

Driving Performance



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

Stolt Tankers, Stolthaven Terminals and Stolt Tank Containers.

Stolt Sea Farm is a leading producer of premium turbot, sole, sturgeon and caviar. Stolt-Nielsen Gas is developing supply-chain opportunities in the LNG space, and Stolt Bitumen Services is focused on the distribution of bitumen to growth markets in Asia Pacific.

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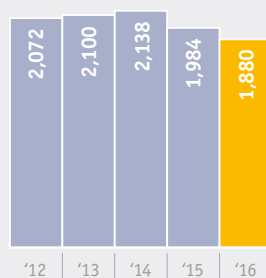
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Connect with us online to find out more
www.stolt-nielsen.com

Driving performance

2016 Operating Revenue

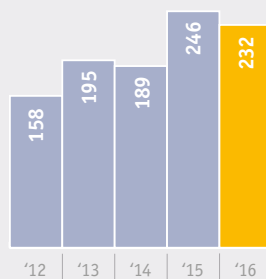
(U.S. \$ Millions)



\$1,880m

2016 Operating Profit

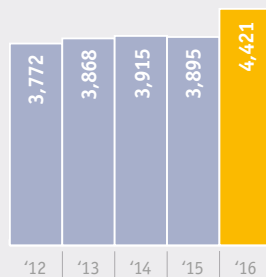
(U.S. \$ Millions)



\$232m

2016 Total Assets

(U.S. \$ Millions)



\$4,421m

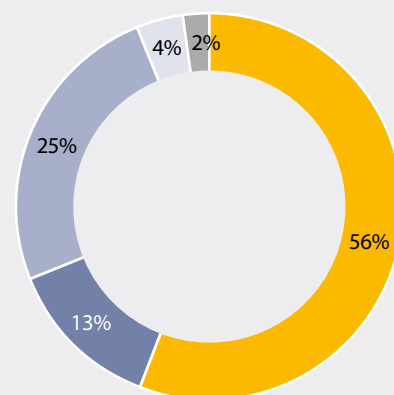
(in U.S. Millions, except per share data)

	2016	2015	2014
Operating revenue	1879.9	1,983.7	2,137.8
Operating profit	231.8	246.2	188.6
Net profit	113.2	133.1	78.1
Net profit (loss) per share:			
Basic	\$2.05	\$2.36	\$1.33
Diluted	\$2.05	\$2.36	\$1.33
Weighted average number of Common shares and Common share equivalents outstanding:			
Basic	55.2	56.1	58.1
Diluted	55.2	56.1	58.1

2016 Operating Revenue by business

(U.S. \$ Millions)

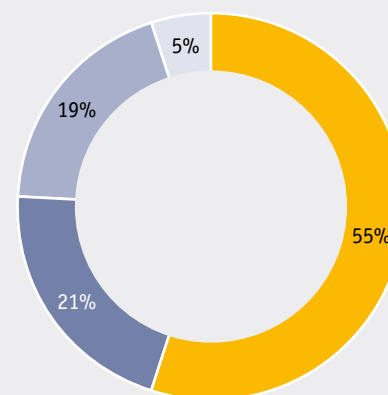
- Tankers: 1,061
- Terminals: 235
- Tank Containers: 476
- Sea Farm: 65
- Corporate and other: 43



2016 Operating Profit by business*

(U.S. \$ Millions)

- Tankers: 138
- Terminals: 53
- Tank Containers: 48
- Sea Farm: 14

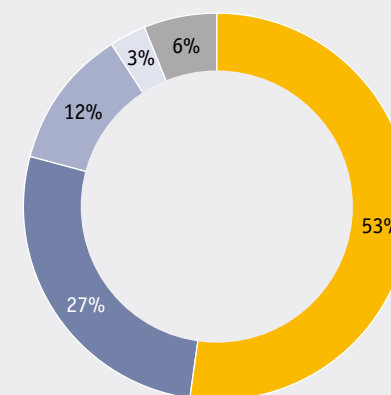


* Excludes Corporate and Other of -22

2016 Total Assets by business

(U.S. \$ Millions)

- Tankers: 2,330
- Terminals: 1,186
- Tank Containers: 529
- Sea Farm: 123
- Corporate and other: 253



At a glance

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

STOLT TANKERS

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



70+


Deep-sea chemical tankers

80+

Coastal and inland tankers

2.7

Million total deadweight tons



Please see page 20 for more details

STOLTHAVEN TERMINALS

Stolthaven Terminals is a global provider of safe, high quality storage services for bulk-liquid chemicals, edible oils, acids and clean petroleum products.



4.5


Million cubic metres of storage capacity

19

Owned and joint-venture terminals

12

Million cubic meters handled



Please see page 24 for more details

STOLT TANK CONTAINERS

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



35,000

Tank containers in the fleet

19

Owned and joint-venture depots

120,000+

Shipments in 2016



Please see page 28 for more details

STOLT SEA FARM

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



15

Environmentally friendly land-based farms

5,400

Tonnes production capacity of turbot

850

Tonnes production capacity of sole

10

Tonnes production capacity of caviar



Please see page 32 for more details

STOLT-NIELSEN GAS

Stolt-Nielsen Gas (SNG) focuses on the development of small-scale LNG supply chains serving off-the-grid markets without access to LNG pipelines.



2

Projects with HIGAS S.r.L. and Flogas Britain Ltd

50/50

Joint-venture with Golar LNG Limited

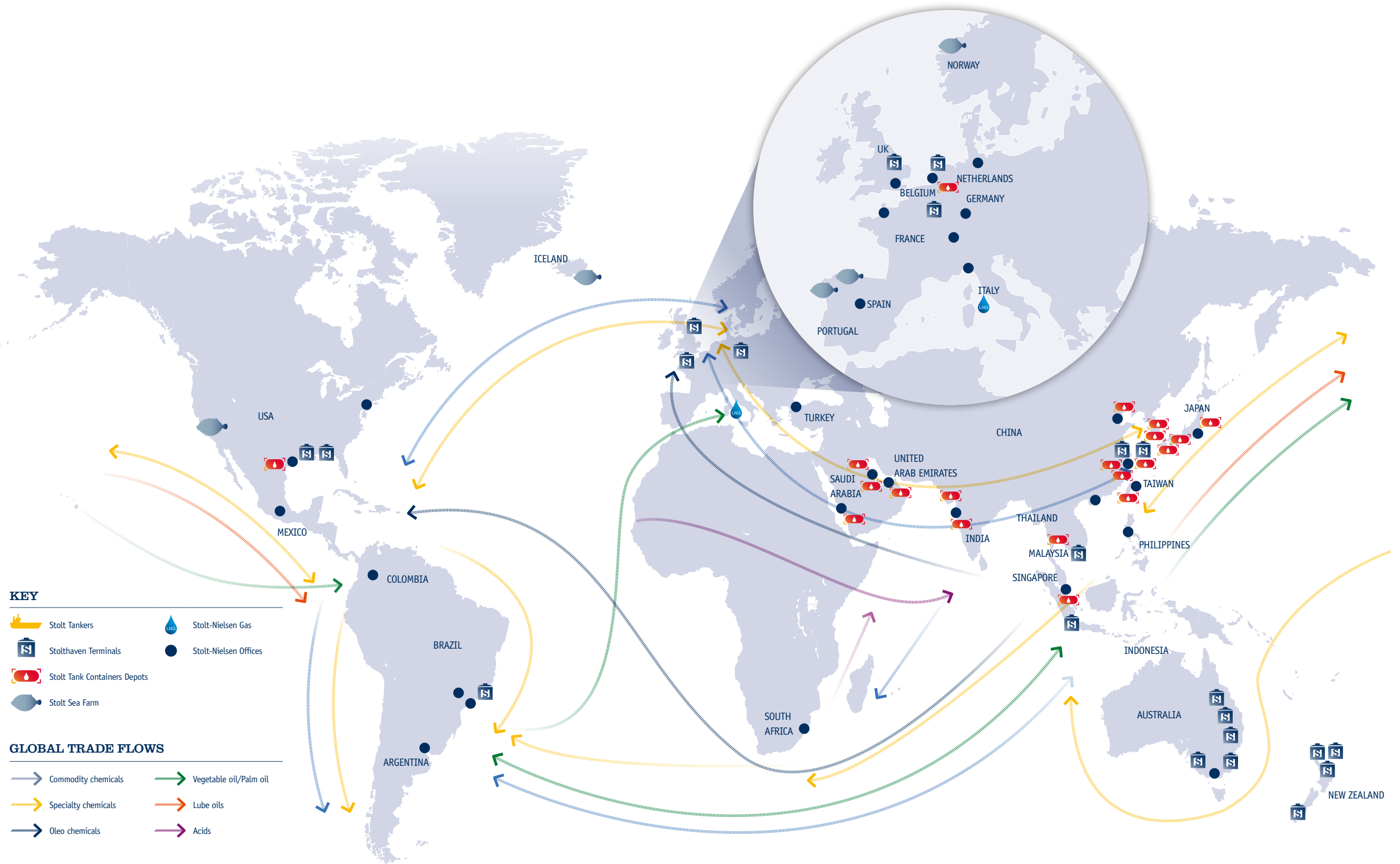
10%

Ownership in HIGAS S.r.L with option for 80%



Please see page 34 for more details

Global reach to connect markets



Driving performance



// Among the highlights of 2016, SNL's acquisition of Jo Tankers stood out

Niels G. Stolt-Nielsen
Chief Executive Officer

SNL reported a net profit of \$113.2 million, down from \$133.1 million in 2015, with earnings per share of \$2.05, compared with \$2.36 a year ago. Stolt Tankers posted strong results, mainly reflecting the continued impact of lower bunker fuel costs and stronger volumes in the first half of the year. Stolthaven Terminals' results also improved this year, reflecting in part increased utilisation driven by our ongoing actions to drive sustainable improvements in this business. Stolt Tank Containers had a tough year, as an oversupply of tank containers and cut-throat price competition from firms seeking market share at the expense of profitability drove down rates. Such strategies, of course, have limited lifespans and the latest indications from the marketplace suggest that the downward trend in rates may have bottomed out. Finally, at Stolt Sea Farm, the gradual strengthening of turbot prices, accompanied by the ongoing development of our sole operations, continued to gain momentum in 2016.

Among the highlights of 2016, SNL's acquisition of JO Tankers stood out. This transaction, representing an enterprise value of \$575.0 million, was the largest acquisition in Stolt-Nielsen's history. The purchase added 13 chemical tankers to the Stolt Tankers fleet, and included a 50% share in a joint venture with eight chemical tanker newbuildings. Along with the addition of new tradelanes, these assets enhance Stolt Tankers' ability to reliably and flexibly serve its global customer base. Importantly, the acquisition also satisfies our newbuilding requirements for the next three to four years, allowing us to avoid adding to the already bloated orderbook.

Our acquisition of JO Tankers has fueled ongoing talk about consolidation in the chemical tanker sector. From where we sit, the dynamics of this situation are fairly clear. For the most part, private equity and other fee-driven structures that invested in this sector in recent years now want out. They have realized operating parcel tankers profitably is quite complex, requiring an experienced organization and owners with a long-term commitment. I believe there will be further consolidation opportunities for Stolt Tankers in the years to come. We therefore intend to separate out Stolt Tankers as a stand-alone company in preparation for further mergers and acquisitions, a structure that will give Stolt-Nielsen Limited the flexibility to use shares in addition to cash if and when such opportunities arise.

While 2016 started out strong for Stolt Tankers, spot rates fell in the second half of the year, as swing tonnage from the weak CPP market sought better returns in chemicals. The impact of that influx, along with the newbuildings entering the market, also ultimately affected COA rates, where 75% of our business resides. At the same time, bunker fuel prices have been trending upward since the late summer of 2016 and a significant reversal of that trend seems unlikely. Subsequent to the end of our fiscal year, the market appeared to stabilise and in some cases improve. We believe 2017 will be a challenging year for the chemical tanker market, not due to demand, but due to the orderbook, which currently stands at about 20% with most of that new tonnage being delivered this year. With our current contract of affreightment portfolio, and the significant synergies we will achieve from the JO acquisition, we believe 2017 will be a profitable year for Stolt Tankers.

Stolt Tankers will maintain its long-term commitment to the global bulk-liquid logistics markets in which we operate; we will continue to deliver the quality, reliability and flexibility that our contract customers expect; and we intend to capitalise on synergistic growth opportunities that may present themselves in the months and years ahead.

At Stolthaven Terminals, while the outlook for the chemical storage market will likely remain stable, expectations for the oil and CPP market are less certain. A glut of oil remains in storage globally and we may see a correction, whereby suppliers cut production in an effort to reduce stores. Outside of that, we expect that the actions we have been taking to enhance the performance of this business—in terms of improved utilisation, automation and efficiency—will continue to generate improved results in 2017.

For Stolt Tank Containers, which is coming off an intense year of price competition, we expect some improvement in 2017. Price competition appears to be easing and fewer tanks are being added to the global fleet. On the other hand, most major markets remain relatively stagnant, with growth occurring mostly in emerging markets. Still, despite the challenges we faced in 2016, our total shipments for the year climbed to over 120,000, a record for STC.

Stolt Tankers

Stolt Tankers reported an operating profit of \$138.4 million, up from \$122.2 million in 2015 and the fourth consecutive year of improvement. Results reflected in part the positive impact of lower bunker fuel costs. For the full year, the average price of intermediate fuel oil (IFO) and low sulfur fuel (LSF) consumed in 2016 was \$216 per ton, down from \$336 per ton in 2015 and \$607 per ton in 2014, though fuel prices began trending upward in mid-2016. The total cargo volume carried for the year was down 4.0%. Contract rates slipped by 3.7% for the full year, while spot rates rose slightly.

While the JO Tankers acquisition was the biggest news of the year, 2016 was also highlighted by deliveries of the first of the five C-38 newbuildings, as pictured on the cover of this report. The 38,000 dwt C-38 parcel tankers were ordered in 2012 from Hudong-Zhonghua Shipbuilding (Group) Co., Ltd., to replace the five 1986-built ships of the K-40 series. Designed with a relatively shallow draft when fully loaded, the ships deliver substantial improvements in fuel efficiency. Equipped with 43 stainless steel tanks representing a total volume of 44,000 cubic meters, the ships can accommodate even the most difficult-to-handle cargoes.

Assets, while vital, comprise only one part of the total picture. With market conditions likely to tighten this year and perhaps next, Stolt Tankers is committed to driving improvements in operational and financial results by focusing on five key areas:

- Performance, with the goal of delivering best-in-class service to our customers, while placing safety first, with no incidents, no injuries, no spills, no offhire, no claims and no vetting holds.
- Competitiveness, where our objective is to leverage our existing strengths and systems so that we can manage our newly acquired assets with minimal additional staff.
- Efficiency, which aims to enhance our allocation of assets by capitalising on systems and data to optimise our operations.
- Innovation, through which we strive constantly to seek new ideas to enhance our processes, services, and the ways in which we build and operate our ships.

WHAT WE OFFER

We provide our customers with three things that most of our competitors cannot deliver in equal measure:

QUALITY

Quality means having consistently well maintained, managed and operated ships that pass rigorous vetting inspections, while operating in a manner that is safe for people and the environment.

RELIABILITY

Reliability means showing up on time for loading, and then delivering the product on time at discharge and without contamination.

FLEXIBILITY

Flexibility means that if the customer won't have the product ready to ship as planned, our fleet of 150 ships provides the flexibility to load either later or earlier.

// At Stolt-Nielsen, we will continue to do what we have always done: to maintain our long-term commitment to the global bulk-liquid logistics markets in which we operate; to deliver the quality, reliability and flexibility that our contract customers expect; and to capitalise on synergistic growth opportunities that may present themselves in the months and years ahead.

Stolthaven Terminals

Stolthaven Terminals reported an operating profit of \$53.0 million, up from \$38.9 million in 2015. Excluding the impact of one-time costs and adjustments primarily related to actions aimed at improving operating performance, operating income increased by \$12.0 million in 2016, driven mainly by higher operating revenue and lower operating expenses.

Total combined storage capacity at Stolthaven's wholly owned terminals and joint venture terminals was 4.5 million cbm in 2016. For our wholly owned terminals alone, total capacity edged upward by 4.1% to 1.67 million cbm, following increases of 7.2% in 2015 and 22.2% in 2014. As a result of ongoing actions to improve performance across our terminal network, leased capacity increased by 8.1% in 2016, and utilisation rose to 90.2% from 86.8% in 2015.

Highlights for 2016 included improved results at our terminals in New Orleans and Santos, where we successfully raised utilisation rates from the high 70s to consistently above 90%. In the case of New Orleans, progress was driven not only by more sophisticated marketing efforts, but by coordination with Stolt Tankers to help retain new business. In Santos, the drop in Brazilian ethanol exports as domestic demand increased necessitated adjustments to an imports-based market, which has now been achieved. Continued progress was also made at Stolthaven Houston, where actions are ongoing to introduce automation and infrastructure improvements. Stolthaven also received approvals to resume full operations at its joint-venture terminal in Lingang, China, which had been shut down along with many such facilities after the explosion in Tianjin in August 2015.

Bulk-liquid storage remains a fundamentally solid business and the actions we are taking to improve operating efficiencies and performance after a period of rapid expansion are now paying off.

Stolt Tank Containers

Stolt Tank Containers reported an operating profit of \$48.2 million in 2016, down from \$63.3 million in 2015. The decrease was mainly driven by less-than-robust demand, along with an oversupply of tank containers, which resulted in aggressive price competition. The impact of those factors was partially offset by lower ocean freight rates, due to an oversupply of tonnage in the container shipping space. Despite a 3.0% increase in the total number of shipments year-over-year, and a 2.3% decrease in the number of tanks in STC's fleet, utilisation declined to 68.5% from 70.1% due to the aggressive competition.

We expect to see a modest improvement in STC's performance in 2017. Fewer newbuild tanks are now entering the marketplace. Demand is expected to remain fairly flat in developed markets, including China, although India, Saudi Arabia, South Africa and South America continue to present growth opportunities, which STC is actively developing.

Stolt Sea Farm

Stolt Sea Farm reported an operating profit of \$14.1 million, compared with an operating profit of \$0.4 million in 2015. The adjustment in the fair value of inventories resulted in a \$7.6 million increase in operating profit for 2016, compared with a \$1.3 million decrease in operating profit for 2015. Results for 2016 reflected a slight increase in the volume of turbot sold, combined with an average increase in prices of 13.7%. Sole volume was up 20.8%, accompanied by an average increase in prices of 4.8%. While caviar volume was down, prices were up by 6.1%.

During 2016, production of sole continued to ramp up at SSF's sole farm in Iceland, as production issues resulting in slow growth rates are being overcome. SSF continued to work toward its goal of expanding sole production at its farms in Iceland and Spain, targeting production of approximately 5,000 metric tons per year, a level equivalent to its current production of turbot.

Stolt-Nielsen Gas

At Stolt-Nielsen Gas, our focus has shifted to the development of small-scale LNG supply chains serving "stranded demand," where off-the-grid customers lack access to LNG pipelines. These include a joint venture with plans to build and operate an LNG terminal and distribution facility in Oristano, Sardinia. SNG would source and ship LNG to the terminal via small LNG carriers, and then distribute the natural gas to customers via trucks and tank containers.

We are also continuing to pursue our 50/50 joint venture with Golar LNG Limited (NASDAQ: GLNG) to develop small-scale LNG distribution opportunities. Golar is one of the world's largest independent owners and operators of LNG carriers and FSRUs (floating storage and regasification units). Working with Golar, Stolt-Nielsen Gas is developing opportunities for the distribution of LNG to off-the-grid customers, supported by Golar's midstream ocean-based systems.

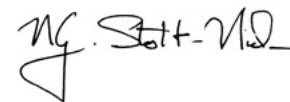
SNG has ended its funding of LNGaz in Canada, as the market opportunity did not materialise due to the dramatic decline in the mining sector, which was the key target customers in the project.

Dividend and Employee Incentive Plans

On November 10, 2016, Stolt-Nielsen Limited's Board of Directors approved an interim dividend of \$0.50 per Common Share, payable on December 8, 2016 to shareholders of record as of November 23, 2016. A final dividend of \$0.50 per Common Share was recommended by the Board of Directors on February 8, 2017, subject to the approval of Shareholders at the Company's Annual General Meeting on April 20, 2017.

Stolt-Nielsen Limited compensates its employees competitively and fairly through salaries, short-term incentive plans (profit sharing), and long-term incentive plans that consist of cash rewards and benefits. We continuously compare our packages with salary surveys and, when possible, with industry-specific surveys. For 2016, the employee profit-sharing and performance incentive plans for SNL made payments of \$16.0 million in early 2016.

The operating units of Stolt-Nielsen Limited are well positioned in all the markets we serve, and I continue to see significant growth opportunities ahead for all of our businesses. That said, due to the significant investments we made in 2016, further capital expenditures will be restricted until our debt level decreases. To address this situation, we are now in the process of making changes to our structure that will give us the financial flexibility and access to resources necessary to pursue opportunities that may arise going forward.



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

FEBRUARY 22, 2017

Driving Performance

Driving Performance at Stolt Tankers

With its acquisition of Jo Tankers, Stolt Tankers' capabilities in terms of scale, tradelanes and service options are unmatched in the industry.

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Driving Performance at Stolthaven Terminals

Having nearly doubled its total storage capacity in recent years, Stolthaven Terminals is now improving its operational performance to drive sustained profitability.

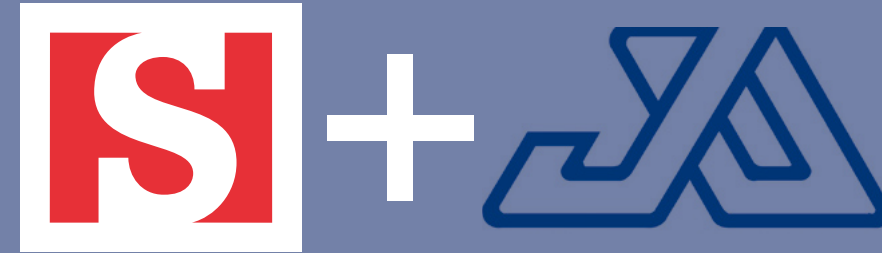
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Driving Performance at Stolt Tank Containers

In an increasingly competitive market, STC leverages its scale, its global office and depot networks, and technology and systems to achieve competitive advantage.

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Driving performance at Stolt Tankers

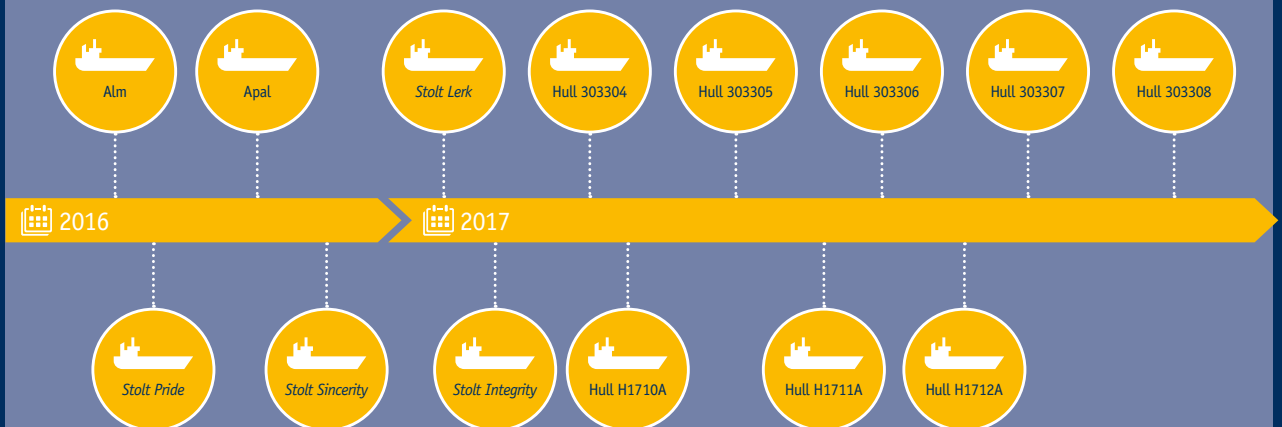


JO TANKERS ACQUISITION ADDS STRENGTHS PLUS SYNERGIES

The acquisition of Jo Tankers was the largest in Stolt Tankers' history. 13 chemical tankers were added to Stolt Tankers' fleet, plus a 50% share in a joint-venture with eight chemical tanker newbuildings, two of which had already been delivered. The additional tonnage, new tradelanes, and approximately 700 staff—the vast majority being sea

staff—are being integrated into Stolt Tankers' existing trading infrastructure and personnel pool. Savings resulting from synergies and operational efficiencies have been put at approximately \$8 million per year, exceeding Stolt Tankers' initial estimates.

JOINT-VENTURE NEWBUILDINGS

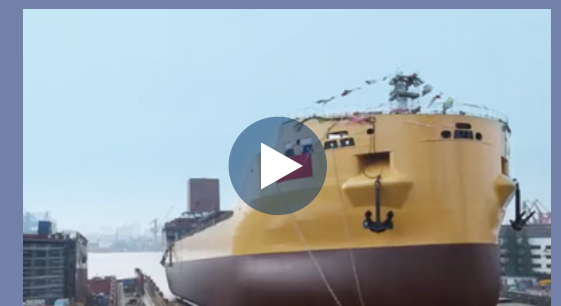


STOLT C38 NEWBUILDINGS

THE C38 NEWBUILDINGS: A NEW STANDARD OF INNOVATION

Stolt-Nielsen built the first parcel tanker in 1959 and has been at the forefront of innovation in chemical tankers ever since. Stolt Tankers' latest series of newbuildings—the C38 Class—is no exception, with improvements in ship safety, efficiency and performance.

With a cargo carrying capacity of almost 40,000 tons, each ship is equipped with 43 stainless steel tanks providing more than 45,000 cbm of cargo space, with a 10 meter shallow draft. Features include volume for IMO I hazardous cargoes, water and thermal-oil cargo heating systems for all cargo tanks, cargo cooling systems, 100% tank cleaning coverage, and the ability to provide large quantities of nitrogen of the highest purity for tank blanketing. Energy efficiency features include heat recovery systems, LED lights, frequency converters, and an optimised hull/propulsion system. These and other features give the C38s the lowest energy consumption of all sophisticated chemical tankers. Consistent with Stolt Tankers' commitment to safety for people and the environment, the C38s are



WATCH: THE CONSTRUCTION OF STOLT PRIDE

equipped with an exhaust-gas cleaning system, integrated bilge and sludge management systems and a water-ballast-treatment system. The result is the industry's best-in-class parcel tanker, delivering unprecedented cargo integrity, combined with the perfect balance of performance, safety standards, and reduced environmental impact.

Driving performance at Stolthaven Terminals

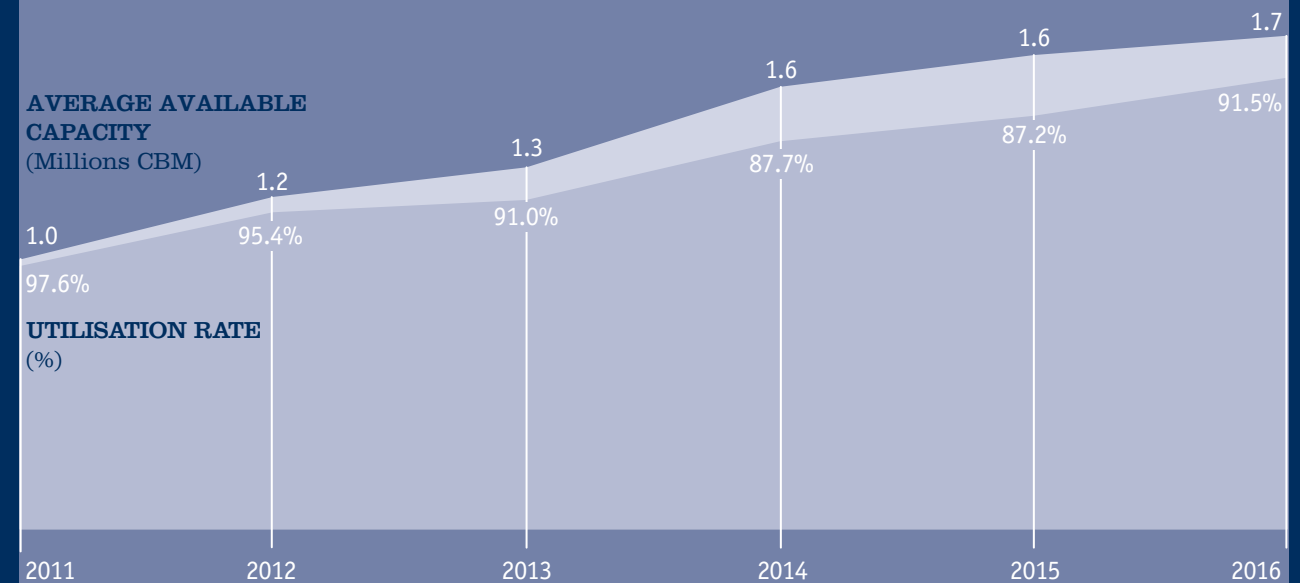


FOCUSED ON OPERATIONAL IMPROVEMENTS

Over the last six years, the total capacity of Stolthaven's global network of wholly-owned terminals has increased by more than 80%. After focusing intently on the expansion of the network, actions were initiated three years ago to reverse a downward trend in utilisation and profitability. A broad range of actions aimed at improving operational performance began to have an impact in 2015.

After hitting a low of 87.2% in 2015, utilisation increased by 4.9 percentage points to 91.5%, the first uptick in utilisation since 2011. The benefits of ongoing actions are expected to result in further improvements in operational performance at Stolthaven Terminals in 2017, allowing the division to capitalise more fully on its strategic growth initiatives.

+63%
INCREASE
IN CAPACITY
SINCE 2011



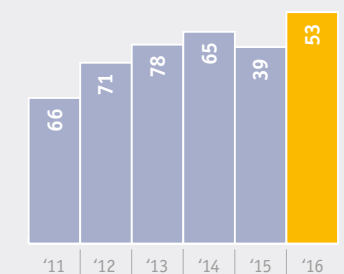
TURNING THE CORNER

Actions aimed at improving the operational performance of Stolthaven Terminals' global network of terminals have produced tangible results at the bottom line.



WATCH: STOLTHAVEN TERMINALS MOERDIJK

Operating Profit
(U.S. \$ Millions)



Driving performance at Stolt Tank Containers



MAXIMISING COMPETITIVE ADVANTAGE

Stolt Tank Containers operates the world's largest fleet of tank containers, with approximately 35,000 units deployed globally. STC is also the only tank container operator with its own network of 19 depots. And that translates into significant competitive advantage.

STC's ambitious expansion plans will add six new joint-venture depots: three in Saudi Arabia—Damman, Jeddah and Jubail—and one each in Vado, Italy; Laem Chabang, Thailand; and Grangemouth, Scotland, the latter being STC's first exclusively food-grade terminal. As these depots come online over the next year or so, approximately 55% of STC's total tank volume will be flowing through its wholly-owned or joint-venture depots, providing further cost and efficiency advantages.



Scale
TO REDUCE COSTS

STC leverages its global scale and purchasing power to create superior partnerships that deliver lower rates for vendor-supplied services, such as ocean freight, trucking and cleaning in third-party depots, thus reducing the division's total spend and helping to maintain margins.

19
DEPOTS

Over 40% of STC's total tank volume flows through either its wholly-owned or joint-venture depots, where STC benefits from high quality, environmentally responsible maintenance, combined with lower costs for repairs, storage, cleaning and heating, plus priority servicing that gets STC's tanks in and out faster.

26
OFFICES

STC's global network of 26 offices—operated by local staff with local knowledge, expertise and relationships—represents a distinct competitive advantage, enabling STC to operate more efficiently and more cost effectively, while delivering superior service and value to customers.

Leader
IN INDUSTRY TECHNOLOGY

STC is the industry leader in the application of information technology and systems to deliver higher levels of customer service and satisfaction, while lowering fixed operating costs—critical objectives in an increasingly competitive and complex global trade environment.

Stolt Tankers

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



// The biggest highlight of 2016 was clearly the Jo Tankers acquisition, which does multiple things for us

Mark F. Martecchini
President
Stolt Tankers

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

Q: Looking back on 2016, what were the biggest highlights and achievements for Stolt Tankers from your perspective?

A: The biggest highlight of 2016 was clearly the Jo Tankers acquisition, which does multiple things for us. Obviously, it adds quality tonnage to our fleet, which increases our service capabilities. But it also saves us money, because it pushes out our newbuilding requirements by at least several years. Beyond that, it adds a major new tradelane around Africa. That new tradelane not only expands our global service footprint, but provides synergies with our existing operations—synergies that we can cost effectively leverage to deliver greater flexibility in terms of service options. And, finally, there are the benefits of scale. We've invested heavily in recent years in both information systems and processes that have helped to drive down our commercial and ship-management costs. And thanks to all of that work, the incremental expense of managing and operating these additional new assets will be substantially lower.

Q: What's your view of the current state of markets and where they may be heading?

A: While 2016 was our best year overall since 2008, there was a substantial negative shift in the market in the second half of the year. We saw a 15% drop in specialty chemical spot rates and about twice that in commodity spot rates. And that was accompanied by rising bunker fuel prices. On a positive note, spot rates appear to have bottomed out. While spot cargoes only made up 22% of our total deep-sea volume in 2016, spot market developments influence longer term contract negotiations, and we've been managing that impact over the last six months. On top of that, we are still faced with an oversupply of tonnage, thanks to both the orderbook and the presence of CPP swing tonnage in our space. So, until demand improves, and/or we work off some of this excess tonnage, the next year or two are going to be challenging.

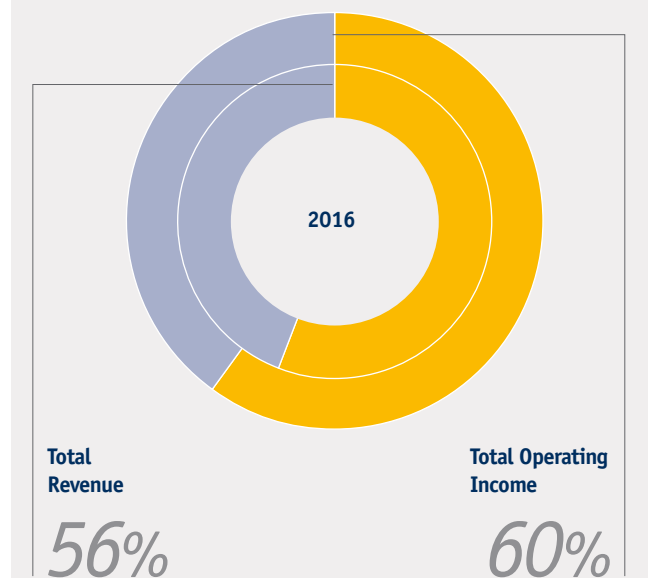
Q: What do you see as the key challenges and goals in the year ahead?

A: Given the supply and demand realities of the market—not to mention the less-than-robust outlook for global manufacturing—our focus in 2017 and, in all likelihood, in 2018, will be on managing and optimising our costs. That means not only continuing to improve our cost structure, both ashore and at sea, but continuing to manage our assets in a way that enables Stolt Tankers to offer transportation choices that best fit the needs of our customers. That's really a central element of our roadmap for maintaining competitive advantage in this environment. And when you combine that superior flexibility with the safety, quality and reliability that are the hallmarks of Stolt Tankers, that's the total package—and it's the key to outperformance. By the way, despite the unraveling of the market in the latter half of last year, we retained nearly our entire contract customer base, and that speaks volumes—and I mean that—about the value we deliver.

PERFORMANCE

(U.S. \$ Millions)	2016	2015	2014
Operating Revenue	1,061	1,137	1,260
Operating Profit	138	122	35

PERCENT OF GROUP TOTAL



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Stolt Sincerity

Stolt Sincerity, delivered in December 2016, is the second of the six c38 newbuildings to enter service with the Stolt Tankers deep-sea fleet. She was constructed and launched in Shanghai, China by Hudong-Zhonghua Shipbuilding (Group) Co Ltd.

C38 Class:

- AIS vessel type: Tanker - Hazard B
- Deadweight: 38,000 ton
- Length overall: 181.8m
- Breadth extreme: 32.26m
- Number of tanks: 43
- Cubic: 44,150






KEY ASSETS

The world's largest operator of sophisticated chemical tankers

70+	80+	2.7m
Deep-sea parcel tankers	Coastal and inland tankers	Total deadweight tons

Stolt Tankers

// Stolt Tankers: Seizing growth opportunities, staying efficient and flexible in a dynamic market

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Stolt Tankers operates the world's largest and most sophisticated fleet of chemical and parcel tankers. ST's deep-sea tankers are fully integrated with regional fleets in Europe, Asia and the Caribbean; with coastal fleets in Asia; and with inland barging services in Europe and the U.S. Gulf. This global coverage gives customers access to the quality and reliability that they seek, as well as the flexibility to adapt to the unexpected and changing requirements of their dynamic global supply chains. In a business environment where effective cost management is essential, efficiency is a focus for both ST and its customers. By capitalising on synergies with Stolthaven Terminals and Stolt Tank Containers, ST works collaboratively with its customers to create tailored, integrated transportation and storage solutions that deliver the utmost in flexibility to the world's premier manufacturers and consumers of chemicals and other bulk liquids.

Highlights for 2016

Stolt Tankers' results for 2016 were its best since 2008. A robust freight market, combined with the benefits of lower bunker fuel prices, resulted in strong earnings in the first half of the year. The second half of the year, however, saw the market weaken, as swing tonnage abandoned the collapsing clean petroleum products (CPP) market, where rates had plummeted, and entered the stronger chemical market. With the influx of CPP tonnage, spot rates began to trend downward—first in commodity chemical rates, followed by specialty chemical rates. By late summer, contract renewals were also feeling the pressure. At the same time, the average price of intermediate fuel oil/low sulfur fuel jumped from \$195/ton and \$174/ton in the first and

second quarters, respectively, to \$232/ton and \$260/ton in the third and fourth quarters, respectively. When the dust finally settled, year-over-year results for ST were up, but market conditions going into 2017 were soft.

