017 was $0.8 million and $0.7 million, respectively.

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

(in thousands)	For the years ended November 30, 2018	2017
Joint Ventures		
Charter hire revenue*	**$ 94,770**	$ 91,690
Tank container cleaning station revenue	**5,245**	3,679
Other revenue	**3,483**	647
Charter hire expense	**38,338**	38,930
Management and other expenses	**13,436**	8,862
Freight and joint service commission expense	**4,314**	3,154
Finance expense	**3,044**	3,139
Other expense	**473**	1,960
Associates		
Tank container cleaning station revenue	**$ 3,562**	$ 3,572
Other revenue	**–**	80

* 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 $1.5 million and $2.0 million as of November 30, 2018 and 2017, respectively.

15. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

(i) Recognition and measurement

Property, plant and equipment is 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 is 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 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.

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.

Notes to the Consolidated Financial Statements continued

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.

(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 on 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) Estimated useful lives
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

(vi) 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.

Cost (In thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Balance at December 1, 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 and retirements	–	(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**
Additions	17	1,961	1,981	1,108	9,207	741	149,963	164,978
Disposals and retirements	(291)	(7,057)	(60,063)	(10,095)	(13,704)	(211)	(1,469)	(92,890)
Deconsolidation of Avenir	(2,807)	–	–	–	–	–	(17,821)	(20,628)
Net foreign exchange differences	(2,982)	(7,003)	(3,186)	(470)	(31,450)	(336)	(5,893)	(51,320)
Transfers	–	(4,184)	39,407	–	116,317	1,812	(153,352)	–
Reclasses and other	–	(144)	–	–	(322)	(41)	(344)	(851)
Balance at November 30, 2018	**$ 60,448**	**$ 128,073**	**$ 3,271,586**	**$ 501,528**	**$ 1,354,894**	**$ 15,284**	**$ 105,096**	**$ 5,436,909**

Accumulated depreciation and impairment (in thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Balance at December 1, 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 and retirements	–	(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**
Depreciation expense	–	4,845	174,944	20,613	60,095	695	–	261,192
Impairments	–	–	11,804	–	4,026	–	–	15,830
Disposals and retirements	–	(3,208)	(52,701)	(9,066)	(14,288)	(255)	–	(79,518)
Net foreign exchange differences	–	(2,207)	(1,944)	(247)	(13,679)	(170)	–	(18,247)
Transfers	–	(3,671)	–	–	3,671	–	–	–
Reclasses and other	–	(159)	34	(19)	135	(43)	–	(52)
Balance at November 30, 2018	**$ –**	**$ 46,006**	**$ 1,411,019**	**$ 208,703**	**$ 503,155**	**$ 7,333**	**$ –**	**$ 2,176,216**
Net book value:								
At November 30, 2017	**$ 66,511**	**$ 94,094**	**$ 2,014,565**	**$ 313,563**	**$ 811,651**	**$ 6,213**	**$ 134,012**	**$ 3,440,609**
At November 30, 2018	**$ 60,448**	**$ 82,067**	**$ 1,860,567**	**$ 292,825**	**$ 851,739**	**$ 7,951**	**$ 105,096**	**$ 3,260,693**

Notes to the Consolidated Financial Statements continued

The net book value of assets under finance leases was nil and $0.4 million at November 30, 2018 and 2017, respectively. Assets under finance leases consisted of tank containers.

Owing to a change in steel prices, residual values of fully owned ships reduced by approximately $32.9 million for fully owned vessels and $5.3 million for the Group's share in joint venture ships. This resulted in additional depreciation of $2.6 million during the year ended November 30, 2018.

In the case of tank containers, the residual values also declined and resulted in an additional depreciation charge of $3.7 million during the year ended November 30, 2018.

During the year ended November 30, 2018, the Group spent $146.3 million on property, plant and equipment. Cash spent during the period primarily reflected i) $85.2 million on terminal capital expenditures, ii) $29.1 million on drydocking of ships, iii) $12.0 million on tankers capital expenditures, iv) $5.3 million on the purchase of tank containers and construction at depots, and v) $7.9 million on Stolt Sea Farm capital expenditures. Interest of $3.9 million was capitalised on the new construction of terminals and gas newbuildings.

During the year 2018, the estimated useful lives of some of our ships were extended from 25 years to 30 years. This resulted in a lower depreciation charge in the last quarter of $3.6 million for owned ships and $0.9 million for joint venture ships.

Proceeds of $11.7 million were received from the sale of ships, retirement of tank containers and other assets.

During the year ended November 30, 2018, the Group spent $3.0 million on intangible assets, mainly computer software. Revaluation for foreign exchange differences on goodwill and other intangibles amounted to a loss of $2.0 million in the same period.

Certain property, plant and equipment assets 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, 2018.

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 of $11.8 million and $5.4 million for the years ended November 30, 2018 and 2017, respectively. All Bitumen division's assets are reflected under the Corporate and Other Business Segment.

Terminals

The Group booked impairments aggregating to $4.0 million and $9.9 million for the years ended November 30, 2018 and 2017, respectively.

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 begins 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 begins 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	2018 % Shares	2018 % Voting Rights	As of November 30, 2018	2017
Joint Ventures:					
Tankers material joint ventures:					
NYK Stolt Tankers S.A.	Japan	50	50	**$ 48,431**	$ 52,200
Stolt NYK Asia Pacific Services Inc.	Singapore	50	50	**27,678**	29,871
NYK Stolt Shipholding Inc.	Singapore	50	50	**40,085**	40,861
Shanghai Sinochem-Stolt Shipping Ltd	China	49	50	**34,694**	36,527
Hassel Shipping 4 AS	Norway	50	50	**72,719**	69,988
Tankers non-material joint ventures:					
SIA LAPA, Ltd	Latvia	70	50	**714**	698
Brovig SS II Indre Selskap	Norway	50	50	**5,608**	5,373
Shanghai New Xing Yang Marine Services Co. Ltd	China	40	40	**171**	163
				230,100	235,681
Terminals material joint ventures:					
Oiltanking Stolthaven Antwerp, NV	Belgium	50	50	**103,553**	102,442
Jeong-IL Stolthaven Ulsan Co. Ltd	South Korea	50	50	**97,319**	89,650
Tianjin Lingang Stolthaven Terminal Co.	China	65	50	**17,522**	23,235
Tianjin Lingang Stolthaven Jetty Company	China	40	50	**14,195**	16,171
Terminals non-material joint venture:					
Stolthaven (Westport) Sdn. Bhd.	Malaysia	49	50	**8,624**	8,653
				241,213	240,151
Tank Containers non-material joint ventures:					
Hyop Woon Stolt Transportation Services Co. Ltd	South Korea	50	50	**3,100**	2,768
Kanoo Tank Services Ltd.	Saudi Arabia	60	60	**16,378**	8,775
Stolt Rail Logistics Systems Limited	India	50	50	**3,846**	3,502
Vado Tank Cleaning SRL	Italy	50	50	**2,659**	2,229
Laem Chabang Tank Service Co. Ltd.	Thailand	49	49	**977**	941
FSTS CO., Ltd	Thailand	49	49	**678**	550
Joint Tank Services FZCO	UAE	40	40	**2,684**	2,958
				30,322	21,723
Avenir LNG Limited [1]	Bermuda	45	45	**49,143**	–
Subtotal				**550,778**	497,555
Associates:					
Non-material associates:					
Avance Gas Holding Limited [2]	Bermuda	9	9	**–**	29,958
N.C. Stolt Transportation Services Co. Ltd	Japan	50	50	**1,070**	1,054
Seaweed Energy Solutions AS	Norway	25	25	**6**	6
PT Stolt Berkah Mulia Mandiri	Indonesia	49	49	**716**	986
Norterminal A.S.	Norway	25	25	**1,540**	2,001
N.C. Stolt Chuyko Transportation Services Co. Ltd	Japan	35	35	**396**	370
Subtotal				**3,728**	34,375
				$ 554,506	$ 531,930

1. Avenir LNG was previously a subsidiary of the Group and became a joint venture on October 1, 2018.

2. AGHL ceased to be an associate on July 13, 2018. See Note 17 for further details.

Notes to the Consolidated Financial Statements continued

(in thousands)	Joint Ventures	Associates	Total
Balance, December 1, 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) income 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**
Share of profit (loss) of joint ventures and associates	36,084	(3,724)	32,360
Dividends	(22,204)	–	(22,204)
Net foreign exchange differences	(12,403)	(17)	(12,420)
Advances to joint ventures and associates, net	5,945	–	5,945
Impairment of advances to joint ventures	(3,557)	–	(3,557)
Net loss on pension schemes held by joint venture	(844)	–	(844)
Transfer of AGHL to Investment in equity instrument	–	(27,939)	(27,939)
Investment in joint venture	49,500	–	49,500
Net income on cash flow hedges held by joint ventures and an associate	2,591	861	3,452
Other	(1,889)	172	(1,717)
Balance, November 30, 2018	**$ 550,778**	**$ 3,728**	**$ 554,506**

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, 2018 and 2017:

	NYK Stolt Tankers S.A.		Stolt NYK Asia Pacific Services Inc		NYK Stolt Shipholding Inc.		Shanghai-Sinochem Stolt Shipping Ltd		Hassel Shipping 4 A.S.	
(in thousands)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Cash and cash equivalents	**$ 5,273**	$ 17,054	**$ 4,998**	$ 11,555	**$ 4,058**	$ 5,087	**$ 5,908**	$ 7,026	**$ 13,971**	$ 18,420
Current assets, other than cash	**8,904**	31,465	**13,411**	11,677	**2,779**	1,059	**7,018**	5,645	**10,218**	7,778
Current assets	**14,177**	48,519	**18,409**	23,232	**6,837**	6,146	**12,926**	12,671	**24,189**	26,198
Non-current assets	**183,371**	115,282	**42,612**	42,394	**220,526**	234,754	**66,643**	76,647	**355,274**	342,490
Total Assets	**197,548**	163,801	**61,021**	65,626	**227,363**	240,900	**79,569**	89,318	**379,463**	368,688
Financial liabilities, other than accounts payable	**35,084**	–	**–**	–	**9,442**	9,664	**3,577**	4,828	**16,359**	9,664
Other current liabilities	**576**	760	**5,666**	5,884	**7,346**	9,723	**3,546**	4,271	**4,107**	5,955
Current liabilities	**35,660**	760	**5,666**	5,884	**16,788**	19,387	**7,123**	9,099	**20,466**	15,619
Financial liabilities	**120,748**	121,161	**–**	–	**130,349**	139,791	**2,156**	5,674	**220,129**	239,533
Non-current liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	18,480
Total non-current liabilities	**120,748**	121,161	**–**	–	**130,349**	139,791	**2,156**	5,674	**220,129**	258,013
Net Assets	**$ 41,140**	$ 41,880	**$ 55,355**	$ 59,742	**$ 80,226**	$ 81,722	**$ 70,290**	$ 74,545	**$ 138,868**	$ 95,056
Selected Income Statement Information										
Operating revenue	**$ 33,219**	$ 40,187	**$ 88,955**	$ 85,694	**$ 54,779**	$ 49,102	**$ 35,925**	$ 34,320	**$ 54,950**	$ 34,663
Depreciation and amortisation	**15,375**	15,426	**–**	–	**16,634**	15,149	**4,722**	5,563	**13,928**	7,816
Finance income	**–**	–	**1,291**	938	**95**	22	**38**	–	**230**	49
Finance expense	**5,340**	3,500	**–**	–	**4,184**	2,579	**–**	484	**13,792**	7,059
(Loss) profit before taxes	**(1,311)**	(268)	**(4,387)**	2,079	**4,504**	4,690	**5,026**	4,000	**3,426**	5,366
Income tax expense	**–**	–	**–**	–	**–**	–	**1,265**	661	**–**	–
Net (loss) profit	**(1,311)**	(268)	**(4,387)**	2,079	**4,504**	4,690	**3,761**	3,339	**3,426**	5,366
Other comprehensive income (loss)	**571**	–	**–**	–	**–**	(974)	**(5,460)**	3,117	**6,608**	1,104
Total comprehensive (loss) income	**$ (740)**	$ (268)	**$ (4,387)**	$ 2,079	**$ 4,504**	$ 3,716	**$ (1,699)**	$ 6,456	**$ 10,034**	$ 6,470
Dividends received	**$ –**	$ –	**$ –**	$ 2,500	**$ 3,000**	$ –	**$ 1,253**	$ 3,174	**$ –**	$ –

Long-term financial liabilities for NYK Stolt Tankers S.A. included shareholder loans of $56.7 million and $62.5 million for the years ended November 30, 2018 and 2017, respectively.

