



RICKMERS MARITIME (the “Trust”) and its subsidiaries (the “Group”)
Unaudited financial statements and distribution announcement
For the financial year ended 31 December 2016

Rickmers Maritime (the “Trust”) is a business trust constituted by the Trust Deed entered on 30 March 2007 by Rickmers Trust Management Pte. Ltd. as the trustee-manager of Rickmers Maritime.

Rickmers Maritime was listed on the Singapore Exchange Securities Trading Limited (“SGX”) on 4 May 2007.

Abbreviations:

QTR : Quarter
YTD : Year to date
FY : Financial year
NM : Not meaningful
Incr : Increase
Decr : Decrease

1.a (i) Consolidated Statement of Comprehensive Income for the 4th quarter ended 31 December 2016

	Note	4th QTR			12 Months to		
		2016	2015	Incr/ (Decr)	31/12/16	31/12/15	Incr/ (Decr)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	(a)	14,275	24,084	(41)	69,211	108,547	(36)
Other income	(b)	254	863	(71)	1,172	5,233	(78)
Other gains/(losses) - net	(c)	4,515	(2,981)	NM	2,362	1,382	71
Loss on disposal of a vessel		(507)	-	NM	(507)	-	NM
Depreciation		(5,834)	(8,729)	(33)	(26,932)	(35,160)	(23)
Impairment of vessels		(48,095)	(126,264)	(62)	(168,678)	(143,088)	18
Impairment of goodwill		-	(2,141)	NM	-	(4,943)	NM
Vessel operating expenses	(d)	(8,396)	(10,044)	(16)	(38,347)	(38,911)	(1)
Trustee-Manager fee		(643)	(716)	(10)	(2,657)	(2,947)	(10)
Other trust expenses		(795)	(207)	284	(1,739)	(813)	114
Finance expenses	(e)	(3,213)	(3,447)	(7)	(13,976)	(18,527)	(25)
Loss before income tax		(48,439)	(129,582)	(63)	(180,091)	(129,227)	39
Income tax expense		-	-	-	-	-	-
Net loss after tax		(48,439)	(129,582)	(63)	(180,091)	(129,227)	39
Other comprehensive income							
Cash flow hedges [^]							
- Fair value losses		-	-	-	-	(16)	NM
- Transfer to finance expenses		-	-	-	-	4,488	NM
Other comprehensive income for the period, net of tax		-	-	-	-	4,472	NM
Total comprehensive loss for the period		(48,439)	(129,582)	(63)	(180,091)	(124,755)	44

[^] The fair value losses on cash flow hedges was a non-cash item and was continuously released to profit or loss to offset the interest expense over the period of borrowings.

Notes:

(a) Consists of time charter income, net of commissions.

(b) Other income

	4th QTR			12 Months to		
	2016	2015	Incr/ (Decr)	31/12/16	31/12/15	Incr/ (Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
- Amortisation of deferred income from charter contracts	-	-	-	-	3,646	NM
- Amortisation of deferred income from a charterer *	178	693	(74)	714	693	3
- Interest income from financial institutions	1	36	(97)	58	155	(63)
- Other income	75	134	(44)	400	739	(46)
	254	863	(71)	1,172	5,233	(78)

* Deferred income relates to contributions from a charterer for vessel improvements and are amortised over the life of the charter contracts with the charterer.

(c) *Other gains/(losses) – net*

	4th QTR			12 Months to		
	2016	2015	Incr/ (Decr)	31/12/16	31/12/15	Incr/ (Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
- Exchange gain/(loss) on medium-term notes	4,660	(969)	NM	2,300	4,263	(46)
- Exchange (loss)/gain on cash and cash equivalents	(147)	129	NM	25	(740)	NM
- Loss on disposal of vessel component	-	(2,122)	NM	-	(2,122)	NM
- Others	2	(19)	NM	37	(19)	NM
	4,515	(2,981)	NM	2,362	1,382	71

(d) *Consist mainly of vessels' fixed operating expense, bunker consumption, lubricant oil expense, vessel management fee and other vessel-related expenses. Please refer to section 8 for more information.*

(e) *Finance expenses*

	4th QTR			12 Months to		
	2016	2015	Incr/ (Decr)	31/12/16	31/12/15	Incr/ (Decr)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest expense on bank loans	(1,787)	(1,795)	-	(7,435)	(7,344)	1
Fair value losses on effective portion of interest rate swaps transferred from other comprehensive income						
- Interest paid	-	-	-	-	(4,513)	NM
- Changes in derivative financial liability	-	-	-	-	25	NM
Interest on bank loans, net of effect of hedging	(1,787)	(1,795)	-	(7,435)	(11,832)	(37)
Fair value losses on ineffective portion of interest rate swaps						
- Interest paid	-	-	-	-	(616)	NM
- Changes in derivative financial liability	-	-	-	-	616	NM
	-	-	-	-	-	-
Interest on medium-term notes	(1,426)	(1,652)	(14)	(6,441)	(6,565)	(2)
Debt processing fee	-	-	-	(50)	(80)	(38)
Other fees	-	-	-	(50)	(50)	-
	(3,213)	(3,447)	(7)	(13,976)	(18,527)	(25)