2016 was highlighted by the acquisition of Jo Tankers, which was completed at the end of November. The transaction added 13 chemical tankers to the ST's fleet, plus a 50% share in a joint-venture with eight chemical tanker newbuildings, two of which had already been delivered. The additional tonnage, tradelanes and staff are being integrated into Stolt Tankers' existing trading infrastructure, thereby capitalising on synergies and leveraging cost advantages. When it comes to acquisitions, "fit"—in terms of culture and business practices—is always a key consideration. ST and Jo Tankers are a good fit and the integration of the two businesses is proceeding apace.

In a market subject to the kinds of gyrations experienced by ST in 2016, maintaining focus—and swiftly adjusting to change—is critical. Throughout the year, ST remained committed to driving improved operational and financial results by focusing on several key areas. In terms of performance, ST pursued continuous improvements in quality, reliability and flexibility—the attributes most valued by customers—while striving to eliminate incidents, injuries, spills, offhire, claims and vetting holds through superior work processes and training. Strengthening competitiveness is also key. ST continues to leverage information systems, innovative technologies and enhanced organisational structures to deliver more at lower cost. Which leads to the subject of efficiency, where the implementation of

continuous margin analysis is enabling ST to optimise its cargo and tonnage portfolio, while also better managing fuel consumption as bunker fuel prices rise. Making sure that ST has the tonnage to accomplish its mission is, of course, always critical. During 2016, ST took delivery of the first of five innovative C38 newbuildings. These ships, along with tonnage added as part of the Jo Tankers' acquisition, ensure that ST's needs for deep-sea tonnage are satisfied for the next several years. Two of four 12,390 dwt regional chemical tanker newbuildings also joined the fleet. These assets—and the outstanding crews that operate them—provide customers with a one-stop-shopping solution for unrivaled global transportation capabilities that deliver quality, reliability and flexibility, and an unwavering commitment to safety.

Outlook

There is no lack of uncertainty when it comes to the economic outlook for 2017—nor is there a lack of tonnage in the chemical tanker space, given the combination of the newbuildings orderbook and the continued likely presence of CPP tonnage. These factors point to the likelihood of lower earnings in 2017. That said, the potential for further consolidation in the chemical tanker space may bring about unanticipated changes and opportunities. Regardless, ST remains committed to the pursuit of competitively superior processes and solutions that help to optimise supply-chain performance, regardless of market conditions.

MARKETS

- Provide 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.
- Deliver global deep-sea services and integrated regional services in Europe, Asia Pacific, the Indian Ocean, the Caribbean and the U.S.

STRATEGY

Stolt Tankers outperforms by working collaboratively with its contract customers to enhance supply-chain efficiency, while optimising asset management, prudently managing costs, making use of the latest technology, and operating in a manner that is safe for people and the environment.

OUTLOOK

In an environment of continued economic uncertainty and a market with an excess of tonnage, Stolt Tankers is focused on increasing efficiency, managing costs and optimising operations—all while continuing to deliver superior service to customers and ensuring safety for people and the environment.

Stolt Pride

Stolt Pride, the first of the six C38 newbuildings to enter service with the Stolt Tankers deep-sea fleet, was constructed and launched in Shanghai, China by Hudong-Zhonghua Shipbuilding (Group) Co Ltd. Delivered in July 2016, the ship has 43 stainless steel tanks with a total volume of more than 45,000 cubic metres.








Stolthaven Terminals

Stolthaven’s global network of 19 terminals provides safe, high quality storage and distribution services for chemicals, clean petroleum products and gas in key markets worldwide.



// Stolthaven’s improved financial results were attributable to ongoing actions to improve long-term operational performance and profitability, while reinvigorating our focus on customer satisfaction and service worldwide

Guy Bessant
President
Stolthaven Terminals

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Q&A with Guy Bessant, President of Stolthaven Terminals

Q: Looking back on 2016, what were the biggest highlights and achievements for Stolthaven Terminals from your perspective?

A: It’s hard for me to point to one or two things, because 2016 was once again a year of multiple projects around the globe, all tied to our strategic plan aimed at getting Stolthaven firmly on track toward long term sustainable performance. So we are talking about a whole range of actions aimed at driving improved utilisation, lower costs and customer service—all while maintaining our global commitment to safety for people and the environment. As far as some examples are concerned, we have major plans being executed to modernise our terminal in Houston, as well as capital projects underway at our Dagenham, Moerdijk and Newcastle terminals. And we are taking actions large and small across our entire network in pursuit of our operational objectives. If I had to point to one

achievement in 2016 that perhaps tells the story of our progress better than anything else, it’s that we did very well in pursuit of our goal of achieving utilisation levels of above 90% across all our terminals, with both Santos and New Orleans already having ramped up well beyond those targets.

Q: What’s your view of the current state of markets and where they may be heading?

A: There’s obviously no shortage of economic uncertainty and geo-political risk in the world today, but, that aside, we continue to see stable demand for chemicals. Oil and petroleum products are another matter, for obvious reasons, but we are guardedly optimistic about the future, given the current state of the market. In the same breath, we are—fortunately—not overly exposed to the petroleum market, thanks to our balanced product portfolio and the geographic distribution of our terminals. Where we do have petroleum storage, it is generally

supporting key fuel import markets, such as Australia and Brazil, or providing service to export companies, such as our joint-venture terminal in Ulsan, South Korea, where we are now adding capacity. So, bottom line, in the near term at least, the issues we are facing can to a great extent be positively influenced by us.

Q: What do you see as the key challenges and goals in the year ahead?

A: Delivering on our capital projects in Dagenham, Ulsan and Moerdijk—which will increase our total global storage capacity by 180,000 cbm—are key objectives for us in 2017. And while potential turmoil around the globe may lead to greater volatility and uncertainty in our market, Stolthaven is working, in some instances collaboratively with other Stolt-Nielsen business units, to help ensure stable supply chains for our customers worldwide.

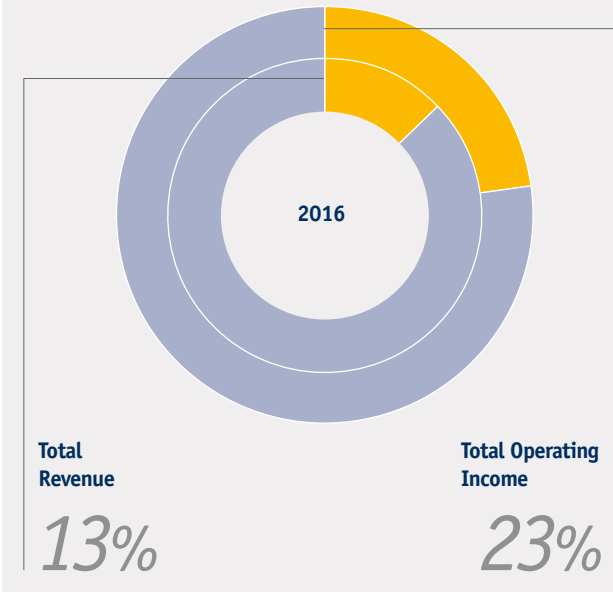


Stolthaven Singapore is a highly automated terminal located at Tembusu on Jurong Island, Singapore, serving the large and growing number of manufacturers and suppliers located there, with 81 tanks and a total capacity of 230,300 cubic meters of storage.

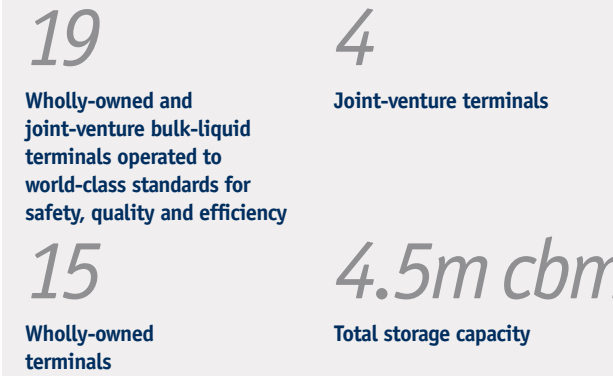
PERFORMANCE

(U.S. \$ Millions)	2016	2015	2014
Operating Revenue	235	217	214
Operating Profit	53	39	65

PERCENT OF GROUP TOTAL



KEY ASSETS



Stolthaven Terminals

// Stolthaven Terminals: Driving sustainable growth, leveraging synergies

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

Our capabilities are global, with 15 wholly-owned terminals and four joint-venture facilities providing a total of 4.5 million cubic meters of bulk-liquid storage. In the U.S., our terminals in Houston and New Orleans apply methodologies that optimise ship-to-shore interface, enabling us to reduce ship turnaround times.

In Europe, our joint-venture terminal in Antwerp—Oiltanking Stolthaven Antwerp—is located amid one of the world's most extensive refining and petrochemical complexes. Our Moerdijk terminal in the Netherlands, which has rail connections and is co-located with a Stolt Tank Container's depot, generates both cost efficiencies and synergy opportunities. And our Dagenham terminal in the UK is the closest independent terminal to the City of London.

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

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

Rhine that provides tremendous flexibility to serve customers.

Highlights for 2016

Stolthaven's results improved in 2016. Revenue, which had been flat for two years, rose to \$235 million, and operating income, which had declined for two years in a row, rose to \$53 million. The improvement in operating income mainly reflected the increase in storage capacity and higher utilisation in combination with the impact of lower operating expenses, partially offset by lower income from joint-ventures. Given the stable market conditions, Stolthaven's improved financial results were attributable to ongoing actions to improve long-term operational performance and profitability, while reinvigorating our focus on customer satisfaction and service worldwide.

Progress for the year included significantly improved utilisation at our terminals in New Orleans and Santos, Brazil, with utilisation rates rising from the high 70s to consistently above 90 in both locations. In Houston, actions to reduce jetty congestion were completed, and infrastructure improvements continued, resulting in a tank utilisation rate of 93%, held down in part by tanks withdrawn for mandatory inspections and maintenance. Capacity-expansion projects at our Moerdijk and

Dagenham terminals remain underway, with Moerdijk also seeing the commissioning of a new drumming line and rail connections. During the year, our joint-venture terminal in Lingang, China received a new operating license, following the wholesale shutdown of facilities in the wake of the explosion in Tianjin. We also acquired additional land at our joint-venture terminal in Ulsan, where we have plans to add 160,000 cbm of new storage. The leveraging of operational synergies between Stolthaven and Stolt Tankers resulted in new customer contracts in both Houston and New Orleans.

Outlook

Though geo-political factors are a concern, the chemical markets in which we operate are likely to remain stable, reflecting the GDPs of countries where our facilities are located. As a result, ongoing actions to enhance Stolthaven's global cost structure and improve operating efficiency should contribute to improved performance and operating results this year. The outlook for oil and petroleum products is the one wildcard in 2017, as there may be a correction in the market, with suppliers tightening up supplies, in order to draw down the current glut of oil still in storage globally. That said, Stolthaven's balanced focus on chemicals reduces our exposure to the potential volatility in oil.

MARKETS

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

STRATEGY

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

OUTLOOK

Stolthaven's results are expected to improve in 2017, as a result of continued actions and improvements aimed at enhancing operational performance and profitability across the division's global network of terminals.

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Stolthaven Moerdijk in the Netherlands is co-located with a Stolt Tank Container's depot, providing a one-stop logistics solution for specialty products in the ARA (Amsterdam-Rotterdam-Antwerp) region. Having the facilities side-by-side generates significant cost efficiencies and synergy opportunities.

Stolt Tank Containers



// Despite the difficult market conditions, STC remained focused on its long-term growth objectives, and on strengthening the capabilities that support those goals

Michael W. Kramer
President
Stolt Tank Containers

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

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

Q: Looking back on 2016, what were the biggest highlights and achievements for Stolt Tank Containers from your perspective?

A: For me, the biggest highlight of 2016 was that—despite the challenges and pressure—we still succeeded in expanding STC’s customer base. We did it by continuing to grow in our more mature markets, while getting even better traction in our targeted emerging markets. And that was huge. Despite all the difficulties we faced last year, when the dust finally settled, we shipped more tanks, for more customers, carrying a greater array of cargoes, on more tradelanes than we ever did before. What’s more, we accomplished that while simultaneously executing against our strategy to drive cost efficiencies of scale by automating and improving our operational processes. And, yes, while our results were down, they were positive for the year, and I would have no qualms whatsoever about comparing our performance in this tough year to the performance of anyone else in our space.

Q: What’s your view of the current state of markets and where they may be heading?

A: The market is in flux. We continue to have an oversupply of tanks, but at the same time we are starting to see some evidence of green shoots of demand growth in major markets. We are cautiously optimistic that the flat or declining global trade patterns that we’ve witnessed in recent years are beginning to turn. And if the trend gains momentum, it bodes well for STC, because our scale and scope of service represent a significant competitive advantage. And given some of the things that we are seeing in the market today, in terms of consolidation among major vendors, including ocean carriers, along with controlled capacity and various ocean conferences or consortia taking hold, the result—combined with that rising demand—should be a firming of rates. There’s certainly no shortage of geo-political situations that could negatively impact markets, but the signs right now are tentatively positive.

Q: What do you see as the key challenges and goals in the year ahead?

A: The key challenge is what it always is: to deliver the highest quality service to our customers, in a manner that is safe for people and the environment, while generating sufficient returns to reinvest and drive future growth. And STC’s ability to achieve those things largely boils down to: our ability to innovate, and our ability to expand. It’s about finding new ways to drive down costs and streamline the ways in which we operate, while successfully meeting the constantly growing complexities of global trade and the regulatory environment. And it’s about expanding our operations in emerging markets that are inherently more risky than developed markets. The good news? That is precisely what STC does best—all while acting in an ethical and socially conscious way across both our operations and our depots.

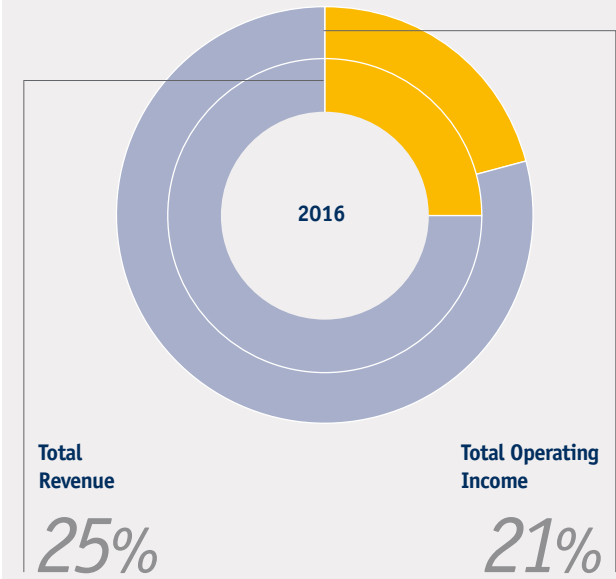


Stolt Tank Containers’ global fleet of more than 35,000 tank containers is the world’s largest, consisting of the largest chemical and food-grade fleets, plus specialised tank containers for aggressive or high purity products, compressed gases and cryogenic cargoes.

PERFORMANCE

(U.S. \$ Millions)	2016	2015	2014
Operating Revenue	476	570	540
Operating Profit	48	63	70

PERCENT OF GROUP TOTAL



KEY ASSETS

The leader in door-to-door transportation for chemicals and other bulk liquids

35,000	19
Global fleet of tank containers	Wholly-owned and joint-venture depots and hubs worldwide

Stolt Tank Containers

// Stolt Tank Containers: Capitalising on our strengths and scale and continuing to grow in a tough market

Stolt Tank Container is the world's leading provider of logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products. Our global fleet of approximately 35,000 tank containers is the world's largest, consisting of chemical and food-grade fleets, plus specialised tank containers for aggressive or high-purity products, compressed gases and cryogenic cargoes.

STC is also the only operator in the industry with its own worldwide network of 19 owned and joint-venture depots. This specialised network gives us direct control over the handling, cleaning and maintenance of our fleet, ensuring unrivaled quality, reliability and safety performance. With STC, customers know that their cargoes and the tanks carrying them are continually under the watchful eye of STC and its globally-applied operating standards, ensuring reliability and safety for people and the environment.

Our depot network enables us to deliver a superior combination of quality, service and reliability to customers worldwide.

STC's global scale and footprint, combined with our unrivaled experience and focus on continuous innovation, help our customers better manage their supply chains, minimise costs and increase efficiency.

Highlights for 2016

As expected, 2016 was a challenging year for STC. While the total number of shipments for the year increased to a record of over 120,000, both utilisation and freight revenue per shipment were down. Revenue on a year-on-year basis declined by 6.8%, and operating income was down 23.9%, reflecting reduced operating revenue and sharp price competition, as some competitors sought market share gains even at the expense of profitability. At the same time, low newbuilding costs drove an oversupply of tanks in the marketplace, placing further downward pressure on prices.

Despite the difficult market conditions, STC remained focused on its long-term growth objectives, and on strengthening the capabilities that support those goals. STC's global depot network remains a significant competitive advantage, giving customers the confidence that comes with the knowledge that their tanks are inspected, maintained and cleaned at STC's own facilities, which operate to strict global standards of safety for people and the environment. 2016 witnessed the first full year of operations at STC's new Indian depots in Mumbai and Kandla, along with actions to improve operating efficiencies at the division's depot in Houston. Working with its partners in the Middle East, approvals have now been received for new depots in Jubail and Dammam, which are expected to come online in 2017, and we are well along with plans for a depot in Jeddah. New depots in Vado, Italy, and Laem Chabang, Thailand, are also scheduled to open this year, followed in early 2018 by STC's first food-grade depot in Grangemouth, Scotland.

As tough a year as it was, STC added 400 tanks to its growing food-grade fleet, which continues to expand its customer base. The chemical business also made progress, as efforts to expand into new geographic markets continued.

As always, safety for people and the environment is STC's first priority. During 2016, STC received ISO 22000 recertification for its food-grade operations, along with recertification of its European offices under both the Safety

and Quality Assessment System (SQAS) and the International Marine Packed Cargo Scheme (IMPCAS) of the Chemical Distribution Institute (CDI).

Leveraging information technology as a means to deliver enhanced value to customers, as well as increased operational efficiency, is at the core of STC's growth strategy. mySTCtanks.com, the online tool that allows STC customers to better manage their tanks, reduce costs and drive supply-chain improvements, continued to attract new users in 2016. The rollout of STC's paperless office program also gained traction in 2016, along with other technology initiatives aimed at driving down costs while increasing operational effectiveness and customer service.

Outlook

Facing challenging market conditions, STC remains focused on maintaining its industry leadership by expanding its 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—actions that drive both STC's competitive advantage, as well as the unrivaled service that it faithfully delivers to its customers.



MARKETS

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

STRATEGY

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

OUTLOOK

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

Stolt Tank Containers is the only operator in the industry with its own worldwide network of 19 owned and joint-venture depots, giving STC direct control over the handling, cleaning and maintenance of its fleet, ensuring unrivaled quality, reliability and safety performance.

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Stolt Sea Farm



// The planned expansion of Stolt Sea Farm sole operations continued in 2016

Pablo Garcia
President
Stolt Sea Farm

Q&A with Pablo Garcia, President of Stolt Sea Farm

Q: Looking back on 2016, what were the biggest highlights and achievements for Stolt Sea Farm from your perspective?

A: I would have to say that finally receiving the permits for our new sole farm in Spain—where it is very difficult to obtain such licenses—was the biggest highlight of the year. We also made very good progress toward securing the permits for our new sole farm in Portugal, which we expect to receive this year. These two things are very important to our goal of accelerating production of sole.

The launching of our new marketing strategy was also very important. This is a major shift in the orientation of Stolt Sea Farm. We have always been a company that is built on know-how and expertise that no one else has—and that will never change. But we are now adding to that a major effort to strengthen our brand positioning and visibility among customers in our target markets. For example,

most of the sole produced at our farm in Iceland will naturally be oriented towards the U.S. market. The customer-centric approach that we are taking will allow us to better understand the needs of customers in that market, so that we can do the best job possible of serving those needs.

Q: What's your view of the current state of markets and where they may be heading?

A: In general, the outlook is very good for all of our products. There are now only two major suppliers of farmed turbot, so we expect prices to strengthen as demand grows, and our goal is to capture a greater share of that through our new marketing efforts.

For sole, the challenge right now is all about increasing production. This is a very cosmopolite fish, and given the quality of the product we generate, if we have the volume, we will be able to sell it. So ramping up those volumes is the challenge for the time being.

In caviar, we are marketing more and more of the product ourselves, instead of selling it to a partner who resells it under their own brand. And I think that in 2017 we will see a bigger effect of this strategy. We are the largest producer of caviar in the U.S., which also happens to be the biggest market for caviar—and that puts us in a good position.

Q: What do you see as the key challenges and goals in the year ahead?

A: Our main objective is to increase production of sole at our existing farms in Iceland and Anglet, France, while proceeding as quickly as possible with the development of our new sole farms in Spain and Portugal. Supporting the work that is being done in marketing is also very important. In a way, we are really reinventing the company by adopting a customer-centric mentality—one that entirely changes the way we view and interact with customers. Ultimately, I believe these efforts will help us to better connect with our markets and customers—and to sell more of the quality products that come from our farms.

Stolt Sea Farm (SSF) is the world leader in land-based aquaculture, focusing on high-market-value, difficult-to-farm species: sole, turbot and sturgeon for caviar. Typically served in white tablecloth restaurants, these species command high market prices, compared with most other farmed fish. Decades of dedicated research and development have enabled Stolt Sea Farm to achieve consistent levels of quality and commercial production that are unmatched in the industry.

Highlights for 2016

Stolt Sea Farm's results improved in 2016, driven mainly by an increase in market prices for turbot, which rose by 13.3% on average for the year. The increase in prices was accompanied by a 2.3% increase in the volume of turbot sold. Sole prices increased by a more modest rate of 5.1%, though total

volume sold was up 20.8%, as production ramped up at SSF's innovative farm in Iceland. While caviar volume was down, the impact was more than offset by the positive effect of higher prices.

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

The planned expansion of SSF's sole operations continued in 2016. Local authorities approved SSF's plans to build on additional land adjacent to its existing farm in Cervo, Spain. Plans are also underway for a new sole farm in Tocha, Portugal. Both facilities will utilise SSF's unique recirculation technology, which has been

developed, tested and proven over a period of more than 10 years and is currently in use at SSF's sole farm in Anglet, France.

Steps were also taken in 2016 to substantially strengthen SSF's sales and marketing functions. Key objectives are to raise the visibility of the Prodemar and Sterling brands—under which SSF's flatfish and caviar products are respectively marketed—and to expand and diversify the geographic footprint of SSF's entire product portfolio: turbot, sole and caviar.

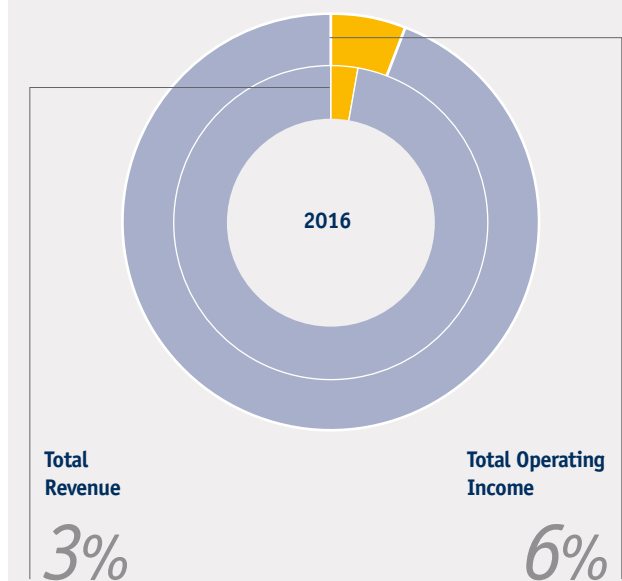
Outlook

The strengthening of turbot and sole prices in 2016 bodes well for SSF, especially as sole production ramps up and as increasing numbers of customers in new markets are introduced to SSF's unique products.

PERFORMANCE

(U.S. \$ Millions)	2016	2015	2014
Operating Revenue	65	57	64
Operating Profit	14	—	-1

PERCENT OF GROUP TOTAL








KEY ASSETS

Stolt Sea Farm operates 15 environmentally-friendly land-based farms

FARMS

- Iceland
- France
- Portugal
- Norway
- Spain (7)
- California (4)






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Stolt-Nielsen Gas



// Our goal is to be an early adopter in the small-scale mid-stream LNG market, by developing an integrated supply chain of ships and terminals against long-term off-take contracts

Andrew Pickering
President
Stolt-Nielsen LNG

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Stolt-Nielsen Gas focuses on opportunities in the LNG space, mainly the development of small-scale LNG supply chains serving “stranded demand”, where off-the-grid customers lack access to LNG pipelines.

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

Q: Looking back on 2016, what were the biggest highlights and achievements for Stolt-Nielsen Gas from your perspective?

A: The biggest achievement was receiving all the necessary approvals to build and operate the Higas LNG facility in Sardinia. That accomplishment was no easy feat, requiring many different ministries and department sign-offs in the local, regional and central Italian government. We were fortunate in that the central government sees this project as a clean-fuel initiative that will help to meet targets agreed under the EU environmental directives. Another highlight of the year was the agreement with a leading shipbuilder in Asia on a contract for two very innovative 7,500 cubic metre LNG carriers. The contracts are very competitively priced, extremely efficient and have full bunker-supply functionality, which means these ships also have the ability to provide fuel to LNG-powered ships. The ships, of course, will be mainly used to supply LNG to our projects in the Mediterranean and North Sea terminals. As of writing we are still awaiting approval to proceed from the SNL Board.

Q: What’s your view of the current state of markets and where they may be heading?

A: We are still very much in the early days of small-scale LNG delivery as an alternative fuel source. The past few years of backwardated oil prices have reduced the urgency of LNG conversion projects. On the other hand, the IMO’s decision to restrict the sulphur content and emission output by 2020 has put renewed pressure on the marine transport sector. It will, of course, take some time before LNG bunkering can serve as a practical substitute, both because of limited facilities and delivery modes, plus the investment required for LNG-fueled newbuildings. In the power sector, we are starting to see some momentum building, and that will ultimately account for substantial demand. There is a growing shortage of global power capacity, and much of it is in developing countries without access to pipeline fuel sources. The largest requirements are being satisfied by large-scale FSRU projects, but the smaller secondary markets are now gaining attention. Power production is a more predictable market and lends itself to longer-term and more creditworthy demand.

Q: What do you see as the key challenges and goals in the year ahead?

A: The big challenge is still signing up long-term off take. There is no long-term forward curve for LNG pricing and customers remain hesitant to index to either gas or crude oil. The good news is that the market is long LNG and will remain so for some time. This gives suppliers the motivation to be creative when it comes to pricing for binding take-or-pay long-term contracts.

Our goal is to be an early adopter in the small-scale mid-stream LNG market, by developing an integrated supply chain of ships and terminals against long-term off take contracts.

We hope to declare FID (final investment decision) for our Higas investment in Sardinia by early this year and early next year for our Scotland terminal. We also will lift our subjects on the shipbuilding contracts as soon as we have met the conditions outlined by the SNL Board.

**Stolt-Nielsen Gas:
Pursuing its vision to supply
clean-burning LNG**

Stolt-Nielsen Gas (SNG) pursues the development of small-scale LNG supply chains to supply clean-burning LNG to so-called “stranded demand”—off-the-grid customers lacking access to LNG pipelines. SNG is currently involved in two such projects. The first is a joint-venture with HIGAS S.r.L., which plans to build and operate an LNG terminal and distribution facility in the port of Oristano, Sardinia. SNG would be tasked with sourcing and shipping the LNG to the terminal via small LNG carriers, and then distributing the natural gas to customers via trucks and tank containers. The second project is with Flogas Britain Ltd, which is

developing plans to provide LNG to areas of Scotland not served by the existing natural-gas grid. SNG would ship the LNG on small-scale LNG carriers to the Port of Rosyth for distribution by Flogas. Both projects are slated to proceed, pending receipt of off-take agreements.

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

SNG is currently in the process of withdrawing from its initiative to supply LNG to remote mining operations in northeast Canada, as falling oil prices have substantially reduced the incentives for potential customers to switch from fuel oil and diesel systems to natural gas.

PERFORMANCE

(U.S. \$ Millions)	2016	2015	2014
Operating Revenue	—	\$ -	\$ -
Operating Profit	(5)	14	12

MARKETS

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

STRATEGY

Development of small-scale LNG supply chains serving “stranded demand”.

OUTLOOK

Worldwide demand for clean-burning LNG is growing.

8.6%
Ownership in Avance Gas
Holding Ltd.

2.3%
Ownership in Golar
LNG Ltd.

Raising the Bar, Addressing Challenges

Safety for people and the environment is the first priority for Stolt-Nielsen Limited (SNL) and its business divisions. In 2016, efforts to enhance the Company's safety, health, environment and quality (SHEQ) performance continued, while also addressing events that merited specific SHEQ attention

SHEQ at Stolt-Nielsen Limited

Stolt-Nielsen Limited has conducted two company-wide Safety Awareness Surveys, the first in 2014 and the second in late 2015—too late for the results to be included in the 2015 annual report. Our objective of these surveys was:

1. to establish a baseline measurement of employees' perceptions of the Company's commitment to safety,
2. to identify and take appropriate actions in response to the survey results, and
3. to monitor and drive progress by conducting follow-up surveys on a periodic basis.

The results of the second Safety Awareness Survey were good, indicating a strong recognition of the importance of safety overall, including training and procedures, as well as an understanding of, and appreciation for, the Company's commitment to safety. Communication regarding safety issues, however, was identified as an area in need of improvement. Respondents indicated that the Company needed to do a better job of sharing safety statistics and trends, as well as acknowledging good safety performance. This resulted in discussions on safety statistics and trends being included in routine safety briefings and meetings company-wide, as well as being posted on the Company's intranet site.

Following the collision of the Stolt Commitment and the multipurpose carrier Thorco Cloud in the Singapore Strait in December of 2015, training focused on navigation was stepped up, including the expansion of the Stolt Tankers' Excellence in Navigation training course. Additional initiatives related to training, situational awareness and behavioural-based safety were included in Stolt Tankers "Roadmap to Safe Operations". Further, to provide added and fully objective perspectives on Stolt Tankers' practices and approaches, a series of third-party navigation audits were conducted on a number of Stolt ships, in order to identify any potential weaknesses in the division's existing internal audit processes. In 2016, navigation audits were

conducted aboard a total of 83 Stolt ships. The process is ongoing.

The acquisition of Jo Tankers in 2016 resulted in the addition of approximately 700 officers and crew members to the Stolt Tankers pool. To ensure proper familiarisation of Stolt Tankers' operational processes, practices and procedures, a **Stolt Tankers Induction Course** was launched. An intensive five-day course for officers focuses on quality assurance, safety standards & tools, cargo and BASSnet, and navigation and maintenance. A three-day course is provided for crew members. The courses are only one part of a comprehensive program aimed at ensuring a smooth integration for former Jo Tankers' personnel into the Stolt Tankers fleet, and thorough familiarisation with "The Stolt Way."

Focusing on Environmental Performance

Improving the environmental performance of all our operating units is a core objective of the Corporate SHEQ initiative. All our major operating units continued to make progress toward this goal in 2016.

SHEQ Division Updates

Increasing fuel efficiency and reducing carbon dioxide (CO₂) emissions is a key objective of **Stolt Tankers**. Achieving and verifying these improvements has been made possible through improved shipboard fuel-consumption data collection, business-intelligence software and dashboards. Technical innovation, voyage planning and optimisation of propulsion and electrical generating plants has resulted in fuel savings of 15% in 2016, compared with 2013. A reduction of 5% has been achieved on sailing distances by utilising weather-routing software. Condition-based hull and propeller cleanings are carried out based on indicators in the fuel dashboards. A performance-based selection process has been used to optimise the choice of anti-fouling paint for specific trades. Many of our ships have the latest cascade frequency drive technology fitted for power optimisation, resulting in significant power savings. A team of energy specialists attend the ships to optimise the engines and install fuel-saving technologies, such as slide valves, or tuning turbochargers to

the engine's required output. Training of the engineering staff is also an important step in keeping machinery maintained to its full efficiency. Several departments participate in energy-saving or waste-reduction projects. Boil-off systems for sludge have been tested and implemented, LED lighting is now in use, and many other projects that reduce total carbon dioxide emissions are planned. Our data-collection process plays a key role in measuring and monitoring the outcome of all initiatives and confirms the return on investment, both financial and environmental.

Stolthaven Terminals implemented the Marine Terminal Management and Self-Assessment (MTMSA) process in 2015. The MTMSA was developed by the OCIMF (Oil Companies International Marine Forum) to help terminal operators better manage both risk assessment and risk management, for berth operations and the ship/shore interface. The tool helps operators ensure that their management systems are effective and promote safety and environmental excellence. Data collected via the MTMSA process, which has been fully rolled out to all wholly-owned Stolthaven terminals, provides ongoing baseline data for actions aimed at continuous improvement in risk assessment and management globally.

During 2016, Stolthaven made good progress with the MTMSA process, continuing to audit and implement actions at its fully owned terminals. The system is one of several methods that Stolthaven Terminals employs to improve its Safe Systems of Work. Thanks to insights gathered from the company-wide Safety Culture Survey, Stolthaven Terminals has focused on safety leadership and employee participation. The result has been an improvement of 81% in near-miss reporting, and a reduction in overall incidents of 8%, compared with 2015. In addition, significant new investments in engineering and mitigation infrastructure—such as the automated firefighting systems commissioned at both Stolthaven Moerdijk and Stolthaven Dagenham—underscore Stolthaven

Terminal's commitment to continuous improvement in safety performance.

2016 was yet another year of significant progress in SHEQ at **Stolt Tank Containers**. STC maintained its compliance with various regulations, codes and guidelines, including: VGM (Verified Gross Mass), IMDG (International Maritime Dangerous Goods) and ADR (European Agreement Concerning the International Carriage of Dangerous Goods by Road) revisions; ISO 9001 (Quality Management) standards; CDI-MPC (Chemical Distribution Institute-Marine Packed Cargo) and SQAS (Safety & Quality Assessment System) standards, as well as the Company's own commitments to Corporate Social Responsibility regarding safety and the environment.

STC holds a multi-site ISO 9001 certificates and, according to Lloyds' reports, maintains standards to a high benchmark. STC's CDI-MPC standard improved in 2016, with the average scores of its offices ranging from 85% to 90%, reflecting the division's commitment to international quality and safety standards. During the year, STC's Food-Grade Division was recertified for ISO 22000 (Food Safety Management). The company also holds a "Silver CSR Rating" on the EcoVadis assessment (a key sustainability rating platform used by our main customers), 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 labor practices.

Stolt Sea Farms' land-based farms operate in an environmentally friendly manner. Continual testing shows that sea water taken up by Stolt Sea Farm's land-based farms is actually cleaner when it is returned to the sea, as a result of filtration and other treatments. For SSF's innovative sole farm in Iceland, which has ready access to large volumes of pure hot and cold sea water, there is no need to recirculate and the outflow from the farm in Iceland is virtually pristine, as verified through periodic testing by

Icelandic authorities. During 2016, SSF renewed its ISO 9001 (Quality Management) and ISO 14001 (Environmental Quality Management) certifications for its flatfish operations, in keeping with its Aquaculture Environmental and Quality certification 'Global GAP' (Good Aquaculture Practice).

In its fourth year, Stolt-Nielsen Limited's Global SHEQ initiative continued to make good progress towards its stated goals:

- to create a deeper, hands-on awareness of safety issues at the highest levels of management in the Company;
- to ensure that appropriate resources are provided to support SNL's stated commitment to safety;
- to provide additional assurance of rigorous compliance in a constantly expanding and increasingly complex regulatory environment; and,
- to drive the Company-wide implementation of safety processes and reporting that leverage both Stolt-Nielsen's existing experience, which is substantial, and ongoing developments in safety.

Patrick J. Russi

Global SHEQ Manager
Stolt-Nielsen Limited

February 10, 2016

Statement Regarding Employees and Seafarers

OPERATIONAL EXCELLENCE

RESPONSIBLE BEHAVIOUR

Code of conduct

Stolt-Nielsen Limited requires that its business objectives are achieved in an ethical, honest and legal manner. To enforce this, a Code of Business Conduct is maintained, which is reviewed and approved by the Board annually. The Company does not tolerate any breach of the Code 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.

In summary, the Code requires all personnel to comply at all times with all 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 addition, to promote a culture in which employees feel comfortable about raising genuine concerns about potential, suspected or actual breaches of the Code without fear of victimisation, discrimination or disadvantage, Stolt-Nielsen has for many years maintained a whistleblower policy and an online system that enables anyone, internal or external, to report confidentially (anonymous or otherwise) directly to the Chairman of the Audit Committee and our Head of Operational Audit. All reports are taken seriously and investigated appropriately.

Dedicated to the success of our employees and the welfare of our seafarers

Stolt-Nielsen Limited is an equal opportunity employer. The professional development and personal growth of our employees are vital to our success. The company encourages employees to maximise their potential and has in place specific programmes to train and develop employees, both ashore and at sea. Our goal is to provide the tools and rewards that inspire employees to continuously improve themselves, our business and the relationships that support it.

Programmes offered by the operating units of Stolt-Nielsen Limited include: cross-departmental and cross-business exposure, including transfers, secondments and short-term projects; advanced management training; job and skills training; safety training; continuing education programmes, including tuition assistance; and free onboard Wi-Fi internet access for three hours a day, enabling seafarers to stay in close contact with loved ones.

The fair treatment and welfare of seafarers is a concern of many both inside and outside our industry. 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 Labor 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. In addition, Stolt Tankers' compliance with MLC standards is fully documented within the division's Ship Management System. Further vetting takes place during routine on-board inspections as part of the Oil Companies International Marine Forum/Chemical

Distribution Institute (OCIMF/CDI) vetting regime and in-office reviews conducted as part of the OCIMF's Tanker Management & Self-Assessment process. Additional vetting takes place during periodic International Safety Management (ISM) audits carried out by DNV-GL, the world's largest ship classification society, on behalf of six flag states.

Stolt-Nielsen Limited takes pride in the low turnover and high retention of sea staff, many of whom choose to pursue long-term careers with Stolt, recognising that we are a safe, reliable and high quality industrial shipper dedicated to meeting the needs of our customers for the long term.

KEY HIGHLIGHTS

- To ensure constant awareness and visibility of the Code, and to underscore Stolt-Nielsen's commitment to it, we also undertake the following:
- Poster-sized copies of the Code are prominently displayed at all of our locations worldwide, and translated into local languages as needed.
- All land-based management must complete an online Code compliance confirmation annually.
- All main agents of the Company are required to confirm compliance with the Code periodically.
- All joint-venture boards are required to confirm compliance annually.