$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, 2018 and 2017.

Hassel Shipping 4 A.S. includes $0.6 million and $38.9 million of shareholders loans at November 30, 2018 and November 30, 2017, respectively.

Notes to the Consolidated Financial Statements continued

	Oiltanking Stolthaven Antwerp, NV		Jeong-IL Stolthaven Ulsan Co. Ltd		Tianjin Lingang Stolthaven Terminal Co.		Tianjin Lingang Stolthaven Jetty Company	
(in thousands)	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Cash and cash equivalents	**$ 5,341**	$ 3,232	**$ 5,416**	$ 4,519	**$ 1,558**	$ 466	**$ 2,658**	$ 6,661
Current assets, other than cash	**15,615**	17,494	**13,321**	13,108	**295**	139	**2,928**	2,203
Current assets	**20,956**	20,726	**18,737**	17,627	**1,853**	605	**5,586**	8,864
Non-current assets	**380,356**	413,488	**396,342**	364,739	**44,672**	51,204	**29,205**	31,900
Total Assets	**401,312**	434,214	**415,079**	382,366	**46,525**	51,809	**34,791**	40,764
Financial liabilities, other than accounts payable	**18,374**	–	**21,951**	12,328	**4,309**	1,316	**–**	–
Other current liabilities	**28,220**	102,837	**15,132**	63,746	**2,778**	2,286	**5,074**	5,219
Current liabilities	**46,594**	102,837	**37,083**	76,074	**7,087**	3,602	**5,074**	5,219
Financial liabilities	**131,727**	165,855	**178,270**	122,934	**–**	15,928	**–**	–
Non-current liabilities	**56,866**	626	**15,501**	13,590	**12,616**	–	**–**	–
Total non-current liabilities	**188,593**	166,481	**193,771**	136,524	**12,616**	15,928	**–**	–
Net Assets	**$ 166,125**	$ 164,896	**$ 184,225**	$ 169,768	**$ 26,822**	$ 32,279	**$ 29,717**	$ 35,545
Selected Income Statement Information								
Operating revenue	**$ 117,389**	$ 107,021	**$ 86,932**	$ 74,986	**$ 5,347**	$ 3,567	**$ 8,704**	$ 9,002
Depreciation and amortisation	**30,142**	28,547	**9,736**	8,341	**3,206**	3,102	**1,592**	1,566
Finance income	**–**	7	**–**	–	**–**	–	**54**	34
Finance expense	**8,132**	8,111	**6,363**	4,556	**738**	934	**–**	–
Profit (loss) before taxes	**29,614**	32,918	**35,202**	30,595	**(2,183)**	(3,978)	**3,784**	4,441
Income tax (benefit) expense	**(6,827)**	10,360	**7,880**	6,694	**1,801**	(224)	**950**	1,051
Net profit (loss)	**36,441**	22,558	**27,322**	23,901	**(3,984)**	(3,754)	**2,834**	3,390
Other comprehensive (loss) income	**(13,346)**	22,182	**(6,518)**	12,127	**(1,473)**	1,381	**(1,182)**	1,375
Total comprehensive income (loss)	**$ 23,095**	$ 44,740	**$ 20,804**	$ 36,028	**$ (5,457)**	$ (2,373)	**$ 1,652**	$ 4,765
Dividends received	**$ 10,935**	$ 9,782	**$ 3,174**	$ 2,936	**$ –**	$ –	**$ 2,992**	$ 2,310

During the year ended November 30, 2018, the Group's Belgian joint venture reduced its net deferred tax liabilities by $8.2 million owing to a reduction in Belgian Corporate tax rates. The amount reflects the Group's 50% share and is included within Share of profit from joint ventures and associates.

Tianjin Lingang Stolthaven Terminal Co. has $3.6 million and $3.5 million of shareholder loans at November 30, 2018 and 2017, respectively.

Tianjin Lingang Stolthaven Jetty Company has $3.5 million and $4.9 million of shareholder loans at November 30, 2018 and 2017, respectively.

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 six 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 South East Asia areas, with the tankers marketed by the Group's offices in these regions. NYK Stolt Shipholding Inc ("NSSH") is a 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 South East Asia markets and supporting customers of the Joint Service.

Hassel Shipping 4 A.S. 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 at New Times Shipbuilding Co. Ltd. ("New Times Shipbuilding") in China. The ships are 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, 2018, the joint venture operated 10 ships.

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.

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 joint venture as all significant decisions are made unanimously.

Gulf Stolt Tankers DMCCO ("GST") was previously reported a joint venture with Gulf Navigation Holdings PJSC, before being classified as an asset held for sale during the year ended November 30, 2017. The company is not trading and will be liquidated following the settlement of insurance claim receivables. At November 30, 2018 and 2017 the asset held for sale was $1.0 million and $2.3 million, respectively.

Avenir LNG Limited

On October 1, 2018, the Group, Golar and Höegh LNG Holdings Ltd. made an initial $99.0 million investment in Avenir LNG, previously a subsidiary of the Group. The Group's contribution to Avenir LNG was $49.5 million, consisting of the following:

(in thousands)		
Cash	$	17,019
Capitalised costs for newbuilding contracts		16,671
SNL subsidiaries' development costs		10,000
Higas investment		5,800
	$	**49,490**

As part of the contribution, the Group converted a $32.5 million loan that Avenir LNG owed to a subsidiary of the Group to equity. A gain of $11.2 million was recognised by the Group owing to difference in the fair value of the consideration compared with the carrying value of the assets disposed. This was included in Other non-operating income.

Golar and Höegh LNG Holdings Ltd. each contributed $24.8 million of cash. Following this transaction, the Group owned 50% of voting rights of Avenir LNG.

Notes to the Consolidated Financial Statements continued

A Shareholders' agreement was entered into between the Group, Golar and Höegh LNG Holdings Ltd., which provides that the future operations of Avenir LNG will be jointly controlled by the Shareholders. As a result of the transaction, the Group deconsolidated Avenir LNG and will account for it as an investment in a joint venture.

(in thousands)		
Cash and cash equivalents	$	1,191
Receivables		433
Prepaid expenses		173
Property, plant and equipment		5,081
Newbuilding deposits		15,547
Goodwill		61
		22,486
Accounts payable		(933)
Accrued expenses		(239)
		(1,172)
Net assets		21,314
Cash contribution		17,019
Carrying value of assets disposed	**$**	**38,333**

Upon recording the non-controlling interest as an investment in a joint venture, the Group reviewed the assets and liabilities for any fair value adjustments. The fair value of the two newbuilding contracts and two options were calculated based on the guidance in IFRS 13, Fair Value. The income approach was used in the valuation which considered the present value of future cash flows and earnings expectations for each ship and its residual value. It also considered changes in contract prices since inception of the existing new building contracts, costs incurred to date, construction progress and management's estimate of the costs to complete.

The difference between the Group's share of the fair value of Avenir LNG and the underlying net assets subsequent to the above transaction was $5.6 million. Of this amount, $5.5 million was allocated to the newbuilding deposits and $0.1 million considered to be goodwill.

Cash provided by investing activities was $18.2 million for the year ended November 30, 2018, consisting of the $17.0 million paid and the $1.2 million cash in Avenir LNG.

On November 13, 2018, Avenir LNG closed a placement of 11 million new shares with institutional and professional investors. This diluted the Group's holding to 45% of the voting rights of Avenir LNG.

Avenir LNG is listed on the N-OTC list with effect from November 14, 2018 and information for the two-month period to November 30, 2018 is not practically possible to obtain since such information may constitute selective disclosure of inside information.

Reconciliation of Summarised Financial Information

(in thousands)	NYK Stolt Tankers S.A. 2018	NYK Stolt Tankers S.A. 2017	Stolt NYK Asia Pacific Services Inc 2018	Stolt NYK Asia Pacific Services Inc 2017	NYK Stolt Shipholding Inc. 2018	NYK Stolt Shipholding Inc. 2017	Shanghai-Sinochem Stolt Shipping Ltd 2018	Shanghai-Sinochem Stolt Shipping Ltd 2017	Hassel Shipping 4 AS 2018	Hassel Shipping 4 AS 2017
Net Assets:										
Balance, December 1	**$ 41,880**	$ 42,148	**$ 59,742**	$ 62,663	**$ 81,722**	$ 78,006	**$ 74,545**	$ 74,567	**$ 95,056**	$ 88,586
(Loss) profit for the year	**(1,311)**	(268)	**(4,387)**	2,079	**4,504**	4,690	**3,761**	3,339	**3,426**	5,366
Capital contribution	**–**	–	**–**	–	**–**	–	**–**	–	**33,778**	–
Dividends	**–**	–	**–**	(5,000)	**(6,000)**	–	**(2,556)**	(6,478)	**–**	–
Other comprehensive gain (loss)	**571**	–	**–**	–	**–**	(974)	**(5,460)**	3,117	**6,608**	1,104
Balance, November 30	**41,140**	41,880	**55,355**	59,742	**80,226**	81,722	**70,290**	74,545	**138,868**	95,056
Percentage owned	**50%**	50%	**50%**	50%	**50%**	50%	**49%**	49%	**50%**	50%
Interest in joint venture	**20,570**	20,940	**27,678**	29,871	**40,113**	40,861	**34,442**	36,527	**69,434**	47,528
Purchase adjustment to property	**–**	–	**–**	–	**–**	–	**–**	–	**2,715**	3,033
Amounts eliminated owing to transactions with the Group	**(477)**	–	**–**	–	**–**	–	**–**	–	**–**	–
Advances	**28,338**	31,260	**–**	–	**–**	–	**–**	–	**570**	19,427
Other	**–**	–	**–**	–	**(28)**	–	**252**	–	**–**	–
Investment in and advances to joint ventures	**$ 48,431**	$ 52,200	**$ 27,678**	$ 29,871	**$ 40,085**	$ 40,861	**$ 34,694**	$ 36,527	**$ 72,719**	$ 69,988

(in thousands)	Oiltanking Stolthaven Antwerp, NV 2018	Oiltanking Stolthaven Antwerp, NV 2017	Jeong-IL Stolthaven Ulsan Co. Ltd 2018	Jeong-IL Stolthaven Ulsan Co. Ltd 2017	Tianjin Lingang Stolthaven Terminal Co. 2018	Tianjin Lingang Stolthaven Terminal Co. 2017	Tianjin Lingang Stolthaven Jetty Company 2018	Tianjin Lingang Stolthaven Jetty Company 2017
Net Assets:								
Balance, December 1	**$ 164,896**	$ 139,720	**$ 169,768**	$ 139,612	**$ 32,279**	$ 34,652	**$ 35,545**	$ 36,555
Capital contributions	**–**	–	**–**	–	**–**	–	**–**	–
Profit (loss) for the year	**36,441**	22,558	**27,322**	23,901	**(3,984)**	(3,754)	**2,834**	3,390
Dividends	**(21,866)**	(19,564)	**(6,347)**	(5,872)	**–**	–	**(7,480)**	(5,775)
Other comprehensive (loss) gain	**(13,346)**	22,182	**(6,518)**	12,127	**(1,473)**	1,381	**(1,182)**	1,375
Balance, November 30	**166,125**	164,896	**184,225**	169,768	**26,822**	32,279	**29,717**	35,545
Percentage owned	**50%**	50%	**50%**	50%	**65%**	65%	**40%**	40%
Interest in joint venture	**83,063**	82,448	**92,113**	84,884	**17,434**	20,980	**11,887**	14,219
Advances	**–**	–	**–**	–	**87**	2,255	**2,437**	1,952
Purchase adjustment to property	**5,212**	3,961	**–**	–	**–**	–	**–**	–
Goodwill	**15,278**	16,033	**5,206**	4,766	**–**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–	**(129)**	–
Investment in and advances to joint ventures	**$ 103,553**	$ 102,442	**$ 97,319**	$ 89,650	**$ 17,521**	$ 23,235	**$ 14,195**	$ 16,171

Notes to the Consolidated Financial Statements continued

Summarised financial information of AGHL

Summarised financial information of AGHL, representing 100% of the respective amounts included in AGHL's Financial Statements is as follows:

(in thousands)	For the six months ended June 30, 2018	For the year ended December 31, 2017
Selected Income Statement Information		
Operating revenue	**$ 51,654**	$ 110,910
Loss before taxes	**(31,576)**	(54,695)
Income tax benefit	**–**	(55)
Net loss	**(31,576)**	(54,750)
Other comprehensive profit	**8,712**	1,424
Total comprehensive loss	**$ (22,864)**	$ (53,326)

As discussed in Note 17, AGHL's accounting method changed to fair value through Other comprehensive income on July 13, 2018. Therefore, only the six-month period ended June 30, 2018 has been included above. The financial information for AGHL is for the six-month period ended June 30, 2018 and the year ended December 31, 2017 as reported in the AGHL Condensed Consolidated Interim Financial Statements. AGHL is listed on the Oslo Børs and information for the 12 month period to November 30, 2018 and 2017 is not practically possible to obtain since such information may constitute selective disclosure of inside information.