1.a (ii) Consolidated Distribution Statement for the 4th quarter ended 31 December 2016

	Note	4th QTR			12 Months to		
		2016	2015	Incr/ (Decr)	31/12/16	31/12/15	Incr/ (Decr)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Loss after tax		(48,439)	(129,582)	(63)	(180,091)	(129,227)	39
<u>Add:</u>							
Non-cash adjustments and others	(a)	49,798	139,637	(64)	193,780	177,577	9
Interest expense - net		3,046	3,198	(5)	13,014	18,132	(28)
EBITDA		4,405	13,253	(67)	26,703	66,482	(60)
Non-recurring expenses	(b)	-	1	NM	-	88	NM
Adjusted EBITDA		4,405	13,254	(67)	26,703	66,570	(60)
<u>Add/(less):</u>							
Movement in working capital		3,278	(984)	NM	4,927	(166)	NM
Drydock reserve	(c)	3,048	-	NM	6,048	(336)	NM
Cash flow available for distribution before payment to debt capital providers		10,731	12,270	(13)	37,678	66,068	(43)
Less: Payment to debt capital providers							
Repayment of bank loans		(8,450)	(12,615)	(33)	(45,591)	(50,458)	(10)
Interest paid – bank loans, medium-term notes and interest rate swaps		(414)	(4,725)	(91)	(7,714)	(18,418)	(58)
Debt processing fee paid		-	-	-	(50)	(80)	(38)
Less: Cash reserve for loan principal and interest payments	(d)	(7,292)	-	NM	(20,470)	-	NM
Cash flow available for distribution to Unitholders		(5,425)	(5,070)	7	(36,147)	(2,888)	1,152
Amount to be distributed to unitholders	(e)	-	-	-	-	15,349	NM
Number of units – '000		879,623	879,623	-	879,623	879,623	-
Distribution Per Unit - US Cents		-	-	-	-	1.2	NM

Notes:

- (a) Non-cash adjustments comprise loss on disposal of a vessel, depreciation expense, impairment of vessels, amortisation of deferred income from a charterer and charter contracts (net), unrealised gain on interest rate swaps, amortisation of medium-term notes using the effective interest rate method as defined in IAS 39, amortisation of debt issuance costs and exchange translation differences. (FY2015: includes impairment of goodwill of US\$4.9 million)
- (b) Non-recurring expenses for YTD2015 consist of professional fees incurred on the Distribution Reinvestment Plan established on 9 April 2015.
- (c) The reserve represents management's estimate of the amount of cash that needs to be retained progressively for the vessels' dry-docking costs.
In 4Q16, US\$3.0 million of the dry-docking reserve was released for working capital purposes.
- (d) YTD 2016: Relates to principal and interest payments of US\$18.0 million and US\$2.5 million respectively, which were due. Please refer to section 1.b (ii).
- (e) No distribution was declared since 3Q2015.
For 2Q2015, the distribution was 0.6 US Cents per unit. 458,035,696 units were funded by cash available for distribution. For the remaining 405,464,756 units, unitholders elected to receive new units under the Distribution Reinvestment Plan. A total of 16,122,265 new units were issued.
For 1Q2015, the distribution was 0.6 US Cents per unit. 331,240,842 units were funded by cash available for distribution. For the remaining 516,109,158 units, unitholders elected to receive new units under the Distribution Reinvestment Plan. A total of 16,150,452 new units were issued.

1.b (i) Statement of financial position as at 31 December 2016 together with comparative statements as at the end of the immediately preceding year

	31/12/16		31/12/15	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	22,383	4,921	45,064	22,975
Trade and other receivables	289	98	1,127	66
Inventories	3,231	238	2,634	238
Prepayments	337	13	244	13
	26,240	5,270	49,069	23,292
Non-current assets held for sale	5,980	-	-	-
Total current assets	32,220	5,270	-	-
Non-current assets				
Investments in subsidiaries	-	160	-	160
Loans to subsidiaries	-	745,828	-	849,041
Vessels	499,642	-	706,011	-
Total non-current assets	499,642	745,988	706,011	849,201
Total assets	531,862	751,258	755,080	872,493
LIABILITIES				
Current liabilities				
Trade and other payables	2,367	583	2,789	240
Amounts due to subsidiaries (non-trade)	-	407,208	-	414,814
Bank loans	270,795	200,210	44,603	24,000
Medium-term notes	72,404	72,404	774	774
Advanced charter hire received	1,580	-	2,037	-
Deferred income from a charterer	714	-	714	-
Total current liabilities	347,860	680,405	50,917	439,828
Non-current liabilities				
Deferred income from a charterer	529	-	1,243	-
Bank loans	-	-	268,780	179,637
Medium-term notes	-	-	70,576	70,576
Total non-current liabilities	529	-	340,599	250,213
Total liabilities	348,389	680,405	391,516	690,041
NET ASSETS	183,473	70,853	363,564	182,452
UNITHOLDERS' FUNDS				
Common Units in issue	517,615	517,615	517,615	517,615
Unit issuance costs	(12,024)	(12,024)	(12,024)	(12,024)
Accumulated losses	(322,118)	(434,738)	(142,027)	(323,139)
Total unitholders' funds	183,473	70,853	363,564	182,452