Board of Directors



Samuel Cooperman
Chairman of the Board
of Directors

Mr. Samuel Cooperman has served as a Director of Stolt-Nielsen Limited since 2008 and as Chairman of the Audit Committee of the Board of Directors since 2009 and Chairman of the Board of Directors since 2016. He 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 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. Mr Cooperman is the Chairman and CEO of New York Cruise Line, Chief Executive Officer of Cooperman Weiss Consulting LLC and is a Director on the Board of National Principles Leadership Institute. 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.



Niels G. Stolt-Nielsen
Director and Chief
Executive Officer

Mr. Niels G. Stolt-Nielsen has served as a Director of Stolt-Nielsen Limited since 1996 and as Chief Executive Officer since November 2000. He served as Interim Chief Executive Officer of Stolt Offshore S.A. from September 2002 until March 2003, and was the President of Stolt Sea Farm from 1996 until 2000. In 1994 he opened and organised Stolt-Nielsen Limited's representative office in Shanghai. Mr. Niels G. Stolt-Nielsen joined the Company in 1990 in Greenwich, Connecticut, working for Stolt Tankers. He is the Chairman of the Board of Avance Gas Holding Ltd and is a Director of Golar LNG Ltd. Mr. Niels G. Stolt-Nielsen graduated from Hofstra University in 1990 with a BS degree in Business and Finance. He is a Norwegian citizen.



Rolf Habben Jansen
Director

Mr. Rolf Habben Jansen has served as a Director of Stolt-Nielsen Limited since December 2015, and as Chief Executive Officer of Hapag-Lloyd AG since July 2014, following his appointment to the Hapag-Lloyd AG Executive Board in April 2014. He was previously Chief Executive Officer of Damco, the global logistics firm, from 2009, and before that Head of Global Customer Solutions at DHL from 2006. He began his career at Royal Nedlloyd, before joining Danzas, the Swiss logistics firm, which merged with DHL in 1999. Mr. Habben Jansen graduated from the Erasmus University in Rotterdam in 1991 with a degree in Economics. He is a Dutch citizen.



Håkan Larsson
Director

Mr. Håkan Larsson has served as a member of the Board of Stolt-Nielsen Limited since June 2007 and as Chairman of the Compensation Committee since 2016. He was the Chief Executive Officer of Schenker AG from 2000 to 2003 and of Rederi AB Transatlantic from 2003 to 2007. He serves as Chairman of Tyrens AB, Valea Holding AB and Wallenius Wilhelmsen Logistics AS; a director of Eukor Car Carriers, Inc and of Rederi AB Transatlantic. He also serves as Chairman of the Board of InPension Holding AB and he is a member of the regional board of Handelsbanken. Mr. Larsson holds a Bachelor of Economics degree from the Gothenburg School of Economics. He is a Swedish citizen.



Jacob B. Stolt-Nielsen
Director

Mr. Jacob B. Stolt-Nielsen has served as a Director of Stolt-Nielsen Limited since 1995. He served as an Executive Vice President of Stolt-Nielsen Limited from 2003 to 2004. In 2000, he founded and served as Chief Executive Officer of SeaSupplier Ltd. until 2003. From 1992 until 2000 he held the position of President, Stolthaven Terminals, with responsibility for the global tank storage business. He joined the Company in 1987 and served in various positions in Oslo, Singapore, Greenwich, Connecticut, Houston, Texas and London. Mr. Stolt-Nielsen is the CEO and founder of Norterminal AS, and is a member of the boards of the following companies: Beta AS, Timms AS, Bothel Holding AS, New York Cruise Lines, Inc. and Biomed Clinic AS. Mr. Stolt-Nielsen graduated from Babson College in 1987 with a BS degree in Finance and Entrepreneurial studies. He is a Norwegian citizen.



Tor Olav Trøim
Director

Mr. Tor Olav Trøim has served as a Director of Stolt-Nielsen Limited since April 2016. He has served as a Director and Vice Chairman of Golar LNG Limited since the company was established in May 2001. In the first years of operation, Mr. Trøim was also the Company's CEO. Mr. Trøim has served as Chairman of Golar LNG Partners since the company was listed in 2009. He is currently a partner in Magni Partners UK. Between 1995 and 2014, Mr. Trøim was employed by Seatankers Management Co., and served as Chairman and a Director of Seadrill Limited between 2005 and 2014. From 1995 to 2014, he was, at various times, CEO 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, Archer Limited and Aktiv Kapital ASA, among others. Prior to 1995, he was an equity portfolio manager with Storebrand ASA and Chief Executive Officer for the Norwegian Oil Company DNO AS. Mr. Trøim graduated as M.Sc. Naval Architect from the University of Trondheim, Norway in 1985. He is a Norwegian citizen.

INTERNATIONAL EXPERIENCE

Norwegian



3

U.S.



1

Swedish



1

Dutch



1



John Wakely
Corporate Secretary

Mr. John Wakely is the Stolt-Nielsen Limited Board Secretary and also serves as Chairman of Stolt Tank Containers Leasing Ltd. He served as Executive Vice President of Stolt-Nielsen Limited from January 2002 until his retirement on December 31, 2013, with responsibility for tax planning and corporate structure. He joined Stolt-Nielsen Limited in 1988 and held various

positions in the controllership, internal auditing and tax planning areas. Mr. Wakely is also Chairman and a Director of Fiducia Ltd., and Chairman and a Director of International Beverage Trading Ltd. Prior to that he was employed by BP. Mr. Wakely is a member of the Chartered Institute of Management Accountants. He is a British citizen.

Corporate Governance

Relevant Legislation and Codes of Practice for Corporate Governance

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

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

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

1. Implementation and Reporting on Corporate Governance

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

2. Business

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

3. Equity and Dividends

The Board of Directors is of the opinion that the Company currently has sufficient equity to meet its objectives, strategy and risk profile. The authorised share capital of SNL is 65,000,000 Common Shares, each with a par value of \$1.00, and 16,250,000 Founder's Shares, each with a par value of \$0.001. As of November 30, 2016, 64,133,796 Common Shares and 16,033,449 Founder's Shares were issued and 61,944,855 Common Shares and 15,486,214 Founder's Shares were outstanding. The authorised share capital of SNL may only be increased, reduced or otherwise altered by resolution of the shareholders. The Board of Directors is authorised to increase the issued share capital within the limits of the authorised capital.

The Common Shares available for issuance within the authorised share capital are intended to be available for the exercise of stock options under the Stolt-Nielsen S.A. (SNSA) 1997 stock option plan as continued by SNL. SNSA's stock option plan was approved at the 1997 Annual General Meeting. The stock option plan was established to create a long-term common interest among the Directors, the employees, and SNSA's shareholders. The Compensation Committee oversees SNL's share option programme. The last awards under the 1997 stock option plan were made in January 2007. The stock option plan has been closed and replaced by a long-term incentive plan which pays cash awards to management for meeting defined corporate financial objectives related to Return on total Capital Employed ("ROCE") and the ratio of Earnings Before Interest, Taxes, Depreciation, Amortisation and Rent ("EBITDAR")-to-Revenue.

The Board of Directors has established a dividend policy that is available on the SNL website (www.stolt-nielsen.com). Under Bermuda law, a company's Board of Directors may not declare or pay dividends if there are reasonable grounds for believing that the company is, or would after the payment, be unable to pay its liabilities as they become due or that the realisable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts.

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

- (i) the maximum price to be paid for such Common Shares shall not be higher than the higher of the price of the last independent trade and the highest current independent bid on Oslo Børs and shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading,
- (ii) the minimum price to be paid for such Common Shares shall not be less than the par value (i.e. U.S. \$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 forth below. Only the Common Shares are listed on Oslo Børs.

Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common Shares and Founder's

Shares vote as a single class on all matters submitted to a vote of the shareholders, with each share entitled to one vote.

Under the Bye-Laws, holders of Common Shares and Founder's Shares participate in annual dividends, if any are declared by the Company, in the following order of priority: (i) \$0.005 per share to Founder's Shares and Common Shares equally; and (ii) thereafter, all further amounts are payable to Common Shares only.

Under the Bye-Laws, in the event of a liquidation, all debts and obligations of SNL must first be paid and thereafter all remaining assets of SNL are paid to the holders of Common Shares and Founder's Shares in the following order of priority: (i) Common Shares ratably 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, 2016, Fiducia Ltd., a company owned by a trust established for the benefit of certain members of the Stolt-Nielsen family, together with certain members of the Stolt-Nielsen family, controlled 59.45% of the outstanding shares of SNL entitled to vote generally on matters brought to a vote of the shareholders of SNL. As a result, the Stolt-Nielsen family is currently able to directly and indirectly exercise a controlling influence over SNL's operations and has sufficient voting power to control the outcome of matters requiring shareholder approval including: the composition of SNL's Board of Directors, which has the authority to direct SNL's business and to appoint and remove SNL's officers; approving or rejecting a merger, consolidation or other business combination; raising future capital; and amending the Bye-Laws which govern the rights attached to SNL's Common Shares. This control may deter a third party from attempting to take control of SNL without the approval of the Stolt-Nielsen family. Additionally, the interests of the Stolt-Nielsen family may conflict with the interests of SNL's other shareholders.

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

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

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

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

5. Freely Negotiable Shares

Only the SNL Common Shares are listed on Oslo Børs. The Company's Bye-Laws limit individual shareholdings of Common Shares to 20%, single

U.S. person shareholdings to 9.9% and shareholders of any single country in aggregate to 49.9%.

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

6. General Meetings

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

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

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

Notices for both Annual and Special General Meetings shall be sent by mail to all holders entitled to attend and vote no later than 21 days before the date set for the General Meeting.

Notices should provide sufficient information on all matters to be considered at the General Meeting, voting instructions and the opportunity to vote by proxy. Matters at the General Meetings are restricted to those set forth in the agenda.

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

7. Nomination Committee

Bermuda law does not require that a nomination committee is established, and there is no provision in the SNL Bye-Laws relating to a nomination committee. Consequently, SNL has not established a nomination committee. Members of the Board of Directors identify and evaluate proposed candidates for nomination to the Board of Directors. Individuals are selected for nomination to the Board of Directors based on their business or professional experience, the diversity of their background, and their array of talents and perspectives.

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

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

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

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

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

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

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

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

**9. The Work of the Board of Directors
Board Meetings**

The Board of Directors holds at least four regularly scheduled meetings a year. Meeting schedules are approved by all members of the Board of Directors. SNL does not have a Deputy Chairman as this has not been considered necessary. The Board of Directors may appoint a Board Secretary who does not need to be a member of the Board of Directors.

Decisions of the Board of Directors shall be taken by a majority of the votes cast by the Directors present and represented at the meeting provided a quorum is present. A majority of the Directors then in office

shall constitute a quorum. The Board of Directors may also act by unanimous written consent.

Board Meetings - Executive Sessions

Management is available to discuss matters of concern to the Board of Directors, and the Board of Directors has regular access to senior management. The basic duties and responsibilities of the Directors include attending Board of Directors' meetings, preparing for meetings by advance review of any meeting materials and actively participating in the Board of Directors' discussions. Directors are also expected to make themselves available outside the Board of Directors' meetings for advice and consultation.

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

Board Committees

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

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

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

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

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

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

10. Risk Management and Internal Control

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

The main elements of the Company's system of internal control over financial reporting include the Code of Business Conduct, Global

Accounting Policies and Procedures, Financial Reporting Risk Assessments, Annual Budgets, Authorisation Limits, Periodic Reporting and Evaluation of budgeted versus actual results. The different layers of control allow for a greater probability that errors in the financial reporting are identified early and corrected.

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

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

13. Information and Communications

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

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

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

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

14. Take-Overs

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

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

15. Independent Auditor

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

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

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

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

Financial Review



Jan Chr. Engelhardtson
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, 2016 and 2015. 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, 2016 and 2015:

(in U.S. thousands)	For the years ended	
	November 30, 2016	November 30, 2015
Operating Revenue	\$ 1,879,905	\$ 1,983,738
Operating Expenses	(1,475,391)	(1,595,984)
Gross Profit	404,514	387,754
Gross margin	21.5%	19.5%
Share of profit of joint ventures and associates	33,599	49,887
Administrative and general expenses	(207,226)	(206,363)
U.S. pension curtailment gain	—	19,813
U.S. employee benefit gain	3,769	—
Restructuring expenses	—	(4,132)
Gain (loss) on disposal of assets, net		
Sale of shares of Avance Gas Holdings Ltd	—	3,032
Loss on disposal of assets, net	(137)	(4,202)
Other operating income	1,109	826
Other operating expense	(3,790)	(447)
Operating Profit	231,838	246,168
Operating margin	12.3%	12.4%
Non-operating income (expense):		
Finance expense	(106,134)	(105,596)
Finance income	2,518	4,381
Foreign currency exchange (loss) gain, net	(1,568)	356
Other non-operating income, net	2,290	1,930
Profit before Income Tax	128,944	147,239
Income tax expense	(15,707)	(14,135)
Net Profit	\$ 113,237	\$ 133,104
Attributable to:		
Equity holders of SNL	113,145	132,672
Non-controlling interests	92	432
	\$ 113,237	\$ 133,104

(in thousands)	For the years ended	
	November 30, 2016	November 30, 2015
Net profit before one-time items:	\$ 119,386	\$ 126,658
One-time items:		
U.S. pension plan, curtailment gain	—	19,813
U.S. defined pension plan gain	3,476	—
U.S. post-retirement medical plan gain	2,166	—
Gain on sale of AGHL shares	—	3,032
Terminal one-time items (see Terminals section below)	(6,193)	(8,295)
Impairment of accounts receivable, in Stolt Bitumen services	(4,200)	—
Acquisition costs of JoT	(2,200)	—
Restructuring charges for Norwalk office	—	(4,132)
Write-down of investment in and advances to Stolt LNGaz Ltd.	(1,319)	(1,818)
Tax effect on the above one-time items	2,121	(2,154)
Net Profit	\$ 113,237	\$ 133,104

CONSOLIDATED INCOME STATEMENTS

Net profit of SNL was \$113.2 million for 2016, compared with \$133.1 million in 2015. Excluding the one-time items described in the table above, net profit was \$119.4 million for 2016, compared with \$126.7 million in 2015, or a \$7.3 million reduction. The most significant factors affecting SNL's performance in 2016 were:

- Stolt Tankers reported an operating profit of \$138.4 million, which compared favourably with the prior year operating profit of \$122.2 million, reflecting lower bunker costs net of bunker surcharge rebates and bunker hedge gains, as well as lower time charter expenses and port costs, largely offset by lower freight revenues due to a reduction in the fleet of ships.
- Stolthaven Terminals reported an operating profit of \$53.0 million versus \$38.9 million. Excluding the one-time negative adjustments of \$6.2 million in 2016 and \$8.3 million in 2015 discussed in the Terminals section below, operating profit increased by \$12.0 million in 2016. The increase in operating profit was mainly a result of higher operating revenue driven by an increase in storage capacity and higher utilisation, and lower operating expenses, partly offset by lower share of profits from joint ventures.
- Stolt Tank Containers reported an operating profit of \$48.2 million, down from \$63.3 million in 2015, a decrease of \$15.1 million. The decrease was largely due to margin pressure from increased competition in most major markets as a result of sluggish market conditions, combined with an over-supply of tank containers. Results for 2016 were also held down by a reduction in demurrage revenue of \$6.2 million.
- Stolt Sea Farm reported an operating profit of \$14.1 million, compared with an operating profit of \$0.4 million in 2015. The increase in the operating profit was attributable to improved market prices for turbot and the adjustment for fair value of inventories, which had a positive impact on the operating profit of \$7.6 million in 2016, compared with a \$1.3 million negative impact in 2015.
- Corporate and Other operating loss was \$21.8 million, compared to the prior year profit of \$21.3 million. Excluding the one-time items detailed in the Corporate and Other section, Corporate and other operating profit decreased by \$20.7 million. The majority of this decrease was due to a decline in SNL's share of profits in Avance Gas Holding Limited (AGHL), which decreased by \$15.8 million due to the sharp decline in the LPG market in 2016, as well as lower operating results at Stolt Bitumen Services.

Operating Revenue

Operating revenue was \$1,879.9 million in 2016, which was \$103.8 million, or 5.2%, lower than 2015, mainly due to lower freight revenues in Tankers from fewer trading days, lower freight rates and higher bunker surcharge rebates, as well as lower freight rates and demurrage revenue at Stolt Tank Containers. This was partially offset by higher operating revenue at Stolthaven Terminals due to increased capacity and utilisation and higher market prices for turbot at Stolt Sea Farm.

Stolt Tankers' revenue decreased by \$75.8 million mainly due to \$57.4 million lower freight revenue, as available deep-sea tonnage decreased, with one N30-class ship and four K40-class ships being recycled at the end of their economic lives, while the arrival of the C38

newbuildings was delayed. In addition, bunker surcharge rebates to customers in accordance with bunker clauses in Contracts of Affreightment (COA) were \$13.6 million higher.

Stolthaven Terminals' revenue increased by \$17.3 million versus 2015, an increase of 8.0%. The improvement reflected an increase in average storage capacity in Newcastle in Australia, Singapore, Dagenham in the U.K. and Moerdijk in the Netherlands, and an increase in the average utilisation rate to 90.2% in 2016 from 86.8% in 2015.

Stolt Tank Containers' revenue decreased by \$34.6 million, a decline of 6.8%. Shipment increases of 3.0% were more than offset by a reduction in shipment margins as a result of increased competition, combined with lower pass-through revenue due to lower ocean freight and fuel costs in most regions. An increase in India domestic shipments, which are shorter and have lower transportation rates, also impacted revenue. In addition to the lower transportation rates, there was a reduction in demurrage revenue of \$6.2 million, as customers increased their focus on managing logistics costs in the current economic climate.

Stolt Sea Farm's operating revenue increased by \$8.1 million from 2015 due to the higher market prices for turbot and the increased volumes of sole coming from the Iceland farm.

Corporate and Other operating revenue included revenue from Stolt Bitumen, which decreased to \$43.2 million in 2016 from \$62.1 million in 2015 as a result of decreased trading of bitumen.

Gross Profit

SNL's gross profit increased by \$16.8 million to \$404.5 million, up 4.3% compared with 2015, reflecting improved market conditions and lower bunker prices in Stolt Tankers, partially offset by falling gross profit in Stolt Tank Containers and Stolt Bitumen.

Stolt Tankers' gross profit increased by \$8.0 million to \$202.8 million. The increased gross profit was primarily due to lower bunker costs net of higher bunker surcharge rebates, positive bunker hedge results, and lower time charter expenses and port charges. Largely offsetting this was lower freight revenue as discussed above. There was also a negative impact from accelerated depreciation due to low steel prices impacting residual values on ships to be recycled.

Gross profit for Stolthaven Terminals was \$77.1 million in 2016, compared with \$57.0 million, an increase of \$20.1 million. Excluding the one-time adjustments discussed in the Terminals section below, gross profit increased by \$18.0 million from the impact of increased capacity, an increase in the average utilisation rate and lower operating expenses, partly offset by higher depreciation as a result of adding extra capacity.

Stolt Tank Containers saw a decrease in gross profit of \$16.0 million from the prior year due in large part to the declining market conditions and margin pressure caused by increased price competition, combined with an over-supply of tank containers in the market. This was partially offset by a reduction in costs of freight and the empty repositioning of tank containers.

Stolt Sea Farm's gross profit increased by \$14.4 million as a result of the higher market prices for turbot and a fair value gain on inventories of \$7.6 million in 2016, versus a loss of \$1.3 million in 2015.

Corporate and Other included Stolt Bitumen, which reported a \$5.3 million reduction in gross profit as a result of decreased trading of bitumen and impairment of Stolt Bitumen accounts receivable of \$4.2 million.

Share of Profit of Joint Ventures and Associates

SNL's share of the profits from non-consolidated joint ventures and associates in 2016 was \$33.6 million, down from \$49.9 million in 2015.

Stolt Tankers' share of profit from joint ventures was comparable to 2015. The deep-sea joint venture NYK Stolt Tankers S.A. showed a decrease in profits as *Stolt Sapphire*, one of the ships in the joint venture, was recycled in early February, but this was more than offset by an increase in profits from the other deep-sea joint venture, Gulf Stolt Tankers DMCCO, of which all four ships went through their first planned drydocking during 2015.

Stolthaven Terminal's share of profit from joint ventures and associates decreased by \$5.6 million as a result of lower equity income in Lingang, China. The terminal joint venture in Lingang was temporarily closed after an explosion in the port of Tianjin in August 2015. New operational permits were received from the Chinese government in the course of 2016, but regaining business is ongoing. In addition, the joint venture with Oiltanking in Antwerp had lower equity income as a result of higher depreciation in 2016 and non-recurring revenue in 2015.

Stolt Tank Containers' share of profit from joint ventures and associates increased by \$0.8 million on the investments in joint-venture depots in Saudi Arabia and the UAE, offset slightly by losses in the India domestic joint venture, as the business is being established.

Corporate and Other's share of profit in joint ventures and associates decreased by \$11.6 million, as a result of equity pick-up of losses on the investment in AGHL.

Administrative and General Expenses

Administrative and general expenses were \$207.2 million in 2016, up from \$206.4 million in 2015, an increase of \$0.8 million. This was primarily due to regular salary increases, additional employees and \$2.2 million higher legal and other consulting fees due to the Jo Tankers (JoT) acquisition, offset by lower office costs and lower profit-sharing expenses.

U.S. Pension Curtailment Gain

SNL recorded a \$19.8 million gain on the curtailment of its U.S. pension plan in 2015.

U.S. Defined Pension Plan Gain

SNL recognised a one-time settlement gain of \$3.8 million for the cash-out for certain previously terminated participants vested in the frozen defined benefit scheme in the United States.

Restructuring Expenses

SNL recorded restructuring expenses of \$4.1 million in 2015 related to the 2015 closure of the Norwalk, Connecticut office.

Loss on Disposal of Assets, Net

SNL recorded a net loss on disposal of assets of \$0.1 million in 2016 and \$1.2 million in 2015.

Other Operating Income and Other Operating Expense

Other operating income was \$1.1 million in 2016 and was \$0.8 million in 2015.

Other operating expense was \$3.8 million in 2016 and \$0.4 million in 2015. The increase of \$3.4 million was due to the impairment of receivables of customers of Stolt Bitumen and of a long-term advance from Stolt LNGaz Ltd.

Finance Expense

Finance (interest) expense was \$106.1 million in 2016, up from \$105.6 million in 2015.

Finance Income

Finance income was lower by \$1.9 million in 2016, compared with 2015.

Foreign Currency Exchange Gain (Loss)

In 2016 SNL had a foreign exchange loss of \$1.6 million, compared with a \$0.4 million gain in 2015.

Other Non-operating Income (Expense)

Non-operating income of \$2.3 million in 2016 compared favourably with non-operating income of \$1.9 million in 2015. Dividends from Golar were \$1.3 million in 2016 versus \$1.9 million in 2015.

Income Tax Expense

Income tax expense was \$1.6 million higher in 2016 than in 2015, mainly due to a higher tax charge on the improved performance of the Sea Farm division, partially offset by the 2015 tax on the large pension curtailment gain.

Non-controlling Interest

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

ACQUISITION OF JO TANKERS

SNL announced on July 18, 2016 that it had agreed to acquire 100% of the equity relating to the chemical tanker operations of JoT. The transaction comprises 13 chemical tankers in service and a 50% share in Hassel 4 AS (Hassel 4) with two newly delivered ships and six newbuildings. The total purchase consideration for the net assets acquired was \$295.6 million, including the share of the progress payments on the newbuildings in the joint venture. Funding for the transaction has been secured with a combination of bridge financing, secured term loans and available corporate funds. The acquisition was completed on November 23, 2016.

Since the transaction was completed close to the year end, the purchase consideration, fair values and the purchase price allocation are preliminary and could be subject to change. As permitted under IFRS 3, if new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, then the accounting for this acquisition may be revised.

SNL entered into the acquisition to address the tonnage replacement needs of SNL's existing chemical tanker fleet for the next several years. Further, the acquisition will add new trade routes and expand SNL's presence in key trade-lanes, enabling SNL to better serve the needs of its global customer base. The acquisition will also provide some cost savings in relation to shore-based staff.

The Hassel 4 newbuildings included in the transaction consist of eight all stainless steel eco-friendly ships of 33,000 dwt on order from New Times Shipbuilding in China, the first of which was delivered in early July 2016

and the second in October 2016. The six remaining newbuildings are expected to be delivered in 2017 and 2018.

For details of the Preliminary Purchase Consideration and Preliminary Purchase Price Allocation, see Note 34 of the consolidated financial statements.

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 the other segments.

	For the years ended	
(in thousands)	November 30, 2016	November 30, 2015
Operating revenue:		
Stolt Tankers	\$ 1,060,861	\$ 1,136,654
Stolthaven Terminals	234,712	217,422
Stolt Tank Containers	475,704	510,277
Stolt Sea Farm	65,382	57,317
Corporate and Other	43,246	62,068
Total	\$ 1,879,905	\$ 1,983,738
Operating profit:		
Stolt Tankers	\$ 138,364	\$ 122,222
Stolthaven Terminals	53,009	38,908
Stolt Tank Containers	48,193	63,309
Stolt Sea Farm	14,069	406
Corporate and Other	(21,797)	21,323
Total	\$ 231,838	\$ 246,168

STOLT TANKERS

Operating Revenue

Operating revenue decreased by \$75.8 million in 2016 from 2015, with deep-sea revenue decreasing by \$71.6 million and regional revenues falling by \$4.2 million. Deep-sea freight, dead freight and demurrage revenue decreased by \$63.7 million, while bunker surcharge rebates to customers increased by \$12.7 million, the latter reflecting a lower average bunker price during the year.

Deep-sea freight revenues decreased due to 4.0% lower volume of cargo carried and a 2.3% lower average rate for these cargoes, primarily a result of the changes in bunker surcharge clauses of new COAs entered into in 2016. Spot rates increased slightly at 1.0% but the percentage of spot cargo decreased by 28.3% between the two years. The effect of the decline in rates was partially offset by a change in cargo mix. Operating days decreased by 4.5%, while utilisation (tons carried per operating day) increased by 0.6%. The lower operating days were mainly due to the recycling of one N30-class ship and four K40-class ships during 2016, while the C38 newbuilding deliveries were delayed.

Regional fleet revenue decreased by \$4.2 million, reflecting lower utilisation in the European coastal fleet and the fact that the 2015

revenues of the European inland tanker fleet were positively impacted by an unusually long period (six months) of low water on the river Rhine.

The average Sailed-In Time-Charter Index for 2016 was 0.77¹, compared with 0.72 for 2015.

As of November 30, 2016, Stolt Tankers owned and/or operated 152 ships and barges, representing 2.66 million deadweight tons (dwt), slightly higher than 2.47 million dwt at the end of 2015.

	Number of ships	Millions of dwt	% of STJS net earnings for the year ended November 30, 2016
Stolt Tankers Joint Service (STJS):			
Stolt-Nielsen Limited (51 owned)	56	1.82	83%
NYK Stolt Tanker S.A.	5	0.15	10%
Hassel Shipping 4	2	0.06	0%
Gulf Stolt Tankers	4	0.18	7%
	67	2.21	100%
Time chartered ships	1	0.02	
Total Stolt Tankers Joint Service	68	2.23	
Ships in regional services (29 owned)	84	0.43	
Total	152	2.66	

On November 23, 2016, SNL acquired the chemical tankers operations of JoT, consisting of 13 chemical tankers and a 50% share in Hassel Shipping 4, a joint venture with eight chemical tanker newbuildings of which two have already been delivered, with the remaining to be delivered in 2017 to early 2018.

Operating Profit

Operating profit increased by \$16.2 million, to \$138.4 million in 2016 from \$122.2 million in 2015. As discussed above, revenues decreased by \$75.8 million, but the decrease in operating expenses of \$94.0 million more than offset this decline. Bunker expenses decreased by \$75.1 million as a result of lower bunker prices. The average price of IFO consumed in 2016 decreased to approximately \$216 per ton from \$336 per ton in 2015. In addition, SNL entered into bunker hedges in early 2016 that resulted in gains of \$7.4 million for the year.

Time charter expenses were \$6.3 million lower, primarily as a result of the acquisition of three previously bareboat ships in the European coastal fleet in the fall of 2015, while port charges were \$4.7 million lower due to fewer port calls and Suez Canal transits. In addition, administrative and general expense was \$5.6 million lower, reflecting the impact of the Norwalk office closure in the U.S. in September 2015. Offsetting this, sublet expenses increased by \$5.6 million because of the tight tonnage situation caused by the recycling of the K40-class ships and the delayed delivery of the C38 newbuildings. Depreciation expenses were up by \$10.3 million due to reductions in residual values for ships to be recycled as well as the delivery of the *Stolt Pride* and acquisition of ships previously time-chartered during 2015 and 2016.

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

STOLTHAVEN TERMINALS

Operating Revenue

Stolthaven Terminals’ revenue increased to \$234.7 million in 2016 from \$217.4 million in 2015. This increase of 8.0% was mainly due to an increase in overall storage capacity by 4.1% and an increase in the average utilisation rate to 90.2% in 2016 from 86.8% in 2015. The increase in the average utilisation rate was mainly due to higher average leased capacity in New Orleans in the U.S., Singapore, Dagenham in the U.K. and Newcastle in Australia.

Total available average capacity at the consolidated terminals increased to 1,672,628 cubic meters in 2016 from 1,607,008 cubic meters in 2015, as a result of adding capacity in Newcastle, Singapore, Dagenham and Moerdijk. Product handled increased to 13.6 million cubic meters in 2016 from 12.9 million cubic meters in 2015. The increase in product handled was related to the increased capacity in New Orleans, Dagenham and Australia, as well as a change in the mix of products at Santos.

Operating Profit

Operating profit increased to \$53.0 million in 2016 from \$38.9 million in 2015. There were a number of one-time items as follows:

(in thousands)	For the years ended	
	November 30, 2016	November 30, 2015
Terminal operating profit before one-time items	\$ 59,202	\$ 47,203
One-time items:		
Goodwill impairment in New Zealand	—	(4,963)
Accelerated depreciation of assets in Australia and New Zealand due to non-renewal of customer leases and contracts	(2,070)	(2,582)
Accelerated depreciation of tank assets in Houston due to loss of a customer	(871)	—
Impairment of operational software	(3,252)	(750)
Terminal operating profit	\$ 53,009	\$ 38,908

The increase of \$12.0 million before the one-time items was mainly due to an increase in overall storage capacity, an increase in the average utilisation rate and lower operating expenses, partially offset by higher depreciation as a result of adding extra capacity, and lower share of profit from joint ventures.

Operating expenses decreased to \$100.1 million in 2016 from \$102.4 million in 2015. This was the result of various cost-saving

initiatives, lower insurance and customer claims in Houston as a result of improved operations, and less utility cost in New Orleans as a result of contract renegotiations with suppliers.

Excluding the one-time items noted above, depreciation and amortisation expense increased by \$1.6 million. This increase was mainly due to additional capacity in Newcastle, Singapore, Dagenham and Moerdijk.

Share of profit of Stolthaven Terminals’ joint ventures and associates decreased by \$5.6 million mostly as a result of lower equity income in Lingang, China. The terminal joint venture in Lingang was closed for the full year after an explosion in the port of Tianjin in August 2015. New operational permits were received from the Chinese government in 2016, but regaining business is ongoing. In addition, the joint venture with Oiltanking in Antwerp had lower equity income as a result of higher depreciation expense from a capacity expansion and a prior-year non-recurring release of deferred revenue that more than offset the higher revenues from the expansion.

STOLT TANK CONTAINERS (STC)

Operating Revenue

Stolt Tank Containers’ revenue decreased to \$475.7 million in 2016 from \$510.3 million in 2015, a reduction of 6.8%. This was primarily due to margin pressure on transportation rates as a result of increased price competition. Revenue was also impacted by a reduction in demurrage revenue of \$6.2 million.

In 2016, STC handled 120,210 tank container shipments, compared with 116,719 shipments in 2015, which represents a 3.0% increase. Average utilisation decreased to 68.5% in 2016, from 70.1% in 2015. The fleet decreased slightly to 34,564 tank containers at the end of 2016 versus 35,369 tank containers at the end of 2015, due to the recycling of some older units.

STC’s rates in most major markets declined because of the effects of strong price competition combined with lower pass-through of ocean freight and trucking costs, as well as an increase in intra-regional shipments, which have lower transportation rates. STC’s rates were also impacted by the strong U.S. dollar.

Operating Profit

Stolt Tank Containers’ operating profit decreased to \$48.2 million in 2016 from \$63.3 million in 2015. There was a \$15.1 million decrease in operating profit, with operating margins decreasing to 10.1% in 2016 from 12.4% in 2015. The decrease in operating margin was primarily due to margin pressure from strong competition, as well as the decrease in demurrage revenue, combined with sluggish market conditions. Also impacting operating profit was an increase in depreciation as a result of the recent addition of new tank containers and depot investments.

STOLT SEA FARM (SSF)

Operating Revenue

Stolt Sea Farm’s revenue increased by \$8.1 million, or 14.1%, to \$65.4 million in 2016 from \$57.3 million in 2015, primarily due to the higher market prices for turbot. Turbot prices were up by 13.7% on average for the year while volumes were up 2.3% from 2015. Sole volumes increased by 20.8%, as a consequence of the Icelandic sole farm increasing production. Caviar volumes decreased by 8.0% in 2016, compared with 2015, while prices improved by 6.2%.

Operating Profit

Stolt Sea Farm reported an operating profit of \$14.1 million in 2016 versus an operating profit of \$0.4 million in 2015, a year-over-year increase of \$13.7 million. Of the total change, \$8.9 million represented the positive impact of the fair market value adjustment on the biological assets between the periods. The remaining increase of \$4.8 million was the result of higher turbot market prices, as operating expenses remained steady.

CORPORATE AND OTHER

Corporate and Other operating loss was \$21.8 million, compared with the prior year profit of \$21.3 million. There were the following one-time items:

(in thousands)	For the years ended	
	November 30, 2016	November 30, 2015
Corporate and other operating profit before one-time items	\$ (14,078)	\$ 6,582
One-time items:		
U.S. pension curtailment gain	—	19,813
Acquisition costs of JoT	(2,200)	—
Impairment of accounts receivable at Stolt Bitumen	(4,200)	—
Write-down of investment and advance in Stolt LNGaz Ltd.	(1,319)	(1,818)
Gain on sale of AGHL shares	—	3,032
Restructuring charges for the Norwalk office	—	(4,132)
Tax effect	—	(2,154)
Corporate and other operating profit	\$ (21,797)	\$ 21,323

Excluding these one-time items, Corporate and other operating profit decreased by \$20.7 million. The majority of this decrease was due to SNL’s share of profits in AGHL falling by \$15.8 million, reflecting the sharp decline in the LPG market in the current year, as well as lower operating results at Stolt Bitumen Services.

LIQUIDITY AND CAPITAL RESOURCES

(in thousands) 2016 2015

Summary Cash Flows

Net cash provided by operating activities:		
Net profit	\$ 113,237	\$ 133,104
Depreciation, impairment and amortisation	234,071	222,030
Share of profit of joint ventures and associates	(33,599)	(49,887)
Loss on disposal of assets	137	1,170
Finance expense and income	103,616	101,215
Income tax expense	15,707	14,135
Other adjustments to reconcile net profit to net cash from operating activities	(14,435)	(17,795)
Changes in working capital assets and liabilities	(1,788)	(20,504)
Contributions to defined benefit pension plans	(2,274)	(3,853)
Dividends from joint ventures and associates	28,604	21,701
Other, net	2,758	(369)
Cash generated from operations	446,034	400,947
Net interest paid, including debt issuance costs	(116,449)	(103,517)
Income taxes (paid) refunded	(7,805)	1,761
Net cash from operating activities	\$ 321,780	\$ 299,191

Cash flows used in investing activities:		
Capital expenditures	(289,039)	(286,287)
Purchase of intangibles	(2,081)	(2,178)
Deposit for newbuildings	(36,475)	(21,885)
Purchase of Golar shares	(3,513)	(99,871)
Business acquisition of JoT and pre-acquisition advance	(249,669)	—
Investment in and advances to joint ventures and associates	(3,812)	(6,426)
Proceeds from sale of ships and other assets	32,033	53,771
Other	(108)	10,253
Net cash used in investing activities	\$ (552,664)	\$ (352,623)

Net cash provided by financing activities:		
Increase (decrease) of uncommitted credit lines	8,100	(215,800)
Repayment of long-term debt and finance lease obligations	(644,746)	(273,825)
Proceeds from issuance of long-term debt	942,596	663,389
Principal payments on capital leases	(96)	(89)
Purchase of Treasury shares	(1,715)	(26,687)
Dividends paid	(55,096)	(56,696)
Net cash provided by financing activities	\$ 249,043	\$ 90,292

Effect of exchange rate changes on cash	(2,920)	(4,521)
Net increase in cash and cash equivalents	\$ 15,239	\$ 32,339

LIQUIDITY AND CAPITAL RESOURCES CONTINUED
Net Cash Provided by Operating Activities

In 2016, SNL generated cash from operations of \$321.8 million, compared with \$299.2 million in 2015. The increase in cash generated from operations was due to an improvement in operations at Stolt Tankers and Stolthaven Terminals and higher dividends from joint ventures, partially offset by higher interest and taxes paid.

Net Cash Used for Investing Activities

Cash used in investing activities was \$552.7 million in 2016, compared with \$352.6 million in 2015.

The most significant uses of cash for investing during 2016 were:

- capital expenditures of \$289.0 million, which were \$2.8 million higher than in 2015
- deposits of \$36.5 million for newbuildings, which were \$14.6 million higher than in 2015
- business acquisition of JoT for \$240.2 million and pre-acquisition advance to J.O. Invest AS for \$9.5 million
- equity contributions and advances to the Company's joint ventures and associates for \$3.8 million
- acquisition of 149,500 shares of Golar LNG limited shares for \$3.5 million

Offsetting the uses of cash were proceeds from the sale of ships and other assets of \$32.0 million, compared with \$53.8 million in 2015.