At November 30, 2018 and 2017, the Group owned 8.61% of AGHL shares.

The fair value of the Group's investment in AGHL was $12.1 million and $12.9 million at November 30, 2018 and 2017, respectively, based on the closing price on the Oslo Børs.

Summarised financial information for non-material joint ventures and associates

In aggregate, the Group's investments in and advances to non-material joint ventures were $45.4 million and $36.6 million and in the non-material associates were $3.7 million and $4.4 million for the years ended November 30, 2018 and 2017, respectively. The below summarises the financial information of the non-material joint ventures and associates:

(in thousands)	For the years ended November 30, 2018	2017
Joint Ventures		
Profit before taxes	**$ 5,315**	$ 1,295
Income tax expense	**171**	826
Net profit	**5,144**	469
Other comprehensive (loss) income	**(756)**	1,522
Total comprehensive income	**$ 4,388**	$ 1,991
Associates		
Loss before taxes	**$ (1,637)**	$ (2,400)
Income tax expense	**58**	12
Net loss	**(1,695)**	(2,412)
Other comprehensive (loss) income	**(385)**	293
Total comprehensive loss	**$ (2,080)**	$ (2,119)

Commitments

The Group has no commitments to joint ventures as of November 30, 2018. Capital commitments in joint ventures are in Note 27.

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 remeasured 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.

Equity investments designated at FVTOCI

The Group has investments in Golar and AGHL that are designated as FVTOCI as these are strategic investments for the Group.

Dividends of $0.5 million were received for each of the years ended November 30, 2018 and 2017.

Investments in equity instruments increased owing to the change in accounting for AGHL shares. A summary of changes in value of Investments in Equity Instruments for the year ended November 30, 2018 and the comparative period is summarised below:

	For the years ended November 30,	
(in thousands)	**2018**	2017
Golar		
Number of equity shares	**2,330**	2,330
Percentage of shareholding	**2.3%**	2.3%
Share price as of November 30	**$26.64**	$24.71
Gain on FVTOCI	**4,497**	722
Cumulative loss on FVTOCI	**(41,317)**	(45,814)
Value of investment	**$ 62,067**	$ 57,570
AGHL		
Number of equity shares	**5,479**	–
Percentage of shareholding	**8.61%**	–
Share price as of November 30	**$2.22**	–
Loss on FVTOCI	**(2,917)**	–
Cumulative loss on FVTOCI	**(2,917)**	–
Value of investment	**$ 12,138**	–
Net gain on FVTOCI	**1,580**	722
Total value of Investments in equity instruments	**$ 74,205**	$ 57,570

AGHL

At the Annual General Meeting of Avance Gas Holding Limited ("AGHL") held on July 13, 2018, the Group's two representatives on the Board did not stand for re-election. As a result, the Group no longer held significant influence with effect from July 13, 2018 and AGHL ceased to be an associate. Accordingly, from that date, the Group changed the method of accounting for this investment from the equity method to fair value through Other comprehensive income, which resulted in a one-time fair value loss of $12.9 million. This loss represents the difference between the carrying amount and fair value of the AGHL investment at July 13, 2018 and is recognised within Other non-operating expenses in the Income Statement during the year ended November 30, 2018.

From July 13, 2018, the investment in AGHL was classified as an equity instrument and the fair value gains and losses will be recognised through Other comprehensive income.

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 that 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 Container and Terminal 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 14 years and computer software is amortised over an average life of three to 10 years.

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

Notes to the Consolidated Financial Statements continued

Intangible assets are shown below:

(in thousands)	Goodwill	Trademark	Customer Relations/ Contracts	Computer Software	Other	Total
Cost:						
Balance, December 1, 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**
Additions	–	–	–	3,012	–	3,012
Disposals and retirements	(4,794)	–	(4,954)	(1,788)	–	(11,536)
Deconsolidation of Avenir	(61)	–	–	–	–	(61)
Net foreign exchange differences	(1,239)	(74)	(347)	(1,246)	(45)	(2,951)
Balance, November 30, 2018	**$ 33,689**	**$ 1,478**	**$ 9,120**	**$ 50,689**	**$ 585**	**$ 95,561**
Accumulated amortisation:						
Balance, December 1, 2016	**$ 4,969**	**$ 1,129**	**$ 9,715**	**$ 32,523**	**$ 257**	**$ 48,593**
Amortisation 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**
Amortisation charge for the year	–	123	136	3,153	60	3,472
Impairments	–	–	1,578	–	–	1,578
Disposals and retirements	(4,794)	–	(4,954)	(1,473)	–	(11,221)
Net foreign exchange differences	–	(68)	(184)	(717)	(23)	(992)
Balance, November 30, 2018	**$ –**	**$ 1,478**	**$ 8,096**	**$ 38,402**	**$ 323**	**$ 48,299**
Net book value:						
At November 30, 2017	**$ 34,989**	**$ 129**	**$ 2,901**	**$ 13,272**	**$ 344**	**$ 51,635**
At November 30, 2018	**$ 33,689**	**$ –**	**$ 1,024**	**$ 12,287**	**$ 262**	**$ 47,262**

All intangible assets other than goodwill were subject to amortisation as of November 30, 2018 and 2017.

During the year ended November 30, 2018, the Group spent $3.0 million on intangible assets, mainly on the acquisition of computer software.

The Group recognised an impairment charge of $1.6 million for the year ended November 30, 2018, in relation to customer contract assets in the Terminals segment.

At November 30, 2018, goodwill primarily consisted of $5.2 million for goodwill on the JoT acquisition, $16.0 million related to a prior year business combination in the Tank Container segment and $12.4 million related to the Marstel business combination in the Terminals segment.

Revaluation for foreign exchange differences for goodwill and other intangibles amounted to a loss of $2.0 million in the same period.

The Tankers, Tank Container and Terminals segment goodwill has been tested for impairment as of November 30, 2018 and 2017. See Note 2 for further discussion of the method of testing for impairment of goodwill.

The trademark intangible was amortised over a 10-year life and is now fully amortised while the customer relations and contracts intangibles are amortised from two to 14 years and have one to seven years remaining. Computer software is amortised over an average life of three to 10 years for which there is an average of less than one to 10 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, 2018	2017
Trade payables	**$ 72,758**	$ 76,231
Withholding and value added tax	**6,490**	5,057
Insurance claims payable	**3,563**	2,526
Agent payables	**–**	5,894
In-transit payments	**180**	49
Other	**254**	134
	$ 83,245	$ 89,891

20. FINANCIAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern 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 co-operation 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	Cross-currency interest rate swaps, interest rate swaps
Market risk – commodity price	Changes in fuel prices	Cash flow forecasting Sensitivity analysis	Bunker swaps
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, available-for-sale debt instruments and held-to-maturity investments	Ageing 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 analyses its interest rate exposure based on sensitivity analysis. Scenarios are simulated, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The Group calculates the impact on profit and loss of a defined interest rate shift. At November 30, 2018, 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 $0.7 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.

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 krone, the Singapore dollar, the 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, 2018, 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 $6.6 million higher/lower, mainly as a result of lower/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 $216.2 million and cash balance of $64.5 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.

Notes to the Consolidated Financial Statements continued

An analysis of the age of customer trade receivables that are past due is as follows:

(in thousands)	As of November 30, 2018 Not Impaired	Impaired
Up to 30 days past due	**$ 41,788**	**$ 1,250**
31 to 60 days past due	**11,532**	**765**
61 to 90 days past due	**9,718**	**783**
Greater than 91 days past due	**16,219**	**9,380**
	$ 79,257	**$ 12,178**

(in thousands)	As of November 30, 2017 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

Excluded from the above are $147.3 million and $114.3 million of customer trade receivables that were not past due as of November 30, 2018 and 2017, 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 impairment on customer trade receivables changed as follows:

(in thousands)	As of November 30, 2018	2017
Allowance for impairment on customer trade receivables, brought forward	**$ 16,045**	$ 18,356
Impairment loss recognised	**8,682**	(305)
Accounts written off	**(2,191)**	(2,006)
Balance at the end of the year	**$ 22,536**	$ 16,045

The amount of the impairment allowance on receivables 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, 2018. There have been no significant changes to the impairment 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, which is monitored on an annual basis by Treasury.

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.

21. 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. 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, 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" which 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 summaries 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). The Group's derivative assets and liabilities 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.

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 of the derivative.

Notes to the Consolidated Financial Statements continued

(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 financial institutions, 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, 2018				November 30, 2017			
(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	$ –	$ 74,205	$ 74,205	$ 74,205	$ –	$ 57,570	$ 57,570	$ 57,570
Financial assets at FVTPL								
Financial assets at amortised cost								
Cash and cash equivalents	64,529	–	64,529	64,529	58,308	–	58,308	58,308
Restricted cash	167	–	167	167	98	–	98	98
Trade receivables	243,910	–	243,910	243,910	241,115	–	241,115	241,115
Loans and advances to joint ventures	–	42,897	42,897	42,897	–	59,107	59,107	59,107
Other current assets	32,480	–	32,480	32,480	44,150		44,150	44,150
	$ 341,086	$ 117,102	$ 458,188	$ 458,188	$ 343,671	$ 116,677	$ 460,348	$ 460,348
Financial Liabilities at amortised cost								
Accounts payables, excluding withholding and value added taxes	$ 76,755	$ –	$ 76,755	$ 76,755	$ 84,834	$ –	$ 84,834	$ 84,834
Accrued expenses	243,455	–	243,455	243,455	236,609	–	236,609	236,609
Dividend payable	13,549	–	13,549	13,549	13,814	–	13,814	13,814
Long-term debt and finance leases including current maturities excluding debt issuance costs	477,157	1,942,095	2,419,252	2,496,180	438,759	2,064,534	2,503,293	2,597,212
	$ 810,916	$ 1,942,095	$ 2,753,011	$ 2,829,939	$ 774,016	$ 2,064,534	$ 2,838,550	$ 2,932,469
Derivative Financial Instruments at fair value								
Assets								
Bunker purchase swap contracts	$ 4,081	$ –	$ 4,081	$ 4,081	$ 8,907	$ 3,458	$ 12,365	$ 12,365
Bunker call options	44	–	44	44	–	–	–	–
Foreign currency exchange contracts – cash flow hedges	91	–	91	91	5	–	5	5
Interest rate swaps	383	4,858	5,241	5,241	–	1,132	1,132	1,132
Cross-currency interest rate swaps – cash flow hedges	–	–	–	–	113	152	265	265
	$ 4,599	$ 4,858	$ 9,457	$ 9,457	$ 9,025	$ 4,742	$ 13,767	$ 13,767
Liabilities								
Cross-currency interest rate swaps – cash flow hedges	$ 39,211	$ 72,756	$ 111,967	$ 111,967	$ 55,201	$ 93,826	$ 149,027	$ 149,027
Foreign currency exchange contracts	1,344	–	1,344	1,344	50	–	50	50
Interest rate swaps	363	9	372	372	5,620	5,349	10,969	10,969
	$ 40,918	$ 72,765	$ 113,683	$ 113,683	$ 60,871	$ 99,175	$ 160,046	$ 160,046

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, so the estimates provided here 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, account payable (excluding withholding and value added tax payables), accrued expenses and dividend payable are a reasonable estimate of their fair value, owing to their short maturity. Long-term debt in the table above excludes debt issuance costs of $27.0 million and $33.6 million, as of November 30, 2018 and 2017, respectively. The estimated value of its senior unsecured bond issues is based on traded values, while the value on the remaining long-term debt is based on interest rates as of November 30, 2018 and 2017, 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, 2018 and 2017, respectively. Market value of interest rate and cross-currency interest rate swaps was estimated based on the amount the Group would receive or pay to terminate its agreements as of November 30, 2018 and 2017.

Notes to the Consolidated Financial Statements continued

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, 2018 and 2017, 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, 2018 and 2017. 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, 2018 and 2017.