1.b (ii) Group's borrowings and debt securities

Bank loans

Amount repayable within one year*

Amount repayable after one year

Group	
31/12/16	31/12/15
US\$'000	US\$'000
270,795	44,603
-	268,780
270,795	313,383

**Included accrued interest on secured bank loans of US\$2.6 million.*

As at 31 December 2015, the face value of the Group's total outstanding bank loans was US\$314.1 million. During the year of 2016, a total repayment of US\$45.6 million (2015: US\$50.5 million) was made by the Group. As at 31 December 2016, the face value of the Group's total outstanding bank loans and accrued interest was US\$271.1 million.

Face value of bank loans and accrued interest
Unamortised portion of debt issuance costs
Carrying amount of bank loans and accrued interest

Group	
31/12/16	31/12/15
US\$'000	US\$'000
271,136	314,084
(341)	(701)
270,795	313,383

The difference between the face value of bank loans and the carrying amount of US\$270.8 million (31 December 2015: US\$313.4 million) is due to the accounting treatment for borrowings, which is initially recognised at fair value (net of transaction costs) and subsequently stated at amortised cost.

The bank loans are secured on all the Group's vessels (which are owned by the Trust's subsidiaries) and their respective assignment of the charter revenues, insurance, earnings, deposit accounts and pledge of respective owner's/borrower's (the Trust's subsidiaries) shares and requisition compensation. The loans are also subject to various covenants, including minimum cash balance, value-to-loan ratios, interest coverage ratios and minimum unitholders' funds, amongst others.

The Group had US\$60.5 million of secured loans due to the BNP lenders as at 31 December 2016 (2015: US\$92.3 million). On 25 May 2016, a fixed charge (previously floating charge) over the earnings accounts for proceeds from the charter parties was provided to the BNP lenders. On 29 June 2016, a prepayment of US\$15.0 million was made to the BNP lenders as partial fulfilment of certain waiver conditions under the existing facility agreement, pending finalisation of a comprehensive refinancing plan of the Group. The waiver had expired by 31 August 2016 and accordingly, US\$46.0 million of the loans originally due in 2018 to the BNP lenders were presented as current liabilities as at 31 December 2016, together with US\$14.5 million due in 2017. As of the date of issuance of these financial statements, the loans due to the BNP lenders are under reservation of rights arrangement with neither waivers being granted nor loans accelerated and security enforced.

The Trust and the Group had US\$200.2 million of secured loans due to the HSH lenders as at 31 December 2016 (2015: US\$203.6 million). The Trust and the Group was unable to make principal repayments totalling US\$18.0 million and interest payments totalling US\$2.5 million that was due on 30 June, 30 September and 30 December 2016 to the HSH lenders. The HSH lenders had provided the Trust with a temporary standstill on principal repayments and interest payments, waiver of financial covenants and other matters to 30 November 2016. As of the date of issuance of these financial statements, the loans due to the HSH lenders are under reservation of rights arrangement with neither waivers being granted nor loans accelerated and security enforced. The Trustee-Manager had been in discussion with the HSH lenders to restructure the borrowings, which included the extension of repayment date beyond the original maturity date of 31 March 2017.

The Group had US\$10.1 million of unsecured loans due to CMB as at 31 December 2016 (2015: secured loan of US\$17.5 million). The Group sold the vessel, India Rickmers, in December 2016 and the net proceeds was applied towards a partial prepayment of the loans due to CMB under a deed of consent that contained a framework for final settlement. Final settlement of the unsecured balance of US\$10.1 million would be dependent on the comprehensive restructuring of the Trust's and the Group's secured and unsecured liabilities and in accordance with the deed.

Fair values of the loans are determined from cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the end of the financial year which management expects to be available to the Group at the end of the financial year. The fair values of the bank loans approximate their carrying amounts at the balance sheet date.

1.b (ii) Group's borrowings and debt securities (continued)

Medium-term notes

Amount repayable within one year*
Amount repayable after one year

Group	
31/12/16	31/12/15
US\$'000	US\$'000
72,404	774
-	70,576
72,404	71,350

**Includes accrued interest on medium-term notes of US\$3.7 million.*

On 15 May 2014, the Trust issued S\$100 million (US\$80 million equivalent) of three-year notes ("Series 1 Notes" or "MTN") under its S\$300 million multicurrency medium-term note programme established on 19 November 2013. The MTN bear a fixed interest rate of 8.45% p.a., which is payable semi-annually in arrears. Additional default interest of 2% p.a. is payable to the MTN holders on due and unpaid interest. The MTN matures on 15 May 2017.