Capital expenditures by business are summarised below:

(in thousands)	For the years ended	
	November 30, 2016	November 30, 2015
Stolt Tankers	\$ 148,054	\$ 90,660
Stolthaven Terminals	101,833	133,020
Stolt Tank Containers	31,787	49,910
Stolt Sea Farm	3,421	3,336
Corporate and Other	3,944	9,361
Total SNL	\$ 289,039	\$ 286,287

SNL spent \$289.0 million on property, plant and equipment. Cash spent during the year primarily reflected:

- \$99.8 million on terminals capital expenditures
- \$31.8 million on the acquisition of tank containers and towards the construction at depots
- final payment on delivery of the *Stolt Pride* of \$49.9 million
- the acquisition of three 12,000 dwt, stainless steel tankers previously on bareboat charter to Stolt Tankers for \$58.9 million
- \$17.4 million on drydocking of ships

Net Cash Provided by Financing Activities

Net cash provided by financing activities totalled \$249.0 million in 2016, compared with \$90.3 million in 2015.

The principal uses of cash for financing activities in 2016 were:

- \$55.1 million in dividend payments, versus \$56.7 million in 2015
- \$644.7 million in repayment of long-term debt and finance leases, compared with \$273.8 million in 2015
- \$1.7 million purchase of Treasury shares, versus \$26.7 million in 2015

The significant cash sources from 2016 financing activities were an \$8.1 million increase in drawdowns on the Company's uncommitted revolving credit line and net proceeds of long-term debt issuances of \$942.6 million, compared with \$663.4 million in 2015. The 2016 debt issuances included \$340.0 million under the \$650.0 million revolving credit line, \$129.7 million from bond issuances, \$131.3 million facility secured by tank containers, \$110.0 million top-off tranche added to an existing facility with Danish Ship Finance A/S, \$57.2 million drawdown upon the delivery of M/T *Stolt Pride*, \$50.0 million share pledge facility, \$75.0 million unsecured bridge facility, \$10.6 million secured by the Singapore terminal, \$23.8 million on a facility secured by the Australasia terminals, and \$10.9 million in loans at Stolt Sea Farm.

INDEBTEDNESS

SNL's total consolidated debt was \$2,353.2 million as of November 30, 2016 and \$1,751.3 million on November 30, 2015, as set forth in the table below:

(in thousands)	As of November 30	
	2016	2015
Long-term debt (including current portion)	\$ 2,005,125	\$ 1,751,331
Committed revolver, included in long-term debt	340,000	—
Uncommitted short-term bank loans	8,100	—
Total debt on consolidated financial statements	2,353,225	1,751,331
Available unused facilities:		
Committed revolver	310,000	416,354
Uncommitted short-term bank loans	85,000	110,000
Total unused facilities	395,000	526,354
Total debt and unused facilities	\$ 2,748,225	\$ 2,277,685

Short-Term Debt

Short-term debt consists of debt obligations to banks under uncommitted lines of credit and bank overdraft facilities. SNL classifies its committed revolving credit agreement as long-term debt, as there is no expectation of settlement within 12 months. Amounts borrowed pursuant to these facilities bear interest at rates ranging from 1.8% to 3.2% in 2016 and 1.8% to 2.8% in 2015. The weighted average interest rate was 2.8% and 2.6% for the years ended November 30, 2016 and 2015 respectively. As of November 30, 2016, the available committed revolver amounted to \$310.0 million. Future availability is dependent on the amount of available collateral. Collateral values vary with fluctuations in ship prices. In addition, the Company has access to \$93.1 million of uncommitted lines and overdraft facilities, for which \$85.0 million is unused. These can be withdrawn by the banks on short notice.

Long-Term Debt

Long-term debt consists of debt collateralised by mortgages on the Company's ships, tank containers and terminals, as well as the \$552.5 million (\$704.0 million or NOK 4,700 million before the effect of the cross-currency interest rate swaps) unsecured bond financing. It does not include the off-balance sheet arrangements discussed below. SNL's long-term debt was \$2,345.1 million and \$1,751.3 million as of November 30, 2016 and 2015, respectively, as set forth below:

(in thousands)	As of November 30	
	2016	2015
Long-term debt	\$ 2,345,125	\$ 1,751,331
Less: Current maturities	(548,874)	(323,422)
	\$ 1,796,251	\$ 1,427,909

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

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

(in thousands)	2016	2015
Increase in cash and cash equivalents for the year	\$ (15,239)	\$ (32,339)
Cash inflow from increase in debt	950,696	663,389
Cash outflow from repayments of debt and finance leases	(644,842)	(489,713)
Change in net debt resulting from cash flows	290,615	141,337
Assumption of JoT debt upon acquiring JoT	189,753	—
Currency movements	117,529	(131,239)
Debt issuance costs and other movements	(11,242)	(2,918)
Movement in net debt in the year	586,655	7,180
Opening net debt	1,673,786	1,666,606
Closing net debt	\$ 2,260,441	\$ 1,673,786

During 2016, SNL met its liquidity needs through a combination of cash generated from operations, borrowings from commercial banks, issuance of bonds and proceeds from the sale of assets.

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

Ships, terminals 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 \$32.0 million in 2016, versus \$53.8 million in 2015.

SNL's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. SNL monitors capital on the basis of the ratio of debt to tangible net worth (shareholders' equity less intangible assets, non-controlling interests and other components of equity). At November 30, 2016, shareholders' equity increased by \$54.4 million from November 30, 2015. This was primarily due to a net profit of \$113.1 million and income from cash-flow hedges of \$26.3 million, partially offset by the payment of dividends of \$55.3 million, and the change in other comprehensive income from foreign exchange, pension and equity instruments of \$28.2 million. While tangible net worth increased, the increase in debt discussed in the previous pages resulted in the debt to tangible net worth ratio rising to 1.49 at November 30, 2016 from 1.14 at November 30, 2015. This is below the 2.00 threshold included as a debt covenant in most of the Group's debt agreements.

As of November 30, 2016, SNL directly owned 82 ships and barges (including two bitumen ships) having a total net book value of \$1,799.7 million. Of the 82 total ships and barges, seven ships and seven barges with a total net book value of \$74.1 million were unencumbered, while 68 ships with a total net book value of \$1,725.6 million were collateralising total credit facilities of \$1,271.3 million, of which \$961.3 million was drawn down at year end. As of November 30, 2016, SNL also owned 7,860 tank containers that are unencumbered and 19,231 that are collateralising secured borrowing of \$283.4 million. SNL tank containers have a total net book value of \$336.9 million.

In addition, as of November 30, 2016, SNL had 15 wholly-owned terminals. The 100% owned Singapore terminal has secured bank loans with \$127.0 million remaining at November 30, 2016 and the Australasia terminals have secured a bank loan with \$65.3 million outstanding. There was no repayment in 2016 of the \$250.0 million AIG loan for which the Houston terminal is security. As of November 30, 2016, SNL owned four terminals (New Orleans, Santos, Dagenham and Moerdijk) that were unencumbered, with a total net book value of \$325.6 million, compared with \$311.2 million in November 30, 2015.

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 \$321.7 million at November 30, 2016, compared with \$397.2 million at November 30, 2015. As of November 30, 2016, SNL was obligated to make payments under long-term operating lease agreements for tankers, terminal facilities, tank containers, barges, computer and office equipment and offices. Certain of the leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

Time Charter of Ships

SNL has entered into agreements with various Japanese ship owners for time charters of nine ships with stainless steel tanks. Over the last five

years, SNL has purchased seven of these ships and two ships remain on time charter. The remaining time charters are for an initial period of 36 to 96 months and include the option for SNL to extend the agreements for up to nine additional years. SNL also has the option to purchase each ship at predetermined prices at any time after three years from the delivery of the ship. One ship was redelivered in November 2016. The remaining ship’s operating lease commitment for the initial period of approximately \$8.1 million is included in the \$321.7 million lease commitment below.

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, 2016, SNL’s other purchase obligations were not material. The following summarises SNL’s significant contractual obligations as of November 30, 2016, 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)	\$ 2,380,097	\$ 551,105	\$ 470,418	\$ 490,911	\$ 867,663
Short-term debt	8,100	8,100	—	—	—
Finance leases	241	96	145	—	—
Operating leases	321,736	75,823	110,361	35,005	100,547
Committed capital expenditures	245,590	245,046	544	—	—
Long-term fixed rate debt interest payments	164,620	29,627	48,955	39,417	46,621
Long-term variable rate debt interest payments	203,449	65,070	90,346	37,618	10,415
Derivative financial liabilities (2)	205,414	18,178	102,038	85,114	84
Pension and post-retirement benefit obligations (3)	2,465	2,465	—	—	—
Total contractual cash obligations:	\$ 3,531,712	\$ 995,510	\$ 822,807	\$ 688,065	\$ 1,025,330

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, 2016. Derivative financial liabilities are based on undiscounted cash flows.
3. Pension and post-retirement benefits contributions—SNL includes these amounts based on current estimates of contributions to the pension plans that may be required. The Company has not disclosed possible payments beyond the next 12 months due to the significant difficulty in forecasting these amounts with any accuracy.

FINANCIAL RISK MANAGEMENT

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

CRITICAL ACCOUNTING ESTIMATES

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

- Business combination
- Voyage revenue and costs;
- Ship depreciation and residual values;
- Impairment review of ships, chemical tankers and barges;
- Goodwill impairment testing;
- Investments in joint ventures and associates;
- Biological assets; and,
- Pension and other post-retirement benefits.

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

PRINCIPAL RISKS

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

Bunker Fuel and Freight Costs

Bunker fuel constitutes one of the major operating costs of the tanker fleet and price changes can have a material impact on SNL’s results. Although efforts are made to reduce the impact of price changes by passing bunker fuel costs through to customers or through the Company’s bunker hedging programme, a significant portion is incurred solely by the Company. Approximately 78.2% of Stolt Tankers STJS revenue in 2016 was derived from COA. During that same time period, approximately 97.7% 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, either through bunker surcharges included in COA or through hedging. In December 2015, Stolt Tankers entered into a swap program in

order to hedge a significant part of the uncovered portion of the estimated bunker consumption according to the budget for the period up to December 2017. In 2016 this program has yielded \$2.4 million in realised gains (offsetting bunker price increases since the start of the swap program) and \$5.0 million in unrealised gains (mark-to-market of the remaining outstanding swaps).

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

Tanker and Tank Container Industry Risk

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

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

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

PRINCIPAL RISKS CONTINUED

Newbuilding Risk

SNL expends substantial sums during the construction of parcel tanker newbuildings without earning revenue and without assurance that they will be completed on time or at all. SNL has four newbuilding contracts in place with deliveries expected to take place from the first quarter of 2017 onwards and may order additional newbuildings in the future. 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 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 expansion projects at its wholly owned and joint venture terminals. The development of terminal operations and jetties involves significant up-front investment in infrastructure and there are risks inherent in such developments, including political, regulatory, currency exchange, liquidity, financial, contractual and structural risks. The occurrence of one or more of these risk factors could delay the project and result in increased project costs. Different countries carry varying degrees of risk depending on social, cultural, political and financial development and stability. Efforts are made to mitigate these risks by employing local country and regional representatives to act as liaisons with local authorities and to devise appropriate mitigating actions.

Sea Farm Biological Asset Inventory Price Risk

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

The fair value of these assets fluctuates significantly based upon the season, competition, market conditions and existing supply. The fair-value adjustment recognised in the current year was a \$7.6 million increase in operating profit, compared with a \$1.3 million decrease in 2015. There is a risk that the fair value adjustment recognised in a year could negatively impact SNL’s income statement.

Currency Risk

Most of the revenue earned by Stolt Tankers and Stolt Tank Containers is in U.S. dollars, while a significant portion of their operating expenses is incurred in other currencies, primarily the euro, the Norwegian kroner, the Singapore dollar, Chinese renminbi 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 2016, the U.S. dollar appreciated by 1.1% against the euro, causing an increase in profit margins. This risk is partially mitigated through SNL’s foreign currency hedging programme. SNL’s policy is to hedge approximately 50% to 80% of the Company’s expected future foreign currency exposure and 100% of its future committed capital expenditures denominated in foreign currencies.

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, 2016, SNL held 2,188,941 treasury shares. See Note 28 in the consolidated financial statements and Note 11 in the Unconsolidated Stolt-Nielsen Limited Audited Financial Statements included as Appendix 1 of the consolidated financial statements.

Going Concern

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

Subsequent Events

See Note 35 in the consolidated financial statements for significant events occurring after November 30, 2016.

INDEPENDENT AUDITORS’ REPORT TO
THE MEMBERS OF STOLT-NIELSEN LIMITED

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Stolt-Nielsen Limited’s group financial statements (the “financial statements”):

- give a true and fair view of the state of the group’s affairs as at 30 November 2016 and of its profit and cash flows for the year then ended; and
- 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).

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated balance sheet as at 30 November 2016;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in shareholders’ equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law in Bermuda.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Responsibility Statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OTHER MATTER

We have reported separately on the company financial statements of Stolt Nielsen Limited for the year ended 30 November 2016.

PricewaterhouseCoopers LLP

Chartered Accountants

London

February 22, 2017

STOLT-NIELSEN LIMITED
CONSOLIDATED INCOME STATEMENT

(in thousands, except per share data)	Notes	For the years ended November 30,	
		2016	2015
Operating Revenue	3, 4	\$ 1,879,905	\$ 1,983,738
Operating Expenses	5	(1,475,391)	(1,595,984)
Gross Profit		404,514	387,754
Share of profit of joint ventures and associates	16	33,599	49,887
Administrative and general expenses	5	(207,226)	(206,363)
U.S. pension curtailment gain	25	—	19,813
U.S. employee benefit gain	25	3,769	—
Restructuring expenses	20	—	(4,132)
Loss on disposal of assets, net	7	(137)	(1,170)
Other operating income		1,109	826
Other operating expense	5	(3,790)	(447)
Operating Profit		231,838	246,168
Non-Operating Income (Expense):			
Finance expense	8	(106,134)	(105,596)
Finance income	8	2,518	4,381
Foreign currency exchange (loss) gain, net		(1,568)	356
Other non-operating income, net		2,290	1,930
Profit before Income Tax		128,944	147,239
Income tax expense	9	(15,707)	(14,135)
Net Profit		\$ 113,237	\$ 133,104
Attributable to:			
Equity holders of SNL		113,145	132,672
Non-controlling interests		92	432
		\$ 113,237	\$ 133,104

Earnings per Share:

Net profit attributable to SNL shareholders

Basic	31	\$ 2.05	\$ 2.36
Diluted	31	\$ 2.05	\$ 2.36

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

STOLT-NIELSEN LIMITED
CONSOLIDATED STATEMENTS
OF COMPREHENSIVE INCOME

(in thousands)	Notes	For the years ended November 30,	
		2016	2015
Net profit for the year		\$ 113,237	\$ 133,104
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain on pension schemes	25	(7,665)	4,467
Actuarial loss on pension scheme of joint venture	16	(824)	(1,370)
Deferred tax adjustment on actuarial gain (loss) on pension schemes	9	541	(1,404)
Items that may be reclassified subsequently to profit or loss:			
Net loss on cash flow hedges	32	(114,231)	(137,146)
Reclassification of cash flow hedges to income statement	32	137,968	133,093
Net gain (loss) on cash flow hedge held by a joint venture and an associate	16	2,599	(1,902)
Deferred tax adjustment on cash flow hedges	9	(3)	(38)
Exchange differences arising on translation of foreign operations		(6,758)	(83,570)
Deferred tax on translation of foreign operations	9	(883)	2,730
Exchange differences arising on translation of joint ventures and associates	16	(6,293)	(27,100)
Change in value of investment in equity instruments	17	(6,297)	(40,239)
Net loss recognised as other comprehensive income		(1,846)	(152,479)
Total comprehensive income (loss)		\$ 111,391	\$ (19,375)
Attributable to:			
Equity holders of SNL		\$ 111,299	\$ (19,807)
Non-controlling interests		92	432
Total comprehensive income (loss) for the year		\$ 111,391	\$ (19,375)

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

STOLT-NIELSEN LIMITED

CONSOLIDATED BALANCE SHEET

(in thousands)	Notes	As at November 30, 2016	2015
ASSETS			
Current Assets:			
Cash and cash equivalents	10	\$ 92,784	\$ 77,545
Marketable securities	17	11,399	—
Restricted cash	10	87	68
Receivables, net	11	201,634	202,758
Inventories, net	12	5,940	7,678
Biological assets	13	44,027	35,494
Prepaid expenses		52,987	55,301
Derivative financial instrument	32	5,670	—
Income tax receivable	9	1,759	2,369
Asset held for sale	15	1,559	—
Other current assets		49,085	45,193
Total Current Assets		466,931	426,406
Property, plant and equipment	15	3,195,556	2,785,231
Investments in and advances to joint ventures and associates	16	536,654	476,875
Investment in equity instruments	17	56,848	59,632
Deferred tax assets	9	14,653	18,768
Intangible assets and goodwill	18	47,739	43,843
Employee benefit assets	25	3,796	3,745
Derivative financial instruments	32	1,426	—
Deposit for newbuildings		80,200	65,655
Other assets		17,415	14,346
Total Non-current Assets		3,954,287	3,468,095
Total Assets		\$ 4,421,218	\$ 3,894,501

(in thousands)	Notes	As at November 30, 2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term bank loans	22	\$ 8,100	\$ —
Current maturities of long-term debt and finance leases	23	548,874	323,422
Accounts payable	19	71,732	70,254
Accrued voyage expenses		53,199	59,529
Dividend payable	28	27,550	27,623
Accrued expenses		188,128	175,171
Provisions	20	2,292	5,598
Income tax payable	9	8,130	7,158
Derivative financial instruments	32	18,001	142,577
Other current liabilities		26,703	25,561
Total Current Liabilities		952,709	836,893
Long-term debt and finance leases	23	1,796,251	1,427,909
Deferred tax liabilities	9	60,964	58,195
Employee benefit liabilities	25	49,634	47,387
Derivative financial instruments	32	167,639	185,192
Long-term provisions	20	3,575	3,616
Other liabilities		6,858	6,073
Total Non-current Liabilities		2,084,921	1,728,372
Total Liabilities		3,037,630	2,565,265
Shareholders' Equity			
Founder's shares	28	16	16
Common shares		64,134	64,134
Paid-in surplus		150,108	314,754
Retained earnings		1,466,551	1,416,395
Other components of equity		(249,302)	(255,404)
		1,431,507	1,539,895
Less—Treasury shares		(51,486)	(214,416)
Equity Attributable to Equity Holders of SNL		1,380,021	1,325,479
Non-controlling interests		3,567	3,757
Total Shareholders' Equity		1,383,588	1,329,236
Total Liabilities and Shareholders' Equity		\$ 4,421,218	\$ 3,894,501

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

STOLT-NIELSEN LIMITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands)	Common Shares	Founder's Shares	Paid-in Surplus	Treasury Shares	Retained Earnings	Foreign Currency (a)	Hedging (a)	Fair Value (a)	Attributable to Equity Holders of SNL	Non- Controlling Interests	Total
Balance, November 30, 2014	\$ 64,134	\$ 16	\$ 314,754	\$ (189,786)	\$ 1,337,768	\$ (50,914)	\$ (50,318)	\$ —	\$ 1,425,654	\$ 3,325	\$ 1,428,979
Comprehensive income											
Net profit	—	—	—	—	132,672	—	—	—	132,672	432	133,104
Other comprehensive income (loss)											
Translation adjustments, net	—	—	—	—	—	(107,940)	—	—	(107,940)	—	(107,940)
Remeasurement of post-employment benefit obligations, net of tax	—	—	—	—	1,693	—	—	—	1,693	—	1,693
Change in value of investment in equity instruments	—	—	—	—	—	—	—	(40,239)	(40,239)	—	(40,239)
Net loss on cash flow hedges	—	—	—	—	—	—	(5,993)	—	(5,993)	—	(5,993)
Total other comprehensive income (loss)	—	—	—	—	1,693	(107,940)	(5,993)	(40,239)	(152,479)	—	(152,479)
Total comprehensive income (loss)	—	—	—	—	134,365	(107,940)	(5,993)	(40,239)	(19,807)	432	(19,375)
Transactions with shareholders											
Purchase of 1,707,171 Treasury shares	—	—	—	(24,630)	—	—	—	—	(24,630)	—	(24,630)
Cash dividends paid—\$1.00 per Common share (b)	—	—	—	—	(55,669)	—	—	—	(55,669)	—	(55,669)
Cash dividends paid—\$0.005 per Founder's share (b)	—	—	—	—	(69)	—	—	—	(69)	—	(69)
Total transactions with shareholders	—	—	—	(24,630)	(55,738)	—	—	—	(80,368)	—	(80,368)
Balance, November 30, 2015	\$ 64,134	\$ 16	\$ 314,754	\$ (214,416)	\$ 1,416,395	\$ (158,854)	\$ (56,311)	\$ (40,239)	\$ 1,325,479	\$ 3,757	\$ 1,329,236
Comprehensive income											
Net profit	—	—	—	—	113,145	—	—	—	113,145	92	113,237
Other comprehensive income (loss)											
Translation adjustments, net	—	—	—	—	—	(13,934)	—	—	(13,934)	—	(13,934)
Remeasurement of post-employment benefit obligations, net of tax	—	—	—	—	(7,948)	—	—	—	(7,948)	—	(7,948)
Change in value of investment in equity instruments	—	—	—	—	—	—	—	(6,297)	(6,297)	—	(6,297)
Net income on cash flow hedges	—	—	—	—	—	—	26,333	—	26,333	—	26,333
Total other comprehensive (loss) income	—	—	—	—	(7,948)	(13,934)	26,333	(6,297)	(1,846)	—	(1,846)
Total comprehensive income (loss)	—	—	—	—	105,197	(13,934)	26,333	(6,297)	111,299	92	111,391
Transactions with shareholders											
Purchase of 167,000 treasury shares	—	—	—	(1,716)	—	—	—	—	(1,716)	—	(1,716)
Transfer of treasury shares	—	—	(164,646)	164,646	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	—	(282)	(282)
Cash dividends paid—\$0.50 per Common share (c)	—	—	—	—	(54,964)	—	—	—	(54,964)	—	(54,964)
Cash dividends paid—\$0.005 per Founder's share (c)	—	—	—	—	(77)	—	—	—	(77)	—	(77)
Total transactions with shareholders	—	—	(164,646)	162,930	(55,041)	—	—	—	(56,757)	(282)	(57,039)
Balance, November 30, 2016	\$ 64,134	\$ 16	\$ 150,108	\$ (51,486)	\$ 1,466,551	\$ (172,788)	\$ (29,978)	\$ (46,536)	\$ 1,380,021	\$ 3,567	\$ 1,383,588

(a) Other components of equity on the balance sheet of \$249.3 million and \$255.4 million at November 30, 2016 and 2015, respectively, are composed of Foreign currency, Hedging and Fair value.

(b) The \$55.7 million is the 2014 final and 2015 interim dividend for common shares and \$0.1 million for Founder's shares.

(c) The \$55.0 million is the 2015 final and 2016 interim dividend for common shares and \$0.1 million for Founder's shares.

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

STOLT-NIELSEN LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Notes	For the years ended November 30,	
		2016	2015
Cash generated from operations	33	\$ 446,034	\$ 400,947
Interest paid		(101,844)	(100,746)
Interest received		1,229	1,313
Debt issuance costs		(15,834)	(4,084)
Income taxes (paid) refunded		(7,805)	1,761
Net cash generated by operating activities		321,780	299,191
Cash flows from investing activities:			
Capital expenditures		(289,039)	(286,287)
Purchase of intangible assets	18	(2,081)	(2,178)
Business acquisition, net of cash acquired	34	(240,169)	—
Pre-acquisition advance to J.O. Invest A.S.	34	(9,500)	—
Purchase of Golar LNG Limited shares	17	(3,513)	(99,871)
Deposit for newbuildings		(36,475)	(21,885)
Proceeds from sales of ships and other assets		32,033	53,771
Refund of progress payments on newbuildings	26	—	10,953
Investment in joint ventures and associates	16	(11,896)	(20,079)
Repayments from joint ventures and associates, net	16	8,084	13,653
Other investing activities, net		(108)	(700)
Net cash used in investing activities		(552,664)	(352,623)
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans, net	22	8,100	(215,800)
Proceeds from issuance of long-term debt	23	942,596	663,389
Repayment of long-term debt	23	(644,746)	(273,825)
Finance lease payments	23	(96)	(89)
Purchase of Treasury shares	28	(1,715)	(26,687)
Dividends paid	28	(55,096)	(56,696)
Net cash provided by financing activities		249,043	90,292
Effect of exchange rate changes on cash		(2,920)	(4,521)
Net increase in cash and cash equivalents		15,239	32,339
Cash and cash equivalents at beginning of year		77,545	45,206
Cash and cash equivalents at end of year		\$ 92,784	\$ 77,545

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

STOLT-NIELSEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Group is also engaged in the seafood business, which is carried out through Stolt Sea Farm (“SSF”), and produces, processes and markets turbot, sturgeon, caviar and sole. Furthermore, the Group has an operation for the trading, storage and distribution of bitumen and, through Avance Gas Holding Ltd (“AGHL”), an 8.61% owned associate, the transportation of Liquefied Petroleum Gas (“LPG”). In 2015, the Group invested in 2.3% of Golar LNG Limited (“Golar”), which is an independent owner and operator of liquid nitrogen gas (“LNG”) carriers, and is pursuing other opportunities in the LNG industry.

The Group completed its acquisition of the chemical tanker operations of J.O. Invest A.S. (“JOI”) on November 23, 2016. The transaction comprises 13 chemical tankers and a 50% share in a joint venture with two newly delivered and six newbuildings. See Note 34 for details on this acquisition.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union (“IFRSs”).

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 U.S. dollar. The functional currency of the Company is the U.S. 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 attached.

Basis of measurement

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

Basis of consolidation

Subsidiaries

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

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

Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

Other Significant Accounting Policies

Accounting policies for individual balance sheet and income statement accounts are included in the respective footnotes and are consistent with the year ending November 30, 2015.

New standards

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

IFRS 15, Revenue from Contracts with Customers, establishes the principles that an entity shall use to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It is effective for periods after January 1, 2018.

IFRS 16, Leases (“IFRS 16”), was issued on January 13, 2016 and requires lessees to recognise assets and liabilities for most leases. This will result in an increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low-value assets. IFRS 16 will have a material impact on the financial statements of the Group and management is in the process of quantifying this impact for future disclosure in the financial statements. This accounting standard will be applicable to the Group for the year ending November 30, 2020.

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

Accounting policies that became effective during the year

The new or amendments to standards which became effective for the Group in 2016 are noted below.

IFRS 9 – Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9, Financial Instruments (“IFRS 9”). IFRS 9 was approved by the European Financial Reporting Advisory Group on November 28, 2016. The effective date for IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The Group decided to early adopt IFRS 9 with effect from December 1, 2015. The requirements of IFRS 9 represent a change from IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). The key changes to the Group’s accounting policies resulting from its adoption of IFRS 9 are as follows.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment at November 30, 2016, the Group does not believe that the new classification requirements would have a material impact on its accounting for trade receivables, loans, investments in debt securities, advances to joint ventures and other loans and advances. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

The only impact of the classification was for investments in equity instruments. At November 30, 2016, the Group had an equity investment in Golar, which was classified as available-for-sale with a fair value of \$56.8 million and held for long term strategic purposes. The available-for-sale classification has been removed from IFRS 9 and the Group has to elect whether to classify this equity investment as FVTPL or FVTOCI. Since this investment continues to be held for the same purpose at initial application of IFRS 9, the Group has elected to classify it as FVTOCI. No other changes were made to the classification of financial assets as a result of the transition to IFRS 9 and, as a result, there was no change in the measurement basis of any financial assets held.

In the case of investments in debt instruments which were acquired as a part of the acquisition of Jo Chemical Tankers AS and its subsidiaries (“JoT”), the Group has elected to classify them as FVTPL since these are not considered to be long term strategic investments. All fair value gains and losses on these investments will be recognised in profit or loss as they arise.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except the new hedge accounting requirements have not been applied due to the exemption under IFRS 9. When initially applying IFRS 9, the Group has chosen as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements under IFRS 9.

There were no adjustments required to net assets as at December 1, 2014, to comprehensive income for the year ended November 30, 2015 nor to net assets as at November 30, 2015 as a result of the transition to IFRS 9. Accordingly, a third balance sheet as at December 1, 2015 has not been presented.

Critical accounting judgements and key sources of estimation uncertainty

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

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

STOLT-NIELSEN LIMITED
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

continued

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

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ From Assumptions
BUSINESS COMBINATION		
In accordance with IFRS 3 – Business Combinations, the Group allocates the purchase price of an acquired business to its identifiable assets and liabilities and contingent liabilities assumed based on estimated fair values.	The purchase price allocation methodology contains uncertainties because it requires management to make assumptions and to apply judgment to estimate the fair value of acquired assets and liabilities. Management estimates the fair value of assets and liabilities based upon quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses.	During 2016, the Group completed its most significant acquisition of JoT for an enterprise value of \$575.0 million.
The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill.		See Note 34 for the Preliminary Purchase Price allocation.
The Group uses all available information to estimate fair values. In the case of significant transactions, the Group engages external appraisal firms to assist in the fair value determination of significant assets or liabilities. The Group adjusts the Preliminary Purchase Price allocation, as necessary, up to one year after the acquisition date as more information is obtained regarding asset valuations and liabilities assumed.	Unanticipated events or circumstances may occur which could affect the accuracy of the fair value estimates, including assumptions regarding industry economic factors and business strategies.	If the discount rate used in the determination of fair value was increased by 1%, the value of the net assets acquired would decrease by \$33.8 million and goodwill would increase by the same amount. If the discount rate was decreased by 1%, the fair value of net assets acquired would increase by \$38.0 million resulting in a negative goodwill of \$32.3 million.
		A 1% increase in Sailed-In Rate would increase the value of the net assets acquired by \$11.2 million and result in a small negative goodwill of \$5.5 million. A reduction in the Sailed-In Rate by 1% would reduce the value of the net assets acquired by \$11.2 million with a goodwill of \$16.8 million.
Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ From Assumptions
VOYAGE REVENUE AND COSTS		
The Group generates a majority of its revenues through its tanker segment from the transportation of liquids by sea and inland water under contracts of affreightment or through contracts on the spot market. Tankers follow the percentage of completion method with operating revenue and expenses recognised on each voyage leg. When computing the voyage revenue and costs, this recognition is first based on “budgeted voyage legs” that are reviewed and updated annually. After the voyage legs have begun they are updated for actual results and the latest updated estimates.	In applying the percentage of completion method, the revenues and expenses for voyages still in progress at the end of the reporting period are estimated and prorated over the period of the voyage leg. A voyage comprises one or more “voyage legs.” For each voyage leg, estimates are made of revenue and related costs based on available actual information, current market parameters such as fuel cost and customer contract portfolios, and relevant historical data such as port costs.	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.
	Revenue and cost estimates are updated continually through the voyage to account for changes in voyage patterns, to include the most up-to-date data and to finalise revenues and expenses.	Management does not believe there would be a material change if the percentage of completion method was based upon criteria other than voyage legs. However, if actual results are not consistent with estimates or assumptions, revenues or costs may be over or under-stated.
		At November 30, 2016 and 2015, the accrued voyage expense account was \$42.9 million and \$41.7 million, respectively, in which \$26.4 million and \$23.6 million related to the deferral of revenues.
		Prepaid expenses included \$10.3 million and \$18.5 million of prepaid invoices for voyages in progress applicable to periods subsequent to November 30, 2016 and 2015, 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
SHIP DEPRECIATION AND RESIDUAL VALUES		
Ships are depreciated on a straight-line basis over the ships’ estimated useful lives, after reducing for the estimated residual values.	Depreciation is based on the cost of the different components of the ships less their residual values and the estimated useful lives for similar ships in the industry. The key judgements and estimates involved are:	If the estimated economic useful life is incorrect, or circumstances change such that the estimated economic useful life has to be revised, an impairment loss or additional depreciation expense could result in future periods.
Estimated useful lives are based on past experience, expected future performance of the ships and management’s estimate of the period over which the asset will provide economic benefit.	• 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.	A decrease in the useful life of the ship or barge or fall in the residual value would have the effect of increasing the annual depreciation charge and potentially resulting in an impairment loss.
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.	• Residual values are difficult to estimate given the long lives of ships and barges, 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 residual value is over estimated, it would reduce the annual depreciation and overstate the value of the assets.
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.		See Note 15 for further details.

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

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ From Assumptions
IMPAIRMENT REVIEW OF 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 impairment review also includes capital work in progress relating to the newbuildings. As of November 30, 2016, the carrying amount of the Group was more than its market capitalisation. The Tanker ships are tested for impairment on a cash-generating unit (“CGU”) basis. The CGUs identified are the (1) deep-sea fleet plus interdependent regional fleets, (2) regional fleets and (3) European barges, as those are the lowest levels in which the cash flows are independent of other CGUs. Where they are integral to the CGU, leased ships are incorporated into the impairment testing. Management measures the recoverable amount of these assets by comparing their carrying amount to the higher of their fair value less costs of disposal (“FVLCD”) or value in use (“VIU”). VIU calculations prepared for impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. The calculation is based upon the future cash flows over the remaining useful lives of the ships. Calculating the net present value of the future cash flows requires assumptions to be made in respect of highly uncertain matters including management’s expectations of:	The carrying values of the ships in the Tanker fleet may not represent their fair market value at any point in time since the short-term market prices of second-hand ships tend to fluctuate with changes in freight rates and the cost of newbuildings. Both charter rates and newbuilding costs tend to be cyclical in nature. In order to assess impairment, we used projections in the approved budget and five-year plan as the basis for the cash flows used to calculate VIU. Based on management judgement and past experience, the following key assumptions were used in the VIU calculations:	The impact of changes in the key assumptions used in the VIU calculations is described below. An increase of 1% in the discount rate used in the present value calculation would not result in an impairment of the deep-sea ships or any of the regional fleets. In addition, a 1% increase in the discount rate would result in one of the Group’s regional joint ventures having an impairment of \$4.1 million. A projected 5% decrease in the deep-sea tanker Sailed-In Rates would not result in an impairment in any of the fleets. One of the regional joint ventures would show an impairment of \$7.2 million (49%) in this scenario with permanently depressed rates.
<ul style="list-style-type: none">• 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 contract and the spot market).	<ul style="list-style-type: none">• Pre-tax discount rate of 8.0% 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 2017 to 2021 for the deep-sea fleet (adjusted for capacity changes) is an average of 4.1% and for the Regional fleets is 3.7%.• A slow recovery in the chemical tanker market is expected to start in 2019 after the newbuilding deliveries have been absorbed by the market. The growth rate used in perpetuity beyond the projection period is 2% which does not exceed the long-term average inflation rate for the Tankers industry.	

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

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ From Assumptions
GOODWILL IMPAIRMENT TESTING		
The Group does not have any other indefinite lived intangible assets. In 2016, an additional amount of goodwill of \$5.7 million was recognised in the Tankers segment in relation to the acquisition of JoT. Given this was recognised for the first time as at November 23, 2016, no impairment test has been performed for the Tankers goodwill for the 2016 year. In order to calculate VIU, the Group uses projections from the approved budgets and five-year plans as the basis for the cash flows which are then discounted to calculate value in use.		
Tank Containers		
Goodwill of \$14.5 million is allocated to the Tank Container CGU. The total carrying value of the CGU, including the goodwill, is \$529.3 million. The recoverable amount for the Tank Container segment was based on FVLCD. Goodwill is allocated to the Tank Container segment which is the smallest identifiable group of assets (i.e., the tank container fleet) that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. FVLCD was based on a discounted cash flow basis using the approved projections in the five-year plan.	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:	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.
	<ul style="list-style-type: none">• Pre-tax discount rate of 6% based on the WACC for the risks specific to the tank container business.• Future growth rates based on trends in industrial production. The growth rate used in perpetuity beyond the projection period is 2.0%.• Future escalation of price and cost increases obtained from shipping and transportation carriers.• Extent of capital expenditures from Tank Containers and competition.• Future demand and supply.	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. The goodwill would be impaired if the EBITDA fell by 99.0%. See Note 18 for further details related to goodwill.
	Based on the above methodology, FVLCD was more than twice the current carrying value of the Tank Container segment’s assets.	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.
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:		
	<ul style="list-style-type: none">• Pre-tax discount rate based on the WACC was 9.2%. in Australia.• The annual growth rate for revenues and costs in the initial five-year period was 2.0%. These rates have also been used in perpetuity in line with long-term inflation expectations.	
	<ul style="list-style-type: none">• Future escalation of price and cost increases.• Customer rates on existing and future contracts and the spot market.• Timing and quantum of future capital expenditures.• Expected utilisation rates and throughput volumes.	

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

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ From Assumptions
INVESTMENTS IN JOINT VENTURES AND ASSOCIATES		
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.	There are a number of areas where significant judgement is exercised to establish whether an entity needs to be consolidated or reported under the equity method of accounting. In order to establish whether an entity is a consolidated subsidiary, a joint venture or an associate, key areas of judgement include:	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.
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.	<ul style="list-style-type: none">• 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.	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.
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.	<ul style="list-style-type: none">• 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.	See Note 16 for further details.

Critical Accounting Judgement	Sources of Estimation Uncertainty	Effect if Actual Results Differ From Assumptions
BIOLOGICAL ASSETS		
The carrying value of biological assets as at November 30, 2016 was \$44.0 million. Of this amount \$34.9 million related to turbot and sole, and \$9.1 million related to sturgeon for caviar. All mature turbot weighing more than 300 grams, mature sole weighing more than 200 grams and mature sturgeon weighing more than 3 kilos are held at fair value less costs to sell, which includes costs of packaging and logistics. Gains and losses from changes in fair value are recognised in operating expenses in the income statement. Fair value is based upon achieved prices for harvested and marketed fish, reduced for packaging costs and freight costs.	Determination of fair value requires significant judgement which includes the: <ul style="list-style-type: none">• 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 due to the fair value adjustments on the biological assets at each balance sheet date. A change in assumptions, such as market price, can have a significant change on the valuation. For example, based upon November 30, 2016 turbot volumes, a change in the price of \$1.0 per kilo would have an impact on the turbot valuation of \$4.0 million. See Note 13 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
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 health care benefits. This plan is not funded.	Management considers a number of factors in developing the pension assumptions, including an evaluation of relevant discount rates, plan asset allocations, mortality, expected changes in wages and retirement benefits, analyses of current market conditions and input from actuaries and other consultants. Costs of the programmes are based on actuarially determined amounts and are accrued over the period from the date of hire to the full eligibility date of employees who are expected to qualify for these benefits.	A 0.25% point increase in the discount rate assumption for the defined benefit obligation would result in a decrease of \$9.6 million and a 0.25% decrease in discount rate assumption would result in an increase of \$9.8 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 2016 would be an approximate \$1.5 million increase or \$1.3 million decrease. 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 Company’s investment in AGHL, Stolt LNGaz Ltd. (“Stolt LNGaz”) 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.