The Group's financial instruments resulted in the following income, expenses, gains and losses recognised in the income statement:

	For the years ended November 30, 2018	2017
Dividends from equity investments held at FVTOCI	**$ 524**	$ 582

Derivatives

The Group has derivative assets of $9.5 million and $13.8 million as of November 30, 2018 and 2017, respectively and derivative liabilities of $113.7 million and $160.0 million as of November 30, 2018 and 2017, respectively. All the Group's derivative activities are financial instruments entered with major financial institutions and brokers 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, 2018 and 2017, respectively. Derivative financial instruments are measured using inputs other than quoted values. There were no changes in the valuation techniques since November 30, 2017. Net derivative liabilities for cross-currency interest rate swaps are lower by $36.8 million primarily owing to the maturity of the NOK bond in March 2018. This bond was fully hedged using cross-currency interest rate swaps.

The bunker contracts were marked-to-market through the Income Statement and a realised and unrealised gain of $6.1 million was recorded for the year ended November 30, 2018.

All of the Group's derivative activities are not publicly traded financial instruments. These financial instruments are entered into with major financial institutions and brokers. 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 gains/losses recognised in equity were as follows at November 30, 2018 and 2017.

(in thousands)	As of November 30, 2018	2017
Interest rate derivatives	**$ 5,486**	$ (8,064)
Cross-currency interest rate swaps	**(215)**	(8,747)
Foreign currency derivatives	**(1,235)**	(50)
Foreign exchange hedges held by a joint venture and interest rate hedges at an associate	**2,606**	(846)
Deferred income tax gain on the interest rate derivatives	**(46)**	277
	$ 6,596	$ (17,430)

Foreign currency

The following foreign exchange contracts, maturing through August 2019, were outstanding as of November 30, 2018 and 2017:

(in local currency, thousands)	Purchase 2018	2017
Norwegian krone	**67,000**	21,000
Euro	**33,000**	–
Singapore dollar	**15,500**	373
British pound	**5,200**	–
Japanese yen	**340,000**	–
UAE dirham	**4,300**	–

The US dollar equivalent of the currencies which the Group had contracted to purchase was $69.0 million and $2.9 million as of November 30, 2018 and 2017, respectively.

The Group utilises foreign currency derivatives to hedge committed and forecasted cash flow exposures. Most 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, 2018 and 2017, a $1.0 million and $0.3 million net unrealised losses, respectively, were reclassified from the hedging reserve into earnings. In 2018, there is a $1.2 million net unrealised loss included in the hedging reserve that is expected to be reclassified into earnings within nine 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 $969.9 million and $1,283.9 million as of November 30, 2018 and 2017, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2018 and 2017, $15.0 million and $19.7 million, respectively, were recognised in finance expense. Any remaining amounts currently in other comprehensive income are expected to be reclassified to earnings in between 2019 to 2027.

Maturity of financial liabilities

For the year ended November 30, 2018 (in thousands)	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total
Contractual obligations:					
Accounts payable	$ 76,755	$ –	$ –	$ –	$ 76,755
Accrued expenses and dividend payable	257,004	–	–	–	257,004
Long-term debt including current maturities	477,157	543,351	798,421	600,323	2,419,252
Interest on long-term debt and finance leases	108,081	135,232	90,163	53,497	386,973
Derivative financial liabilities	45,828	217,198	–	–	263,026
Total contractual obligations	$ 964,825	$ 895,781	$ 888,584	$ 653,820	$ 3,403,010

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	$ 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

Long-term debt in the table above excludes debt issuance costs of $27.0 million and $33.6 million and future finance charges on finance leases of approximately nil and $0.1 million as of November 30, 2018 and 2017, respectively. Derivative financial liabilities are stated at future undiscounted cash flows; therefore, they do not agree to the balance sheet.

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.

There were no outstanding short-term bank loans at November 30, 2018 and November 30, 2017. 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 $650.0 million Secured Reducing Multi-Currency Revolving Loan Facility Agreement ("$650M RCF"), which had $340.0 million ($334.9 million net of debt issuance costs) and $221.0 million outstanding at November 30, 2018 and 2017, respectively, is presented as long term. The weighted average interest rate was 4.9% and 3.9% for November 30, 2018 and 2017, respectively. See Note 23 for further details.

Amounts borrowed pursuant to the $60.0 million Collateralised Revolving Credit Facility ("$60M RCF") are presented as current portion of long-term debt. These amounts bear interest at rates ranging from 3.2% to 4.1% in 2018. (2017: 2.4% to 3.0%) The weighted average interest rate for these borrowings was 3.6% for November 30, 2018 (2017: 2.8%). See Note 23 for further details.

Amounts borrowed pursuant to the uncommitted lines of credit facilities bear an average interest rate of 3.5% and 1.8% for years ended November 30, 2018 and 2017, respectively.

The Group's $650M RCF was completed in 2016 and 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 $610.0 million at November 30, 2018, and will reduce by $20.0 million per year, and availability is always subject to the value of the collateral assets.

As of November 30, 2018, based on available collateral, this line has a maximum amount that could be drawn of $553.9 million of which $213.9 million was undrawn and available for future use.

In addition, the Group had $26.0 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 $3.2 million and $2.7 million for the years ended November 30, 2018 and 2017, respectively. See Note 23 for further details.

Notes to the Consolidated Financial Statements continued

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, 2018 and 2017, 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.

23. LONG-TERM DEBT

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, 2018 and 2017, consisted of the following:

(in thousands)	**2018**	2017
Preferred ship fixed rate mortgages:		
Fixed interest rates ranging from 2.7% to 5.8%, maturities vary through 2027	**$ 479,040**	$ 461,920
Preferred ship variable rate mortgages:		
Interest rates ranging from 2.5% to 5.3%, maturities vary through 2020	**191,664**	267,300
Senior secured credit facilities	**659,714**	703,939
Senior unsecured bond issues	**602,393**	722,118
$650M RCF (Note 22)	**334,872**	214,536
$60M RCF (Note 22)	**34,000**	11,000
Finance leases	**–**	140
Bank loans:		
Interest rates ranging from 1.75% to 4.7%, maturities vary through 2026	**90,548**	88,759
	2,392,231	2,469,712
Less - current maturities	**(472,798)**	(432,568)
	$ 1,919,433	$ 2,037,144

The classification of debt and the interest rates shown in the above table are after considering existing interest rate hedges.

Analysis of net debt

Net debt at November 30, 2018, comprises cash and cash equivalents of $64.5 million (2017: $58.3 million) and long-term debt and finance leases, including current maturities, of $2,392.2 million (2017: $2,469.7 million).

(in thousands)	At December 1, 2017	Cash Flow	Exchange Differences	Other Movements	**At November 30, 2018**
Cash deposits	$ 51,421	$ 17,130	$ (7,368)	$ –	**$ 61,183**
Short-term time deposits	6,887	(3,541)	–	–	**3,346**
Cash and cash equivalents	58,308	13,589	(7,368)	–	**64,529**
Borrowings:					
Long-term debt, including current maturities	(2,469,572)	103,976	(20,070)	(6,565)	**(2,392,231)**
Finance lease obligations	(140)	140	–	–	**–**
Net debt	**$ (2,411,404)**	**$ 117,705**	**$ (27,438)**	**$ (6,565)**	**$ (2,327,702)**

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 $7.4 million amortisation of debt issuance costs offset by the capitalisation of debt issuance costs and interest to debt of $0.9 million.

Finance lease liabilities

At November 30, 2018 and 2017, there were nil and $0.1 million of finance lease liabilities, respectively.

Long-term debt

The majority of long-term debt is denominated or swapped into US dollars, with $268.5 million and $285.9 million denominated in other currencies as of November 30, 2018 and 2017, respectively.

Long-term debt consists of debt collateralised by mortgages on ships, tank containers and terminals and investments, as well as $605.5 million unsecured bond financing at November 30, 2018.

(i) Preferred fixed and variable rate ship 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. The maturity date for this bridge facility was November 1, 2018. Lenders, however, have provided a credit-approved extension until March 1, 2019.

During February 2019, the Group entered into a $241.5 million fixed-rate borrowing agreement using eight ships as collateral. The closing of two ships has been delayed and the Group has only received $180.5 million as of February 28, 2019. The remaining amount will be received during the second half of March 2019. The agreement is with Development Bank of Japan, ING Bank N.V., National Australia Bank, Société Générale and a group of private investors at fixed interest rates ranging from 4.38% to 4.44%. There are equal quarterly payments for each ship and at the end of the agreement, the Group has an option to purchase the ships by paying fixed amounts. 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.

With the deliveries of the five newbuildings, in late 2016 through 2017, the Group drew down $57.2 million in 2016, $219.6 million in 2017 and $7.6 million in 2018 under the $291.8 million term loan with Export and Import Bank of China and Standard Chartered Bank, signed August 15, 2013. The loans are secured by the newbuildings and will be repaid over their 10 year life. Interest has been fixed at an average of 4.94%.

On March 6, 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 drew down a total of $250.0 million under the facility as all ships were 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 24th instalment for tranches 1- 4 totalling $37.5 million. As of 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 October 19, 2018, the outstanding loan amount and the swaps under this facility were fully repaid and closed.

On October 15, 2018, the Group closed a $93.8 million facility with Danish Ship Finance A/S, secured by two 43,000 dwt Norwegian ships previously financed by Eksportfinans ASA and DNB Bank ASA. On October 19, 2018, the Group drew down $93.8 million with an average fixed interest rate of 5.4%.

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 1,100.0 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.

Notes to the Consolidated Financial Statements continued

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250.0 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 one-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 was repaid in March 2018.

(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 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%. During 2018, the facility was extended for another 12 months.

(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) which was repaid on February 1, 2018. During 2018, two new facilities were agreed with CAIXA of EUR 7.0 million, which was fully drawn on July 3, 2018, and with BBVA of EUR 7.0 million which was partially drawn for EUR 1.0 million on October 26, 2018.

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 AUD 10.0 million and AUD 12.8 million in 2018 and 2017, respectively, on the facility to fund the ongoing capacity expansion at Newcastle, Australia. The facility has a maturity date of February 14, 2019. However, on February 28, 2019, the Group has received a credit-approved extension until March 31, 2020.

(vii) Debt issuance costs
Debt issuance costs of $27.0 million and $33.6 million have been netted against long-term debt at November 30, 2018 and 2017, respectively. Debt issuance costs recognised in the income statement as part of effective interest rates were $7.4 million and $8.9 million for the years ended November 30, 2018 and 2017, respectively.

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, 2018, 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 leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

Between 2002 and 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 was renewed in 2018 and a commitment of approximately $17.7 million as of November 30, 2018 is included in the schedule below.

Minimum future lease commitments, under agreements which expire at various dates through 2044, are as follows:

(in thousands)	2018	2017
Less than:		
1 year	**$ 79,573**	$ 87,833
2 years	**63,486**	61,403
3 years	**43,465**	41,337
4 years	**31,265**	24,910
5 years	**21,187**	17,188
Thereafter	**75,500**	101,714
	$ 314,476	$ 334,385

Rental and charter hire expenses under operating lease agreements for the years ended November 30, 2018 and 2017, were $109.6 million and $100.4 million, respectively, net of sub-lease income of $3.0 million and $3.1 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, 2018, charter hire expenses related to these leases were $94.0 million and $91.7 million, respectively.

There were no non-cancellable sub-leases at November 30, 2018 and 2017.

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, 2018, 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.

Notes to the Consolidated Financial Statements continued

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.

Pension plans overview

	As of November 30,	
(in thousands)	**2018**	2017
Present value of funded obligations	**$ (214,407)**	$ (241,518)
Fair value of plans assets	**194,076**	207,378
	$ (20,331)	$ (34,140)

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

	As of November 30,	
(in thousands)	**2018**	2017
Non-current assets	**$ 6,812**	$ 5,498
Non-current liabilities	**(27,143)**	(39,638)
Net accrued cost	**$ (20,331)**	$ (34,140)

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, 2018 and 2017, consisted of the following:

	For the years ended November 30,	
(in thousands)	**2018**	2017
Service cost	**$ 678**	$ 998
Interest cost	**1,294**	1,816
Past service cost	**(84)**	828
Settlement cost	**55**	–
Cost of plan administration	**495**	550
Net periodic benefit cost	**$ 2,438**	$ 4,192
US post-retirement medical plan gain	**$ –**	$ 7,171

Impact on equity

Remeasurements that are recognised in Other comprehensive income are as follows:

(in thousands)	For the years ended November 30, 2018	2017
Effect of changes in demographic assumptions	$ 1,215	$ (2,221)
Effect of changes in financial assumptions	19,745	(9,378)
Effect of experience assumptions	3,072	(4,134)
Return on plan assets (excluding interest income)	(9,778)	21,608
Remeasurements recognised in other comprehensive income	**$ 14,254**	$ 5,875

Change in benefit obligation

The following tables set out 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.