The Trust and the Group were unable to make interest payment amounting to US\$2.9 million that was due on 15 November 2016. The Trust and the Group had also breached its covenants under this MTN obligation. The Trustee-Manager received a letter that sought to serve a notice of acceleration of payment, from a legal representative who claimed to represent holders of more than 25 percent of the principal amount of the MTN. To date, the Trustee-Manager has not received any claims or notice of acceleration of payment from the MTN's Trustee.

The Trustee-Manager had sought to restructure the MTN through a consent solicitation exercise launched on 18 October 2016. The proposed restructuring plan included an amendment of the MTN with a partial redemption of S\$60.0 million of the principal in exchange for 60% of the enlarged units of the Trust, such that the outstanding principal amount under the MTN would be reduced to an aggregate of S\$40.0 million repayable in 2023. The MTN holders rejected the proposal on 21 December 2016.

The Trustee-Manager is maintaining on-going discussions with the MTN holders directly and via their legal and financial advisors and endeavour to formulate a revised restructuring plan that would meet the demands of the MTN holders and bank lenders as of the date of issuance of the financial statements.

Fair value of the MTN is determined from the quoted price in the market. As at 31 December 2016, fair value of the MTN amounted to US\$16.9 million (2015: US\$65.0 million).

1.c Consolidated statement of cash flows for the 4th quarter ended 31 December 2016

	4th QTR		12 Months to	
	2016	2015	31/12/16	31/12/15
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Cash receipts from customers	14,133	23,966	68,891	108,499
Cash paid to suppliers and Trustee-Manager	(9,092)	(10,207)	(42,526)	(41,934)
<i>Net cash provided by operating activities</i>	5,041	13,759	26,365	66,565
Cash flows from investing activities:				
Net proceeds from disposal of a vessel	4,900	-	4,900	-
Vessel improvement	(36)	(175)	(426)	(795)
Dry-docking cost paid	(206)	(288)	(206)	(1,268)
Interest received	2	37	65	168
<i>Net cash provided/(used) in investing activities</i>	4,660	(426)	4,333	(1,895)
Cash flows from financing activities:				
Repayment of bank loans	(8,450)	(12,615)	(45,591)	(50,458)
Interest paid on bank loans	(414)	(1,734)	(4,628)	(7,124)
Interest paid on medium-term notes	-	(2,991)	(3,086)	(6,165)
Other fees paid	-	-	(50)	(93)
Debt processing fee paid	-	-	(50)	(80)
Interest paid on interest rate swaps	-	-	-	(5,129)
Distribution to unitholders	-	(2,749)	-	(9,820)
<i>Net cash used in financing activities</i>	(8,864)	(20,089)	(53,405)	(78,869)
Net increase/(decrease) in cash and cash equivalents for the period	837	(6,756)	(22,707)	(14,199)
Cash and cash equivalents at beginning of period	21,693	51,690	45,064	60,008
Effects of exchange rate changes on cash and cash equivalents	(147)	130	26	(745)
Cash and cash equivalents at end of period **	22,383	45,064	22,383	45,064

Footnote:

** The Group is subjected to a free liquidity covenant which requires the Group to maintain a minimum balance in cash and cash equivalents of US\$18.0 million as at 31 December 2016 (2015: US\$19.2 million).

1.d (i) Statement of changes in unitholders' funds for the 4th quarter ended 31 December 2016

Group

	Attributable to unitholders of Trust				
	Common Units in issue	Unit issuance costs	Hedging reserve	(Accumulated losses)/ distributable income	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2016					
Balance at 1 January 2016	517,615	(12,024)	-	(142,027)	363,564
Total comprehensive loss for the period	-	-	-	(131,652)	(131,652)
Balance at 30 September 2016	517,615	(12,024)	-	(273,679)	231,912
Total comprehensive loss for the period	-	-	-	(48,439)	(48,439)
Balance at 31 December 2016	517,615	(12,024)	-	(322,118)	183,473
2015					
Balance at 1 January 2015	512,086	(12,024)	(4,472)	2,549	498,139
Common Units issued	3,097	-	-	-	3,097
Total comprehensive income for the period	-	-	4,472	355	4,827
Distribution to unitholders	-	-	-	(15,349)	(15,349)
Balance at 30 September 2015	515,183	(12,024)	-	(12,445)	490,714
Common Units issued	2,432	-	-	-	2,432
Total comprehensive loss for the period	-	-	-	(129,582)	(129,582)
Balance at 31 December 2015	517,615	(12,024)	-	(142,027)	363,564

1.d (i) Statement of changes in unitholders' funds for the 4th quarter ended 31 December 2016

Trust

2016

Balance at 1 January 2016
Total comprehensive loss for the period
Balance at 30 September 2016

Total comprehensive loss for the period
Balance at 31 December 2016

2015

Balance at 1 January 2015
Common Units issued
Total comprehensive loss for the period
Distribution to unitholders
Balance at 30 September 2015

Total comprehensive income for the period
Distribution to unitholders
Balance at 31 December 2015