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

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

For the year ended November 30, 2015	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Corporate and Other**	Total
Operating revenue	\$ 1,136,654	\$ 217,422	\$ 510,277	\$ 57,317	\$ 62,068	\$ 1,983,738
Depreciation and amortisation including drydocking and impairments	(131,051)	(58,033)	(22,421)	(5,012)	(5,513)	(222,030)
Share of profit of joint ventures and associates	13,313	24,473	700	—	11,401	49,887
Operating profit	122,222	38,908	63,309	406	21,323	246,168
Finance expense						(105,596)
Finance income						4,381
Profit before income tax						147,239
Income tax expense						(14,135)
Net profit						133,104
Balance Sheet						
Capital expenditures*	112,808	121,248	54,291	3,441	8,636	300,424
Investments in and advances to joint ventures and associates	204,054	215,180	17,125	—	40,516	476,875
Intangible assets and goodwill	—	17,611	15,962	240	10,030	43,843
Segment assets	1,843,794	1,158,342	525,048	114,985	252,332	3,894,501

* Capital expenditures include additions to property, plant and equipment, deposits for newbuildings and intangible assets other than goodwill including additions resulting from acquisitions through business combinations.

** Corporate and Others include Stolt-Nielsen Gas and Stolt Bitumen.

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.

(in thousands)	For the years ended November 30,	
	2016	2015
Operating Revenue:		
Tankers:		
U.S.	\$ 417,563	\$ 398,685
South America	33,672	45,911
The Netherlands	74,984	94,872
Other Europe	163,281	171,465
Malaysia	42,580	63,830
Other Asia	146,189	179,009
Middle East	98,408	93,587
Africa	83,622	87,727
Other	562	1,568
	\$ 1,060,861	\$ 1,136,654
Terminals:		
U.S.	113,889	111,699
Brazil	19,189	17,210
Australia and New Zealand	32,045	33,913
Singapore	44,023	34,523
The Netherlands	9,735	7,230
United Kingdom	15,831	12,847
	\$ 234,712	\$ 217,422
Tank Containers:		
U.S.	99,796	108,636
South America	27,210	28,891
France	39,178	36,524
Germany	18,240	22,680
Other Europe	74,191	78,520
Singapore	47,866	49,636
Japan	21,458	22,186
China	76,876	78,039
Other Asia	35,487	44,131
Middle East	25,466	31,564
Other	9,936	9,470
	\$ 475,704	\$ 510,277
Stolt Sea Farm:		
U.S.	7,982	7,205
United Kingdom	1,388	1,213
Norway	842	774
Spain	26,791	26,838
France	7,557	7,002
Italy	12,741	8,770
Iceland	34	42
Other Europe	7,711	5,333
Other	336	140
	\$ 65,382	\$ 57,317

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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, 2016 and 2015.

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 \$2,288.0 million and \$1,692.0 million for the years ended November 30, 2016 and 2015, respectively, and for Tank Containers amounted to \$424.0 million and \$426.0 million, for the years ended November 30, 2016 and 2015, respectively.

	As of November 30,		
(in thousands)	2016		2015
Non-current Assets:			
Terminals:			
U.S.	\$	345,444	\$ 334,796
Brazil		44,517	38,918
South Korea		74,572	67,122
United Kingdom		74,695	80,102
Belgium		88,954	92,193
The Netherlands		61,538	52,368
China		37,147	44,145
Australia and New Zealand		155,529	138,939
Singapore		232,864	246,134
Other		12,754	7,293
	\$	1,128,014	\$ 1,102,010
Stolt Sea Farm:			
U.S.	\$	4,467	\$ 4,420
Norway		510	507
Portugal		1,208	1,165
Iceland		21,235	18,674
Spain		31,050	32,297
France		2,929	3,492
	\$	61,399	\$ 60,555

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

4. OPERATING REVENUE

Accounting policy

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

(i) Tankers

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

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

(ii) Tank Containers

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

(iii) Terminals

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

(iv) SSF

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

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

(in thousands)	For the years ended November 30,		2015
	2016		
Revenue from the rendering of services	\$ 1,779,824	\$	1,876,881
Revenue from the sale of goods	100,081		106,857
	\$ 1,879,905	\$	1,983,738

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.

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Operating expenses comprised the following:

(in thousands)	For the years ended November 30,	
	2016	2015
Bunker fuel costs	\$ 142,814	\$ 218,056
Depreciation and amortisation (including impairment of \$3.3 million and \$5.0 million in 2016 and 2015 respectively)	234,071	222,030
Charter and lease expenses	211,792	217,743
Ocean and inland freight charges	176,436	196,676
Employee benefit expenses	162,215	160,057
Port charges	126,875	131,400
Maintenance and repairs	62,343	61,421
Bitumen purchases and expenses	33,516	41,563
Ship supplies and provisions	39,559	36,865
Expenses related to Biological assets*	38,924	36,276
Insurance	33,176	33,707
Cleaning costs	31,868	33,337
Facilities and utilities	27,073	27,071
Storage and other tank container move related costs	24,560	25,940
Repositioning of tank containers	22,483	25,399
Tank container ancillary billable costs	24,558	24,124
Commissions	21,703	24,025
Sublet expenses	22,239	16,624
Rail expenses	11,846	13,806
Voyage costs	6,355	13,178
Barging and transshipments	13,111	7,643
Foreign exchange loss	164	4,682
Biological assets market valuation adjustment	(7,590)	1,349
Bunker hedge gain (Note 32)	(7,444)	—
Other expenses	22,744	23,012
Total operating expenses	\$ 1,475,391	\$ 1,595,984

* Including \$13.5 million and \$12.7 million of employee benefit expenses for the years ended November 30, 2016 and 2015, respectively.

An analysis of administrative and general expenses is as follows:

(in thousands)	For the years ended November 30,	
	2016	2015
Employee benefit expenses	\$ 157,067	\$ 157,449
Information systems	13,766	12,708
Other professional fees	8,201	7,420
Travel and entertainment expenses	6,530	7,145
Office lease expenses	6,009	7,076
Office expenses	5,376	6,089
Investor relations and publicity	1,609	2,076
Legal fees	3,719	2,049
Communication expenses	1,640	1,848
Bank non-interest fees	1,474	1,485
Other	1,835	1,018
Total administrative and general expenses	\$ 207,226	\$ 206,363

For the year ended November 30, 2015, the U.S. Employee Benefit Plan was frozen for current and future participants. As a result, approximately \$19.8 million of one-time income was recorded in the year ended November 30, 2015 and shown separately on the Consolidated Income Statement. See Note 25 for further details.

Other operating expenses were \$3.8 million and \$0.4 million for the years ended November 30, 2016 and 2015, respectively. In 2016, the Group recorded the impairment of receivables of customers of Stolt Bitumen Services and wrote down advances to a joint venture by \$1.3 million. See Note 16 for further details.

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

(in thousands, except employee data)	For the years ended November 30,	
	2016	2015
Salaries	\$ 232,770	\$ 231,897
Social security expenses	17,657	17,036
Pension expenses for defined contribution plans (Note 25)	16,852	15,840
Profit sharing and long-term incentive programmes	14,384	15,166
Travel and relocation	10,413	12,645
Insurance	9,770	10,372
Training	7,212	6,659
Temporary and contract employees	7,416	6,026
Pension expenses for defined benefit plans and post-retirement benefit plan (Note 25)	1,968	3,413
Expatriate expenses	1,808	2,592
Other benefits	12,534	8,919
Total employee benefit expenses	\$ 332,784	\$ 330,565

Average number of employees:

Tankers*	4,244	4,192
Tank Containers	771	743
Terminals	575	573
Sea Farm	395	367
Other	76	76
Total average number of employees	\$ 6,061	\$ 5,951

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

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6. AUDITORS’ REMUNERATION

The analysis of auditors’ remuneration is as follows:

(in thousands)	For the years ended November 30,	
	2016	2015
Fees payable to the Group auditors for the audit of the consolidated and stand-alone financial statements	\$ 2,790	\$ 2,583
Fees payable to the Group auditors and associates for other services as detailed below*	732	908
Total fees	\$ 3,522	\$ 3,491
Tax services	224	254
Quarterly reviews	100	297
Other	408*	357*
Total non-audit fees	\$ 732*	\$ 908*

The audit and non-audit fees relate to PricewaterhouseCoopers LLP.

* Includes \$186,000 (2015: \$258,000) relating to services to the Group’s associates and joint ventures.

7. LOSS ON DISPOSAL OF ASSETS, NET

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

(in thousands)	For the years ended November 30,	
	2016	2015
Loss on sale of ships	\$ (3,301)	\$ (3,158)
Gain on sale on emission credits	3,255	—
Gain (loss) on sale of tank containers	1	(1,407)
Gain on sale of AGHL shares	—	3,032
(Loss) gain on sale of other assets	(92)	363
	\$ (137)	\$ (1,170)

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

During 2015, deep-sea Tankers recorded a net loss of \$3.2 million on the sale of the *Stolt Avocet* and *Stolt Egret*. Tank Containers recorded a net loss of \$1.4 million, including \$1.5 million for losses related to the recycling and expected recycling of over 850 Tank Containers-owned tanks. Stolt-Nielsen Gas sold 2.5 million of AGHL for \$40.0 million, resulting a gain on sale of \$3.0 million. See Note 16 for further details.

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,	
	2016	2015
Finance expense		
Interest on loans	\$ 83,453	\$ 80,925
Realised loss on interest rate swaps (Note 32)	20,757	22,116
Commitment fees	4,300	3,230
Interest on obligations under finance leases	11	19
Other interest expense	4,809	4,011
Total interest expense	113,330	110,301
Less interest capitalised to property, plant and equipment	(7,196)	(6,183)
Add reversal of interest previously capitalised to property, plant and equipment for the Bitumen newbuilding	—	1,478
	\$ 106,134	\$ 105,596

Finance income

Interest from joint ventures (Note 14)	\$ 1,294	\$ 1,538
Bank deposits interest	964	824
Interest from Bitumen newbuilding cancellation	—	1,872
Other	260	147
	\$ 2,518	\$ 4,381

The average interest rate used to capitalise the interest to property, plant and equipment was 5.25% for 2016 and 2015. See further discussion of the Bitumen newbuilding cancellation at Note 26.

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.

STOLT-NIELSEN LIMITED

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The following tables present the components of the income tax expense for the years ended November 30, 2016 and 2015:

(in thousands)	For the years ended November 30,	
	2016	2015
Current income tax expense	\$ 9,593	\$ 8,367
Adjustments in respect of prior years	(147)	(1,228)
	9,446	7,139
Deferred income tax expense	6,216	9,514
Adjustments in respect of prior years	45	(2,518)
	6,261	6,996
Total income tax expense	\$ 15,707	\$ 14,135

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,	
	2016	2015
Profit before income tax expense	\$ 128,944	\$ 147,239
Tax at the Bermuda statutory tax rate	\$ —	\$ —
Differences between the Bermuda and other tax rates	26,149	26,800
Non-taxable income and disallowed expenses	(12,069)	(8,872)
Changes in the recognition of tax losses	1,624	(257)
Adjustments in respect of prior years	(102)	(3,746)
Other differences, net	105	210
Total income tax expense	\$ 15,707	\$ 14,135

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 and \$0.5 million for the years ended November 30, 2016 and 2015, respectively.

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

(in thousands)	Accelerated tax depreciation	Retirement benefit obligations	Tax losses	Other	Total
Balance, December 1, 2014	\$ (85,318)	\$ 24,304	\$ 25,206	\$ (391)	\$ (36,199)
(Charge) credit to income statement	(1,052)	(7,924)	2,740	(760)	(6,996)
(Charge) credit to Other comprehensive income	—	(1,404)	—	2,640	1,236
Exchange differences	4,078	107	(2,064)	411	2,532
Balance, November 30, 2015	\$ (82,292)	\$ 15,083	\$ 25,882	\$ 1,900	\$ (39,427)
(Charge) credit to income statement	(8,394)	(1,323)	3,447	9	(6,261)
Credit (charge) to Other comprehensive income	—	541	—	(886)	(345)
Arising on acquisitions and disposals	59	79	—	144	282
Exchange differences	(504)	(200)	(78)	222	(560)
Balance, November 30, 2016	\$ (91,131)	\$ 14,180	\$ 29,251	\$ 1,389	\$ (46,311)

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,	
	2016	2015
Deferred tax liabilities	\$ (60,964)	\$ (58,195)
Deferred tax assets	14,653	18,768
	\$ (46,311)	\$ (39,427)

As of November 30, 2016, the Group has unused federal tax losses of \$90.7 million (2015: \$108.1 million) and unused regional tax losses of \$85.0 million (2015: \$86.1 million as adjusted for state tax rates) available for offset against future profits. A deferred tax asset of \$5.3 million at November 30, 2016 (2015: \$3.2 million) has not been recognised in respect of losses carried forward at the balance sheet date, in Group companies where profits are not forecast in the foreseeable future.

Deferred income tax liabilities of \$71.5 million at November 30, 2016 (2015: \$68.2 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 \$1.5 billion at November 30, 2016 (2015: \$1.4 billion).

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,	
	2016	2015
Cash deposit	\$ 81,812	\$ 51,806
Short-term time deposits	10,972	25,739
Cash and cash equivalents	\$ 92,784	\$ 77,545
Restricted cash	\$ 87	\$ 68

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, 2016 and 2015.

Included in other current assets were \$15.6 million and \$13.4 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, 2016 and 2015, respectively.

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11. RECEIVABLES

Accounting policy

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

(in thousands)	As of November 30,	
	2016	2015
Customer trade receivables	\$ 201,835	\$ 206,977
Accrued revenue	13,939	9,697
Insurance	1,185	1,569
Withholding and value added tax receivable	—	39
Other	3,031	2,086
	219,990	220,368
Allowance for doubtful accounts on customer receivables	(18,356)	(17,610)
	\$ 201,634	\$ 202,758

Customer trade receivables, net of allowance for doubtful accounts, were \$183.5 million and \$189.4 million as of November 30, 2016 and 2015, respectively.

See Note 21 for an analysis of the credit risk of receivables.

12. INVENTORIES

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, 2016 and 2015 consisted of the following:

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

November 30, 2015 (in thousands)	Terminals	SSF	Bitumen	Other	Total
Raw materials	\$ 138	\$ 221	\$ 54	\$ 9	\$ 422
Consumables	79	—	5	1,765	1,849
Finished goods	—	3,217	2,190	—	5,407
	\$ 217	\$ 3,438	\$ 2,249	\$ 1,774	\$ 7,678

The cost of inventory included in operating expenses in 2016 and 2015 was \$38.9 million and \$36.3 million for Stolt Sea Farm and \$33.5 million and \$41.6 million for Bitumen, respectively. Bitumen finished goods inventory consists of bitumen acquired for future sale. Bunkers of \$12.1 million and \$9.1 million were included in prepaid expenses at November 30, 2016 and 2015, 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 upon discounted cash flows requires a number of variables and assumptions which historically cannot be reliably determined. Key variables and assumptions for turbot and sole include mortality rate, time to maturity, rate of growth and market price at the point of harvest. Given the specific circumstances for juvenile assets, any assumptions are subjective.
- The extent of these uncertainties also results in difficulty in determining the appropriate discount rate.

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

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

(ii) Sturgeon

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

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

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

Biological assets in the Balance Sheet

(in thousands)	As of November 30,	
	2016	2015
Turbot and sole	\$ 34,884	\$ 27,441
Sturgeon	9,143	8,053
	\$ 44,027	\$ 35,494

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.

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Reconciliation of changes in book value of turbot and sole

	As of November 30,	
(in thousands)	2016	2015
Balance at December 1,	\$ 27,441	\$ 32,457
Increases due to production and purchases	37,713	36,976
Gain (loss) from change in fair value	8,337	(1,496)
Effect of changes in foreign currency rates	294	(4,668)
Decreases due to mortalities	(1,394)	(1,363)
Transfer to inventory	(37,507)	(34,465)
Balance at November 30,	\$ 34,884	\$ 27,441

Reconciliation of changes in book value of sturgeon

	As of November 30,	
(in thousands)	2016	2015
Balance at December 1,	\$ 8,053	\$ 6,595
Increases due to production and purchases	5,468	6,139
(Loss) gain from change in fair value	(747)	147
Decreases due to mortalities	(789)	(661)
Transfer to inventory	(2,842)	(4,167)
Balance at November 30,	\$ 9,143	\$ 8,053

Fair value adjustments on biological assets in the balance sheet

	As of November 30,	
(in thousands)	2016	2015
Work in process, turbot and sole	\$ 9,199	\$ 1,390
Work in process, sturgeon	(64)	147
Total fair value adjustment included in the balance sheet	\$ 9,135	\$ 1,537

Fair value adjustments on biological assets in the income statement

	For the years ended November 30,	
(in thousands)	2016	2015
Work in process, turbot and sole	\$ 8,337	\$ (1,496)
Work in process, sturgeon	(747)	147
Total fair value adjustment recognised in the income statement	\$ 7,590	\$ (1,349)

Volumes of biomass

	As of November 30,	
(in tonnes)	2016	2015
Volume of biomass harvested during the year (live weight)	5,926	5,689
Volume of biomass in the water at year-end (live weight)	4,752	4,546

Value of juvenile biological assets at cost

	As of November 30,	
(in thousands)	2016	2015
Turbot and sole	\$ 3,598	\$ 3,510
Sturgeon	\$ 136	\$ 199

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, 2016 and 2015.

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.

14. RELATED PARTY TRANSACTIONS

The Group is 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 \$0.4 million and \$0.2 million as of November 30, 2016 and 2015, respectively. In addition, included in “Other assets” are loans and advances to employees and officers of the Group of \$0.5 million at November 30, 2016 and 2015. 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, 2016 and 2015. Interest received was less than \$0.1 million for both 2016 and 2015.

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)	2016	2015
Board fees	\$ 561	\$ 490
Salary and benefits	4,138	5,629
Profit sharing	1,367	1,546
Long-term incentives	502	819
Pension cost	983	1,007
Total compensation and benefits	\$ 7,551	\$ 9,491
Average number of key managers included	8	10

At the end of 2016 the Board of Directors consisted of six members.

A member of the Board of Directors has a partial ownership of a company which supplies provisions for the Group. The amount paid to the company by the Group in 2016 and 2015 was \$0.2 million and \$0.4 million, respectively.

Transactions with joint ventures and associates

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

	As of November 30,	
(in thousands)	2016	2015
Joint ventures:		
Amounts due from the Group	\$ 6,817	\$ 8,193
Amounts due to the Group	\$ 56,081	\$ 61,677

Included within Amounts due to the Group are \$2.7 million and \$8.4 million as of November 30, 2016 and 2015, respectively, for trade receivables from joint ventures and associates. These amounts are reflected in the consolidated balance sheets as Other current assets. The remaining amounts due to the Group are included in Investments in and advances to joint ventures and associates. Amounts due from the Group are included in Other current liabilities in the consolidated balance sheets.

Short-term advances are non-interest bearing. The long-term advance to NYK Stolt Tankers S.A. (“NYK Stolt”) of \$32.7 million bears interest at six-month LIBOR plus 1%. The Group had also advanced \$20.6 million to other joint ventures and associates at November 30, 2016. Interest on these range from 1.5% to 6.6% in 2016 and 1.1% to 6.6% in 2015. Interest received in cash for 2016 and 2015 was \$0.6 million and \$1.2 million, respectively.

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

(in thousands)	For the years ended November 30,	
	2016	2015
Joint Ventures		
Charter hire revenue*	\$ 82,786	\$ 81,599
Tank container cleaning station revenue	2,738	3,304
Other revenue	1,240	60
Charter hire expense	30,214	22,591
Management and other expenses	7,592	7,023
Freight and joint service commission expense	3,156	3,030
Finance expense	1,294	1,538
Other expense	1,503	2,003
Associates		
Tank container cleaning station revenue	\$ 4,058	\$ 3,946
Other revenue	795	284

* The charter hire revenues are amounts distributed to NYK Stolt 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. As of November 30, 2016, the Group's investment in Norterminal A.S. was \$5.3 million.

15. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

(i) Recognition and measurement

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

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

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

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

(ii) Depreciation

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

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

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

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

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

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

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

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

The estimated useful lives are as follows:

	Years
Tankers	
Parcel tankers and barges	25 to 33
Buildings	40
Other assets	5 to 40

Terminals

Terminal tanks and structures	3 to 60
Other support equipment and other assets	3 to 45
Buildings	3 to 60

Stolt Tank Containers

Tank containers	10 to 20
Buildings	40 to 50
Other operating equipment	3 to 10

SSF

Transportation equipment	3 to 10
Operating equipment and other assets	3 to 20
Buildings	15 to 68

Bitumen

Bitumen tankers	25
Tanks and structures	5 to 20

(iv) Subsequent costs – drydocking costs

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

(v) Disposals

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

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(in thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Cost								
Balance at December 1, 2014	\$ 53,170	\$ 110,508	\$ 2,740,765	\$ 496,825	\$ 1,071,161	\$ 16,973	\$ 152,873	\$ 4,642,275
Additions	11,428	13,531	531	36,913	8,410	559	204,990	276,362
Disposals	(6)	(843)	(65,641)	(9,706)	(4,569)	(271)	(11,770)	(92,806)
Net foreign exchange differences	(5,182)	(11,115)	(9,121)	501	(86,629)	(1,631)	(14,381)	(127,558)
Transfers	515	2,033	104,442	413	118,621	280	(226,304)	—
Other	—	(113)	225	(193)	108	(119)	84	(8)
Balance at November 30, 2015	\$ 59,925	\$ 114,001	\$ 2,771,201	\$ 524,753	\$ 1,107,102	\$ 15,791	\$ 105,492	\$ 4,698,265
Additions	5	10,309	158,711	18,219	11,167	546	98,626	297,583
Disposals	(20)	(504)	(293,310)	(24,194)	(13,453)	(2,208)	(2,354)	(336,043)
Jo Tankers acquisition	—	30	380,104	—	293	95	—	380,522
Net foreign exchange differences	(2,012)	1,472	368	(414)	4,061	(480)	(4,556)	(1,561)
Transfers	—	5,369	4,164	(5)	58,876	—	(68,404)	—
Transfer to held for sale asset	—	—	(18,548)	—	—	—	—	(18,548)
Reclasses and other	—	(82)	709	—	68	(64)	159	790
Balance at November 30, 2016	\$ 57,898	\$ 130,595	\$ 3,003,399	\$ 518,359	\$ 1,168,114	\$ 13,680	\$ 128,963	\$ 5,021,008

(in thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Accumulated depreciation and impairment								
Balance at December 1, 2014	\$ —	\$ 30,565	\$ 1,275,296	\$ 169,450	\$ 323,807	\$ 7,944	\$ —	\$ 1,807,062
Depreciation expense*	—	4,431	132,112	19,378	57,316	1,121	—	214,358
Disposals	—	(843)	(58,323)	(6,278)	(4,112)	(271)	—	(69,827)
Net foreign exchange differences	—	(3,702)	(5,249)	(79)	(28,790)	(588)	—	(38,408)
Transfers	—	12	—	(12)	—	—	—	—
Reclasses and other	—	267	(26)	(199)	(175)	(18)	—	(151)
Balance at November 30, 2015	\$ —	\$ 30,730	\$ 1,343,810	\$ 182,260	\$ 348,046	\$ 8,188	\$ —	\$ 1,913,034
Depreciation expense*	—	5,018	142,300	19,946	62,708	871	—	230,843
Disposals	—	(497)	(265,322)	(20,638)	(15,287)	(2,206)	—	(303,950)
Transfer to held for sale asset	—	—	(16,989)	—	—	—	—	(16,989)
Net foreign exchange differences	—	3	(11)	(155)	2,646	(127)	—	2,356
Transfers	—	3,203	—	—	(3,834)	631	—	—
Reclasses and other	—	243	(43)	5	(53)	6	—	158
Balance at November 30, 2016	\$ —	\$ 38,700	\$ 1,203,745	\$ 181,418	\$ 394,226	\$ 7,363	\$ —	\$ 1,825,452
Property, plant and equipment, net book value:								
At November 30, 2015	\$ 59,925	\$ 83,271	\$ 1,427,391	\$ 342,493	\$ 759,056	\$ 7,603	\$ 105,492	\$ 2,785,231
At November 30, 2016	\$ 57,898	\$ 91,895	\$ 1,799,654	\$ 336,941	\$ 773,888	\$ 6,317	\$ 128,963	\$ 3,195,556

* \$0.2 million and \$0.6 million of the depreciation charge has been capitalised within inventory for the years ended November 30, 2016 and 2015, respectively.

The net book value of assets under finance leases was \$0.4 million at both November 30, 2016 and 2015. Assets under finance leases consist of tank containers.

At November 30, 2016, the property, plant and equipment increased by \$380.5 million in relation to the JoT acquisition. See Note 34 for further information.

For the year ended November 30, 2016, the Group paid an additional \$36.5 million for newbuilding deposits. Upon the delivery of the *Stolt Pride*, \$21.9 million of previous deposits was transferred to property, plant and equipment.

Proceeds of \$32.0 million were received from the sale or recycling of eight ships, sale of emission credits and retirement of tank containers and other assets.

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

On January 12, 2015, the Group served a notice of cancellation to Jiangsu Islands Shipbuilding Industry Co., Ltd (previously known as Nanjing East Star Shipbuilding Co. Ltd.) for the 3,500 dwt bitumen carrier being constructed, as a result of excessive delays. The Group received \$11.0 million on April 30, 2015 for deposits of \$9.1 million and interest of \$1.9 million and wrote off capitalised interest and site team costs of \$2.9 million.

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

16. INVESTMENTS IN AND ADVANCES TO JOINT VENTURES AND ASSOCIATES

Accounting policy

(i) Associates

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

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

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

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

(ii) Joint Ventures

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

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

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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	2016 % Shares	2016 % Voting Rights	As of November 30, 2016	2015
Joint Ventures:				\$	\$
Tankers material joint ventures:					
NYK Stolt Tankers S.A.	Japan	50	50	53,810	57,306
Stolt NYK Asia Pacific Services Inc	Singapore	50	50	31,331	29,783
NYK Stolt Shipholding Inc	Singapore	50	50	39,003	33,614
Shanghai Sinochem-Stolt Shipping Ltd	China	49	50	36,538	46,339
Gulf Stolt Tankers DMCCO	UAE	50	50	39,959	35,895
Hassel Shipping 4 AS	Norway	50	50	57,077	—
Tankers non-material joint ventures:					
SIA LAPA, Ltd	Latvia	49	50	975	990
Brovig SS II Indre Selskap	Norway	50	50	5,090	—
Shanghai New Xing Yang Marine Services Co. Ltd	China	40	40	164	127
				263,947	204,054
Terminals material joint ventures:					
Oil tanking Stolthaven Antwerp, NV	Belgium	50	50	88,553	92,194
Jeong-IL Stolthaven Ulsan Co. Ltd	South Korea	50	50	74,572	67,122
Tianjin Lingang Stolthaven Terminal Co.	China	65	50	22,524	27,413
Tianjin Lingang Stolthaven Jetty Company	China	40	50	14,622	16,733
Terminals non-material joint venture:					
Stolthaven (Westport) Sdn. Bhd.	Malaysia	49	50	7,498	7,307
				207,769	210,769
Tank Containers non-material joint ventures:					
Hyop Woon Stolt Transportation Services Co. Ltd	South Korea	50	50	2,640	2,420
Kanoo Tank Services Ltd.	Saudi Arabia	60	60	6,362	5,639
Infrastructure Logistic Systems Ltd	India	50	50	3,044	3,309
Vado Tank Cleaning SRL	Italy	50	50	801	451
Laem Chabang Tank Service Co. Ltd.	Thailand	49	49	928	840
FSTS CO., Ltd	Thailand	49	49	555	—
Joint Tank Services FZCO	UAE	40	40	3,285	3,477
				17,615	16,136
Corporate and Others non-material joint ventures:					
Stolt LNGaz Ltd	Bermuda	33	50	1,231	3,628
Subtotal				490,562	434,587
Associates:					
Material associate:					
Avance Gas Holding Ltd.	Bermuda	9	9	38,317	35,007
Non-material associates:					
N.C. Stolt Transportation Services Co. Ltd	Japan	50	50	1,130	866
Seaweed Energy Solutions AS	Norway	25	25	4	—
PT Stolt Berkah Mulia Mandiri	Indonesia	49	49	996	1,639
Norterminal A.S.	Norway	25	25	5,255	4,455
N.C. Stolt Chuyko Transportation Services Co. Ltd	Japan	35	35	390	321
Subtotal				46,092	42,288
				\$ 536,654	\$ 476,875

(in thousands)

	Joint Ventures	Associates	Total
Balance, December 1, 2014	\$ 435,924	\$ 78,907	\$ 514,831
Share of profit of joint ventures and associates	31,926	17,961	49,887
Dividends (a)	(12,053)	(14,879)	(26,932)
Contributions	19,974	105	20,079
Net foreign exchange differences	(25,179)	(2,093)	(27,272)
Sale of Avance Gas shares	—	(37,034)	(37,034)
Repayment of advances to joint ventures and associates, net	(13,653)	—	(13,653)
Net loss on pension schemes held for joint venture	(1,370)	—	(1,370)
Net loss on cash flow hedges held by joint venture and associate	(1,199)	(703)	(1,902)
Other	217	24	241
Balance, November 30, 2015	\$ 434,587	\$ 42,288	\$ 476,875
Share of profit of joint ventures and associates	31,820	1,779	33,599
Dividends	(26,174)	(2,430)	(28,604)
Hassel 4 acquisition (preliminary)	47,577	—	47,577
Contributions	5,721	6,175	11,896
Net foreign exchange differences	(6,880)	(221)	(7,101)
Pre-acquisition advance to Hassel 4	9,500	—	9,500
Repayment of advances to joint ventures and associates, net	(8,084)	—	(8,084)
Write off of advance	(1,324)	—	(1,324)
Net loss on pension schemes held by joint venture	(824)	—	(824)
Net gain (loss) on cash flow hedges held by joint venture and associate	3,999	(1,400)	2,599
Other	644	(99)	545
Balance, November 30, 2016	\$ 490,562	\$ 46,092	\$ 536,654

(a) There were \$5.2 million of dividends receivable from AGHL declared on November 10, 2015 for shares held on November 10, 2015. Dividend was paid subsequent to year end.

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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, 2016 and 2015:

	NYK Stolt Tankers S.A.		Stolt NYK Asia Pacific Services Inc		NYK Stolt Shipholding Inc.		Shanghai-Sinochem Stolt Shipping Ltd		Gulf Stolt Tankers DMCCO	
(in thousands)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	\$ 21,620	\$ 14,009	\$ 16,164	\$ 13,362	\$ 4,571	\$ 13,813	\$ 4,726	\$ 12,297	\$ 8,749	\$ 4,321
Current assets, other than cash	23,279	14,883	9,474	9,319	1,250	511	5,564	4,222	5,209	3,978
Current assets	44,899	28,892	25,638	22,681	5,821	14,324	10,290	16,519	13,958	8,299
Non-current assets	125,222	139,813	42,300	42,198	212,677	167,880	77,044	98,107	146,445	155,182
Total Assets	170,121	168,705	67,938	64,879	218,498	182,204	87,334	114,626	160,403	163,481
Financial liabilities, other than accounts payable	5,448	6,100	—	—	13,551	17,815	2,106	135	77,000	84,739
Other current liabilities	1,719	3,707	5,277	5,313	8,720	7,346	3,040	8,201	1,003	4,336
Current liabilities	7,167	9,807	5,277	5,313	22,271	25,161	5,146	8,336	78,003	89,075
Financial liabilities	120,806	125,821	—	—	118,221	89,815	7,621	11,721	19,493	18,262
Non-current liabilities	—	—	—	—	—	—	—	—	—	—
Total non-current liabilities	120,806	125,821	—	—	118,221	89,815	7,621	11,721	19,493	18,262
Net Assets	\$ 42,148	\$ 33,077	\$ 62,661	\$ 59,566	\$ 78,006	\$ 67,228	\$ 74,567	\$ 94,569	\$ 62,907	\$ 56,144

Selected Income Statement Information

Operating revenue	\$ 46,779	\$ 52,476	\$ 70,686	\$ 78,362	\$ 37,973	\$ 37,880	\$ 31,806	\$ 33,031	\$ 35,051	\$ 29,123
Depreciation and amortisation	13,511	13,641	—	—	11,672	10,280	5,494	5,561	7,929	7,826
Finance income	—	—	642	410	10	20	339	—	—	—
Finance expense	3,007	2,938	—	—	1,336	1,127	278	569	4,753	4,011
Profit before taxes	9,071	11,247	5,095	4,288	2,780	5,333	4,646	4,399	6,763	2,182
Income tax expense	—	—	—	—	—	—	1,198	916	—	—
Net profit	9,071	11,247	5,095	4,288	2,780	5,333	3,448	3,483	6,763	2,182
Other comprehensive income (loss)	—	—	—	—	7,998	(2,399)	(6,791)	(3,841)	—	—
Total comprehensive income (loss)	\$ 9,071	\$ 11,247	\$ 5,095	\$ 4,288	\$ 10,778	\$ 2,934	\$ (3,343)	\$ (358)	\$ 6,763	\$ 2,182
Dividends received	—	—	1,000	—	—	—	8,163	—	—	—

Long-term financial liabilities for NYK Stolt Tankers S.A. included shareholder loans of \$65.4 million and \$81.5 million for the years ended November 30, 2016 and 2015, respectively. For Gulf Stolt Tankers DMCCO, \$19.5 million and \$18.3 million were included in long-term financial liabilities as of November 30, 2016 and 2015, respectively. Also, \$42.0 million of the financial liabilities included in NYK Stolt Shipholding Inc. related to long-term notes payable to Stolt NYK Asia Pacific Services Inc. at both November 30, 2016 and 2015.

	Hassel Shipping 4 AS		Oiltanking Stolthaven Antwerp, NV		Jeong-IL Stolthaven Ulsan Co. Ltd		Tianjin Lingang Stolthaven Terminal Co.		Tianjin Lingang Stolthaven Jetty Company	
(in thousands)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	\$ 7,491	\$ —	\$ 8,214	\$ 3,826	\$ 1,831	\$ 3,422	\$ 1,246	\$ 968	\$ 6,831	\$ 7,765
Current assets, other than cash	2,198	—	18,943	15,676	12,030	10,358	1,360	155	10,206	879
Current assets	9,689	—	27,157	19,502	13,861	13,780	2,606	1,123	17,037	8,644
Non-current assets	166,343	—	378,153	379,517	306,589	274,997	50,137	56,879	24,985	35,135
Total Assets	176,032	—	405,310	399,019	320,450	288,777	52,743	58,002	42,022	43,779
Financial liabilities, other than accounts payable	—	—	—	—	117,144	90,676	1,863	3,059	—	—
Other current liabilities	1,166	—	96,827	84,501	8,222	7,168	4,348	1,005	4,787	1,946
Current liabilities	1,166	—	96,827	84,501	125,366	97,844	6,211	4,064	4,787	1,946
Financial liabilities	65,450	—	166,465	168,788	45,064	58,192	11,880	11,764	—	—
Non-current liabilities	20,830	—	1,335	—	10,410	8,122	—	—	—	—
Total non-current liabilities	86,280	—	167,800	168,788	55,474	66,314	11,880	11,764	—	—
Net Assets	\$ 88,586	\$ —	\$ 140,683	\$ 145,730	\$ 139,610	\$ 124,619	\$ 34,652	\$ 42,174	\$ 37,235	\$ 41,833

Selected Income Statement Information

Operating revenue	\$ —	\$ —	\$ 107,176	\$ 108,415	\$ 69,107	\$ 64,346	\$ 133	\$ 8,942	\$ 8,291	\$ 11,842
Depreciation and amortisation	—	—	28,195	26,468	7,823	7,330	3,201	3,393	1,621	1,719
Interest income	—	—	—	822	—	—	—	—	60	106
Interest expense	—	—	9,266	10,111	4,633	5,174	745	1,031	—	—
Profit before taxes	—	—	25,196	31,215	27,898	24,360	(6,378)	379	3,608	6,794
Income tax expense (benefit)	—	—	6,066	9,736	5,863	5,471	(1,460)	111	456	863
Net profit (loss)	—	—	19,130	21,479	22,035	18,889	(4,918)	268	3,152	5,931
Other comprehensive loss	—	—	(694)	(28,104)	(2,550)	(5,596)	(2,604)	(1,762)	(2,890)	(1,730)
Total comprehensive income (loss)	\$ —	\$ —	\$ 18,436	\$ (6,625)	\$ 19,485	\$ 13,293	\$ (7,522)	\$ (1,494)	\$ 262	\$ 4,201
Dividends received	—	—	12,223	6,874	2,293	1,732	—	—	2,216	3,215

Hassel Shipping 4 AS includes \$19.0 million of shareholders loans at November 30, 2016.

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

Description of the nature of activities of the material joint ventures

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

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

Hassel Shipping 4 AS is a 50% joint venture with J.O. Invest AS for the joint ownership and operation of eight 33,000 dwt, stainless steel, chemical tankers ordered at New Times Shipbuilding Co. Ltd. in China. Two ships have been delivered with the remainder scheduled to take place from 2017 to 2018. The ships are expected be operated through the Joint Service. This joint venture was acquired as a part of the JoT acquisition and is considered to be strategic as it provides sophisticated tonnage to the Joint Service.

Shanghai Sinochem-Stolt Shipping Ltd is a joint venture with Sinochem Shipping Co., Ltd to operate chemical tankers in the Chinese coast cabotage market. As of November 30, 2015, the joint venture operates nine ships.

Gulf Stolt Tankers DMCCO ("GST") is a joint venture with Gulf Navigation Holding PJSC and owns four parcels tankers which participate in the Joint Service. The Group performs marketing, operational, administration and ship owning services for the fleet in the deep-sea intercontinental market. On June 1, 2016, GST entered into an agreement with their lending banks to extend the due date of a loan, which matured on May 31, 2016, to July 31, 2016. The loan, which is non-recourse to the Group, is for \$79.0 million at November 30, 2016.