(in thousands)	For the years ended November 30, 2018	2017
Benefit obligations at beginning of year	$ 241,518	$ 236,061
Current service cost	678	998
Past service cost	(84)	828
Settlement cost	55	–
US post-retirement medical plan curtailment gain	–	(7,171)
Transfer of the Netherlands pension plans to insurers	–	(5,185)
Interest cost	8,291	8,850
Benefits paid	(9,582)	(10,796)
Plan participant contributions	13	15
Foreign exchange rate changes	(1,732)	2,185
Settlement payments	(718)	–
Remeasurements:	–	–
Effect of changes in demographic assumptions	(1,215)	2,221
Effect of changes in financial assumptions	(19,745)	9,378
Effect of experience adjustments	(3,072)	4,134
Benefits obligation at end of year	**$ 214,407**	$ 241,518

Change in plan assets

(in thousands)	For the years ended November 30, 2018	2017
Fair value of plan assets at beginning of year	$ 207,378	$ 190,223
Return on plan assets (excluding interest income)	(9,778)	21,608
Transfer of the Netherlands pension plans to insurers	–	(5,185)
Interest income	6,997	7,034
Company contributions	1,824	3,123
Plan participant contributions	13	15
Foreign exchange rate changes	(1,563)	1,906
Settlement payments	(718)	–
Benefits paid	(9,582)	(10,796)
Expenses paid	(495)	(550)
Fair value of plan assets at end of year	**$ 194,076**	$ 207,378

Change in asset ceiling

There were no defined benefit plans whose recognition of assets were limited.

Participant profile

The defined benefit obligation by participant status is as follows:

(in thousands)	As of November 30, 2018	2017
Actives	$ 55,528	$ 71,988
Vested deferreds	43,443	47,755
Retirees	115,436	121,775
	$ 214,407	$ 241,518

Notes to the Consolidated Financial Statements continued

The number of participants are as follows:

	As of November 30, 2018
Actives	**1,257**
Vested deferreds	**460**
Retirees	**670**
	2,387

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,	
	2018	2017
Weighted-average assumptions to determine projected benefit obligations:		
Discount rate	**4.23%**	3.52%
Rate of compensation increase	**3.85%**	3.81%
Rate of pension increases	**3.12%**	3.07%
Rate of price inflation	**2.34%**	2.33%
Weighted-average assumptions to determine defined benefit cost:		
Discount rate	**3.52%**	3.91%
Rate of increase in compensation levels	**3.81%**	3.76%
Rate of pension increases	**3.07%**	3.01%
Rate of inflation	**2.33%**	2.31%
Life expectancy for an individual currently at 65:		
Male	**21.0 yrs**	21.1 yrs
Female	**23.0 yrs**	23.1 yrs

Healthcare cost trends assume a 6.37% annual rate of increase in the per capita cost of covered healthcare benefits for 2018, reducing gradually each year, reaching an ultimate rate of 4.5% in 2038 and remaining at that level thereafter. The changes made to the US post-retirement healthcare plan, effective on January 1, 2018, have mitigated the exposure to variances in these cost trends to the extent that a 1% change would have a negligible effect on the accumulated post-retirement benefit obligation at the end of 2018.

		Impact on Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	0.25%	Decrease by 2.9%	Increase by 3.1%
Salary growth rate	0.25%	Increase by 0.1%	Decrease by 0.1%
Pension growth rate	0.25%	Increase by 0.3%	Decrease by 0.3%

	Increase by 1 Year in Assumption	Decrease by 1 Year in Assumption
Life expectancy	Increase by 2.0%	Decrease by 2.1%

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 with 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, 2018 and 2017, by category, were as follows:

	As of November 30,			
(in thousands)	**2018**	**%**	2017	%
Cash and cash equivalents	**$ 1,195**	**1%**	$ 3,022	1%
Equity instruments	**101,978**	**52%**	106,986	52%
Debt instruments	**69,715**	**36%**	76,309	36%
Real estate	**12,340**	**6%**	11,755	6%
Derivatives	**5,363**	**3%**	5,616	3%
Investment funds	**1,723**	**1%**	1,532	1%
Assets held by insurance company	**337**	**–**	357	–
Other	**1,425**	**1%**	1,801	1%
Total	**$ 194,076**	**100%**	$ 207,378	100%

The fair value of all plan assets was 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 $2.0 million to its defined benefit pension and post-retirement benefit plans in 2019.

Weighted average duration of the defined benefit obligation is 18.6 years.

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	$ 9,148	$ 10,800	$ 34,224	$ 57,336	**$ 111,508**
Post-employment benefits	712	678	1,744	2,025	**5,159**
Total	**$ 9,860**	**$ 11,478**	**$ 35,968**	**$ 59,361**	**$ 116,667**

The Group also provides defined contribution plans to certain of its qualifying employees. Group contributions charged to expense for these plans were $18.8 million and $19.0 million for the years ended November 30, 2018 and 2017, respectively.

26. 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	Decommissioning Provision	Restructuring	Total
Balance at December 1, 2017	**$ 1,494**	**$ 857**	**$ –**	**$ 178**	**$ 2,529**
Additional provisions recognised	2,736	–	428	73	3,237
Reductions arising from payments	(1,415)	(306)	(597)	–	(2,318)
Transfers	–	–	303	–	303
Balance at November 30, 2018	**$ 2,815**	**$ 551**	**$ 134**	**$ 251**	**$ 3,751**

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 2019.

In 2013, the Group sold land in Perth Amboy, New Jersey. The sale 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.

The decommissioning provision is related to the Hamer Street terminal in New Zealand. Operations ceased on September 30, 2018, and the land has been vacated. The provision is based on the expected future costs to fully decommission the site.

A restructuring reserve was established in relation to the closure of an office in Norwalk, Connecticut and move of the functions to the Houston, Texas, office. The remaining liability primarily represents deferred severance payments.

Notes to the Consolidated Financial Statements continued

Long-term provisions

(in thousands)	Environmental Provision	Asset Retirement Obligations	Total
Balance at December 1, 2017	**$ 838**	**$ 1,529**	**$ 2,367**
Additional provisions recognised	45	1,474	1,519
Reduction arising from the payments	(44)	–	(44)
Net foreign exchange differences	(29)	(23)	(52)
Transfers	–	(303)	(303)
Balance at November 30, 2018	**$ 810**	**$ 2,677**	**$ 3,487**

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 asset retirement obligations relate to an obligation to dismantle and/or restore leased property to its pre-leased condition for Stolthaven terminals in New Zealand. The liability is expected to be paid between June 2020 and March 2021. It is not expected that 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.

27. COMMITMENTS AND CONTINGENCIES

As of November 30, 2018, and 2017, the Group had total capital expenditure purchase commitments outstanding of approximately $111.7 million and $113.7 million, respectively. At November 30, 2018, the total purchase commitments primarily consisted of equipment for tankers to comply with environmental regulations of $39.2 million, investment in Avenir LNG for $36.0 million, new and existing terminal expansion projects of $32.8 million and tank container projects of $2.9 million. Of the total purchase commitments at November 30, 2018, $89.9 million are expected to be paid over the next 12 months from existing liquidity.

Purchase commitments of joint ventures and associates

The Group's joint ventures and associates had $122.3 million of purchase commitments on November 30, 2018. This amount includes two Avenir LNG newbuildings with a remaining aggregate commitment of $58.9 million. Avenir LNG's performance under the newbuilding contract is guaranteed by the Group. The balance of $63.4 million is non-recourse to the Group and includes $41.2 million relating to Higas terminals, $18.6 million for the terminals, $2.6 million for tankers and $1.0 million for tank containers.

Of the total purchase commitments at November 30, 2018, at joint ventures and associates, $107.0 million is expected to be paid over the next 12 months and financing has been arranged by the joint venture for $10.6 million. The remaining terminal, tank container and Avenir LNG projects will be paid out of the existing liquidity of those joint ventures or financing to be arranged on a non-recourse basis to the Group.

Avenir LNG

The newbuilding contract for the two 7,500 cbm LNG carriers that was announced on May 24, 2017, is now consolidated into Avenir LNG. Deposits of $15.5 million have been made on these ships. These ships will be built by Keppel Singmarine with expected delivery in late 2019 and early 2020. The total cost for both ships is approximately $80.0 million, including site team costs and capitalised interest.

On August 23, 2018, Avenir LNG declared its options for the remaining two 7,500 cbm LNG carriers with Keppel Singmarine with expected delivery at the end of 2020. At November 30, 2018, these contracts had not been signed or refund guarantees issued and therefore not reflected in capital commitments.

In the fourth quarter of 2018, Avenir LNG also entered into a contract with Sinopacific Offshore Engineering for two 20,000 cbm LNG carriers but the Group's conditions precedents were completed in January 2019 and therefore not included in capital commitments at November 30, 2018. On January 25, 2019, Avenir LNG made the first progress payments of $11.2 million for these two 20,000 cbm small-scale LNG carriers.

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. Owing 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.

28. 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. While 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 2018 and 2017, the Group has been involved in certain civil litigation cases, which are described below.

Collision involving *Stolt Commitment*

On December 16, 2015, the *Stolt Commitment* was involved in a collision with the general cargo ship *Thorco Cloud*, while in the Singapore Strait. As a result, 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

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.

Both the state and federal environmental agencies, as well as the Louisiana State Police, have claimed against the terminal for civil penalties for i) failure to properly provide notice in accordance with the respective regulatory requirements, and ii) 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.

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, with Phase 2 dedicated to allocating liability among responsible defendants. Phase 3 is to determine recoverable damages. The Phase 1 trial occurred during the Fall of 2017. The Phase 2 trial was completed in August 2018. The US District Court for the Southern District of New York delivered a judgement on September 10, 2018, which held the Group jointly liable with Deltech for the incident where the counterparties are alleging damages of $187.0 million, excluding interest. The claim is covered by insurance and the Group has recorded a deductible of $0.3 million for this claim. The judgement has been appealed by the defendants, Stolt and Deltech. The final phase of the trial to assess the quantum of damages is likely to proceed in 2020 if the mediation in 2019 does not resolve the remaining damage claims.

Incident on the *Stolt Invention*

On March 12, 2016, a ship pilot sustained injuries while disembarking the *Stolt Invention* and landed on the deck of the attending pilot boat. The ship pilot sustained multiple injuries and filed suit in the US federal court in the Southern District of New York on January 4, 2019, claiming for lost future earnings net of taxes and discounted to present value to exceed $23.0 million. In addition, this complaint alleges unquantified damages for past and future pain and suffering and medical costs. The Group is contesting its liability for the incident as well as the categories and quantum of damages being sought. The parties have agreed to participate in a mediation scheduled for March 2019.

The Group's insurer has been informed of this incident and the claims that have arisen accordingly. All losses and legal costs will be covered by insurance maintained by the Group, subject to deductibles. It is not expected that there will be a material adverse effect on the Group's business or financial condition.

To the extent that legal costs are not covered by insurance, the Group expects to incur such costs until these matters are resolved.

Stolt Bitumen Indonesia

In a civil case between Stolt Bitumen Indonesia, and some of its bitumen customers in relation to products delivered, the Indonesian lower court awarded customers $8.1 million in compensation, while discharging the Group's counter-claim for non-collection of payment for about the same amount. The Group has now appealed against this award to the highest court in Indonesia. The Group reasonably believes that its appeal to the Indonesian Supreme Court will result in the reversal of the award to the customers and, accordingly, no provision has been made in the Financial Statements.

General

The ultimate outcome of governmental and third-party legal proceedings is inherently difficult to predict. The Group's operations are affected by international and domestic environmental protection laws and regulations. Compliance with such laws and regulations may entail considerable expense, including ship modifications and changes in operating procedures.

29. 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 on 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, 2016 and 2017	16,033,449	547,235	64,133,796	2,188,941
Repurchase of Treasury shares	–	266,622	–	1,066,489
Balance at November 30, 2018	**16,033,449**	**813,857**	**64,133,796**	**3,255,430**

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, 2018, and 2017, there were 64,133,796 Common Shares issued, of which Treasury shares were 3,255,430 (2017: 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, 2018, 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 28, 2018. The total gross amount of the dividend was $13.5 million, which was classified as an interim dividend and paid on December 12, 2018

On February 7, 2018, the Group's Board of Directors recommended a final dividend for 2017 of $0.25 per Common Share, payable on May 9, 2018 to Shareholders of record on April 26, 2018. The dividend was approved at the Company's Annual General Meeting of Shareholders held on April 19, 2018, in Bermuda. The total gross amount of the dividend was $13.7 million and paid on May 9, 2018.