Common Units in issue	Unit issuance costs	(Accumulated losses)/ distributable income	Total
US\$'000	US\$'000	US\$'000	US\$'000
517,615	(12,024)	(323,139)	182,452
-	-	(69,980)	(69,980)
517,615	(12,024)	(393,119)	112,472
-	-	(41,619)	(41,619)
517,615	(12,024)	(434,738)	70,853
512,086	(12,024)	(251,773)	248,289
3,097	-	-	3,097
-	-	(3,263)	(3,263)
-	-	(15,349)	(15,349)
515,183	(12,024)	(270,385)	232,774
2,432	-	-	2,432
-	-	(52,754)	(52,754)
517,615	(12,024)	(323,139)	182,452

- 1.d (ii) Details of any changes in the company's units arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of units for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of units that may be issued on conversion of all the outstanding convertibles, as well as the number of units held as treasury units, if any, against the total number of issued units excluding treasury units of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

At the beginning and end of the period

31/12/16	31/12/15
Units	Units
879,622,717	879,622,717

Footnote:

- (a) *There are no outstanding convertibles as at 31 December 2016 and 31 December 2015.*
- (b) *There are no treasury units as at 31 December 2016 and 31 December 2015.*

- 1.d (iii) To show the total number of issued units excluding treasury units as at the end of the current financial period and as at the end of the immediately preceding year.**

Total issued units

31/12/16	31/12/15
879,622,717	879,622,717

- 1.d (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury units as at the end of the current financial period reported on.**

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The 12-month financial information as set out in paragraphs 1(a)(i), 1(b)(i), 1(b)(ii), 1(c), 1(d)(i) and 6 of this announcement was extracted from the financial statements of Rickmers Maritime and its subsidiaries, which have been audited in accordance with the International Auditing Standards issued by the International Auditing and Assurance Standards Board.

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please see the attached Independent Auditor's Report on the financial statements dated 16 February 2017. The Independent Auditor's Report contains a disclaimer of opinion on the material uncertainties related to ability of the Trust and the Group to continue as a going concern.

Enclosed below are the assumptions and judgements taken by management to prepare the financial statements of the Trust and the Group on going concern basis:

(a) Going concern assumptions

As disclosed in 1.b (ii):

- The Group was unable to make principal and interest repayments totalling US\$20.5 million that were due on 30 June, 30 September and 30 December 2016 in relation to its secured bank loans. The Group had also breached its loan covenants relating to its secured and unsecured bank loans. These defaults gave the right to the lenders to accelerate repayment of the loans. As of the date of issuance of these financial statements, neither waiver, acceleration nor enforcement of security has been provided or pursued by the lenders;
- The Group and the Trust were unable to make interest payment amounting to US\$2.9 million that was due on 15 November 2016 in relation to the MTN. The Group and the Trust had also breached the covenants under the MTN obligation. The Trustee-Manager received a letter that sought to serve a notice of acceleration of payment, from a legal representative who claimed to represent holders of more than 25 percent of the principal amount of the MTN. To date, the Trustee-Manager has not received any claims or acceleration of payment from the MTN's Trustee;
- The Trustee-Manager does not expect the Group and the Trust to have sufficient net cash inflows from its operations within the next 12 months to repay the bank loans and MTN obligations that are due for repayment in 2017; and
- The Trustee-Manager has not reached an agreement with the secured and unsecured bank loan lenders and MTN holders in relation to the restructuring of the Group's borrowings as of the date of issuance of these financial statements.

The conditions above indicate the existence of material uncertainties that may cast significant doubt about the ability of the Group and the Trust to continue as going concerns.

Notwithstanding the above, the Trustee-Manager had prepared the financial statements using the assumption that the Group and the Trust could continue as going concerns. The Trustee-Manager is of the view that it is appropriate to prepare these financial statements on a going concern basis as:

- US\$60.5 million of bank loans from a syndication of banks led by BNP Paribas (“BNP lenders”) as at 31 December 2016 are secured on five vessels of the Group. These vessels are on long-term time charters that expire in 2018 and 2019. The net operating cash inflows on these vessels over the time charter period have been ring-fenced for repayment of principal and interest on the loans from the BNP lenders. The net operating cash inflows over the remaining charter period from the balance sheet date is expected to be sufficient for the repayment of remaining principal and interest on the loans from the BNP lenders which mature in 2018.
- The Group sold its vessel, India Rickmers, in December 2016 to partially prepay a secured bank loan from Commerzbank AG, Singapore Branch (“CMB”) and entered into a deed of consent that contained a framework for final settlement. The outstanding unsecured amount due to CMB as at 31 December 2016 was US\$10.1 million. Discussion as to final settlement are on-going.
- The Group sold one additional vessel, Kaethe C. Rickmers, in February 2017 for US\$6.4 million. Net of transaction costs and partial repayment of secured bank loans from a syndication of banks led by HSH Nordbank (“HSH lenders”), the Group retained US\$2.0 million for its operation.
- The Trustee-Manager has been in negotiation with the HSH lenders to extend the maturity profile of the secured bank loans beyond 2017. As of the date of the issuance of these financial statements, negotiations with the HSH lenders are active and on-going and the HSH lenders has not pursued acceleration of payment or liquidation of security.
- The Trustee-Manager received a letter from MTN holders, via their legal representative, claiming to represent more than 25 percent of the principal amount of the MTN and seeking to serve a notice of acceleration. However, the letter received by the Trustee-Manager did not provide any details as to which of the events of default is being relied upon, nor any evidence that the requisite threshold of 25 percent has been met in seeking to accelerate the MTN. The Trustee-Manager has not received any claims or acceleration of payment from the MTN’s Trustee in accordance with the MTN Trust Deed.
- Although the MTN holders rejected the Trustee-Manager’s proposal to restructure the MTN in a consent solicitation exercise on 21 December 2016, the Trustee-Manager is maintaining on-going discussions with the MTN holders directly and via their legal and financial advisors and endeavour to formulate a revised restructuring plan that would meet the demands of the MTN holders and all bank lenders as of the date of issuance of the financial statements.