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The extension agreement was subject to certain conditions subsequent, including the need to present the banks with a viable refinancing plan by June 30, 2016. On June 30, 2016, GST presented to the bank a proposal which was not considered to be viable. The joint venture was therefore considered to be in breach of the extension agreement. Subsequently to the breach, GST entered into further discussions with the bank group, and on November 30, 2016 entered into a forbearance agreement with the banks, valid until March 1, 2017, subject to the fulfilment of certain milestones aimed at evidencing the progress towards finding replacement funding. On December 22, 2016, GST failed to provide evidence as required, and the joint venture is therefore currently in discussions with the banks about further extensions of the deadlines. Until such agreement is reached, the joint venture is considered to be in breach of its banking covenants.

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

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

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

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

Summarised financial information of material associate

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

	As of December 31,	
(in thousands)	2016	2015
Current assets	\$ 171,660	\$ 150,790
Non-current assets	861,048	968,004
Total assets	1,032,708	1,118,794
Current liabilities	31,888	102,844
Total non-current liabilities	543,861	516,005
Net assets	\$ 456,959	\$ 499,945
	For the years ended December 31,	
(in thousands)	2016	2015
Selected Income Statement Information		
Operating revenue	\$ 143,915	\$ 310,873
(Loss) profit before taxes	(68,040)	183,169
Income tax expense	(117)	(8)
Net (loss) profit	(68,157)	183,161
Other comprehensive loss	(1,240)	(7,434)
Total comprehensive income	\$ (69,397)	\$ 175,727
Dividends received	\$ 7,580	\$ 9,690

The financial information for AGHL is for the twelve-month period December 31, 2016 and 2015 and income statement data for the year ended December 31, 2016 and 2015 as reported in the AGHL Condensed Consolidated Interim Financial Statements. The AGHL is listed on the Oslo Børs and information for the twelve-month period to November, 30 2016 is not practically possible to obtain since such information would constitute selective disclosure of inside information.

In 2015, the Group sold 2.5 million shares of AGHL for \$40.0 million, resulting in a gain on sale of \$3.0 million and owned 7.21% of AGHL shares. At November 30 2016, the Group owned 8.61% of AGHL shares, after acquiring 3.0 million shares for \$6.2 million in October 2016.

The fair value of the Group’s investment in AGHL was \$11.6 million and \$33.7 million at November 30, 2016 and 2015, respectively, based on the closing price on the Oslo Børs.

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

Reconciliation of Summarised Financial Information

	NYK Stolt Tankers S.A.		Stolt NYK Asia Pacific Services Inc		NYK Stolt Shipholding Inc.		Shanghai-Sinochem Stolt Shipping Ltd		Gulf Stolt Tankers DMCCO	
(in thousands)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net Assets:										
Balance, December 1	\$ 33,077	\$ 21,830	\$ 59,566	\$ 55,278	\$ 67,228	\$ 64,294	\$ 94,569	\$ 94,927	\$ 56,144	\$ 53,962
Profit for the year	9,071	11,247	5,095	4,288	2,780	5,333	3,448	3,483	6,763	2,182
Dividends	—	—	(2,000)	—	—	—	(16,659)	—	—	—
Other comprehensive loss	—	—	—	—	7,998	(2,399)	(6,791)	(3,841)	—	—
Balance, November 30	42,148	33,077	62,661	59,566	78,006	67,228	74,567	94,569	62,907	56,144
Percentage owned	50%	50%	50%	50%	50%	50%	49%	49%	50%	50%
Interest in joint venture	21,074	16,539	31,331	29,783	39,003	33,614	36,538	46,339	31,454	28,072
Deferred profits on sale of ships to joint venture by the Group	—	—	—	—	—	—	—	—	(1,240)	(1,308)
Advances	32,735	40,767	—	—	—	—	—	—	9,746	9,131
Investment in and advances to joint ventures	\$ 53,809	\$ 57,306	\$ 31,331	\$ 29,783	\$ 39,003	\$ 33,614	\$ 36,538	\$ 46,339	\$ 39,960	\$ 35,895

	Hassel Shipping 4 AS		Oiltanking Stolthaven Antwerp, NV		Jeong-IL Stolthaven Ulsan Co. Ltd		Tianjin Lingang Stolthaven Terminal Co.		Tianjin Lingang Stolthaven Jetty Company	
(in thousands)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net Assets:										
Balance, December 1	\$ —	\$ —	\$ 145,730	\$ 166,103	\$ 124,619	\$ 114,790	\$ 42,174	\$ 43,668	\$ 41,833	\$ 45,670
Profit for the year	—	—	19,130	21,479	22,035	18,889	(4,918)	268	3,152	5,931
Dividends	—	—	(24,446)	(13,748)	(4,586)	(3,465)	—	—	(5,540)	(8,038)
Equity upon JoT acquisition	88,586	—	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	(694)	(28,104)	(2,456)	(5,595)	(2,604)	(1,762)	(2,890)	(1,730)
Balance, November 30	88,586	—	139,720	145,730	139,612	124,619	34,652	42,174	36,555	41,833
Percentage owned	50%	—	50%	50%	50%	50%	65%	65%	40%	40%
Interest in joint venture	44,293	—	69,860	72,865	69,806	62,309	22,524	27,413	14,622	16,733
Advances	9,500	—	—	—	—	—	—	—	—	—
Purchase adjustment to property	3,284	—	4,440	5,076	—	—	—	—	—	—
Goodwill	—	—	14,253	14,253	4,766	4,813	—	—	—	—
Investment in and advances to joint ventures	\$ 57,077	\$ —	\$ 88,553	\$ 92,194	\$ 74,572	\$ 67,122	\$ 22,524	\$ 27,413	\$ 14,622	\$ 16,733

	Avance Gas Holdings Ltd	
(in thousands)	2016	2015
Net Assets:		
Balance, December 1	\$ 499,945	\$ 508,503
(Loss) profit for the year	(68,157)	183,161
Dividends	(32,686)	(172,276)
Issuance of shares	58,742	—
Repurchase of shares	—	(12,757)
Other comprehensive loss and other	(885)	(6,686)
Balance, December 31	\$ 456,959	\$ 499,945
Percentage owned at December 31	8.61%	7.21%
Investment in material affiliate at December 31	39,344	36,046

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Summarised Financial Information for Non-material Joint Ventures and Associates

In aggregate, the Group’s investment in and advances to non-material joint ventures were \$32.6 million and \$28.2 million and in the non-material associates were \$7.8 million and \$7.3 million for the years ended November 30, 2016 and 2015, respectively. The below summarises the financial information of the non-material joint ventures and associates:

(in thousands)	For the years ended November 30,	
	2016	2015
Joint Ventures		
Profit (loss) before taxes	\$ 3,467	\$ (3,613)
Income tax expense	723	676
Net profit (loss)	2,744	(4,289)
Other comprehensive income (loss)	298	(3,779)
Total comprehensive income (loss)	\$ 3,042	\$ (8,068)
Associates		
Profit before taxes	\$ 2,461	\$ 6,122
Income tax expense	317	1,461
Net profit	2,144	4,661
Other comprehensive income (loss)	183	(7,485)
Total comprehensive income (loss)	\$ 2,327	\$ (2,824)

On April 28, 2014, the Group announced that Stolt-Nielsen Gas Ltd, SunLNG Holding Ltd and LNGaz Ltd had agreed to form a new start-up, Stolt LNGaz, focused on the development of small-scale LNG liquefaction and logistics services in Quebec, Canada. On December 11, 2014, the Group signed the shareholders agreement and contributed \$11.8 million to the investment on January 23, 2015. On January 30, 2015, shareholder advances outstanding at that date of \$9.9 million were repaid to the Group by Stolt LNGaz. The Group recognised an equity loss of \$5.5 million in the year ended November 30, 2015 due to start-up and overhead expenses, including \$1.8 million of additional write-down of the investment. As of November 30, 2015, the Group had advanced \$1.3 million to Stolt LNGaz, which was written off in 2016.

Commitments

The Group has no commitments to joint ventures as of November 30, 2016. Capital commitments in joint ventures are in Note 26.

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

17. MARKETABLE SECURITIES AND INVESTMENTS IN EQUITY INSTRUMENTS

Accounting policy

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

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

Debt instruments held at FVTPL

Marketable securities of \$11.4 million at November 30, 2016 comprises a bond portfolio acquired with the JoT. The bond portfolio is expected to be sold as soon as practicable. All marketable securities are valued at fair value based on market price. Fair value gains and losses on the bond portfolio between the date of acquisition and the year-end were not material.

Equity investments designated at FVTOCI

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

A cumulative negative adjustment of \$46.5 million (\$6.3 million related to the year ended November 2016) has been recognised in other comprehensive income since initial recognition due to a reduction in the share price of Golar. If IFRS 9 was not adopted at December 1, 2015, this cumulative adjustment would have been recycled through the Income Statement under other operating expenses and would have resulted in a reduction in profit attributable to SNL shareholders from \$113.1 million to \$66.6 million and a lower EPS of \$1.21 compared to \$2.05 as reported. The share price of Golar was \$24.40 and \$27.35 as at November 30, 2016 and 2015, respectively. Dividends of \$1.3 million and \$1.9 million were received for the years ended November 30, 2016 and 2015, respectively.

18. INTANGIBLE ASSETS AND GOODWILL

Accounting policy

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

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

Goodwill is tested for impairment on an annual basis for each cash-generating unit to which the goodwill is allocated. When goodwill is monitored at the level of a group of CGUs, it is tested for impairment at that level. The Group’s goodwill relates to the Tankers, Tank 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 fourteen years and computer software is amortised over an average life of three to ten years.

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

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Intangible assets are shown below:

(in thousands)	Goodwill	Trademark	Customer Relations/ Contracts	Computer Software	Other	Total
Cost:						
Balance, December 1, 2014	\$ 37,005	\$ 1,621	\$ 15,874	\$ 44,383	\$ 652	\$ 99,535
Acquisitions	—	—	—	1,884	294	2,178
Net foreign exchange differences	(5,567)	(242)	(1,607)	(4,550)	(117)	(12,083)
Balance, November 30, 2015	\$ 31,438	\$ 1,379	\$ 14,267	\$ 41,717	\$ 829	\$ 89,630
Additions	—	—	—	2,075	6	2,081
Jo Tankers acquisition	5,690	—	—	—	—	5,690
Disposals	—	—	—	(394)	(294)	(688)
Net foreign exchange differences	696	2	(1,104)	38	(13)	(381)
Balance, November 30, 2016	\$ 37,824	\$ 1,381	\$ 13,163	\$ 43,436	\$ 528	\$ 96,332
Accumulated amortisation:						
Balance, December 1, 2014	\$ —	\$ 1,095	\$ 9,530	\$ 31,596	\$ 257	\$ 42,478
Charge for the year	4,963	138	1,047	2,138	26	8,312
Other	—	—	—	(136)	—	(136)
Net foreign exchange differences	(357)	(150)	(1,235)	(3,078)	(47)	(4,867)
Balance, November 30, 2015	\$ 4,606	\$ 1,083	\$ 9,342	\$ 30,520	\$ 236	\$ 45,787
Charge for the year	—	138	660	2,422	8	3,228
Disposal	—	—	—	(394)	—	(394)
Net foreign exchange differences	363	(92)	(287)	(25)	13	(28)
Balance, November 30, 2016	\$ 4,969	\$ 1,129	\$ 9,715	\$ 32,523	\$ 257	\$ 48,593
Net book value:						
At November 30, 2015	\$ 26,832	\$ 296	\$ 4,925	\$ 11,197	\$ 593	\$ 43,843
At November 30, 2016	\$ 32,855	\$ 252	\$ 3,448	\$ 10,913	\$ 271	\$ 47,739

All intangible assets other than goodwill were subject to amortisation as of November 30, 2016 and 2015. The amortisation of intangibles other than Terminal customer contracts are charged to operating expenses.

During the year ended November 30, 2016, the Group spent \$2.1 million on intangible assets, mainly on the acquisition of computer software.

At November 30, 2016, goodwill consisted of \$5.7 million for goodwill on the JoT acquisition, \$14.5 million related to a prior year business combination in the Tank Container segment and \$12.7 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 \$0.4 million in the same period.

The Tank Container and Terminals segment goodwill has been tested for impairment as of November 30, 2016 and 2015. See Note 2 for further discussion of the method of testing for impairment of goodwill.

During 2015, the New Zealand CGU's goodwill of \$5.0 million was fully impaired through depreciation and amortisation. The New Zealand CGU which is reported in the Terminal's operating segment was reviewed for impairment as a result of the weakening market conditions and low likelihood of renewing expiring land-lease contracts in New Zealand. Management performed a VIU calculation using the discounted cash flow. The VIU measure was based on Level 3 in the fair value hierarchy as set out in IFRS 13. As the recoverable amount was less than carrying value, the goodwill was written off.

The trademark intangible is being amortised over a 10-year life for which there are three years remaining while the customer relations and contracts intangibles are amortised from two to fourteen years and have one to nine years remaining. Computer software is amortised over an average life of three to ten years for which there is an average of less than one to ten years remaining.

19. ACCOUNTS PAYABLE

Accounting policy

Accounts payable are initially valued at their fair value and subsequently at amortised cost.

(in thousands)	As of November 30,	
	2016	2015
Trade payables	\$ 61,023	\$ 62,646
Withholding and value added tax	5,496	5,087
Agent payables	4,626	—
In-transit payments	2	90
Other	585	2,431
	\$ 71,732	\$ 70,254

20. PROVISIONS

Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money.

When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract.

Additions to provisions and reversals are generally recognised in the Consolidated Income Statements.

The present value of the recognised obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development or normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the useful life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognised by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Company recognises a gain or loss on settlement.

A provision is established for obligations under lease agreements to dismantle and/or restore leased property to its original condition.

Short-term Provisions

(in thousands)	Insurance Provisions	Perth Amboy Environmental Provision	Restructuring	Total
Balance at December 1, 2015	\$ 1,205	\$ 959	\$ 3,434	\$ 5,598
Additional provisions recognised	798	—	480	1,278
Reductions arising from payments	(989)	(318)	(3,277)	(4,584)
Balance at November 30, 2016	\$ 1,014	\$ 641	\$ 637	\$ 2,292

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 2017.

In 2013, the Group sold land in Perth Amboy, New Jersey. The sales price included an obligation to remediate for certain environmental matters at the site. The provision is based on the expected future costs to remediate the land.

On October 21, 2014, the Group announced its intention to close the Norwalk, Connecticut office and move the functions to the Houston, Texas office. The move, which affected approximately 60 employees was completed in October 2015 and resulted in staff redundancy and relocation costs of \$0.5 million and \$4.1 million for the years ended November 30, 2016 and 2015, respectively. Remaining liability represents deferred severance payments.

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Long-term Provisions

(in thousands)	Environmental Provision	Asset Retirement Obligations	Total
Balance at December 1, 2015	\$ 2,293	\$ 1,323	\$ 3,616
Additional provisions recognised, including unwinding of discount	—	268	268
Reduction to Income statement	(194)	—	(194)
Net foreign exchange differences	(220)	105	(115)
Balance at November 30, 2016	\$ 1,879	\$ 1,696	\$ 3,575

The environmental provision relates to ground water and soil disposal remediation costs necessary to remedy various contamination risks identified in Stolthaven terminals. The provision is based on the present value of the expected costs to remediate the land. The majority of the provision relates to Stolthaven Dagenham. As part of the Stolthaven Dagenham Limited redevelopment programme, pollution remediation of existing groundwater contamination aimed at reducing potential offsite migration is being undertaken. A pilot programme related to the prevention of potential offsite migration of the existing ground water contamination was completed in January 2014 in certain sections of the Terminal site using an active barrier and was successful. The technology was used in June 2015 to remediate a source area within the groundwater at one location of the site. Further measures have been implemented in 2016 including the construction of passive collection wells to reduce source material within the site and also near to the northern boundary to monitor and capture any possible migrating products. Following the commissioning of on-going expansion projects, an assessment will be conducted to measure the remaining pollution. The implementation of a full-scale barrier will be considered at that time as well as the need of further remediation works. The expected future ground water contamination and soil disposal remediation costs are currently estimated to be \$2.3 million and should be completed by 2020. Due to the age of the site and certain tanks, on-going maintenance (e.g. soil and groundwater monitoring) is expected to continue following completion of the remediation works. Further contamination, for which liabilities can, at this point, not be assessed, may materialise following the future decommissioning of older tanks and civil roadways.

The asset retirement obligations relate to an obligation to dismantle and/or restore leased property to its pre-leased condition for several of the Stolthaven terminals in New Zealand. The liability is expected to be paid upon the expiration of the leases from 2022. It is not expected that these leases will be renewed; therefore, the future obligations have been estimated based on the present value of the expected future costs to dismantle the terminal and/or restore the leased property in accordance with the lease contracts.

21. FINANCIAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a Central Treasury department under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions	Cash flow forecasting	Forward foreign exchange contracts
	Recognised financial assets and liabilities not denominated in U.S. Dollars	Sensitivity analysis	
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, available-for-sale debt instruments and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for available-for-sale and held-to-maturity investments
	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

Market risk

The Group is exposed to market risk, including changes in interest rates, currency exchange rates, price risk and bunker fuel costs. To manage the volatility relating to these exposures, the Group enters into derivative transactions in accordance with Group policies. The financial impact of these instruments is offset by corresponding changes in the underlying exposures being hedged. Derivative instruments are not held for trading or speculative purposes.

The Group uses a value-at-risk ("VAR") model to assess the market risk of the derivative financial instruments. The model utilises a variance/covariance modelling technique. VAR models are intended to measure the maximum potential loss for an instrument or portfolio, assuming adverse changes in market conditions for a specific time period and confidence level. As of November 30, 2016, the estimated maximum potential one-day loss in fair value of foreign exchange rate instruments, calculated using the VAR model given a 95% confidence level, would be \$0.2 million from adverse changes in foreign exchange rates. The maximum potential one-day loss in fair value for adverse changes in interest rates, given a 95% confidence level, would be \$0.1 million. Actual experience has shown that gains and losses tend to offset each other over time, and it is highly unlikely that losses such as these would be experienced over an extended period of time. These amounts should not be considered projections of future losses, since actual results may differ significantly depending upon activity in the global financial markets.

The fair value losses shown in the table below have no impact on the Group's results or financial condition and serve only as an illustration of derivative and short-term interest rate volatility. Note that any adverse movement in foreign exchange or bunker derivatives is offset by corresponding changes in the fair value of the underlying exposure being hedged.

(in millions)	VAR	
	As of November 30,	
	2016	2015
Foreign currency exchange rates	0.2	0.3
Interest rates	*	*

* Less than \$0.1 million.

The change in the VAR, in connection with foreign exchange rates, interest rates and bunker fuel rates, is attributable to market volatility.

At November 30, 2016, 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 \$0.5 million lower/higher, mainly as a result of higher/lower interest expense on floating rate debt for which the interest rate has not been hedged.

In addition, for bunker fuel risk, the majority of the contracts of affreightment ("COA") entered into by the Group's Tanker segment include provisions intended to pass through fluctuations in fuel prices to customers. The Group's policy is to hedge a minimum of 50% of expected bunker purchases within the next 12 months through either bunker surcharges included in COA or through hedging. The Group began a bunker hedging programme in December 2015.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Most of the revenue earned by Tankers and Tank Containers is in U.S. dollars, while a significant portion of their operating expenses is incurred in other currencies, primarily the euro, the Norwegian kroner, the Singapore dollar 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, 2016, prior to the effect of hedging, if the U.S. dollar had weakened/strengthened by 5% against the major currencies mentioned above, with all other variables remaining constant, the recalculated pre-tax profit for the year would have been approximately \$7.0 million higher/lower, mainly as a result of higher operating and administrative and general expenses, net of higher/lower revenues, from non-U.S. dollar transactions and foreign exchange losses on translation of non-U.S. 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 accounts receivable balance of \$201.6 million and cash balance of \$92.8 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 U.S. dollars.

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

(in thousands)	As of November 30, 2016	
	Not Impaired	Impaired
Up to 30 days past due	\$ 44,033	\$ 814
31 to 60 days past due	11,660	1,635
61 to 90 days past due	4,376	886
Greater than 91 days past due	8,269	15,021
	\$ 68,338	\$ 18,356

(in thousands)	As of November 30, 2015	
	Not Impaired	Impaired
Up to 30 days past due	\$ 45,270	\$ 931
31 to 60 days past due	13,834	654
61 to 90 days past due	7,023	529
Greater than 91 days past due	14,824	15,496
	\$ 80,951	\$ 17,610

Excluded from the above are \$115.2 million and \$104.2 million of accounts receivable that were not past due as of November 30, 2016 and 2015, respectively.

No collateral is held on any accounts receivable.

The only material loss allowance held against financial assets relates to trade receivables and is calculated on a lifetime expected loss basis. There have been no changes in the estimation techniques applied in the calculation of the loss allowance during the period.

The allowance for doubtful accounts changed as follows:

(in thousands)	November 30,	
	2016	2015
Balance at the beginning of the year	\$ 17,610	\$ 16,112
Charged against revenue	1,675	3,013
Accounts written off	(929)	(1,515)
Balance at the end of the year	\$ 18,356	\$ 17,610

The amount of the allowance is based on the age of unpaid balances, information about the current financial condition of customers, and other relevant information. Management does not believe significant risk exists in connection with concentrations of credit as of November 30, 2016. There have been no significant changes to the loss allowance as a result of changes in the gross carrying amount of trade receivables.

There are no significant amounts written off which are still subject to enforcement activity.

The Group's cash is held by a diverse group of financial institutions with credit ratings of A and above.

Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and is aggregated at the corporate level. The Treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (see Note 22) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and certain currencies' restrictions. The Group also reviews and monitors sensitivities.

22. SHORT-TERM BANK LOANS

Short-term bank loans, which amounted to \$8.1 million and nil as of November 30, 2016 and 2015, respectively, consist principally 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 committed senior secured revolving debt which is \$340.0 million (\$332.6 million net of debt issuance costs) and nil at November 30, 2016 and 2015, respectively, is presented as long term. See Note 23 for further details.

Amounts borrowed pursuant to the committed senior secured revolving credit line and the uncommitted lines of credit facilities bear interest at rates ranging from 1.8% to 3.2% in 2016, and from 1.8% to 2.8% in 2015. The weighted average interest rate was 2.8% and 2.6% for November 30, 2016 and 2015, respectively.

On October 24, 2016, the Group completed the renewal of its multi-year secured revolving credit facility for a period of six years. The facility was increased to \$650.0 million and is secured by the bulk of the Group's fleet of chemical tankers. The agreement is with eleven banks, and the syndication was led by the three bookrunners: Nordea Bank, DNB Bank ASA and Danske Bank. The facility will be reduced by \$20.0 million per year, and availability is always subject to the value of the collateral assets.

As of November 30, 2016, based on available collateral, this line has a maximum amount that could be drawn of \$650.0 million of which \$310.0 million was undrawn and available for future use. In addition, the Group had \$85.0 million 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 \$4.3 million and \$3.2 million for the years ended November 30, 2016 and 2015, respectively.

Several of the short-term and long-term credit facilities contain various financial covenants applicable either quarterly or annually, which, if not complied with, could result in the acceleration of repayment of amounts due and could limit the ability of the Group to draw funds from time to time. At November 30, 2016 and 2015, 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 consolidated debt to tangible net worth of not greater than two-to-one and minimum EBITDA to consolidated interest expense of not less than two-to-one. Most of the debt agreements provide for a cross default in the event of a default in another agreement. In the event of a default that extends beyond the applicable remedy or cure period, lenders may accelerate repayment of amounts due to them. Short and long-term debt (including undrawn short-term bank loans) of \$1.2 billion is collateralised by mortgages on ships, tank containers and terminals with a net carrying value of \$2.3 billion as of November 30, 2016.

23. LONG-TERM DEBT AND FINANCE LEASES

Accounting policy

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

Long-term debt as of November 30, 2016 and 2015 consisted of the following:

(in thousands)	2016	2015
Preferred ship fixed rate mortgages:		
Fixed interest rates ranging from 3.7% to 6.3%, maturities vary through 2021	\$ 205,635	\$ 186,711
Preferred ship variable rate mortgages:		
Interest rates ranging from 2.0% to 3.9%, maturities vary through 2021	399,244	352,540
Senior secured credit facilities	656,832	549,279
Senior unsecured bond issues	548,346	601,122
Committed line of credit (see Note 22)	332,624	—
Unsecured bridge loan	71,082	—
Secured revolving credit line	49,909	—
Finance leases	241	336
Bank loans:		
Interest rates ranging from 3.9% to 4.6%, maturities vary through 2021	81,212	61,343
	2,345,125	1,751,331
Less—current maturities	(548,874)	(323,422)
	\$ 1,796,251	\$ 1,427,909

Long-term debt

The majority of long-term debt is denominated or swapped into U.S. dollars, with \$207.5 million and \$197.1 million denominated in other currencies as of November 30, 2016 and 2015, respectively.

(i) Preferred ship fixed rate and variable rate mortgages

Upon the acquisition of JoT, the Group assumed \$189.8 million of debt. The Group received waivers for a six month period from JOI existing lenders under five separate variable-rate facilities, allowing the Group to replace JOI as borrower. The facilities are secured by mortgages on twelve ships. The Group has entered into a two-year \$200.0 million secured facility with Nordea Bank, DNB Bank ASA and Danske Bank which will be used to refinance the existing debt within the next six months and will be secured by the 13 ships acquired.

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With the delivery of the first newbuilding, the *Stolt Pride*, the Group drew down \$57.2 million on its first tranche under the \$291.8 million term loan with Export and Import Bank of China and Standard Chartered Bank. The loan will be secured by the newbuilding and repaid over its ten-year life. Interest has been fixed at 4.42% for the first tranche. The remaining four tranches will be drawn on delivery of each newbuilding at a floating interest rate of six month LIBOR plus a margin of 2.25%.

On May 10, 2011, the Group drew \$200.0 million down on a term loan with four banks. The loan was secured by six second-hand ships bought by the Group between November 2010 and April 2011. The interest rates are based on LIBOR plus a margin and the loan has a term of seven years. This term loan was paid off in 2016.

On March 9, 2009, the Group entered into a \$250.0 million facility agreement with Eksportfinans ASA and DNB Bank ASA to be secured by mortgages on four ships that the Group had contracted to be constructed by STX Norway AS, Florø (“STX Yards”) in Norway. \$200.0 million of this facility is guaranteed by Garanti-instituttet for Eksportkredit ASA. The Group had drawn down a total of \$250.0 million under the facility as all ships have been delivered. On the delivery of each of the ships, the loan portion in respect of each of the ships (referred in the loan agreement as tranches 1-4) was drawn and will be repaid in 24 semi-annual instalments, with balloon payments along with the 24th instalment for tranches 1-4 totalling \$37.5 million. The Group has converted the LIBOR rate into a fixed rate loan through interest rate swap contracts. The swaps began to be effective on December 1, 2009.

On February 8, 2008, the Group accepted an offer made by Danish Ship Finance A/S for a \$150.0 million top-off facility to be secured by eight currently-owned ships. This \$150.0 million top-off facility was added to an existing facility with Danish Ship Finance A/S with a tenor of 10 years. On this new top-off facility the Group drew down \$100.0 million in 2008 and \$14.0 million in 2009 with the final drawdown of \$36.0 million made in December 2009. In 2016, 2015 and 2014, respectively, an additional \$110.0 million, \$50.0 million and \$9.0 million were also drawn down to top up the existing facility.

On February 15, 2008, the Group entered into a NOK 825.6 million facility agreement with Eksportfinans and DNB Bank ASA and drew down the 12-year secured term loan in 2008 for \$146.3 million. Upon drawdown, the loan was converted into a fixed U.S. 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 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 3.6%. 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 one-half years at a fixed interest rate of 3.4%. 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.

On March 29, 2011, the Group entered into a facility with DNB, Nordea, and United Overseas Bank for a SGD 280.0 million term loan for the financing of the terminal on Jurong Island, Singapore. The interest rate on this loan is based on Singapore Swap Offer rate plus a margin and the loan has a term of six years. During 2016, 2015, 2014, 2013 and 2012, SGD 15.0 million (\$10.6 million), SGD 45.0 million (\$32.0 million), SGD 60.0 million (\$47.5 million), SGD 30.0 million (\$23.6 million) and SGD 19.6 million (\$15.7 million), respectively, were drawn down on the loan.

(iii) Senior unsecured bond issue

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 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.

The Group announced on March 26, 2015 the placement of senior unsecured bonds for NOK 1,100 million (approximately \$142.2 million) in a new five-year bond issue carrying a coupon rate of three- month NIBOR plus 4.1%, which was fixed at 6.22% through interest rate swaps. The settlement date for the bonds was April 8, 2015. Net proceeds from the bond issue were used for general corporate purposes.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250 million (approximately \$207.0 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 U.S. 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 U.S. 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 U.S. dollar obligations at a fixed interest rate of 6.79% for the six-year bonds.

On June 9, 2011, the Group completed the successful placement of a NOK 1.6 billion (\$300.0 million) five-year senior unsecured bond issue. The bond issue was swapped to 6.63% fixed U.S. dollar obligation for the loan’s duration. This bond issue was repaid in 2016.

(iv) Unsecured Bridge Loan

In relation to the acquisition of JoT, on November 21, 2016, the Group entered into a one-year \$75.0 million unsecured bridge facility, repayable in three quarterly instalments of \$25.0 million, the first one occurring six months after drawdown. Interest is variable at LIBOR plus 3.5%.

(v) Secured Credit Line

On November 16, 2016, also in relation to the acquisition of JoT, the Group completed a one-year \$50.0 million revolving credit facility secured by some of the Group’s treasury shares and the Group’s holding of Golar LNG Ltd. shares. The facility is a bilateral loan with Skandinaviska Enskilda Banken AB and has to be repaid in full at maturity, and requires sufficient collateral value in the shares at all times. Interest is variable at LIBOR plus 1.8%.

(vi) Bank loans

In 2015, the Group renegotiated its EUR 9.0 million facility in SSF by entering into a four-year loan with Banco Bilbao Vizcaya Argentaria for \$7.3 million (EUR 6.0 million) and Banco Santander for \$6.1 million (EUR 5.0 million).

On February 4, 2014, the Group executed a new loan facility of approximately AUD 170.0 million for the Australasia terminals with ANZ Bank, New Zealand. The Group drew down \$23.8 million and \$5.8 million in 2016 and 2015, respectively, on the facility to fund the ongoing capacity expansion at Newcastle, Australia.

(vii) Debt issuance costs

Debt issuance costs of \$36.2 million and \$24.3 million have been netted against long-term debt at November 30, 2016 and 2015, respectively. Debt issuance costs recognised in the income statement as part of effective interest rates were \$4.8 million and \$4.4 million for the years ended November 30, 2016 and 2015, respectively.

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24. OPERATING LEASES

Accounting policy

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

As of November 30, 2016, the Group was obligated to make payments under long-term operating lease agreements for tankers, terminal facilities, tank containers, barges, rail cars, land, equipment and offices. Certain of the leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

Between 2002 to 2006, the Group entered into agreements with various Japanese shipowners for the time charter (operating lease) of nine parcel tankers with initial periods of 36 to 96 months, which include an option for the Group to extend the agreements for up to nine additional years. In addition, the Group also has the option to purchase each ship at predetermined prices at any time after three years from the delivery of the ship. The Group has acquired seven of the nine parcel tankers from 2010 to 2014. One ship was redelivered in November 2016. The remaining ship's operating lease commitment for the initial period of approximately \$8.1 million as of November 30, 2016 is included in the schedule below.

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

(in thousands)	2016	2015
Less than:		
1 year	\$ 75,823	\$ 105,122
2 years	62,133	84,684
3 years	48,228	76,306
4 years	20,475	18,029
5 years	14,530	8,915
Thereafter	100,547	104,111
	\$ 321,736	\$ 397,167

Rental and charter hire expenses under operating lease agreements for the years ended November 30, 2016 and 2015 were \$137.2 million and \$144.6 million, respectively, net of sub-lease income of \$4.3 million and \$7.3 million, respectively. Of the total lease expense, no material amounts were from sub-leases. In addition to the above operating leases, through the Joint Service, certain ships are time chartered under operating leases from participants in the Joint Service. For the two years ended November 30, 2016 and 2015, charter hire expenses related to these leases were \$81.8 million and \$81.6 million, respectively.

There are no non-cancellable sub-leases at November 30, 2016 and 2015.

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, 2016 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 seafarers while the others are for shore-based employees. Defined contribution pension plans are currently provided in all of the above countries and Spain. The Group also operates an unfunded post-retirement medical plan in the United States.

Defined benefit plans provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement.

Defined benefit plans

The Group's significant defined benefit pension plans are in the United States, Bermuda, the Netherlands and the United Kingdom.

The Pension Committees participate in the governance of each of the significant defined benefit pension plans. These Pension Committees comprise representatives who are employees and former employees. In addition, actuarial advisors and investment management advisors also participate in the Pension Committee meetings. The Pension Committees for plans act in the best interest of the plan participants and are responsible for setting certain policies, such as strategic asset allocation, investment and contribution policies in consultation with the Group.

The defined benefit plans expose the Group to actuarial risks such as longer than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

Recognising these risks, the Group has adopted an approach of moving away from providing defined benefit plans. Effective December 31, 2014, the U.S. Employee Benefit Plan was frozen for current and future participants. As a result, approximately \$19.8 million of one-time income was recorded in the year ended November 30, 2015, which resulted in a decrease of the Employee benefit liabilities by \$19.8 million. All other defined benefit plans have also been closed to future accrual and new entrants by November 30, 2015.

The Group follows a coordinated strategy for the funding and investment of its defined benefit pension plans subject to meeting all local laws and regulations applicable to those plans. The assets of the plan are generally held separately from those of the Group and are administered by local management in the respective countries. The Group has no legal obligation to settle these liabilities with any immediate contributions or additional one-off contributions. The Group intends to continue to contribute to each defined benefit pension and post-retirement medical plan in accordance with the latest recommendations of each plan actuary and its pension funding policy.

In terms of investments, the Group's aim is for the value of defined benefit plan assets to be maintained at close to the value of the corresponding benefit obligations, allowing for some short-term volatility.

Plan assets are invested in a diversified range of asset classes, predominantly comprising bonds and equities. In some locations such as the United Kingdom, plan trustees and other bodies have legal and fiduciary responsibility for the investment of plan assets, and decisions on investment strategy are taken in consultation with the Group.

The Group monitors its exposure to changes in equity markets, interest rates and inflation, and measures its balance sheet pension risk using a risk-based approach. Strategic Asset Allocation Studies and asset-liability studies are carried out periodically for the significant pension plans. On a quarterly basis, the performance of all investments across the significant defined benefit plans is reviewed with the Group's investment management advisors.

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Pension plans overview

(in thousands)	As of November 30,	
	2016	2015
Present value of funded obligations	\$ (236,061)	\$ (246,918)
Fair value of plans assets	190,223	203,276
Net liabilities	\$ (45,838)	\$ (43,642)

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

(in thousands)	As of November 30,	
	2016	2015
Non-current assets	\$ 3,796	\$ 3,745
Non-current liabilities	(49,634)	(47,387)
Net accrued cost	\$ (45,838)	\$ (43,642)

U.S. post-retirement healthcare plan

U.S. based employees retiring from the Group after attaining the age of 55 with at least 10 years of service with the Group are eligible to receive post-retirement healthcare coverage for themselves and their eligible dependents. These benefits are subject to deductibles, co-payment provisions, and other limitations. The Group reserves the right to change or terminate the benefits at any time. This plan is unfunded.

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 U.S. other post-retirement benefit plan shown above for the years ended November 30, 2016 and 2015 consisted of the following:

(in thousands)	As of November 30,	
	2016	2015
Service cost	\$ 1,187	\$ 1,125
Interest cost	1,940	1,984
Past service cost	(1,547)	—
Cost of plan administration	388	304
Net periodic benefit cost	\$ 1,968	\$ 3,413

U.S. pension curtailment gain	\$ —	\$ 19,813
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U.S. pension settlement gain	\$ 3,476	\$ —
U.S. post-retirement medical plan gain	\$ 2,166	\$ —

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

Of the total one-time gain of \$5.6 million, \$3.8 million was classified to Administrative and General Expenses and \$1.8 million was included under Operating Expenses.

Net periodic benefit cost is included in administrative and general expenses. The U.S. pension curtailment gain of \$19.8 million has been shown separately on the Consolidated Income Statement for November 30, 2015. The Netherlands pension defined benefit plan was also curtailed in 2015.