Treasury shares

On February 7, 2018, the Board authorised continuation of the share buy-back programme initially announced on March 2, 2016. Under that 2016 buy-back programme, the Board had authorised the purchase of up to $30.0 million worth of the Company's Common Shares, of which the Company utilised

$1.7 million during 2016, leaving $28.3 million available for further purchases. In the year ended November 30, 2018, a further 1,066,489 shares had been repurchased for $15.2 million, leaving $13.1 million available for further purchases.

Treasury shares – transfer

The Group has pledged 7,000,000 Treasury shares as collateral for the SEB $60.0 million revolver credit facility since November 2016. 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 and are considered outstanding for the purposes of the Earnings Per Share calculation.

Founder's Shares and Treasury shares

As of November 30, 2018, 15,219,592 (2017: 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, 2018, 3,255,430 (2017: 2,188,941) of Treasury shares were held by the Group. The Group also held 813,857 (2017: 547,235) of Founder's Shares. 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 to provide returns for Shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. 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, 2018 and 2017, the ratio of debt to equity attributable to equity holders of SNL less intangible assets and excluding other components of equity was as follows:

(in thousands)	As of November 30, 2018	2017
Short-term bank loans and long-term debt	**$ 2,392,231**	$ 2,469,712
Equity attributable to equity holders of SNL less intangible assets and excluding other components of equity	**1,615,209**	1,594,280
Debt to tangible net worth	**1.48**	1.55

The debt to tangible net worth of 1.48 at November 30, 2018, 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.

30. EARNINGS PER SHARE

Accounting policy

Basic Earnings per Common share ("EPS") is calculated by dividing net profit by the weighted average number of shares outstanding during the year. Diluted EPS is calculated 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 29, "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 calculating 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 calculation of earnings per Common Share.

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computations:

(in thousands, except per share data)	For the years ended November 30, 2018	2017
Net profit attributable to equity holders of SNL	**$ 54,850**	$ 50,313
Less: Dividends on Founder's Shares	**(76)**	(77)
Net profit attributable to Common Shareholders	**$ 54,774**	$ 50,236
Basic weighted average shares outstanding	**61,338**	61,945
Basic earnings per share	**$ 0.89**	$ 0.81
Diluted earnings per share	**$ 0.89**	$ 0.81

Notes to the Consolidated Financial Statements continued

31. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS

(in thousands)	For the years ended November 30, 2018	2017
Net profit	**$ 53,990**	$ 50,117
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation of property, plant and equipment	**261,192**	261,141
Amortisation of intangible assets	**3,472**	3,356
Impairment of assets	**26,390**	16,804
Gain on deconsolidation of Avenir LNG	**(11,157)**	–
Gain on curtailment of US post-retirement medical plan	**–**	(7,171)
Fair value loss on equity instruments	**12,884**	–
Finance expense, net	**135,239**	130,211
Net periodic benefit expense of defined benefit pension plans	**2,438**	5,305
Income tax (benefit) expenses	**(7,701)**	12,239
Share of profit of joint ventures and associates	**(32,360)**	(17,588)
Fair value adjustment on biological assets	**(5,452)**	(17)
Foreign currency related loss	**4,971**	2,774
Unrealised bunker hedge loss (gain)	**8,240**	(6,105)
Loss on disposal of assets, net	**1,325**	515
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Increase in receivables	**(8,132)**	(38,742)
Increase in inventories	**(219)**	(2,815)
(Increase) decrease in biological assets	**(1,044)**	1,920
Decrease (increase) in prepaid expenses and other current assets	**8,730**	(10,046)
Increase in accounts payable and other current liabilities	**4,015**	39,155
Contributions to defined benefit pension plans	**(1,824)**	(3,368)
Dividends from joint ventures and associates	**22,204**	23,232
Other, net	**(342)**	(344)
Cash generated from operations	**$ 476,859**	$ 460,573

32. SUBSEQUENT EVENTS

Dividends

On February 14, 2019, the Group recommended a final dividend for 2018 of $0.25 per Common Share, payable on May 9, 2019 to Shareholders of record as of April 25, 2019. The dividend, which is subject to shareholder approval, will be voted on at the Group's Annual General Meeting of Shareholders scheduled for April 16, 2019 in Bermuda. The shares will trade ex-dividend on and after April 24, 2019.

Share buy-back

From December 1, 2018 to March 4, 2019, a further 354,570 shares have been repurchased for $4.4 million under the share buy-back program, leaving $8.7 million available for further purchases.

Responsibility Statement

We confirm, to the best of our knowledge, that the consolidated Group and Company Financial Statements for the period December 1, 2017 to November 30, 2018 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;
- 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 an 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, as description of the principle risks and uncertainties facing the Group and material related party transactions.

The Financial Statements on pages 48 to 106 and 108 to 121 were approved and signed on behalf of the Board of Directors.

Niels G. Stolt-Nielsen
Chief Executive Officer

Jens F. Grüner-Hegge
Chief Financial Officer

London

March 11, 2019

STOLT-NIELSEN LIMITED
ANNUAL ACCOUNTS

Income Statement

(in thousands)	Notes		For the years ended November 30, 2018		2017
Revenue		**$**	**–**	$	1,366
Administrative and general expenses	3		**(3,451)**		(1,326)
Operating (loss) income			**(3,451)**		40
Finance expense	13		**(51,140)**		(51,475)
Finance income	13		**51,140**		51,475
Foreign exchange gain (loss)			**60**		(40)
Dividend income	5		**45,100**		821,405
Profit before income taxes			**41,709**		821,405
Income tax expense			**–**		–
Net Profit		**$**	**41,709**	$	821,405

The accompanying notes form an integral part of these Financial Statements.

Statements of Comprehensive Income

(in thousands)	Notes		For the years ended November 30, 2018		2017
Net profit for the year		**$**	**41,709**	$	821,405
Other comprehensive income (loss):					
Items that may be reclassified subsequently to profit or loss:					
Net loss on cash flow hedges	14		**(27,465)**		(15,192)
Reclassification of cash flow hedges to income statement	14		**35,995**		29,628
Other comprehensive income for the year			**8,530**		14,436
Total comprehensive income		**$**	**50,239**	$	835,841

The accompanying notes form an integral part of these Financial Statements.

STOLT-NIELSEN LIMITED
ANNUAL ACCOUNTS

Balance Sheet

(in thousands)	Notes	As of November 30, 2018	2017
ASSETS			
Cash and cash equivalents	4	**$ 4**	$ 15
Accounts receivable from subsidiaries	5	**1,832,879**	1,767,750
Derivative financial instruments	14, 15	**–**	113
Other current assets	6	**7,701**	6,290
Total Current Assets		**1,840,584**	1,774,168
Long-term receivables from subsidiaries	5	**1,355,316**	727,665
Investments in subsidiaries	7	**1,576,122**	1,676,112
Other non-current assets		**–**	153
Total Non-Current Assets		**2,931,438**	2,403,930
Total Assets		**$ 4,772,022**	$ 4,178,098
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current maturities of long-term debt	13	**$ 150,080**	$ 116,287
Accounts payable to subsidiaries	5	**441**	417
Interest payable	8, 15	**6,635**	7,573
Derivative financial instruments	14	**39,211**	55,201
Dividends payable	8	**13,549**	13,814
Other current liabilities		**–**	11
Total Current Liabilities		**209,916**	193,303
Long-term debt	13	**486,312**	616,830
Long-term payable to subsidiaries	5	**2,808,885**	2,087,873
Derivative financial instruments	14	**72,756**	93,826
Total Non-Current Liabilities		**3,367,953**	2,798,529
Total Liabilities		**3,577,869**	2,991,832
Equity			
Founder's Shares	11	**16**	16
Common Shares, par value $1	11	**64,134**	64,134
Paid-in surplus		**396,608**	396,608
Retained earnings		**800,249**	785,740
Hedging reserve		**(216)**	(8,746)
		1,260,791	1,237,752
Treasury shares		**(66,638)**	(51,486)
Total Shareholders' Equity		**1,194,153**	1,186,266
Total Liabilities and Equity		**$ 4,772,022**	$ 4,178,098

The accompanying notes form an integral part of these Financial Statements.

STOLT-NIELSEN LIMITED
ANNUAL ACCOUNTS

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, 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 - $0.005 per Founder's Share	–	–	–	(77)	–	–	(77)
Total transactions with Shareholders	**–**	**–**	**–**	**(41,286)**	**–**	**–**	**(41,286)**
Balance, November 30, 2017	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 785,740**	**$ (8,746)**	**$ (51,486)**	**$ 1,186,266**
Comprehensive income							
Net Profit	–	–	–	41,709	–	–	41,709
Other comprehensive income:							
Net income on cash flow hedge	–	–	–	–	8,530	–	8,530
Other comprehensive income	–	–	–	–	8,530	–	8,530
Total comprehensive income	**–**	**–**	**–**	**41,709**	**8,530**	**–**	**50,239**
Transactions with Shareholders							
Cash dividends paid - $0.50 per Common Share	–	–	–	(27,124)	–	–	(27,124)
Cash dividends paid - $0.005 per Founder's Share	–	–	–	(76)	–	–	(76)
Purchase of own shares	–	–	–	–	–	(15,152)	(15,152)
Total transactions with Shareholders	**–**	**–**	**–**	**(27,200)**	**–**	**(15,152)**	**(42,352)**
Balance, November 30, 2018	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 800,249**	**$ (216)**	**$ (66,638)**	**$ 1,194,153**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows

(in thousands)	Note	For the years ended November 30, 2018	2017
Cash generated from (used in) operations	16	**$ 219,670**	$ (15,273)
Interest paid		**(51,378)**	(47,448)
Debt issuance payments		**–**	(2,039)
Net cash generated from (used in) operating activities		**168,292**	(64,760)
Cash flows (used in) provided by financing activities:			
Proceeds from issuance of long-term debt		**23,000**	175,000
Repayment of long-term debt		**(148,686)**	(55,218)
Repurchase of shares		**(15,152)**	–
Dividends paid		**(27,465)**	(55,022)
Net cash flow (used in) provided by financing activities		**(168,303)**	64,760
Net decrease in cash and cash equivalents		**(11)**	–
Cash and cash equivalents at beginning of year		**15**	15
Cash and cash equivalents at the end of the year		**$ 4**	$ 15

The accompanying notes form an integral part of these Financial Statements.

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 storage and distribution of Bitumen and other subsidiaries which provide management and agency services to specified subsidiaries owned by the Company. The Company also invests in opportunities in Liquefied Petroleum Gas and Liquefied Natural Gas shipping and distribution through its subsidiary, Stolt-Nielsen Gas Limited.

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 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 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.

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, 2018, no indication of impairment was identified.

Revenue recognition

Revenue is recorded for the reimbursement of administrative and general expenses when these transactions occur.

Notes to the Financial Statements continued

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 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 on net proceeds.

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.

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 on 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)		2018		2017
Board and other costs	$	**934**	$	1,016
Professional fees		**2,001**		152
Other		**516**		158
Total	$	**3,451**	$	1,326

At the end of 2018 and 2017, the Board of Directors consisted of seven and six members, respectively.

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

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 Jo Tankers ("JoT"). This loan was restructured in November 2017 and included in a new related party loan between SNL and Stolt Tankers Limited for $757.4 million. Interest on the loan is based on the average cost of funds of Consolidated SNL. In addition, SNL and Stolt Tankers B.V. has entered into a $5.3 million note with interest based on LIBOR plus a mark-up. All remaining receivables and payables to subsidiaries at November 30, 2018, 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, 2018, no receivables are overdue or impaired. The maximum exposure to credit risk is the carrying value of the receivables.

(in thousands)		2018		2017
Accounts Receivable from Subsidiaries				
Stolt-Nielsen Group Resources Ltd	$	**702,710**	$	670,710
Stolt-Nielsen Investment Holdings BV		**898,890**		898,890
Stolt-Nielsen Finance Ltd		**164,646**		164,646
Other		**66,633**		33,504
	$	**1,832,879**	$	1,767,750
Accounts Payable to Subsidiaries				
Other	$	**441**	$	417
Long-term Receivable from Subsidiaries				
Stolt-Nielsen Group Resources Ltd	$	**707,530**	$	–
Stolt Tankers Ltd formerly Stolt-Nielsen Acquisition Holding Ltd		**642,120**		672,608
Stolt Tankers BV		**5,666**		55,057
	$	**1,355,316**	$	727,665
Long-term Payable to Subsidiaries				
Stolt-Nielsen M.S. Ltd	$	**2,808,885**	$	2,087,873

Receivables from subsidiaries of $1,832.9 million were primarily the result of the historical issuance of shares, proceeds from long-term debt issuance, payment of dividends and billings of expenses to subsidiaries, prior acquisitions of investments, receipt of dividends from subsidiary companies and normal expenses.