The appropriateness of the going concern assumption is dependent on the favourable outcome of the negotiations with the HSH lenders, CMB, BNP lenders and MTN holders, and the Group’s ability to generate sufficient cash flows from its operations to meet its obligations which include renegotiated principal and interest repayments on secured and unsecured bank loans and MTN, as well as compliance with all revised covenants.

In the event that the Group and the Trust are unable to continue as going concerns, the Group and the Trust may not be able to realise the carrying value of its assets and discharge their liabilities in the normal course of business. The accompanying financial statements do not include the effect of any of these adjustments nor a change in circumstances that would prevent the Group and the Trust to continue as a going concern and force the Group and the Trust into a partial or complete winding up.

(b) Impairment of vessels

The Group's management follows its accounting policy in determining when vessels are considered impaired. Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amounts of these assets exceed the recoverable amounts. The recoverable amounts of vessels have been determined based on value-in-use calculations using the going concern assumption. The carrying amount of vessels as at 31 December 2016 was US\$499.6 million (2015: US\$706.0 million).

If the Group is unable to continue as a going concern, a further impairment of approximately US\$360 million may be necessary.

(c) Impairment of loans to subsidiaries deemed as quasi-equity loans

The Group's management follows its accounting policy in determining when investments in subsidiaries, including loans to subsidiaries deemed as quasi-equity loans, are considered impaired. Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amounts of these assets exceed the recoverable amounts. The recoverable amounts of these loans to subsidiaries have been determined based on the Trust's share of the attributable net assets of the subsidiaries, based on the latest available financial information and assuming that the subsidiaries would be going concern. The carrying amount of loans to subsidiaries deemed as quasi-equity loans as at 31 December 2016 was US\$548.1 million (2015: US\$645.3 million).

If the subsidiaries are unable to continue as going concerns, a further impairment of approximately US\$238 million may be necessary.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On 1 January 2016, the Group adopted the new and amended International Financial Reporting Standards ("IFRS") that are mandatory for application on that date. None of these IFRS have a significant impact on the Group.

The adoption of these new IFRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6 Earnings per unit ('EPU') for the current financial period and corresponding period of the immediately preceding financial year

	4th QTR		YTD	
	2016	2015	2016	2015
Weighted average number of units as at end of period				
-basic and diluted	879,622,717	879,447,475	879,622,717	860,042,095
Loss per unit for the period based on the weighted average number of units in issue (US Cents)				
-basic and diluted	(5.51)	(14.70)	(20.47)	(15.03)

7 Net asset value (for the issuer and group) per unit based on the total number of issued units excluding treasury units of the issuer at the end of the period and immediately preceding financial year:-

Net asset value per unit (US\$)

31/12/16		31/12/15	
Group	Trust	Group	Trust
0.21	0.13	0.41	0.21

Footnote:

- (a) The number of units used in the computation of actual NAV is 879,622,717 units.
- (b) There are no treasury units.

8 Review of the Performance of the Group

Group revenue of US\$14.3 million for the fourth quarter of 2016 (4Q16) was 41% below revenue reported in the corresponding quarter of 2015 (4Q15) as a result of continued depressed charter market. Moni Rickmers was redelivered in November 2016 while Henry Rickmers and Richard Rickmers were redelivered in December 2016 by the same charterer. Henry Rickmers secured a short employment which ended in January 2017. There were a total of 133.1 off-hire and idle days during the quarter. Fleet utilisation (excluding the decommissioned vessels) was 86.7% in 4Q16 and 98.2% in the same period of 2015.

Other income comprising mainly amortisation of deferred income from a charterer (non-cash in nature) and interest income. The decrease was US\$0.6 million due mainly to the reduced of amortisation of deferred income from a charterer.

Other gain and losses (net) of US\$4.5 million was attributable to net exchange gains on SGD-denominated medium-term notes and cash balances due to the appreciation of the US dollar against the Singapore dollar in 4Q16.

India Rickmers was sold for demolition in 4Q16 and has a net proceeds of US\$4.9 million. The sale resulted a loss on disposal of US\$0.5 million due mainly to the carrying amount higher than the net proceeds.