Impact on Equity

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

(in thousands)	For the years ended November 30,	
	2016	2015
Effect of changes in demographic assumptions	\$ (5,859)	\$ (150)
Effect of changes in financial assumptions	20,673	(10,777)
Effect of experience assumptions	2,567	642
Return on plan assets (excluding interest income)	(9,716)	5,818
Remeasurements recognised in other comprehensive income (loss)	\$ 7,665	\$ (4,467)

Change in Benefit Obligation

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

(in thousands)	For the years ended November 30,	
	2016	2015
Benefit obligations at beginning of year	\$ 246,918	\$ 315,834
Current service cost	1,187	1,125
Past service cost	(1,547)	—
U.S. pension settlement gain	(3,769)	—
U.S. pension curtailment gain	—	(19,813)
Transfer of the Netherlands pension plans to insurers	—	(34,131)
Interest cost	10,818	10,616
Benefits paid	(12,450)	(8,989)
Plan participant contributions	36	45
Foreign exchange rate changes	(5,244)	(7,484)
Settlement payments	(17,269)	—
Remeasurements:		
Effect of changes in demographic assumptions	(5,859)	(150)
Effect of changes in financial assumptions	20,673	(10,777)
Effect of experience adjustments	2,567	642
Benefits obligation at end of year	\$ 236,061	\$ 246,918

Change in plan assets

(in thousands)	For the years ended November 30,	
	2016	2015
Fair value of plan assets at beginning of year	\$ 203,276	\$ 247,315
Return on plan assets (excluding interest income)	9,716	(5,818)
Transfer of the Netherlands pension plans to insurers	—	(34,131)
Interest income	8,877	8,632
Company contributions	2,819	3,186
Plan participant contributions	36	45
Foreign exchange rate changes	(4,394)	(6,660)
Settlement payments	(17,269)	—
Benefits paid	(12,450)	(8,989)
Expenses paid	(388)	(304)
Fair value of plan assets at end of year	\$ 190,223	\$ 203,276

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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:

	As of November 30,	
	2016	2015
Actives	\$ 89,803	\$ 95,083
Vested deferreds	49,573	57,521
Retirees	96,685	94,314
	\$ 236,061	\$ 246,918

The number of participants are as follows:

	As of November 30,
	2016
Actives	1,391
Vested deferreds	787
Retirees	605
	2,783

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 U.S. other post-retirement benefits:

	As of November 30,	
(in thousands)	2016	2015
Weighted-average assumptions to determine projected benefit obligations:		
Discount rate	3.63%	3.91%
Rate of compensation increase	3.75%	3.34%
Rate of price inflation	2.14%	2.26%
Rate of pension increases	1.27%	2.85%
Weighted-average assumptions to determine defined benefit cost:		
Discount rate	3.91%	3.73%
Rate of pension increases	1.31%	1.24%
Rate of increase in compensation levels	3.36%	4.18%
Rate of inflation	2.14%	2.26%
Life expectancy for an individual currently at 65:		
Male	21.0 yrs	21.6 yrs
Female	23.2 yrs	23.8 yrs

Health care cost trends assume a 6.55% annual rate of increase in the per capita cost of covered health care benefits for 2017, reducing gradually each year, reaching an ultimate rate of 4.5% in 2038 and remaining at that level thereafter. The effect of a 1% change in these assumed cost trends on the accumulated post-retirement benefit obligation at the end of 2016 would be an approximate \$1.5 million increase or an approximate \$1.3 million decrease.

(in thousands)	Impact on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	0.25%	Decrease by 3.6%	Increase by 3.6%
Salary growth rate	0.25%	Increase by 0.1%	Decrease by 0.1%
Pension growth rate	0.25%	Increase by 1.1%	Decrease by 0.3%
		Increase by 1 Year in Assumption	Decrease by 1 Year in Assumption
Life expectancy		Increase by 1.1%	Decrease by 1.3%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Fair value of plan assets

The Group's defined benefit pension plans' assets and weighted-average asset allocation as of November 30, 2016 and 2015, by category, were as follows:

(in thousands)	As of November 30,			
	2016	%	2015	%
Cash and cash equivalents	\$ 2,648	1%	\$ 2,084	1%
Equity instruments	92,205	48%	100,912	50%
Debt instruments	71,188	37%	80,538	40%
Real estate	10,464	6%	11,879	6%
Derivatives	5,537	3%	4,886	2%
Investment funds	989	1%	1,090	—
Assets held by insurance company	372	—	355	—
Other	6,820	4%	1,532	1%
Total	\$ 190,223	100%	\$ 203,276	100%

The fair value of all plan assets were based on quoted market prices, except for cash.

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

Investment return is the total compounded annual return, calculated recognising interest and dividend income, realised and unrealised capital gains and losses, employer contributions, expenses, and benefit payments.

The Group expects to contribute \$2.5 million to its defined benefit pension and post-retirement benefit plans in 2017.

Weighted average duration of the defined benefit obligation is 14.4 years.

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Expected maturity analysis of undiscounted pension and post-employment benefits

(in thousands)	Less than a year		Between 1-2 years		Between 2-5 years		More than 5 years		Total
Pension benefits	\$	10,764	\$	21,202	\$	23,345	\$	62,150	\$ 117,461
Post-employment benefits		585		1,279		1,398		3,602	6,864
Total	\$	11,349	\$	22,481	\$	24,743	\$	65,752	\$ 124,325

The Group also provides defined contribution plans to certain of its qualifying employees. Group contributions charged to expense for these plans were \$16.9 million and \$15.8 million for the years ended November 30, 2016 and 2015, respectively.

26. COMMITMENTS AND CONTINGENCIES

As of November 30, 2016 and 2015, the Group had total capital expenditure purchase commitments outstanding of approximately \$245.6 million and \$361.7 million, respectively. At November 30, 2016, the total purchase commitments consisted of newbuilding contracts for four tankers, new and existing terminal expansion projects and other smaller projects in the businesses. Of the total 2016 purchase commitments, \$245.0 million is expected to be paid in the next year and \$211.6 million of that amount has financing in place. The remaining \$33.4 million will be paid out of existing liquidity.

On January 12, 2015, the Group served a notice of cancellation to Jiangsu Islands Shipbuilding Industry Co., Ltd (previously known as Nanjing East Star Shipbuilding Co. Ltd.) for the 3,500 dwt bitumen carrier being constructed, as a result of excessive delays. The Group received \$11.0 million on April 30, 2015 for deposits of \$9.1 million and interest of \$1.9 million and wrote off capitalised interest and site team costs of \$2.9 million. Total amount invested was \$12.0 million.

Newbuilding contract

The Group announced on November 27, 2012 that it has reached an agreement with Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. and China Shipbuilding Trading Co. Ltd, under China Shipbuilding Group Corporation (“Hudong-Zhonghua”), for five 38,000 deadweight ton (“dwt”) stainless steel parcel tankers for \$364.8 million. The first ship, the *Stolt Pride*, was delivered in July 2016 with the second ship, the *Stolt Sincerity*, delivered in December 2016. Future deliveries are expected to take place from the first quarter of 2017 onwards. Each of the ships will have 43 stainless steel tanks with a total volume of 44,000 cubic metres (“cbm”). The commitment has been included in the above capital expenditure purchase commitments and a deposit of \$80.2 million has been paid. Financing for the five newbuildings has been secured through a \$291.8 million term loan with Export and Import Bank of China and Standard Chartered Bank. The loan will be secured by the five ships and will be drawn proportionately on the delivery of each ship. The loan is for a term of 10 years and is amortised over 14 years from the first principal payment.

Joint ventures purchase commitments

The Group’s joint ventures had an additional \$332.6 million of purchase commitments, non-recourse to the Group, at November 30, 2016. These commitments primarily relate to \$293.3 million for eight parcel tankers at three joint ventures and \$37.7 million terminal capital projects.

As a part of the acquisition of JoT, the Group acquired a 50% interest in Hassel 4 which had previously ordered eight newbuildings from New Times Shipbuilding Co. Ltd. Two newbuildings were delivered prior to acquisition, with five ships expected to be delivered in 2017 and one ship in 2018. Future capital commitments are \$199.3 million. The commitment has been included in the above joint venture purchase commitments.

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 U.S. Congress on December 11, 1980. This law created a tax on the chemical and petroleum industries and provided broad federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment. This law and similar state environment statutes and common laws can impose liability for the entire cleanup of contaminated sites or for third-party claims for property damage and personal injury, regardless of whether the current owner or operator owned or operated the site at the time of the release of contaminants or the legality of the original disposal activities.

Actual or discontinued operations in the U.S. may trigger a future liability. Due to the uncertainty whether or the length of time before any liability may occur, it is currently not considered probable that a liability will arise and consequently no provision has been recorded.

At the end of August 2012, Hurricane Isaac caused widespread flooding in southern Louisiana, including an unprecedented storm surge at the terminal in New Orleans/Braithwaite of about 13 feet of water. The storm surge overtopped the Parish levee system and despite extensive efforts to prepare the terminal for the impact of the hurricane, extensive damage was sustained to various portions of the facility, including several tanks, causing some tank releases of stored product to occur. Multiple notices were made to the relevant authorities. The protective measures taken in and around the terminal were successful in retaining a considerable amount of the releases. Following the hurricane, the rail cars stored at the terminal were inspected and no leaks were detected. Samples of the flood waters, soil and sediment of the area surrounding the terminal have been taken and tested in cooperation with the various government authorities. Results of the residential soil samples are within the guidelines established by the Louisiana Department of Environmental Quality.

Both the state and federal environmental agencies, as well as the Louisiana State Police, have claimed against the terminal for civil penalties for (a) failure to properly provide notice in accordance with the respective regulatory requirements, and (b) discharges of chemical products being stored at the terminal. The Group is challenging the claims. It is premature to offer a view on the final outcome of the regulatory claims. However, it is not expected that any resolution will have a material effect on the Group’s business or financial condition.

27. LEGAL PROCEEDINGS

There are various legal proceedings arising in the ordinary course of business and in cases where the Group believes the likelihood of losses is probable and can be estimated, provisions would be recorded. Whilst ongoing legal proceedings could have a material adverse effect on the Group’s consolidated financial position or results of operations in the future, the Group believes that none of these matters will have a material adverse effect on its business or financial condition.

During 2016 and 2015, the Group has been involved in certain civil litigation cases, which are described below.

To the extent that they are not covered by insurance, the Group expects to incur legal costs until these matters are resolved. For the matters described below, the Group incurred legal costs of approximately \$0.4 million and \$1.0 million for the years ended November 30, 2016 and 2015, which are included in “Administrative and general expenses” in the consolidated income statements.

Collision involving *Stolt Commitment*

On December 16, 2015, the *Stolt Commitment* was involved in a collision with the general cargo ship *Thorco Cloud*, whilst in the Singapore Strait. As a consequence of these events, the *Thorco Cloud* sank with the loss of three lives, three other crewmen being unaccounted for. She was carrying steel and project cargo. The *Stolt Commitment* was damaged in the collision and arrangements made to transship the cargo on board in 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 for the collision has not yet been determined but any losses, repairs and legal costs will be covered by insurance maintained by the Group, subject to deductibles and certain unrecoverable expenses. It is not expected that there will be a material adverse effect on the Group’s business or financial condition.

Civil Actions as a result of Hurricane Isaac

Following the flooding at the terminal in New Orleans/Braithwaite, two class actions and multiple individual actions were filed at the District Court in the Parish of Plaquemines, State of Louisiana.

All actions allege pollution of the claimants’ properties with liquids stored at the terminal and allegedly released as a consequence of the flooding. The actions are being defended and the monitoring of air quality, sampling of the flood waters and soil testing, all carried out in cooperation with the various government authorities, have shown results within the guidelines established by the Louisiana Department of Environmental Quality. In addition, Stolthaven New Orleans LLC has received a number of claims from residents for costs and/or damages via a claims hotline and all such claims have been made part of the above-referenced litigation. All these matters including the legal fees for the defence are covered by insurance maintained by the Group and it is not expected that they will have a material adverse effect on its business or financial condition.

Civil Actions as a result of the fire on the *MSC Flaminia*

On July 14, 2012, a fire broke out aboard the *MSC Flaminia* during the ship’s crossing of the Atlantic Ocean in cargo hold number 4. During the crew’s attempt to extinguish the fire, an explosion occurred. Stolt Tank Containers (“STC”) had 29 tank containers onboard the ship, three of which were stowed in cargo hold number 4. These tanks carried various products for various customers.

STC filed claims for the replacement value of the tank containers and the product carried. In August 2012 vessel interests declared General Average. The vessel was initially hauled to Germany and then sailed onward to Romania for inspection, investigation and discharge operations.

On May 29, 2013, the vessel interests, namely the owner, manager and operator filed counter and cross claims against STC and Deltech, the shipper of the three tank containers stowed in cargo hold number 4, alleging that these tank containers were the cause of the fire and that STC did not adequately warn of the inherently dangerous nature of the cargo. Since that time, several other cargo claimants have filed cross claims against STC and Deltech.

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The case remains pending in the U.S. federal court sitting in the Southern District of New York. All fact and expert discovery on liability has been completed. Trial on liability is scheduled to start in June 2017. Following trial, legal discovery on damages is to start thereafter. The matter is in the hands of the insurers and, other than the deductible of \$100,000, all other claims and anticipated costs are expected to be covered by insurance and it is not expected that they will have a material adverse effect on the Group's business or financial condition.

General

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

28. COMMON SHARES, FOUNDER'S SHARES, PAID-IN SURPLUS AND DIVIDENDS DECLARED

Accounting policy

Equity capital stock

The Company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Dividends

Dividends recommended by the Board of Directors are recognised in the financial statements when they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when approved by the Board of Directors.

Treasury shares

Upon the Group's purchase of its own shares (Treasury shares), the consideration paid is deducted from equity attributable to equity holders until the shares are cancelled, reissued or otherwise disposed of. In cases where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to equity holders.

	Founder's Shares par value \$0.001 per share		Common Shares par value \$1 per share	
	Shares Issued	Treasury Shares	Shares Issued	Treasury Shares
Balance at December 1, 2014	16,033,449	1,828,693	64,133,796	7,314,770
Repurchase of treasury shares	—	426,792	—	1,707,171
Balance at November 30, 2015	16,033,449	2,255,485	64,133,796	9,021,941
Treasury shares-collateral for revolver facility	—	(1,750,000)	—	(7,000,000)
Repurchase of treasury shares	—	41,750	—	167,000
Balance at November 30, 2016	16,033,449	547,235	64,133,796	2,188,941

See Note 30 for additional information on the exercise of share options.

Share rights

The Group's authorised share capital consists of 65,000,000 Common shares, par value \$1.00 per share, and 16,250,000 Founder's shares, par value \$0.001 per share. As of November 30, 2016 and 2015, there were 64,133,796 shares issued, of which Treasury shares were 2,188,941 and 9,021,941. 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 11, 2016, the Group's Board of Directors declared an interim dividend of \$0.50 per Common share and \$0.005 per Founder's share to shareholders of record as of November 23, 2016. The total gross amount of the dividend was \$27.6 million, which was classified as an interim dividend and paid on December 8, 2016.

On February 11, 2016, SNL's Board of Directors recommended a final dividend for 2015 of \$0.50 per Common Share, payable on May 12, 2016 to shareholders of record as of April 28, 2016. In accordance with the normal settlement practice, the shares traded ex-dividend on and after April 27, 2016 (one business day prior to the April 28, 2016 record date). The dividend, which was subject to shareholder approval, was approved at the Company's Annual General Meeting of Shareholders held on April 21, 2016 in Bermuda.

On November 11, 2015, the Group's Board of Directors declared an interim dividend of \$0.50 per Common share and \$0.005 per Founder's share to shareholders of record as of November 26, 2015. The total gross amount of the dividend was \$27.6 million, which was classified as an interim dividend and paid on December 11, 2015.

On February 11, 2015, SNL's Board of Directors recommended a final dividend of \$0.50 per Common share, payable to shareholders of record as of April 23, 2015. The dividend, which was subject to shareholder approval, was approved at the Company's Annual General Meeting of shareholders on April 17, 2015 in Bermuda. The total gross amount of the dividend was \$28.2 million and paid on May 13, 2015.

Share repurchase

On March 2, 2016, the Group announced the board approval of a new share purchase programme authorising the repurchase of up to \$30.0 million worth of its common shares. The total number of common shares bought under this programme in the year ended November 30, 2016 was 0.2 million shares for \$1.7 million. The repurchases resulted in the Group holding 2,188,941 of SNL shares at November 30, 2016.

In November 2016, 7,000,000 of Treasury shares were used as the collateral for the \$50.0 million revolver facility. In order to comply with Bermuda law, the ownership of these shares was transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. Stolt-Nielsen Finance Limited holds these shares on behalf of the lender and they are no longer included in Treasury Shares. These shares are now included within Paid-In Surplus on the Balance Sheet. For the purposes of the Earnings Per Share calculation, these shares are considered as outstanding.

The Group announced on November 18, 2014 that the Board of Directors had authorised the Company to purchase up to \$50.0 million worth of its common shares. The total shares repurchased under this programme in the year ended November 30, 2015 was \$24.6 million.

Founder's shares and treasury shares

As of November 30, 2016 and 2015, 15,486,214 and 13,777,964, respectively, of Founder's shares had been issued to Fiducia Ltd, net of Treasury shares. Additional Founder's shares are issuable to holders of outstanding Founder's shares without consideration, in quantities sufficient to maintain a ratio of Common shares to Founder's shares of 4 to 1.

As of November 30, 2016 and 2015, 2,188,941 and 9,021,941, respectively, of Treasury shares were held by the Group. The Group also held 547,235 and 2,255,485 of Founder's shares for the same years. Note that dividends are not paid on Treasury shares held by the Group.

Capital management

The Group defines capital as net debt and equity attributable to equity holders of SNL. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to shareholders, issue new shares, repurchase shares or sell assets to reduce debt.

The Group monitors capital on the basis of the ratio of debt to tangible net worth. This is calculated as short-term and long-term debt divided by equity attributable to equity holders less intangible assets and excluding other components of equity. As of November 30, 2016 and 2015, 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,	
	2016	2015
Short-term bank loans and long-term debt	\$ 2,353,225	\$ 1,751,331
Equity attributable to equity holders of SNL less intangible assets and excluding other components of equity	1,581,584	1,540,797
Debt to tangible net worth	1.49	1.14

The debt to tangible net worth of 1.49 at November 30, 2016 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.

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29. RESTRICTIONS ON PAYMENT OF DIVIDENDS

Under Bermuda law, dividends cannot be paid if there are reasonable grounds for believing that:

- a. The Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- b. The realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

30. SHARE-BASED COMPENSATION

The Group has a 1997 Share Option Plan (the “1997 Plan”) covering 5,180,000 Common shares. No further grants will be issued under the 1997 Plan as it expired in 2007 although options granted prior thereto continue to be exercisable in accordance with their stated terms. Beginning in 2007, the option grants were replaced with a cash-settled non-equity based performance incentive plan. The 1997 Plan is administered by a Compensation Committee appointed by the Board of Directors. The Compensation Committee awarded options based on the grantee’s position in the Group, degree of responsibility, seniority, contribution to the Group and such other factors as it deemed relevant under the circumstances.

Share options were issued at the current market price of SNL shares on the date of the grant. The grant date was the date on which the Compensation Committee approved the grant.

Options granted under the plan vest 25% on the first anniversary of the grant date, with an additional 25% vesting on each subsequent anniversary of continued employment. Options may be exercisable for periods of up to ten years at an exercise price not less than the fair market value per share at the grant date. Options are forfeited by employees upon termination of employment in most circumstances.

Share-based expense for the years ended November 30, 2016 and November 30, 2015 was nil, as all share options are fully vested.

The following table reflects activity under the Plan for the years ended November 30, 2016 and 2015:

For the years ended November 30,	2016		2015	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Common share options				
Outstanding at beginning of year	730,675	\$ 30.89	1,162,925	\$ 29.57
Expired	(357,275)	(32.96)	(339,150)	(26.41)
Forfeited	—	—	(93,100)	(30.72)
Outstanding at end of year	373,400	\$ 28.90	730,675	\$ 30.89
Exercisable at end of year	373,400	\$ 28.90	730,675	\$ 30.89
Weighted average share price at date options exercised	\$ —		\$ —	

The following table summarises information about share options outstanding as of November 30, 2016 and 2015:

	Options Outstanding					
	2016			2015		
	Number Outstanding	Remaining Contractual Life (years)	Number Exercisable	Number Outstanding	Remaining Contractual Life (years)	Number Exercisable
Common share options:						
\$28.90	373,400	0.10	373,400	373,400	1.11	373,400
\$32.96	—	—	—	357,275	0.13	357,275
	373,400	0.10	373,400	730,675	0.63	730,675

All the stock options under this Plan have now expired.

31. EARNINGS PER SHARE

Earnings per Common Share

Basic Earnings per Common share (“EPS”) is computed by dividing net profit by the weighted average number of shares outstanding during the year. Diluted EPS is computed by adjusting the weighted average number of shares outstanding during the year for all potentially dilutive shares and equivalents outstanding during the year using the Treasury stock method.

As further discussed in Note 28, “Common shares, Founder’s shares and Dividends declared”, Founder’s shares, which provide the holder thereof with certain control features, only participate in earnings to the extent of \$0.005 per share for the years in which dividends are declared, and are limited to \$0.05 per share upon liquidation. For the purposes of computing EPS, dividends paid on Founder’s shares are deducted from earnings to arrive at net profit attributable to Common Shareholders. Founder’s shares are not included in the basic or diluted weighted average shares outstanding in the computation of earnings per Common share.

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

(in thousands, except per share data)	For the years ended November 30,	
	2016	2015
Net profit attributable to equity holders of SNL	\$ 113,145	\$ 132,672
Less: Dividends on Founder’s shares	(77)	(69)
Net profit attributable to Common Shareholders	\$ 113,068	\$ 132,603
Basic weighted average shares outstanding	55,162	56,108
Dilutive effect of share options	—	—
Diluted weighted average shares outstanding	55,162	56,108
Basic earnings per share	\$ 2.05	\$ 2.36
Diluted earnings per share	2.05	2.36

Outstanding share options to purchase 373,400 shares and 730,675 shares were not included in the computation of diluted earnings per share for the years ended November 30, 2016 and 2015, respectively, because the net effect of these share options would have been anti-dilutive. Average Treasury shares held by the Company are also not included in the weighted average shares outstanding.

32. FINANCIAL INSTRUMENTS

Accounting Policy for Financial Instruments

IFRS 9 contains a new classification and measurement approach for financial assets and liabilities, including derivative instruments, that reflects the business model in which assets are managed and their cash flow characteristics.

Under IFRS 9 all financial instruments are initially measured at fair value plus or minus transaction costs, in the case of a financial asset or liability not at fair value through profit or loss. This requirement is consistent with IAS 39. Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified.

IFRS 9 contains three principal classification categories for financial assets, based on the business models under which they are held:

- *Amortised cost:* The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the assets are held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Group’s assets measured at amortised cost include trade and other receivables, cash and cash equivalents and advances from joint ventures and associates.
- *Fair value through other comprehensive income (FVTOCI):* Assets that are held for collection of contractual cash flows and for future sales the financial assets, where the assets’ cash flows represent solely payments of principal and interest and dividends, are measured at fair value through other comprehensive income. See note 17 for further details.
- *Fair value through profit or loss (FVTPL):* Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. See note 17 for further details.

Impairment

As required by IFRS 9, the Group has adopted an “expected credit loss model”, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The “12 month expected credit losses” approach is applied to all financial assets with the exception of trade receivables. For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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Credit risk is considered on an asset by asset basis upon initial recognition. This is done with reference to previous experience of working with the counterparty in question and, where appropriate, credit checks upon entering into an initial contract with a counterparty. The Group does not enter into contracts in relation to assets which are credit-impaired on initial recognition.

Credit risk is then re-assessed each period on an asset by asset basis. This is performed by the respective business controllers regularly reviewing the “days past due” accounts receivable reports for trade receivables and the ongoing performance of other receivables such as Advances from joint ventures. Forward looking information is also taken into account when considering lifetime expected credit losses.

To the extent that there has been a significant increase in credit risk for an individual asset since its initial recognition, an impairment charge would be considered. Default is considered to have occurred to the extent that there is objective evidence that the receivable cannot be recovered.

This change in accounting policy has had no material impact on the Group’s recognition of financial liabilities at FVTPL.

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 and investments in debt instruments acquired as a part of acquisition of JoT are measured using quoted prices in an active market (Level 1) while its derivative assets of \$7.1 million and nil as of November 30, 2016 and 2015, respectively and liabilities of \$185.6 million and \$327.8 million as of November 30, 2016 and 2015, respectively, are measured using inputs other than quoted prices (Level 2). The Group’s mature biological assets are measured using inputs other than quoted prices (Level 2). There have been no changes in the fair value methodology in the periods presented.

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-U.S. 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.

(i) Determination of fair value

The fair value of interest rate swaps, cross currency interest rate swaps and foreign exchange contracts is based on discounted cash flow models based upon the valuations received from brokers, taking into account current interest rates and foreign exchange rates and the current.

(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:

(in thousands)	November 30, 2016				November 30, 2015			
	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	\$ —	\$ 56,848	\$ 56,848	\$ 56,848	\$ —	\$ 59,632	\$ 59,632	\$ 59,632
Financial assets at FVTPL								
JoT bond portfolio - listed	11,399	—	11,399	11,399	—	—	—	—
Financial assets at amortised cost								
Cash and cash equivalents	92,784	—	92,784	92,784	77,545	—	77,545	77,545
Restricted cash	87	—	87	87	68	—	68	68
Trade receivables	201,634	—	201,634	201,634	202,758	—	202,758	202,758
Loans and advances to joint ventures	—	53,200	53,200	53,200	—	53,293	53,293	53,293
Other current assets	49,085	—	49,085	49,085	45,193	—	45,193	45,193
	\$ 354,989	\$ 110,048	\$ 465,037	\$ 465,037	\$ 325,564	\$ 112,925	\$ 438,489	\$ 438,489

Financial Liabilities at amortised cost								
Accounts payables, excluding withholding and value added taxes	66,236	—	66,236	66,236	65,167	—	65,167	65,167
Accrued expenses	241,327	—	241,327	241,327	234,700	—	234,700	234,700
Dividend payable	27,550	—	27,550	27,550	27,623	—	27,623	27,623
Short-term bank loans	8,100	—	8,100	8,100	—	—	—	—
Long-term debt and finance leases including current maturities	548,874	1,796,251	2,345,125	2,480,148	323,422	1,427,909	1,751,331	1,900,355
	\$ 892,087	\$ 1,796,251	\$ 2,688,338	\$ 2,823,361	\$ 650,912	\$ 1,427,909	\$ 2,078,821	\$ 2,227,845

Derivative Financial Instruments								
Derivatives at fair value								
Assets								
Cross-currency interest rate swaps – cash flow hedges	347	—	347	347	—	—	—	—
Bunker call options	575	645	1,220	1,220	—	—	—	—
Bunker purchase swap contracts	4,739	301	5,040	5,040	—	—	—	—
Foreign currency exchange contracts – cash flow hedges	9	480	489	489	—	—	—	—
	\$ 5,670	\$ 1,426	\$ 7,096	\$ 7,096	\$ —	\$ —	\$ —	\$ —

Liabilities								
Cross-currency interest rate swaps – cash flow hedges	14,557	163,679	178,236	178,236	130,755	185,192	315,947	315,947
Foreign currency exchange contracts	338	—	338	338	1,609	—	1,609	1,609
Interest rate swaps	3,106	3,960	7,066	7,066	10,213	—	10,213	10,213
	\$ 18,001	\$ 167,639	\$ 185,640	\$ 185,640	\$ 142,577	\$ 185,192	\$ 327,769	\$ 327,769

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Fair value of financial instruments

The estimated fair value amounts of financial instruments have been determined by the Group, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange.

The carrying amount of cash and cash equivalents, receivables, other current assets, accounts payable (excluding withholding and value added tax payables), accrued expenses and dividend payable are a reasonable estimate of their fair value, due to the short maturity thereof. The estimated value of the Group's financial assets and marketable securities are based on traded value. The estimated value of its senior unsecured bond issues is based on traded values, while the values on the remaining long-term debt is based on interest rates as of November 30, 2016 and 2015, 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, 2016 and 2015. 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, 2016 and 2015.

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

	Year Ended November 30	
	2016	2015
Dividends from equity investments held at FVTOCI	\$ 1,308	\$ 1,875
Impairment expense recognised on trade receivables	1,675	3,013
Total	\$ 2,983	\$ 4,888

Derivatives

The Group has derivative assets of \$7.1 million and nil as of November 30, 2016 and 2015, respectively and derivative liabilities of \$185.6 million and \$327.8 million as of November 30, 2016 and 2015, respectively. All of the Group's derivative activities are financial instruments entered into with major financial institutions for hedging the Group's committed exposures or firm commitments with major financial credit institutions, shipbuilders and ship-repair yards. The fair values of the Group's foreign exchange contracts are based on their estimated market values as of November 30, 2016 and 2015. There were no changes in the valuation techniques during the period.

The Group has purchased forward contracts on 92,000 tons of bunkers fuel delivery in 2016 and 72,000 tons in 2017 with initial expiration dates ranging from three to 24 months forward. The bunker contracts were marked-to-market through the Income Statement and a realised and unrealised gain of \$7.4 million recorded for year ended November 30, 2016.

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

The net losses recognised in equity were as follows at November 30, 2016 and 2015.

	As of November 30,	
(in thousands)	2016	2015
Interest rate derivatives	\$ (4,895)	\$ (8,082)
Cross-currency interest rate swaps	(23,201)	(42,340)
Foreign currency derivatives	(266)	(1,552)
Foreign exchange hedges held by a joint venture and associate	(1,616)	(4,213)
Deferred income tax loss on the interest rate derivatives	—	(124)
	\$ (29,978)	\$ (56,311)

Foreign currency

The following foreign exchange contracts, maturing through May 2017, were outstanding as of November 30, 2016 and 2015:

	Purchase	
(in local currency, thousands)	2016	2015
Norwegian Kroner	—	96,000
Euro	—	18,000
Singapore Dollar	1,685	3,809
British Sterling	7,800	97

The U.S. dollar equivalent of the currencies which the Group had contracted to purchase was \$11.2 million and \$34.6 million as of November 30, 2016 and 2015, respectively.

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

The Group has elected non-hedge accounting treatment for some contracts, with immaterial notional amounts. Gains and losses on hedges of committed commercial transactions are recorded as a foreign exchange gain or loss.

For the years ended November 30, 2016 and 2015, a \$1.6 million and \$2.4 million net unrealised gain, respectively, were reclassified from the hedging reserve into earnings. In 2016, net unrealised gain of \$0.3 million included in the hedging reserve is expected to be reclassified into earnings within six months.

Interest rate and cross-currency interest rate swaps

The Group entered into interest rate and cross-currency interest rate swaps with notional values of \$899.9 million and \$1,025.0 million as of November 30, 2016 and 2015, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2016 and 2015, \$20.7 million and \$22.1 million, respectively, were recognised in finance expense. Any remaining amounts currently in other comprehensive income are expected to be reclassified to earnings in 2017 to 2026.

STOLT-NIELSEN LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

Maturity of financial liabilities

(in thousands)	For the Year Ended November 30, 2016					
	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total	
Contractual obligations:						
Accounts payable	\$ 66,236	\$ —	\$ —	\$ —	\$	66,236
Accrued expenses and dividend payable	268,877	—	—	—		268,877
Short-term debt	8,100	—	—	—		8,100
Long-term debt and finance leases including current maturities	551,201	470,563	490,911	867,663		2,380,338
Interest on long-term debt and finance leases	94,697	139,301	77,035	57,036		368,069
Derivative financial liabilities	18,178	102,038	85,114	84		205,414
Total contractual obligations	\$ 1,007,289	\$ 711,902	\$ 653,060	\$ 924,783	\$	3,297,034

(in thousands)	For the Year Ended November 30, 2015					
	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total	
Contractual obligations:						
Accounts payable	\$ 65,167	\$ —	\$ —	\$ —	\$	65,167
Accrued expenses and dividend payable	262,323	—	—	—		262,323
Long-term debt and finance leases including current maturities	326,557	527,719	355,332	565,991		1,775,599
Interest on long-term debt and finance leases	69,756	103,729	70,853	66,123		310,461
Derivative financial liabilities	139,954	81,060	61,347	65,751		348,112
Total contractual obligations	\$ 863,757	\$ 712,508	\$ 487,532	\$ 697,865	\$	2,761,662

Long-term debt in the table above excludes debt issuance costs of \$36.2 million and \$24.3 million and future finance charges on finance leases of approximately \$0.2 million and \$0.1 million as of November 30, 2016 and 2015, respectively. Derivative financial liabilities are stated at future undiscounted cash flows; therefore, they do not agree to the balance sheet.

33. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS

(in thousands)	For the years ended November 30,	
	2016	2015
Net profit	\$ 113,237	\$ 133,104
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation and impairment of property, plant and equipment	230,843	213,718
Amortisation of other intangible assets	3,228	8,312
Finance expense and income	103,616	101,215
Net periodic benefit costs of defined benefit pension plans	(3,019)	(17,263)
Income tax expenses	15,707	14,135
Share of profit of joint ventures and associates	(33,599)	(49,887)
Fair value adjustment on biological assets	(7,590)	1,349
Foreign currency related losses (gains)	1,568	(1,881)
Bunker hedge gain	(5,394)	—
Loss on disposal of assets, net	137	1,170
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Decrease (increase) in receivables	6,094	(4,846)
Decrease in inventories	1,675	3,199
Increase in biological assets	(888)	(1,704)
Decrease in prepaid expenses and other current assets	15,442	1,870
Decrease in accounts payable and other current liabilities	(24,111)	(19,023)
Contributions to defined benefit pension plans	(2,274)	(3,853)
Dividends from joint ventures and associates	28,604	21,701
Other, net	2,758	(369)
Cash generated from operations	\$ 446,034	\$ 400,947

Analysis of net debt

Net debt at November 30, 2016 comprises cash and cash equivalents of \$92.8 million (2015: \$77.5 million), short-term bank loans of 8.1 million (2015: nil) and long-term debt and finance leases, including current maturities, of \$2,345.1 million (2015: \$1,751.3 million). See Notes 22 and 23 for further details.

(in thousands)	At December 1, 2015	Cash Flow	Exchange Differences	Other Movements	At November 30, 2016
Cash deposits	\$ 51,806	\$ 32,926	\$ (2,920)	\$ —	\$ 81,812
Short-term time deposits	25,739	(14,767)	—	—	10,972
Cash and cash equivalents	77,545	18,159	(2,920)	—	92,784
Borrowings:					
Short-term bank loans	—	(8,100)	—	—	(8,100)
Long-term debt, including current maturities	(1,750,994)	(297,850)	(117,529)	(178,511)	(2,344,884)
Finance lease obligations	(337)	96	—	—	(241)
Net debt	\$ (1,673,786)	\$ (287,695)	\$ (120,449)	\$ (178,511)	\$ (2,260,441)

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 assumption of JoT debt of \$189.8 million, \$6.3 million amortisation of debt issuance costs offset by the capitalisation of debt issuance and interest to debt of \$17.6 million.

STOLT-NIELSEN LIMITED
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

continued

34. BUSINESS ACQUISITIONS

Accounting policy

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the aggregate of the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange for control of the acquiree. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Any adjustments of the purchase price allocation will be made if prior to one year after acquisition in accordance with IFRS 3.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group announced on July 18, 2016 that it had agreed to acquire 100% of the equity relating to the chemical tanker operations of JoT. The transaction comprises 13 chemical tankers in service and a 50% share in Hassel 4 with two newly delivered ships and six newbuildings. The total purchase consideration for net assets acquired was \$295.6 million, including the share of the progress payments on the newbuildings in the joint venture. Funding for the transaction has been secured through some of the Group's main banks with a combination of bridge financing, secured term loans and available corporate funds. See Note 23. The acquisition was completed on November 23, 2016.

Since the transaction was completed close to the year end, the purchase consideration, fair values and the purchase price allocation are preliminary and subject to change. As permitted under IFRS 3, if new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, then the accounting for this acquisition will be revised.

The Group entered into the acquisition to address the tonnage replacement needs of the Group's existing chemical tanker fleet for the next several years. Further, the acquisition will add new trade routes and expand the Group's presence in key trade-lanes, enabling the Group to better serve the needs of its global customer base. The acquisition will also provide some cost savings with relation to shore based staff.

The newbuildings included in the transaction consist of eight all stainless steel eco-friendly ships of 33,000 dwt on order from New Times Shipbuilding in China, the first of which was delivered in early July 2016 and the second in October 2016. The six remaining newbuildings are expected to be delivered in 2017 and 2018 and have limited recourse financing in place.

The preliminary purchase consideration transferred comprises:

(in thousands)		
Cash consideration for equity	\$	295,621
Closing net debt including share of debt in Hassel 4		181,267
Reduction for closing working capital adjustment		(2,756)
Remaining outstanding newbuilding capital expenditures		99,886
M&A insurance premium		982
Total consideration	\$	575,000

The assets and liabilities based on the Preliminary Purchase Price Allocation recognised at the date of the acquisition are as follows:

(in thousands)	Transfer Value	Preliminary		
		Fair value adjustments		Total
Hassel 4 condensed balance sheet				
Vessels	\$ 91,136	\$ 2,100	\$	93,236
Newbuildings	75,207	4,469		79,676
Total fixed assets	166,343	6,569		172,912
Other assets and liabilities, net	(77,757)	—		(77,757)
Equity in Hassel 4 @ 100%	\$ 88,586	\$ 6,569		95,155

Ships in service	\$ 361,043	\$ 19,061	\$ 380,104
Equity in Hassel 4 joint venture at 50%	44,293	3,284	47,577
Net working capital	4,656	—	4,656
Other PPE	418	—	418
Software	731	(731)	—
Deferred tax assets	570	(285)	285
Total operating assets acquired	\$ 411,711	\$ 21,329	\$ 433,040

Debt related to ships	(189,753)	—	(189,753)
Less: Pension deficit	(318)	—	(318)
Less: Other debt items	(8,053)	—	(8,053)
Add: Marketable Securities	11,399	—	11,399
Add: Cash and cash equivalents	33,472	—	33,472
Add: Derivatives	644	—	644
Add: Advance to Hassel 4	9,500	—	9,500
Net assets acquired	\$ 268,602	\$ 21,329	\$ 289,931

Consideration paid for net assets	\$ 295,621	\$ —	\$ 295,621
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Goodwill	\$ 5,690	\$ 5,690
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The acquisition of JoT resulted in goodwill of \$5.7 million which was calculated as the excess of the consideration transferred over the identifiable assets acquired and the liabilities assumed, when measured in accordance with IFRS 3 Business Combinations. The goodwill reflects costs savings from closure of JoT offices and the transfer of a fully trained chemical tanker crew which are not separately identifiable intangible assets. This goodwill will not be deductible for tax purposes.

At November 30, 2016, the Group owed \$21.5 million to JOI towards the purchase consideration. The total purchase consideration is likely to change once the final completion balance sheet on the acquisition date is finalised.

Transactional costs related to this transaction of \$2.2 million have been expensed in the year ended November 30, 2016.

Ships in-service

JoT's in-service fleet includes 13 chemical tankers, built between 1993 and 2015. In addition, there are two new ships, the Jo Alm and Jo Appel within Hassel 4 that have recently been delivered into the fleet from the new build programme, bringing the total in-service fleet to 15.

The Group has recognised the ships in-service in the opening balance sheet at their fair value based on the guidance in IFRS 13 Fair Value. Further, the useful economic lives of all recognised assets were assessed at the opening balance sheet dates and any changes applied prospectively. The income approach was used in the valuation of these ships which considered the present value of future cash flows and earnings expectations for each vessel and its residual value.