The long-term receivable from Stolt Tankers Ltd, formerly Stolt-Nielsen Acquisition Holding Ltd, related to the acquisition of JoT in 2016.

Dividends received of $32.0 million and $31.0 million were from Stolt-Nielsen Group Resources Ltd for the years ended November 30, 2018 and 2017, respectively. Dividends received of $13.1 million and $790.4 million were from Stolt-Nielsen Investment NV for the years ended November 30, 2018 and 2017, respectively.

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.

Notes to the Financial Statements continued

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 years ended November 30, 2018 and 2017:

(in thousands)		2018	2017
Board fees	$	**835**	$ 721
Salary and benefits		**4,510**	4,410
Profit sharing		**705**	682
Long-term incentives		**931**	925
Pension cost		**880**	916
Total compensation and benefits	**$**	**7,861**	$ 7,654
Average number of key managers included		**9**	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 $7.7 million and $6.3 million of cash collateral held by the counterparties of the cross-currency interest rate swaps as of November 30, 2018 and 2017, 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:

Undertakings Name (Legal Form) (in thousands)	Registered Office	Ownership %		November 30, 2017		Additions/ (deductions)		November 30, 2018
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%		1,138,010		(100,000)		**1,038,010**
Stolt-Nielsen Gas Limited	Bermuda	96%		63,952		–		**63,952**
Stolt-Nielsen Investments NV	Curacao	100%		1,658		–		**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%		–		–		**–**
			$	1,676,112	$	(99,990)	**$**	**1,576,122**

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:

Undertakings Name (Legal Form)	Registered Office	Ownership %
Stolt Tankers Holdings Ltd.	Bermuda	100%
Stolt-Nielsen Investment Pte Ltd	Singapore	100%
Stolt-Nielsen Investments B.V.	The Netherlands	100%
Stolt-Nielsen Holdings B.V.	The Netherlands	100%
Stolt-Nielsen USA Inc.	USA	100%
Stolt Sea Farm Investments B.V.	The Netherlands	100%
Stolt Tank Containers B.V.	The Netherlands	100%
Stolthaven Terminals B.V.	The Netherlands	100%
Stolthaven Singapore Pte Ltd	Singapore	100%
Stolt Tankers Limited	Bermuda	100%
Stolt Tankers Investments Pte. Ltd.	Singapore	100%
Stolt Tankers Investments B.V.	The Netherlands	100%
Stolt Tankers B.V.	The Netherlands	100%

8. OTHER PAYABLES

At November 30, 2018, the balance of other payables mainly related to the 2018 interim dividend of $13.5 million and interest payable of $6.6 million on long-term debt.

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.

9. COMMITMENTS AND CONTINGENCIES

As of November 30, 2018, the Company has guaranteed substantially all of the $1,919.4 million in long-term debt obligations of its direct and indirect subsidiaries.

As of November 30, 2018, the Company's subsidiaries and certain of its indirect subsidiaries had various credit lines payable through 2021 totalling $735.0 million, of which $239.9 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, 2018 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 currency positions entered into by these subsidiaries effectively have been closed by entering into offsetting foreign exchange contracts. At November 30, 2018, the total value of the currencies which these subsidiaries had contracted to purchase pursuant to open foreign exchange contracts maturing through August 2019 was $69.0 million, with a mark to market position of $1.3 million.

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 2018 and 2017, the Company has been involved in certain civil litigation cases, which are described in Note 28 of the consolidated financial statements.

For the matters described, as each such matter is covered by insurance, the Company has not incurred any legal costs for the years ended November 30, 2018 and November 30, 2017.

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
Repurchase of treasury shares	–	266,622	–	1,066,489
Balance at November 30, 2018	**16,033,449**	**813,857**	**64,133,796**	**3,255,430**

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, 2018, and 2017, there were 64,133,796 Common Shares issued, of which Treasury shares were 3,255,430 (2017: 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 out 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 Treasury shares were pledged as collateral for the SEB $60.0 million revolver facility. 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 and are considered outstanding for the purposes of the Earnings Per Share calculation.

Founder's Shares and Treasury shares

As of November 30, 2018, 15,219,592 (2017: 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.

Notes to the Financial Statements continued

As of November 30, 2018, 3,255,430 (2017: 2,188,941) of Treasury shares were held by the Company. The Company also held 813,857 (2017: 547,235) of Founder's Shares. Note that dividends are not paid on Treasury shares held by the Company.

Share repurchase

On February 7, 2018, the Board authorised continuation of the share buy-back programme initially announced on March 2, 2016. Under that 2016 buy-back programme, the Board had authorised the purchase of up to $30.0 million worth of the Company's Common Shares, of which the Company only utilised $1.7 million, leaving $28.3 million available for further purchases. In the year ended November 30, 2018, a further 1,066,489 shares had been repurchased for $15.2 million, leaving $13.1 million available for further purchases.

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 to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. 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, 2018, 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 28, 2018. The total gross amount of the dividend was $13.5 million, which was classified as an interim dividend and paid on December 12, 2018.

On February 7, 2018, the Company's Board of Directors recommended a final dividend for 2017 of $0.25 per Common Share, payable on May 9, 2018 to Shareholders of record on April 26, 2018. The dividend was approved at the Company's Annual General Meeting of Shareholders held on April 19, 2018 in Bermuda. The total gross amount of the dividend was $13.7 million and paid on May 9, 2018.

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 $50.0 million Collateralised Revolving Credit Facility secured by some of SNL's Treasury shares and Stolt-Nielsen Gas Limited's holding of Golar shares. During 2017, the facility was extended for another 12 months and the limit on it increased to $60.0 million. The facility, 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%. During 2018, the facility was extended for another 12 months. Of the total, $34.0 million is outstanding at November 30, 2018.

On June 8, 2016, the Company 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 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.

The Company announced on March 26, 2015, the placement of senior unsecured bonds for NOK 1,100.0 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.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250.0 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, 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 USD 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 USD obligations at a fixed interest rate of 6.79% for the six-year bonds. The bond was fully repaid in March 2018.

Finance expenses of $51.1 million and $51.5 million relate to the senior unsecured bond issue and revolving credit facility for the years ended November 30, 2018 and 2017, respectively.

Debt issuance costs of $3.1 million and $4.7 million have been netted against long-term debt at November 30, 2018 and 2017, respectively. Debt issuance costs recognised as part of effective interest rates were $1.5 million and $1.7 million for each of the years ended November 30, 2018 and 2017.

14. DERIVATIVE ASSETS AND LIABILITIES

(in thousands)	November 30, 2018 Assets	November 30, 2018 Liabilities	November 30, 2017 Assets	November 30, 2017 Liabilities
Current portion	$ –	$ 39,211	$ 113	$ 55,201
Non-current portion	–	72,756	–	93,826
	$ –	$ 111,967	$ 113	$ 149,027

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 $8.5 million for the year ended November 30, 2018, and net gain was $14.4 million for the year ended November 30, 2017.

The notional value of the cross-currency interest rate swap was $540.1 million and $688.8 million as of November 30, 2018 and 2017, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2018 and 2017, $11.2 million and $14.1 million loss, respectively, were recognised in finance expense. The balance is expected to be reclassified to earnings in 2019 to 2021. Nothing has been reclassified into earnings for the ineffective portion of the derivative instruments for the years ended November 30, 2018 or 2017.

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 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, so the estimates provided here are not necessarily indicative of the amounts that could be realised in a current market exchange:

As of November 30, (in thousands)	2018 Carrying Amount	2018 Fair Value	2017 Carrying Amount	2017 Fair Value
Financial assets (Loans and receivables):				
Cash and cash equivalents	$ 4	$ 4	$ 15	$ 15
Accounts receivable from subsidiaries	1,832,879	1,832,879	1,767,750	1,767,750
Other current assets	7,701	7,701	6,290	6,290
Long-term receivable from subsidiaries	1,355,316	1,355,316	727,665	727,665
Financial liabilities (Amortised cost):				
Accounts payable to subsidiaries	441	441	417	417
Interest payable	6,635	6,635	7,573	7,573
Dividend payable	13,549	13,549	13,814	13,814
Long-term payable to subsidiaries	2,808,885	2,808,885	2,087,873	2,087,873
Long-term debt including current maturities	639,518	628,218	737,782	747,833
Derivative financial instruments (Fair value):				
Cross-currency interest rate swaps asset	–	–	113	113
Cross-currency interest rate swaps liability	111,967	111,967	149,027	149,027

Notes to the Financial Statements continued

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, owing to the short maturity thereof.

The estimated value of the Company's long-term debt is based on trading values as of November 30, 2018 and 2017. 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, 2018 and 2017. Long-term debt in the table above excludes debt issuance costs of $3.1 million and $4.7 million for the years ended November 30, 2018 and 2017, 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, 2018 (in thousands)		Less than 1 yr		2-3 yrs		4-5 yrs		More than 5 yrs		Total
Contractual obligations:										
Interest payable	$	6,635	$	–	$	–	$	–	$	6,635
Dividend payable		13,549		–		–		–		13,549
Long-term debt including current maturities		150,356		314,162		175,000		–		639,518
Interest on long-term debt		37,943		41,248		18,029		–		97,220
Derivative financial liabilities		41,564		217,198		–		–		258,762
Total contractual obligations	$	250,047	$	572,608	$	193,029	$	–	$	1,015,684

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

Long-term debt in the table above excludes debt issuance costs of $3.1 million and $4.7 million for the years ended November 30, 2018 and 2017, 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 $1,832.9 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 nil and $0.3 million as of November 30, 2018 and 2017, respectively and derivative liabilities of $112.0 million and $149.0 million as of November 30, 2018 and 2017, respectively, are measured using inputs other than quoted prices (Level 2).

16. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS

(in thousands)		For the years ended November 30, 2018		2017
Net profit	**$**	**41,709**	$	821,405
Adjustments to reconcile net profit to net cash from operating activities:				
Finance expense		**51,140**		51,475
Finance income		**(51,140)**		(51,475)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivables from subsidiaries		**179,360**		(841,087)
(Increase) decrease in other current assets		**(1,411)**		3,850
Increase in accounts payable		**24**		194
Other		**(12)**		365
Cash generated by (used in) operations	**$**	**219,670**	$	(15,273)

17. SUBSEQUENT EVENTS

Dividends

On February 14, 2019, the Company recommended a final dividend for 2018 of $0.25 per Common Share, payable on May 9, 2019 to Shareholders of record as of April 25, 2019. The dividend, which is subject to shareholder approval, will be voted on at the Company's Annual General Meeting of Shareholders scheduled for April 16, 2019 in Bermuda. The shares will trade ex-dividend on and after April 24, 2019.

Share buy-back

From December 1, 2018 to March 4, 2019, a further 354,570 shares have been repurchased for $4.4 million under the share buy-back program, leaving $8.7 million available for further purchases.

