RICKMERS MARITIME

Rickmers Maritime Annual Report 2015



ALL HANDS ON DECK

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ALL HANDS ON DECK

With one eye focused on steering the Trust through immediate waters and the other on the horizon, we are all hands on deck to ensure that Rickmers Maritime is able to weather the challenging market and emerge in a stronger position. We are committed to build a robust business and deliver sustainable value to unitholders.



ABOUT RICKMERS MARITIME

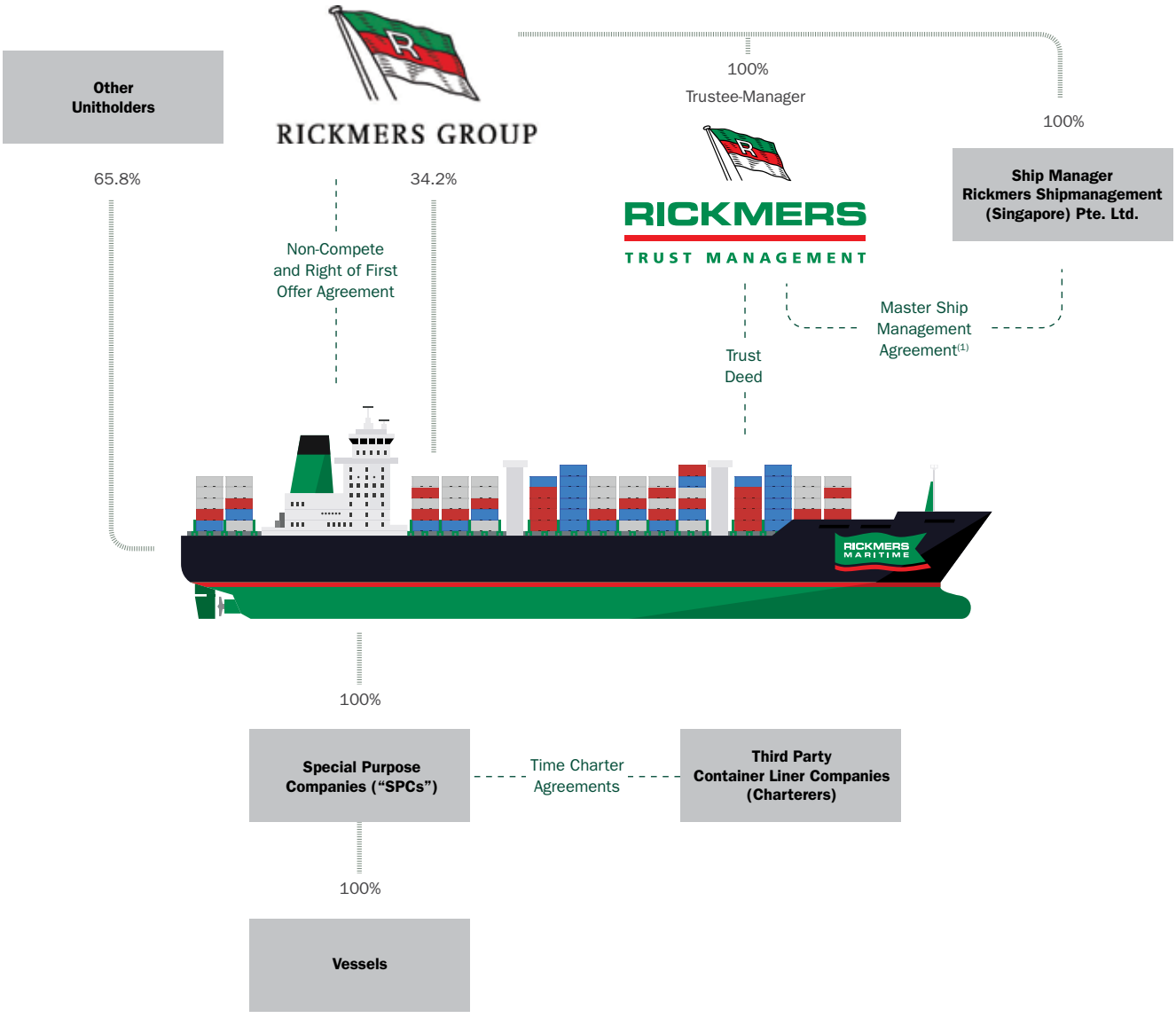
Rickmers Maritime is a Singapore business trust formed to own and operate containerships mainly under fixed-rate time charters to leading global container liner companies.