A review for vessel impairment was undertaken in 4Q16 for the entire fleet and impairment was recognised when the vessels' carrying value exceeded the recoverable amounts. Recoverable amounts were calculated based on a value-in-use model except for Kaethe C. Rickmers, where its recoverable amount was based on its estimated sale value. For the period under review, total impairment of US\$48.1 million (4Q15: US\$126.3 million), which included impairment of US\$31.6 million for Kaethe C. Rickmers, was applied to all 15 vessels (4Q15: 15 vessels) in the fleet.

Vessel operating expenses which include vessel fixed operating expense, lubricant oil expense, vessel management fee, other vessel related expenses and bunker expense, decreased by 16% to US\$8.4 million in 4Q16 from US\$10.0 million in 4Q15. The decrease was due mainly to decommissioning of five vessels in 3Q16.

Trustee-Manager fee, which was paid to the Trustee-Manager, decreased in tandem with the revenue of the Group.

Other trust expenses increased by 284% to US\$0.8 million from US\$0.2 million in 4Q15 due mainly to professional fees, printing cost, investor relation and associated costs incurred in connection with bank loans and medium-term notes restructuring purposes.

Finance expenses decreased marginally from US\$3.4 million in 4Q15 to US\$3.2 million in 4Q16 due to reduced outstanding balances.

Medium-term notes of US\$72.4 million is due for repayment on 15 May 2017 as well as bank borrowings of US\$46.0 million were reclassified as current liabilities as at 31 December 2016.

Overall, the Group recorded a net loss after tax of US\$48.4 million in 4Q16 compared to a net loss of US\$129.6 million in 4Q15.

9 Where a forecast, or a prospect statement, has been previously disclosed to unitholders, any variance between it and the actual results.

No forecast statement for the financial year 2016 has been disclosed.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In 2016, trade growth reached 3.2%, and is expected to accelerate in 2017*. Meanwhile, growth in container vessel capacity was lower at 1.1%* over 2016. The trade growth projection is subject to risks from global economic developments.

The charter market for modern container panamax vessels continued to be at depressed levels during the reporting period. Although 2016 was a record year for scrapping at estimated 600,000 TEU (against the previous record of 450,000 TEUs in 2013), there is still excess capacity compared to the demand for container transportation. With 116 3,000-5,099 TEU vessels idle**, time charter rates are expected to stay depressed in the coming months. Vessel values may decline in a situation of prolonged excess capacity.

Rickmers Maritime's fleet has, through existing charter agreements, US\$84.9 million of secured revenue between 31 December 2016 and the expiry of the last charter party contract in 2019. As a response to the very depressed markets, Rickmers Maritime has decommissioned five vessels (of which one was sold for demolition on 7 Feb 2017), which minimised the Trust's costs in the fourth quarter. With five vessels trading in the spot market, the earnings and cash flows of the Group will reflect the future prevailing charter market conditions. Excluding the decommissioned vessels, the fleet has secured employment of 58.4% for 2017.

In the absence of HSH's standstill, the Group would have paid US\$20.5 million being principal and interest repayments to HSH Syndicate (subject to availability of non-fixed charge funds) which would have reduced the Group's cash and cash equivalents to US\$1.9 million as at 31 December 2016.

Further, the Group is in default of an interest payment of US\$2.9 million (S\$4.3 million) on MTN programme, which would further have reduced the cash balance.

In the event that Rickmers Maritime is unable to obtain and/or extend or renew waivers or consents from its senior lenders or MTN holders (where applicable), the Group may be put in a position of not being able to otherwise satisfy loan covenants which may result in adverse liquidity, or other financial or legal developments, including but not limited to, events of default, cross defaults, acceleration of debts and security enforcements.

At a meeting with the MTN holders on 21 December 2016, the Extraordinary Resolution tabled at the Noteholders' Meeting was not passed. The Trustee-Manager will prudently consider and assess alternative proposals for the restructuring of the Notes should such proposals be presented.

* Source: Clarkson Research Services, December 2016

** Source: Alphaliner, December 2016

11 Distribution

a Current financial period

Any distributions recommended for the : No
current financial period

b Corresponding period of the immediately preceding financial period

Any distributions declared for the : No
previous corresponding financial period

12 If no distribution has been declared / (recommended), a statement to that effect.

No distribution has been declared.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from unitholders for IPTs.

14 The Trustee-Manager, Rickmers Trust Management Pte. Ltd., has procured undertakings required under Rule 720(1), from all its directors and executive officers.

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

No business segment information has been prepared as the Group is only involved in the chartering of container vessels which is carried out in international waters. With respect to the presentation of geographical segment information, the Group deals with several liner companies and the vessels are deployed to various parts of the world at the discretion and direction of these liner companies. The risks and returns of the Group are also not influenced by the geographical location of its customers. Accordingly, the Trustee-Manager does not consider it meaningful to allocate revenues, assets and capital expenditure to specific geographical segments.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17 A breakdown of sales as follows:-

	31/12/16	31/12/15	Incr/(Decr)
	US\$'000	US\$'000	%
(a) Revenue reported for first half year	39,294	57,105	(31)
(b) Operating loss after tax reported for first half year	(56,977)	(8,638)	560
(c) Revenue reported for second half year	29,917	51,442	(42)
(d) Operating loss after tax reported for second half year	(123,114)	(120,589)	2

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

No distribution for financial year 2016.