STOLT-NIELSEN LIMITED
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

continued

Equity investment in Hassel 4 joint venture

Hassel 4 is a joint venture between JOI and the Group. This joint venture was formed on November 23, 2016 as a result of the acquisition of all of the share capital of JoT by SNL. The purpose of Hassel 4 is to organise the joint ownership and operation by JOI and the Group of eight 33,000 dwt, stainless steel, chemical tankers ordered at New Times Shipbuilding Co. Ltd. in China with delivery originally scheduled to take place from 2016 to 2018. Two chemical tankers have been delivered prior to the Group’s acquisition with the remainder scheduled to be delivered through the first quarter of 2018. The current plans are for the ships to be operated through the Stolt Tankers Joint Service.

For the purposes of the preliminary purchase price allocation, this joint venture is valued based on its share of net assets, which constitutes the six vessels under construction and two in-service. The value of the investment of \$47.6 million reflects the fair value of the newbuildings and completed vessels in the joint venture.

Given proximity to completion, these ships under construction were valued using the same valuation approach for the in-service vessels, after adjusting for changes in contract prices since inception of the existing building contracts, costs incurred to date, construction progress and management’s estimate of the costs to complete.

The Hassel 4 joint venture has been accounted using the equity method of accounting since the Group and JOI have joint control and substantive rights.

Debt related to ships

JoT had a total of five bank loans at completion. All loans are at LIBOR plus a margin with the exception of one loan that changes from LIBOR plus a margin to fixed rate from 2019 to 2026. Given the floating rate structure of the loans, the loans’ carrying amounts are materially reflective of fair value.

Marketable securities

Marketable securities include a bond portfolio of \$11.4 million at completion. This bond portfolio has been marked to market and recorded at fair value in the preliminary purchase price allocation.

Contingent liabilities

There are claims over JoT business that have been submitted to the insurer. The unpaid claims of \$4.2 million have been recognised as a liability assumed in the business combination and offset in part by a \$4.0 million receivable from the Group’s insurance company. The \$0.2 million which is not offset will be allocated to Goodwill.

Financial performance summary

There was no revenue or profit included in the consolidated income statement since the amounts were not material from the date of completion to the year end.

The following unaudited pro forma summary presents the Group as if JoT had been acquired on December 1, 2015. The pro forma amounts include the results of JoT after adjusting for incremental depreciation of assets based on the fair values of the tangible assets as a result of the acquisition.

The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

(in thousands)

Revenue for the year ended November 30, 2016	\$	2,008,541
Net Profit for the year ended November 30, 2016		120,704

Transactions recognised separately from the acquisition of assets and assumption of liabilities in the business combination.

The Group agreed to pay \$4.5 million to JoT employees on JOI’s behalf. These payments were employee bonuses for remaining in JOI’s service until the sale date. The \$4.5 million was netted against the initial consideration above. At November 30, 2016, the amount was included as an Accrued expense and payment was made to the employees in December 2016.

35. SUBSEQUENT EVENTS

Subsequent to November 30, 2016, the Group has drawn down \$111.2 million on a two-year, secured facility with Nordea Bank, DNB Bank ASA and Danske Bank to repay \$105.3 million of existing debt which had been assumed during the JoT acquisition.

On December 2, 2016, the Group took delivery of M/T *Stolt Sincerity*, the second of five 38,000 dwt. fully stainless steel newbuildings from Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. in China.

On December 8, 2016, the Group paid interim dividends for a gross amount \$27.6 million. The Group’s Board of Directors had declared the dividend of \$0.50 per Common share and \$0.005 per Founder’s share on November 11, 2016 for Shareholders of record as of November 23,2016.

On February 8, 2017, the Group recommended a final dividend for 2016 of \$0.50 per Common Share, payable on May 11 2017 to shareholders of record as of April 27, 2017. The dividend which is subject to shareholder approval, will be voted on at the Company’s Annual General Meeting of Shareholders scheduled for April 20, 2017 in Bermuda. The shares will trade ex-dividend on and after April 26, 2017.

STOLT-NIELSEN LIMITED
RESPONSABILITY STATEMENT

We confirm, to the best of our knowledge, that the consolidated Group and Company financial statements for the period December 1, 2015 to November 30, 2016 have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the Group’s assets, liabilities, financial position and profit as a whole. In preparing these financial statements, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable us to ensure that the financial statements comply with the Bermuda Company Act of 1981. We are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. We are responsible for the maintenance and integrity of the Company’s website. We highlight that legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We also confirm, to the best of our knowledge, that the Financial Review and the Business Review include a fair review of important events that have occurred during the financial year and their impact on the financial statements, a description of the principal risks and uncertainties facing the Group and material related party transactions.

London
February 22, 2017

Signed for and on behalf of the Board of Directors

Niels G. Stolt-Nielsen Chief Executive Officer	Jan Chr. Engelhardtson Chief Financial Officer
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STOLT-NIELSEN LIMITED
INDEPENDENT AUDITORS’ REPORT TO THE
MEMBERS OF STOLT-NIELSEN LIMITED

REPORT ON THE COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, Stolt-Nielsen Limited’s company financial statements (the “financial statements”):

- give a true and fair view of the state of the company’s affairs as at 30 November 2016 and of its profit and cash flows for the year then ended; and
- 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 (Bermuda).

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 30 November 2016;
- the income statement and the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in shareholders’ equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law in Bermuda.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Responsibility Statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OTHER MATTER

We have reported separately on the group financial statements of Stolt-Nielsen Limited for the year ended 30 November 2016.

PricewaterhouseCoopers LLP

Chartered Accountants

London

February 22, 2017

STOLT-NIELSEN LIMITED
INCOME STATEMENT

(in thousands)	Notes	2016	2015
Revenue		\$ 900	\$ 767
Administrative and general expenses	3	(913)	(777)
Operating loss		(13)	(10)
Finance expense	13	(53,109)	(57,179)
Finance income	13	53,109	57,179
Foreign exchange gain		13	10
Dividend income	5	59,700	55,738
Profit before income taxes		59,700	55,738
Income tax expense	2	—	—
Net Profit		\$ 59,700	\$ 55,738

The accompanying notes form an integral part of these financial statements.

STOLT-NIELSEN LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Notes	2016	2015
Net profit for the year		\$ 59,700	\$ 55,738
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Net loss on cash flow	14	(115,318)	(134,782)
Reclassification of cash flow hedges to income statement	14	134,477	128,828
Other comprehensive income (loss) for the year		19,159	(5,954)
Total comprehensive income		\$ 78,859	\$ 49,784

The accompanying notes form an integral part of these financial statements.

STOLT-NIELSEN LIMITED BALANCE SHEET

(in thousands)	Notes	2016	2015
ASSETS			
Cash and cash equivalents	4	\$ 15	\$ 15
Accounts receivable from subsidiaries	5	870,800	646,505
Derivative financial instruments	14	347	—
Other current assets	6	10,140	13,350
Total Current Assets		881,302	659,870
Long-term receivables from subsidiaries	5	207,871	—
Investments in subsidiaries	7	581,828	581,818
Total Non-current Assets		789,699	581,818
Total Assets		\$ 1,671,001	\$ 1,241,688
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current maturities of long-term debt	13	\$ 49,954	\$ 184,094
Accounts payable to subsidiaries	5	223	176
Interest payable	8	5,148	6,223
Derivative financial instruments	14	15,027	137,173
Dividends payable	8	27,550	27,625
Total Current Liabilities		97,902	355,291
Long-term debt	13	548,301	417,028
Long-term payable to subsidiaries	5	469,408	85,632
Derivative financial instruments	14	163,679	178,774
Total Non-current Liabilities		1,181,388	681,434
Total Liabilities		1,279,290	1,036,725
Equity			
Founder's shares	11	16	16
Common shares, par value \$1	11	64,134	64,134
Paid-in surplus	11	396,608	396,608
Retained earnings		5,621	962
Hedging reserve	14	(23,182)	(42,341)
		443,197	419,379
Treasury shares	11	(51,486)	(214,416)
Total Shareholders' Equity		391,711	204,963
Total Liabilities and Equity		\$ 1,671,001	\$ 1,241,688

The accompanying notes form an integral part of these financial statements.

STOLT-NIELSEN LIMITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands)	Common Shares	Founder's Shares	Paid-in Surplus	Retained Earnings	Hedging Reserve	Treasury Shares	Shareholder's Equity
Balance, December 1, 2014	\$ 64,134	\$ 16	\$ 396,608	\$ 962	\$ (36,387)	\$ (189,786)	\$ 235,547
Comprehensive income							
Net Profit	—	—	—	55,738	—	—	55,738
Other comprehensive income:							
Net loss on cash flow hedge	—	—	—	—	(5,954)	—	(5,954)
Other comprehensive loss	—	—	—	—	(5,954)	—	(5,954)
Total comprehensive income (loss)	—	—	—	55,738	(5,954)	—	49,784
Transactions with shareholders							
Purchase of 1,707,171 Treasury shares	—	—	—	—	—	(24,630)	(24,630)
Cash dividends paid - \$1.00 per Common share	—	—	—	(55,669)	—	—	(55,669)
Cash dividends paid - \$0.005 per Founder's share	—	—	—	(69)	—	—	(69)
Total transactions with shareholders	—	—	—	(55,738)	—	(24,630)	(80,368)
Balance, November 30, 2015	\$ 64,134	\$ 16	\$ 396,608	\$ 962	\$ (42,341)	\$ (214,416)	\$ 204,963
Comprehensive income							
Net Profit	—	—	—	59,700	—	—	59,700
Other comprehensive income:							
Net income on cash flow hedge	—	—	—	—	19,159	—	19,159
Other comprehensive income	—	—	—	—	19,159	—	19,159
Total comprehensive income	—	—	—	59,700	19,159	—	78,859
Transactions with shareholders							
Purchase of 167,000 treasury shares	—	—	—	—	—	(1,715)	(1,715)
Transfer of 7,000,000 SNL treasury shares	—	—	—	—	—	164,645	164,645
Cash dividends paid - \$1.00 per Common share	—	—	—	(54,964)	—	—	(54,964)
Cash dividends paid - \$0.005 per Common share	—	—	—	(77)	—	—	(77)
Total transactions with shareholders	—	—	—	(55,041)	—	162,930	107,889
Balance, November 30, 2016	\$ 64,134	\$ 16	\$ 396,608	\$ 5,621	\$ (23,182)	\$ (51,486)	\$ 391,711

The accompanying notes form an integral part of these financial statements.

STOLT-NIELSEN LIMITED
STATEMENT OF CASH FLOW

(in thousands)	Note	2016	2015
Cash generated from operations	16	\$ 67,900	\$ 119,734
Interest paid		(53,952)	(55,179)
Debt issuance payments		(1,492)	(1,632)
Net cash provided by operating activities		12,456	62,923
Cash flows used in financing activities:			
Proceeds from issuance of long-term debt		179,710	142,150
Repayment of long-term debt		(300,000)	(121,690)
Transfer of treasury shares		164,645	—
Repurchase of shares		(1,715)	(26,687)
Dividends paid		(55,096)	(56,696)
Net cash flow used in financing activities		(12,456)	(62,923)
Net change in cash and cash equivalents		—	—
Cash and cash equivalents at beginning of year		15	15
Cash and cash equivalents at the end of the year		\$ 15	\$ 15

The accompanying notes form an integral part of these financial statements.

STOLT-NIELSEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE STRUCTURE AND MANAGEMENT

Stolt-Nielsen Limited (“SNL” or the “Company”) is a limited liability holding company incorporated in Bermuda on June 11, 2010. The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and with the registration number EC 44330.

The object of the Company is the participation in any manner in all commercial, industrial, financial and other enterprises of Bermuda or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which the Company will administer and exploit; the Company may lend or borrow with or without security, provided that any money so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated with the Company; and in general to undertake any operations directly or indirectly connected with such objectives as permitted by the Bermuda Company Act.

The Company holds direct and indirect investments in various subsidiaries throughout the world which transport, store and distribute bulk liquid chemicals, edible oils and other specialty liquids as well as subsidiaries and equity investees in seafood, the storage and distribution of Bitumen and other subsidiaries which provide management and agency services to specified subsidiaries owned by the Company. The Company also commenced its operations in the transportation of Liquefied Petroleum Gas and Liquid Nitrogen Gas through its subsidiary, Stolt-Nielsen Gas Limited.

The Group completed its acquisition of the chemical tanker operations of Jo Tankers (“JoT”) on November 23, 2016. The transaction comprises 13 chemical tankers and a 50% share in a joint venture with eight newbuildings. For details on this acquisition see Note 34 in the SNL Consolidated financial statements.

The functional and presentational currency of the Company is the U.S. dollar. The Company is reimbursed by its subsidiaries for certain administrative and general expenses incurred on behalf of the subsidiaries.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stolt-Nielsen Limited have been prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union (“IFRSs”) and IFRIC Interpretations, applied on a consistent basis with the prior year.

The significant accounting policies used in the preparation of these financial statements are given below.

Basis of measurement

The financial statements are prepared on the historical cost basis with the exception of derivatives which are recorded at fair value.

Cash and cash equivalents

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

Financial assets

The Company classifies its financial assets at amortised cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Company’s assets measured at amortised cost include trade and other receivables, cash and cash equivalents and advances from joint ventures and associates.

STOLT-NIELSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

continued

Impairment

As required by IFRS 9, the Company has 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.

The “12 month expected credit losses” approach is applied to all financial assets with the exception of trade receivables. For trade receivables only, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Credit risk is considered on an asset by asset basis upon initial recognition. This is done with reference to previous experience of working with the counterparty in question and, where appropriate, credit checks upon entering into an initial contract with a counterparty. The Company does not enter into contracts in relation to assets which are credit-impaired on initial recognition.

Credit risk is then re-assessed each period on an asset by asset basis. This is performed by the respective business controllers regularly reviewing the “days past due” accounts receivable reports for trade receivables and the ongoing performance of other receivables such as Advances from joint ventures. Forward looking information is also taken into account when considering lifetime expected credit losses.

To the extent that there has been a significant increase in credit risk for an individual asset since its initial recognition, an impairment charge would be considered. Default is considered to have occurred to the extent that there is objective evidence that the receivable cannot be recovered.

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, 2016, no indication of impairment was identified.

Revenue recognition

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

Interest-bearing borrowings

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

Foreign currency transactions

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

Derivative financial instruments and hedging

The Company enters into forward exchange contracts to hedge foreign currency transactions and interest rate swaps to hedge the risk of variability of interest payments or a combination of these transactions. No instruments are held for speculative purposes.

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

(i) Determination of fair value

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

(ii) Cash flow hedges

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

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

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

Equity capital stock

The Company's capital comprises equity capital stock. Equity capital stock is measured based upon net proceeds.

Share-based payments

Where subsidiaries incur charges for share based payments in respect of share options and awards granted by the Company, a capital contribution in the same amount is recognised as an investment in subsidiaries with a corresponding credit to shareholders' equity.

Finance expenses

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

Taxes

The Company is incorporated in Bermuda which is a non-taxable jurisdiction.

Dividends

Dividends recommended by the Board of Directors are recognised in the financial statements when they have been approved by the shareholders at the Annual General Meeting. Interim dividends are recognised when approved by the Board of Directors.

IFRSs issued but not effective as of November 30, 2016

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

IFRS 15, Revenue from Contracts with Customers, establishes the principles that an entity shall use to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. It is effective for periods after January 1, 2017.

IFRS 16, Leases (“IFRS 16”) requires lessees to recognise assets and liabilities for most leases. This will result in an increase in lease assets and financial liabilities since all leases will be reported on the balance sheet, with the exception of short-term leases and leases of low-value assets. This accounting standard will be applicable to the Company for the year ending November 30, 2020.

The Company does not expect there to be a material impact on its Financial Statements from these standards, apart from additional disclosures in the financial statements.

The Company adopted IFRS 9 on November 30, 2016. There was no material impact on financial statements.

STOLT-NIELSEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS

continued

Critical Accounting Policies

The Company reviews for impairment of its subsidiaries on a consolidated basis.

The fair value of cross-currency interest rate swaps is based on discounted cash flow models based upon the valuations received from brokers, taking into account current interest rates and foreign exchange rates and the current creditworthiness of the swap counterparties.

See the Critical Accounting Judgements and Key Sources of Estimation in the Consolidated Financial Statements of Stolt-Nielsen Limited included herein.

3. ADMINISTRATIVE AND GENERAL EXPENSES

Each non-executive director receives a Board fee and additional fees are paid for audit and legal expenses.

(in thousands)	2016	2015
Board and other costs	\$ 913	\$ 777
Total	\$ 913	\$ 777

At the end of 2016 and 2015, the Board of Directors consisted of six members.

4. CASH AND CASH EQUIVALENTS

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

5. RELATED PARTY TRANSACTIONS

Effective December 1, 2011, SNL entered into a related party loan with Stolt Tankers Holding Ltd (“Stolt Tankers”) for \$273.3 million. Stolt Tankers borrowed an additional \$356.9 million during 2012 and \$207.0 million during 2014. During 2014, the receivable from Stolt Tankers Holding Ltd was transferred to Stolt-Nielsen M.S. Ltd. (“Stolt-Nielsen MS”) and, in 2016 Stolt-Nielsen MS repaid SNL \$170.3 million. The interest rates on the loans range from 4.5% to 6.8% and mature from one to seven years. Also in 2016, SNL entered into a related party loan with Stolt-Nielsen Acquisition Holdings Ltd for \$50.0 million in relation to the acquisition of JoT. Interest is at LIBOR plus 1.8%. All remaining receivables and payables to subsidiaries at November 30, 2016 are non-interest bearing and repayable on demand with the majority being denominated in U.S. dollars. Their market value and contractual balances are in line with amounts recorded. At November 30, 2016, no receivables are over-due or impaired. The maximum exposure to credit risk is the carrying value of the receivables.

(in thousands)	2016	2015
Accounts Receivable from Subsidiaries		
Stolt-Nielsen Group Resources Ltd (Liberia)	\$ 678,732	\$ 646,505
Stolt-Nielsen Finance Ltd (Bermuda)	164,646	—
Other	27,422	—
	\$ 870,800	\$ 646,505

Accounts Payable to Subsidiaries

Other	\$ 223	\$ 176
	\$ 223	\$ 176

Long-term Receivable to Subsidiaries

Stolt-Nielsen Acquisition Holdings Ltd. (Bermuda)	\$ 207,871	\$ —
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Long-term Payable to Subsidiaries

Stolt-Nielsen M.S. Ltd. (Bermuda)	\$ 469,408	\$ 85,632
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Receivables from subsidiaries of \$870.8 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. In addition, in the current year, the Company transferred 7.0 million of treasury shares to Stolt-Nielsen Finance Ltd. See Note 11 for further discussion.

Dividends received of \$59.7 million and \$55.7 million were from Stolt-Nielsen Group Resources Ltd for the year ended November 30, 2016 and 2015, respectively.

The long-term payable to Stolt-Nielsen MS related to the acquisition of a subsidiary and external dividends, partially offset by the interest bearing loan discussed above. The long-term receivable from Stolt-Nielsen Acquisition Holdings Ltd. related to the acquisition of JoT in 2016.

The Company has no employees as all services are performed by employees of its subsidiaries. Board of Directors’ and key management compensation for SNL are as follows for the full year 2016 and 2015:

(in thousands)	2016	2015
Board fees	\$ 561	\$ 490
Salary and benefits	4,138	5,629
Profit sharing	1,367	1,546
Long-term incentives	502	819
Pension cost	983	1,007
Total compensation and benefits	\$ 7,551	\$ 9,491

Average number of key managers included	8	10
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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 \$10.1 million and \$13.4 million of cash collateral held by the counterparties of the cross-currency interest rate swaps as of November 30, 2016 and 2015, 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, 2015	Additions/ (deductions)	November 30, 2016
Stolt-Nielsen M.S. Ltd	Bermuda	100%	\$ 17	\$ —	\$ 17
Stolt-Nielsen Group Resources Ltd.	Liberia	100%	327,680	—	327,680
Stolt-Nielsen Gas Limited	Bermuda	96%	63,952	—	63,952
Stolt-Nielsen Investment NV	Curaçao	100%	45,364	—	45,364
Stolt Tankers Holding Ltd	Bermuda	100%	144,785	—	144,785
Stolt-Nielsen Ship Finance Ltd	Bermuda	100%	10	—	10
Stolt-Nielsen Finance Ltd.	Bermuda	100%	10	—	10
Stolt-Nielsen Acquisition Holding Ltd.	Bermuda	100%	—	10	10
			\$ 581,818	\$ 10	\$ 581,828

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-Nielsen USA, Inc.	USA	100%
Stolt Tankers BV	The Netherlands	100%
Stolt Tank Containers BV	The Netherlands	100%
Stolthaven Terminals BV	The Netherlands	100%

STOLT-NIELSEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS

continued

8. OTHER PAYABLES

At November 30, 2016, the balance of other payables mainly related to the 2016 interim dividend of \$27.6 million and interest payable of \$5.1 million on long-term debt.

At November 30, 2015, the balance of other payables mainly related to the 2015 interim dividend of \$27.6 million and interest payable of \$6.2 million on long-term debt.

9. COMMITMENTS AND CONTINGENCIES

As of November 30, 2016, the Company has guaranteed substantially all of the \$1,778.7 million in long-term debt obligations of its direct and indirect subsidiaries.

As of November 30, 2016, the Company's subsidiaries and certain of its indirect subsidiaries had various credit lines payable through 2019 totalling \$735.0 million, of which \$310.0 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, 2016 are guaranteed by the Company. Several of the credit facilities contain various financial covenants, which, if not complied with, could limit the ability to draw funds from time to time.

Substantially all debt held by subsidiaries is secured on assets owned by the Company's subsidiaries; therefore, no liability has been recorded in relation to the fair value of this guarantee.

Subsidiaries of the Company have entered into contracts for the purchase of foreign currencies under their foreign exchange lines with various banks. Any contracts entered into pursuant to these lines generally are guaranteed by the Company. Certain of the currency positions entered into by these subsidiaries effectively have been closed by entering into offsetting foreign exchange contracts. At November 30, 2016, the total market value of the currencies which these subsidiaries had contracted to purchase pursuant to open foreign exchange contracts maturing through May 2017 was \$9.7 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 for those legal cases. Whilst ongoing legal proceedings could have a material adverse effect on the Company's 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 2016 and 2015, the Company has been involved in certain civil litigation cases, which are described below.

To the extent that they are not covered by insurance, the Company expects to incur legal costs until these matters are resolved. For the matters described below, the Company and its subsidiaries incurred legal costs of \$3.7 million and \$1.0 million in the years ended November 30, 2016 and 2015, respectively, which are included in "Administrative and general expenses" in the consolidated income statements.

Collision involving *Stolt Commitment*

On December 16, 2015, the *Stolt Commitment* was involved in a collision with the general cargo ship *Thorco Cloud*, whilst in the Singapore Strait. As a consequence of these events, the *Thorco Cloud* sank with the loss of three lives, three other crewmen being unaccounted for. She was carrying steel and project cargo. The *Stolt Commitment* was damaged in the collision and arrangements made to transship the cargo on board in 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 for the collision has not yet been determined but any losses, repair and legal costs will be covered by insurance maintained by the Company, subject to deductibles and certain unrecoverable expenses. It is not expected that there will be a material adverse effect on the Company's business or financial condition.

Civil Actions as a result of Hurricane Isaac

Following the flooding at the terminal in New Orleans/Braithwaite, two class actions and multiple individual actions were filed at the District Court in the Parish of Plaquemines, State of Louisiana.

All actions allege pollution of the claimants' properties with liquids stored at the terminal and allegedly released as a consequence of the flooding. The actions are being defended and the monitoring of air quality, sampling of the flood waters and soil testing, all carried out in cooperation with the various government authorities, have shown results within the guidelines established by the Louisiana Department of Environmental Quality.

In addition, Stolthaven New Orleans LLC has received a number of claims from residents for costs and/or damages via a claims hotline and all such claims have been made part of the above-referenced litigation.

All these matters including the legal fees for the defence are covered by insurance maintained by the Company 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. STC had 29 tank containers on board 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 U.S. federal court sitting in the Southern District of New York. All fact and expert discovery on liability has been completed. Trial on liability is scheduled to start in June 2017. Following trial, legal discovery on damages is to start thereafter. The matter is in the hands of the insurers and, other than the deductible of \$100,000, all other claims and expected costs are covered by insurance and it is not expected that they will have a material adverse effect on the Company's business or financial condition.

General

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

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, 2015	16,033,449	2,255,485	64,133,796	9,021,941
Treasury shares used collateral for revolving facility	—	(1,750,000)	—	(7,000,0000)
Repurchase of treasury shares	—	41,750	—	167,000
Balance at November 30, 2016	16,033,449	547,235	64,133,796	2,188,941

Under the Bermuda Company Law, Founder's shares are not considered as representing capital of the Company.

Share rights

The Company's authorised share capital consists of 65,000,000 Common shares, par value \$1.00 per share, and 16,250,000 Founder's shares, par value \$0.001 per share. Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common shares and Founder's shares vote as a single class on all matters submitted to a vote of the Shareholders, with each share entitled to one vote.

Under the Bye-laws, holders of Common shares and Founder's shares participate in annual dividends, if any are declared by the Company, in the following order of priority: (i) \$0.005 per share to Founder's shares and Common shares equally; and (ii) thereafter, all further amounts are payable to Common shares only.

Furthermore, the Bye-laws also set forth the priorities to be applied to each of the Common shares and Founder's shares in the event of a liquidation. Under the Bye-laws, in the event of a liquidation, all debts and obligations of the Company must first be paid and thereafter all remaining assets of the Company are paid to the holders of Common shares and Founder's shares in the following order of priority: (i) Common shares ratably to the extent of the par value thereof (\$1.00 per share); (ii) Common shares and Founder's shares participate equally up to \$0.05 per share; and (iii) thereafter, Common shares are entitled to all remaining assets.

STOLT-NIELSEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS

continued

Treasury shares – transfer

In November 2016, 7,000,000 of Treasury shares were used as the collateral for the \$50 million revolver facility. In order to comply with Bermuda law, the ownership of these shares were transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. The amount transferred was the book value of the Treasury shares.

Founder's shares and treasury shares

As of November 30, 2016 and 2015, 15,486,214 and 13,777,964, respectively, of Founder's shares had been issued to Fiducia Ltd, net of Treasury shares. Additional Founder's shares are issuable to holders of outstanding Founder's shares without consideration, in quantities sufficient to maintain a ratio of Common shares to Founder's shares of 4 to 1.

As of November 30, 2016 and 2015, 2,188,941 and 9,021,941, respectively, of Treasury shares were held by the Company. The Company also held 547,235 and 2,255,485 of Founder's shares for the same periods.

Share repurchase

The Group announced on November 18, 2014 that the Board of Directors had authorised the Company to purchase up to \$50.0 million worth of its common shares. The total shares repurchased under this programme in the year ended November 30, 2015 was \$24.6 million. On March 2, 2016, the Group announced the board approval of a new share purchase programme authorising the repurchase of up to \$30.0 million worth of its common shares. The total number of common shares bought under this programme in the year ended November 30, 2016 was 0.2 million shares for \$1.7 million. The repurchases resulted in the Group holding 2,188,941 of SNL shares at November 30, 2016.

Capital management

The Company defines capital as net debt and shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase shares or sell assets to reduce debt. Capital management for the Company is performed on a consolidated basis with its subsidiaries. See the Consolidated Financial Statements of Stolt-Nielsen Limited for further discussion of how Consolidated Stolt-Nielsen Limited manages its capital.

12. DIVIDENDS

On November 11, 2016, the Group's Board of Directors declared an interim dividend of \$0.50 per Common share and \$0.005 per Founder's share to shareholders of record as of November 23, 2016. The total gross amount of the dividend was \$27.6 million, which was classified as an interim dividend and paid on December 11, 2016.

On February 11, 2016, SNL's Board of Directors recommended a final dividend for 2015 of \$0.50 per Common Share, payable on May 12, 2016 to shareholders of record as of April 28, 2016. The dividend, which is subject to shareholder approval, was approved at the Company's Annual General Meeting of Shareholders scheduled for April 21, 2016 in Bermuda. The total gross amount of the dividend was \$27.5 million and paid on May 12, 2016.

On November 11, 2015, SNL's Board of Directors declared an interim dividend of \$0.50 per Common share and \$0.005 per Founder's share to Shareholders of record as of November 26, 2015. The total gross amount of the dividend was \$27.6 million, which was classified as an interim dividend and paid on December 11, 2015.

On February 11, 2015, SNL's Board of Directors recommended a final dividend of \$0.50 per Common share, payable to Shareholders of record as of April 23, 2015. The dividend, which was subject to Shareholder approval, was approved at the Company's Annual General Meeting of Shareholders on April 17, 2015 in Bermuda. The total gross amount of the dividend was \$28.2 million and paid on May 13, 2015.

Final dividends are approved by the shareholders once per year at the Annual General Meeting; both advance and final dividends can be paid out of any SNL earnings, retained or current, as well as the shared premium account, subject to shareholder approval.

13. LONG-TERM DEBT AND FINANCE EXPENSES

On November 16, 2016, in relation to the acquisition of JoT, SNL completed a one-year \$50 million revolving credit facility secured by SNL's treasury shares and the Stolt-Nielsen Gas Limited's holding of Golar LNG Ltd. shares. The facility is a bilateral loan with Skandinaviska Enskilda Banken AB and has to be repaid in full at maturity. It requires sufficient collateral value in the shares at all times. Interest is variable at LIBOR plus 1.8%.

On June 8, 2016, the Company completed the increase of NOK 200 million (\$24.7 million) on its bond issuance maturing in 2018, NOK 500 million (\$61.8 million) on its bond issuance maturing in 2019, NOK 150 million (\$18.5 million) on its bond issuance maturing in 2020 and NOK 200 million (\$24.7 million) on its bond issuance maturing in 2021. The Company swapped the bond volumes into USD obligations at fixed interest rates of 4.47% for 2018, 5.49% for 2019, 5.78% for 2020 and 5.99% for 2021 bond issuances.

The Company announced on March 26, 2015 the placement of senior unsecured bonds for NOK 1,100 million (approximately \$142.2 million) in a new five-year bond issue carrying a coupon rate of three-month NIBOR plus 4.1%, which was fixed at 6.22% through interest rate swaps. The settlement date for the bonds was April 8, 2015. Net proceeds from the bond issue were used for general corporate purposes.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250 million (approximately \$207 million) in a new seven-year bond issue. The settlement date for the new bonds was March 18, 2014. The Company has swapped the new bonds into U.S. 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 five-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.

On June 9, 2011, the Company completed the successful placement of a NOK 1.6 billion (\$300.0 million) five-year senior unsecured bond issue. The bond issue has a coupon rate of three-month NIBOR plus 4.75%. The interest and principal were swapped from NOK to U.S. dollar as well as the floating interest rate swapped to 6.63% using a cross-currency interest rate swap. This bond issue was repaid in 2016.

Finance expenses of \$53.1 million and \$57.2 million relate to the senior unsecured bond issue and revolving credit facility for the years ended November 30, 2016 and 2015, respectively.

Debt issuance costs of \$4.3 million and \$4.5 million have been netted against long-term debt at November 30, 2016 and 2015, respectively. Debt issuance costs recognised as part of effective interest rates were \$1.7 million and \$1.9 million for the years ended November 30, 2016 and 2015, respectively.

14. DERIVATIVE ASSETS AND LIABILITIES

(in thousands)	November 30, 2016		November 30, 2015	
	Assets	Liabilities	Assets	Liabilities
Cross-currency interest rate swaps – cash flow hedges				
Current portion	\$ 347	\$ 15,027	\$ —	\$ 137,173
Non-current portion	—	163,679	—	178,774
	\$ 347	\$ 178,706	\$ —	\$ 315,947

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 \$19.2 million for the year ended November 30, 2016 and net loss was \$6.0 million for the year ended November 30, 2015.

The notional value of the cross-currency interest rate swap was \$703.7 million and \$874.7 million as of November 30, 2016 and 2015, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2016 and 2015, \$17.3 million and \$17.9 million loss, respectively, were recognised in finance expense. The balance is expected to be reclassified to earnings in 2017 to 2022. Nothing has been reclassified into earnings for the ineffective portion of the derivative instruments for the years ended November 30, 2016 or 2015.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company's objectives when managing capital are to safeguard the Company and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company and its subsidiaries' activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company and its subsidiaries' financial performance.

Risk management is carried out by a central Treasury department under policies approved by the Board of Directors. The Company's Treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity. All risk management is performed for the Company and its subsidiaries on a consolidated basis.

STOLT-NIELSEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS

continued

Fair value of financial instruments

The following estimated fair value amounts of financial instruments have been determined by the Company, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, thus the estimates provided herein are not necessarily indicative of the amounts that could be realised in a current market exchange:

(in thousands)	As of November 30,			
	2016 Carrying Amount	2016 Fair Value	2015 Carrying Amount	2015 Fair Value
Financial assets (Loans and receivables):				
Cash and cash equivalents	\$ 15	\$ 15	\$ 15	\$ 15
Accounts receivable from subsidiaries	870,800	870,800	646,505	646,505
Other current assets	10,140	10,140	13,350	13,350
Long-term receivable from subsidiaries	207,871	207,871	—	—
Financial liabilities (Amortised Costs):				
Accounts payable to subsidiaries	223	223	176	176
Interest payables	5,148	5,148	6,223	6,223
Dividend payable	27,550	27,550	27,625	27,625
Long-term payable to subsidiaries	469,408	469,408	85,632	85,632
Long-term debt including current maturities	602,551	601,723	605,585	626,599
Derivative financial instruments (Fair value):				
Cross-currency interest rate swaps asset	347	347	—	—
Cross-currency interest rate swaps liability	178,706	178,706	315,947	315,947

The carrying amount of cash and cash equivalents, accounts receivable from subsidiaries, other current assets, accounts payable to subsidiaries, interest payable, dividend payable and long-term payable to subsidiaries are a reasonable estimate of their fair value, due to the short maturity thereof. The estimated value of the Company's long-term debt is based on trading values as of November 30, 2016 and 2015. 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, 2016 and 2015. Long-term debt in the table above excludes debt issuance costs of \$4.3 million and \$4.5 million for the years ended November 30, 2016 and 2015, respectively.

The Company has no financial assets which would otherwise have been past due or impaired that have been renegotiated.

Maturity of financial liabilities

(in thousands)	For the year ended November 30, 2016					
	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total	
Contractual obligations:						
Interest payable	\$ 5,148	\$ —	\$ —	\$ —	\$ 5,148	
Dividend payable	27,550	—	—	—	27,550	
Long-term debt including current maturities	50,000	235,109	317,442	—	602,551	
Interest on long-term debt	45,077	71,750	25,808	—	142,635	
Derivative financial liabilities	14,722	99,125	84,024	—	197,871	
Total contractual obligations	\$ 142,497	\$ 405,984	\$ 427,274	\$ —	\$ 975,755	

(in thousands)	For the year ended November 30, 2015					
	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total	
Contractual obligations:						
Interest payable	\$ 6,223	\$ —	\$ —	\$ —	\$ 6,223	
Dividend payable	27,625	—	—	—	27,625	
Long-term debt including current maturities	184,559	92,280	184,559	144,187	605,585	
Interest on long-term debt	52,031	68,538	44,137	6,129	170,835	
Derivative financial liabilities	137,765	76,755	59,528	65,265	339,313	
Total contractual obligations	\$ 408,203	\$ 237,573	\$ 288,224	\$ 215,581	\$ 1,149,581	

Long-term debt in the table above excludes debt issuance costs of \$4.3 million and \$4.5 million for the years ended November 30, 2016 and 2015, 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 \$870.8 million. The Company reviews the financial instrument counterparties' credit ratings upon entering into a derivative contract. There are no past due receivables and no allowance for doubtful accounts.

Liquidity risk

Cash flow forecasting is performed by the subsidiaries of the Company and is aggregated at the corporate level. The Treasury department monitors rolling forecasts of the Company subsidiaries' liquidity requirements to ensure the Company and its subsidiaries have sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and certain currencies' restrictions.

Fair value estimation

The below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company's derivative assets of \$0.3 million at November 30, 2016 and derivative liabilities of \$178.4 million and \$315.9 million as of November 30, 2016 and 2015, respectively, are measured using inputs other than quoted prices (level 2).

16. RECONCILIATION OF NET PROFIT TO CASH PROVIDED BY OPERATIONS

(in thousands)	For the Years Ended November 30,	
	2016	2015
Net profit	\$ 59,700	\$ 55,738
Adjustments to reconcile net profit to net cash from operating activities:		
Finance expense	53,109	57,179
Finance income	(53,109)	(57,179)
Changes in assets and liabilities:		
Decrease in accounts receivables from subsidiaries	4,709	77,660
Decrease (increase) in other current assets	3,210	(13,350)
Increase in accounts payable	47	9
Other	234	(323)
Cash provided by operations	\$ 67,900	\$ 119,734

17. SUBSEQUENT EVENTS

Subsequent to November 30, 2016, the Group has drawn down \$111.2 million on a two-year, secured facility with Nordea Bank, DNB Bank ASA and Danske Bank to repay \$105.3 million of existing debt which had been assumed during the JoT acquisition.

On December 2, 2016, the Group took delivery of M/T *Stolt Sincerity*, the second of five 38,000 dwt. fully stainless steel newbuildings from Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. in China.

On December 8, 2016, the Group paid interim dividends for a gross amount \$27.6 million. The Group's Board of Directors had declared the dividend of \$0.50 per Common share and \$0.005 per Founder's share on November 11, 2016 for Shareholders of record as of November 23, 2016.

On February 8, 2017, the Group recommended a final dividend for 2016 of \$0.50 per Common Share, payable on May 11, 2017 to shareholders of record as of April 27, 2017. The dividend, which is subject to shareholder approval, will be voted on at the Company's Annual General Meeting of Shareholders on April 20, 2017 in Bermuda. The shares will trade ex-dividend on and after April 26, 2017.

SHAREHOLDER INFORMATION

STOCK LISTING

Common Shares
On Oslo Børs under symbol SNI

SHARES OUTSTANDING

(as of November 2016)
Common Shares – 61,944,855
Country of Incorporation
Bermuda

ANNUAL
GENERAL MEETING

April 20, 2017 at 11:00 a.m.
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Thailand – Chonburi

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6, Tambon Bowin, Amphur Sriracha,
Chonburi 20230
Thailand

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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
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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

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,
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Saudi Arabia

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United Arab Emirates - Dubai

Joint Tank Services FZCO
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United States - Elverta, CA

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