Shareholder Information

STOCK LISTING
Common Shares
On Oslo Børs under symbol SNI

SHARES OUTSTANDING
(as of November 2018)
Common Shares – 60,878,366
Country of Incorporation: Bermuda

ANNUAL GENERAL MEETING
April 16, 2019 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
Shareholders, securities analysts, portfolio managers, representatives of financial institutions may contact:

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

For media enquiries please contact:

Ellie Davison
Stolt-Nielsen M.S. Ltd
Aldwych House
71-91 Aldwych
London WC2B 4HN
UK

Tel: +44 20 7611 8926
Email: e.davison@stolt.com

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

Tel: +61 39820 3288

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
Room 1101, Raffles City Office Tower
No. 268 Xizang Middle Road
Shanghai 200001
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
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
#10-01 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

US – Houston
Stolt Tankers USA, Inc.
15635 Jacintoport Blvd
Houston, Texas 77015
USA

Tel: +1 281 457 0303

US – New Orleans
Stolt Tankers USA, Inc.
2444 English Turn Road
Braithwaite
Louisiana 70040
USA

Tel: +1 504 682 1610

Offices and Facilities continued

STOLTHAVEN TERMINALS

Australia – Altona
Stolthaven Altona (Terminal)
401-435 Kororoit Creek Road
Altona
Victoria 3018
Australia

Tel: +61 3 8360 0340

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
Tianjin Stolthaven Lingang Terminal Co
No.468 Bohai 15 Road
Lingang Industrial Area
Binhai New Area, Tianjin
P.R. China

Tel: +86 22 6661 9951

Malaysia – Westport
Stolthaven (Westport) Sdn Bhd
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
Westerlaan 5
3016 CK Rotterdam
The Netherlands

Tel: +31 10 299 6666

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

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

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

US – Houston
Stolthaven Houston Inc.
15602 Jacintoport Blvd
Houston
Texas 77015
USA

Tel: +1 281 860 6800

US – 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 Transportation (Shanghai) Ltd
and:
Shanghai Stolt-Nielsen Logistics Ltd
1101, Raffles City Office Tower
No. 268 Xizang Middle Road
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 – Tianjin
Stolt-Nielsen Transportation (Shanghai) ltd.
Tianjin Rep Office
Room 1703, Future Plaza, Tower A
No. 103 Wei Di Road
Hexi, Tianjin 300201
China

Tel: +86 22 2837 2278

Colombia – Bogota
Stolt Tank Containers Colombia Ltda.
Carrera 16 # 97-48, Piso 6
Edificio Torre 97
Bogota, D.C
Colombia

Tel: +57 1 443 0460

Offices and Facilities continued

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

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
#10-01 PSA Building
Singapore 119963

Tel: +65 6273 4844

South Africa – Durban
13 The Boulevard
Westway Office Park
Westville
Durban
South Africa 4319

Tel: +27 31 561 4122

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

US – Houston
Stolt-Nielsen USA Inc.
15635 Jacintoport Blvd
Houston, Texas 77015
USA

Tel: +1 281 457 0303

US – 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

Offices and Facilities continued

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

US – 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

US – Elverta, CA

Sterling Caviar LLC
9149 East Levee Road
Elverta, California 95626
USA

Tel: +1 916 991 4420

www.stolt-nielsen.com

4th Floor, Aldwych House,
71–91 Aldwych
London
WC2B 4HN
United Kingdom

Tel: +44 207 611 8960

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	02.05.2017	09.06.2017
Telefon	Deres referanse	Vår referanse
22078139	Daniel Brandsæter	2016/395398

ERNST & YOUNG AS
Postboks 6163
5892 BERGEN

Fritak for konsernregnskapsplikt og tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev 2. mai 2017 hvor det søkes om fritak fra plikten til å utarbeide konsernregnskap og tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for selskaper i Stolt-Nielsen konsernet.

Konsernregnskap

Det søkes om fritak fra plikten til å utarbeide konsernregnskap for **JO Chemical Tankers AS, org.nr. 917 531 811**.

JO Chemical Tankers AS med datterselskaper, og morselskapet Stolt-Nielsen Acquisition Holdings Ltd, inngår i konsernet til Stolt-Nielsen M.S. Ltd, registrert i London, Storbritannia. Stolt-Nielsen M.S. Ltd utarbeider konsernregnskap som omfatter underkonsernet JO Chemical Tankers AS etter IFRS.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for JO Chemical Tankers AS. Det forutsettes at Stolt-Nielsen M.S. Ltd utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

Årsregnskap og årsberetning på engelsk språk

Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

JO Chemical Tankers AS	**org.nr. 917 531 811**
Shipping 1 AS	**org.nr. 998 170 605**
Skibs AS Hassel	**org.nr. 989 478 524**
JO Tankers AS	**org.nr. 933 233 901**

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
JO Chemical Tankers AS med datterselskaper er eid av Stolt-Nielsen Acquisition Holdings Ltd som igjen er eid av Stolt-Nielsen M.S. Ltd, registrert i London, Storbritannia JO Chemical Tankers AS er nystiftet og morselskap til de øvrige selskapene. De øvrige selskapene hadde tidligere dispensasjon til å benytte engelsk språk, men søker nå på nytt på bakgrunn av endret eierforhold. Selskapene driver med rederivirksomhet. Dette er en internasjonal bransje og alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk. Arbeidsspråket er engelsk og all intern rapportering skjer på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper*

vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er direkte og indirekte eiet av et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

JO Chemical Tankers AS

Cash flow statement 01.12.11 - 30.11.18

All figures in USD	2018	2017
Cash flow from operating activities		
Profit/(loss) before tax	-1 279 744	16 880 756
Taxes paid	-1 234 840	0
Profit on sale of fixed assets	0	-29 492 679
Impairment of investment	1 653 455	14 873 266
Changes in trade payables	-18 250	-120 005
Items classified as investing or financing activities	0	-2 268 303
Changes in other current balance sheet items	-639 852	5 477
Currency exchange differences	-126 983	0
Net cash flow from operating activities	-1 646 214	-121 488
Cash flow from investing activities		
Purchase of investments in shares and joint ventures	-18 372 645	-5 500 000
Proceeds from short term and long term receivables	203 500 000	17 823 363
Net cash flow from investing activities	185 127 355	12 323 363
Cash flow from financing activities		
Proceeds from issuance of long term debt	0	5 500 000
Repayment of long term loans	19 954 480	-17 600 018
Dividends paid	-203 500 000	0
Net cash flow from financing activities	-183 545 520	-12 100 018
Net change in cash and cash equivalents	-64 379	101 857
Cash and cash equivalents at 01.01	103 759	1 902
Cash and cash equivalents at year end	39 380	103 759

JO Chemical Tankers AS

Notes to the accounts for 30.11.2018

All figures in USD

Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles. The company is considered as "other entities" as per definitions in this Act.

Basis for consolidation

JO Chemical Tankers is 100% owned by Stolt Tankers Limited, registered in Bermuda. JO Chemical Tankers AS and subsidiaries do not issue group-level financial reports, as they fall under group-level statements for ultimate mother company Stolt-Nielsen M.S. Limited. Consolidated financial statements are available on the mother company's website www.stolt-nielsen.com, or by contacting:

Stolt-Nielsen M.S. Limited,
65 Kingsway
London WC2B 6TD U.K.
Tel +44 20 7611 8960
Email: investors@stolt.com

The company changed in 2017 fiscal year from calendar year into December 1st through November 30th to be in line with group fiscal year. As a result, the financial year reported are only 11 months in fiscal year 2017. Hence, 2018 is the first full reporting with fiscal year from December 1st through November 30th.

Subsidiaries and investment in associate
Subsidiaries, investments in associate and jointly controlled companies are valued by the cost method in the company accounts.
Balance sheet classification
Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

First year installment on long term receivable / debt is classified long term.

Trade and other receivables
Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

Foreign currency translation
Transaction currency and functional currency for JO Chemical Tankers AS is USD, and financial statements are presented in USD.

Foreign currency transactions are recorded in USD at exchange rates at transaction dates.

Monetary items in foreign currencies are calculated at the relevant closing foreign exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

JO Chemical Tankers AS

Notes to the accounts for 30.11.2018

All figures in USD

Exchange differences arising on the settlement of monetary items at balance sheet date are recognized in the Income statement.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term higly liquid placement with original maturities of three months or less.

Note 2 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

The company has no employees, and is consequently not required to hold a Mandatory occupation pension scheme (OTP).

The company has not disbursed any compensation to Board members in 2018.

Auditor fee has been divided as follows	**2018**	**2017**
Audit fee	31 505	8 137

VAT is included in the figures of auditor's fee.

Note 3 - Bank deposit

The company does not have any restricted cash as of November 30, 2018.

Note 4 - Investment in subsidiaries and associated companies

Company	Acquisition date	Location	Share owners	Net profit 30.11.2018	Equity 30.11.2018	Book value 30.11.2018
Zippora Pte. Ltd.	29-09-2016	Singapore	100 %	776 168	52 522 916	30 065 833
JO Tankers AS	29-09-2016	Bergen	50 %	-1 238 567	4 939 024	2 469 512
Total				-462 399	57 461 940	32 535 345

*Net profit and Equity for JO Tankers AS are for the period January 1, 2018, to December 31, 2018. Net profit for JO Tankers AS is converted from NOK to USD using average currency rate of USD/NOK 8,1338. Equity for JO Tankers AS is converted from NOK to USD using the closing balance currency rate of USD/NOK 8,6885.

JO Chemical Tankers AS

Notes to the accounts for 30.11.2018

All figures in USD

In 2018, JO Chemical Tankers AS gave an extraordinary group contribution with tax effect in fiscal year 2017 to JO Tankers AS amounting to USD 1 951 533, with effect net of tax amounting to USD 1 483 165. For tax return purposes this is regarded a 2017 transaction. For the financial statements, the group contribution has been recorded as a 2018 transaction.

Based on JO Tankers AS' financial statement of December 31, 2018, an impairment of USD 1,404,815 has been recognized in JO Chemical Tankers AS on the shares in JO Tankers AS.

Investment in joint venture:

Company	Acquisition date	Location	Share owners	Net profit 2018	Equity 31.12	Book value 31.12
Hassel Shipping 4 AS	29-09-2016	Bergen	50 %	3 352 000	138 794 000	69 100 952

All figures are presented in USD.
During 2018, partner loans from JO Chemical Tankers AS to Hassel Shipping 4 AS have been settled, and resulted in a capital increase of USD 13,824,480.

JO Chemical Tankers AS

Notes to the accounts for 30.11.2018

All figures in USD

Note 5 - Intercompany balances with group companies and joint venture

Receivables	**2018**	**2017**
Loan to joint venture Hassel Shipping 4 AS	569 522	19 428 699
Loan to group company Stolt Tankers Ltd	69 513 934	272 090 489
Total	70 083 456	291 519 188

Loans to Hassel Shipping 4 AS and Stolt Tankers Ltd have maturity dates within 12 months after the Financial Statement balance date.

Payables	**2018**	**2017**
Non-current liabilty to group company Zippora Pte Ltd	51 047 580	50 285 567
Non-current liabilty to group company Stolt Tankers Ltd	20 609 209	19 428 699
Curent liability, group contribution to JO Tankers AS	5 467 893	2 904 150
Other	437 141	0
Total	77 561 823	72 618 416

Liabilities to Zippora Pte Ltd, Stolt Tankers Ltd and JO Tankers AS have maturity dates within 12 months after the Financial Statement balance date.

All figures are presented in USD

As of 30.11.2018 the balance of receivables and payables is negative, but the Stolt-Nielsen Group has confirmed that it will support JO Chemical Tankers AS by providing adequate financial assistance to enable it to continue its business operations as a going concern for at least 12 months from the date of the signing of the financial statements.

JO Chemical Tankers AS

Notes to the accounts for 30.11.2018
All figures in USD

Note 6 - Income taxes

Income tax expenses	**2018**	**2017**
Tax payable	592 935	1 838 846
Change in deferred tax	0	3 099
Total income tax expense	592 935	1 841 945

Tax base estimation	**2018**	**2017**
Ordinary result before tax	-1 279 744	16 880 756
Permanent differences	3 857 724	-9 205 988
General income	2 577 980	7 674 768
Utilization of loss carried forward	0	-12 910
Group contribution distributed with tax effect		-2 904 150
Tax base	2 577 980	4 757 708
Tax payable	592 935	1 141 850

Permanent differences outlined	**2018**	**2017**
Impairment of investment in JO Tankers AS	1 404 815	14 873 266
Non-taxable gain from realisation of investment in subsidiary	0	-29 489 109
Interest on tax	85	
Non-deductible loss on receivable	240 251	0
Net unrealized agio affecting tax calcultion in NOK	2 212 573	5 409 855
Total permanent differences	3 857 724	-9 205 988

JO Chemical Tankers AS has in 2018 distributed an extraordinary group contribution to it's subsidiary JO Tankers AS amounting to NOK 17,000,000 with tax effect for 2017. Consequently, tax payable of USD 592,935 is reduced with the tax effect of group contribution in the balance sheet.

JO Chemical Tankers AS

Notes to the accounts for 30.11.2018
All figures in USD

Note 7 - Owners equity

	Share capital	Share premium reserve	Other equity	Total
Owners equity 31.12.17	7 276	287 712 619	15 035 515	302 755 410
Profit for the year	0	0	-1 872 679	-1 872 679
Extraordinary dividend during the year	0	-203 500 000	0	-203 500 000
Debt write-off	0	0	-3 065 000	-3 065 000
Other changes	0	0	-192 972	-192 972
Currency conversion	0	0	-92 339	-92 339
Owners equity 30.11.18	7 276	84 212 619	9 812 525	94 032 420

Note 8 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	30	2 000 NOK	60 000

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Stolt Tankers Ltd.	30	100 %	100 %

The company is included in the group statement of Stolt-Nielsen Limited, Bermuda.

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To the General Meeting of JO Chemical Tankers AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JO Chemical Tankers AS, which comprise the balance sheet as at 30 November 2018, the income statement and cash flow statement for the year then ended, and notes to the accounts, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 30 November 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

pwc

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's 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 auditor's 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Independent Auditor's Report - JO Chemical Tankers AS

Other Matters

This audit report replaces our previous audit report as of 1 June 2019, which was issued at the statutory deadline for holding the annual shareholders meeting. Complete annual financial statements and Board of Directors report were at this point in time not submitted by the Board of Directors.

Bergen, 28 June 2019
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(3)