2015

Qtr	Common Units in issue	Distribution Period	Distribution Amount (US\$)	Distribution Per Unit (US Cents)
1st	847,350,000	1 January 2015 to 31 March 2015	5,084,100	0.60
2nd	863,500,452	1 April 2015 to 30 June 2015	5,181,003	0.60
3rd	863,500,452	1 July 2015 to 30 September 2015	-	-
4th	879,622,717 **	1 October 2015 to 31 December 2015	-	-

** Included 16,122,265 units issued on 2 October 2015 in connection with the settlement of distribution for the period from 1 April 2015 to 30 June 2015.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Group confirms that there is no person occupying a managerial position in the Group who is a relative of a director or chief executive officer or substantial unitholder of the Group.

BY ORDER OF THE BOARD OF RICKMERS TRUST MANAGEMENT PTE. LTD.
AS TRUSTEE-MANAGER OF RICKMERS MARITIME

Bertram R. C. Rickmers
Chairman
Date: 16 February 2017

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RICKMERS MARITIME

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of Rickmers Maritime ("the Trust") and its subsidiaries ("the Group") and the statement of financial position of the Trust. Because of the significance of matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Trust and the Group comprising:

- the consolidated statement of financial position of the Group as at 31 December 2016;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended;
- the statement of financial position of the Trust as at 31 December 2016; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of Opinion

The Group and the Trust had secured and unsecured loans of US\$270.8 million with three syndicate of lending banks and US\$72.4 million of medium-term notes ("MTN") as at 31 December 2016.

As stated in Note 3(a) to the financial statements:

- The Group was unable to make principal and interest repayments totalling US\$20.5 million that were due on 30 June, 30 September and 30 December 2016 in relation to its secured bank loans. The Group had also breached its loan covenants relating to its secured and unsecured bank loans. These defaults gave the right to the lenders to accelerate repayment of the loans. As of the date of issuance of these financial statements, neither waiver, acceleration nor enforcement of security has been provided or pursued by the lenders;
- The Group and the Trust were unable to make interest payment amounting to US\$2.9 million that was due on 15 November 2016 in relation to the MTN. The Group and the Trust had also breached the covenants under the MTN obligation. The Trustee-Manager received a letter that sought to serve a notice of acceleration of payment, from a legal representative who claimed to represent holders of more than 25 percent of the principal amount of the MTN. To date, the Trustee-Manager has not received any claims or acceleration of payment from the MTN's Trustee;
- The Trustee-Manager does not expect the Group and the Trust to have sufficient net cash inflows from its operations within the next 12 months to repay the bank loans and MTN obligations that are due for repayment in 2017; and
- The Trustee-Manager has not reached an agreement with the secured and unsecured bank loan lenders and MTN holders in relation to the restructuring of the Group's borrowings as of the date of issuance of these financial statements.

The conditions above indicate the existence of material uncertainties that may cast significant doubt about the ability of the Group and the Trust to continue as going concerns.

Notwithstanding the above, the Trustee-Manager had prepared the financial statements using the assumption that the Group and the Trust could continue as going concerns. Accordingly, the assets and liabilities of the Group and the Trust had been stated as if they would be recovered or settled as going concerns.

Specifically, the Group and the Trust had stated its vessels and loans to subsidiaries at US\$499.6 million [Note 3(b)] and US\$745.8 million [Note 3(c)] respectively as at 31 December 2016. These assets were subject to impairment reviews and written down to their estimated recoverable amounts as at 31 December 2016. The recoverable amounts had been derived using the basis that the Group and the Trust would be able to continue as going concerns.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RICKMERS MARITIME (Continued)

Basis for Disclaimer of Opinion (continued)

Judgement taken by the Trustee-Manager to prepare these financial statements on a going concern basis and their action plans to restructure the secured and unsecured bank loans and MTN are disclosed in Note 3(a).

We were unable to perform audit procedures to obtain sufficient appropriate audit evidence regarding the likely outcome of the negotiations of the Group and the Trust with the lending banks and MTN holders to restructure the borrowings. We were therefore unable to conclude whether the use of the going concern assumption, which has been adopted for the preparation of these financial statements, including the assessment of the recoverable amounts of the Group's vessels and Trust's loans to subsidiaries, are appropriate.

If the Group and the Trust are unable to continue as going concerns, several adjustments would have to be made to the accompanying financial statements. Assets, including vessels and loans to subsidiaries, may need to be realised other than in the normal course of business, and at amounts which could differ significantly from the amounts at which they are currently recorded. In addition, the Group and the Trust may have to provide for further liabilities that might arise. The accompanying financial statements do not reflect these adjustments.

Responsibilities of Management and Directors for the Financial Statements

Management of the Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Business Trusts Act and International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management of the Trustee-Manager is responsible for assessing the Group's and the Trust's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Trust to cease operations, or has no realistic alternative but to do so.

The responsibilities of the directors of the Trustee-Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Kok Moi Lre.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 16 February 2017