The Trust owns a portfolio of 16 modern and high-quality containerships ranging from 3,450 TEU to 5,060 TEU, offering a total capacity of 66,410 TEU. The vessels are chartered to blue-chip customers including CMA CGM, Maersk Line, Mitsui O.S.K. Lines Ltd., and NYK Line. Its objectives are to offer first class services to customers, generate stable and growing cash flows, and maximise value for unitholders.

Rickmers Maritime is sponsored by Rickmers Group, a leading international service provider in the maritime transport sector.

Rickmers Maritime is listed on the Mainboard of Singapore Exchange Securities Trading Limited and is a constituent of the FTSE ST Maritime Index.

STRUCTURE OF RICKMERS MARITIME



(1) Rickmers Shipmanagement (Singapore) Pte. Ltd. has individual service contracts with the vessel SPCs.

NON-COMPETE AND RIGHT OF FIRST OFFER AGREEMENT

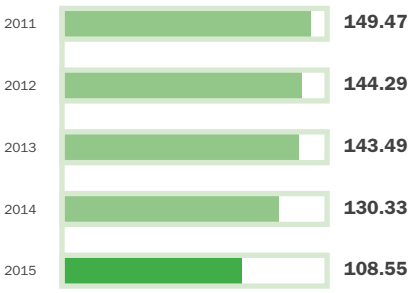
Rickmers Group has agreed not to compete with Rickmers Maritime in the ownership of containerships of 3,450 TEU and above that have attached charters of more than one year, subject to limited exceptions. In addition, Rickmers Group has also granted Rickmers Maritime the first right to acquire such containerships that it owns or acquires under the Right of First Offer.

ABOUT THE SPONSOR

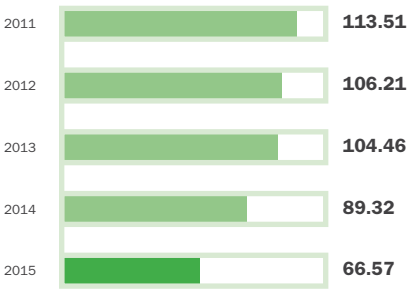
Rickmers Group is a leading international service provider in the maritime transport sector and a leading containership owner with a global blue chip customer base. Its business is divided into three business segments – Maritime Assets, Maritime Services and Rickmers-Linie. It was founded and is controlled by Mr Bertram R. C. Rickmers, whose family has more than 180 years of heritage in the shipping industry. The group operates a fleet of 130 vessels with almost 1,740 seafarers and 470 staff ashore. It is represented in its main offices in Hamburg, Germany (headquarters), and Singapore, as well as 11 countries and more than 50 sales agencies worldwide.

FINANCIAL HIGHLIGHTS

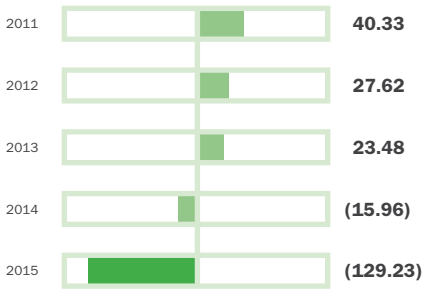
REVENUE
(US$ million)



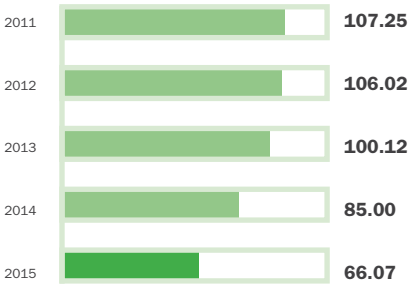
ADJUSTED EBITDA[1]
(US$ million)



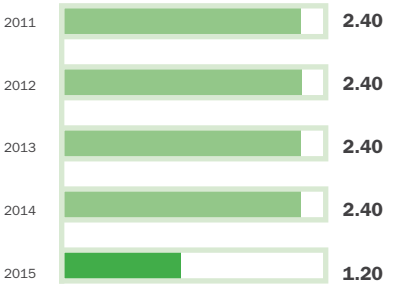
NET (LOSS)/PROFIT
(US$ million)



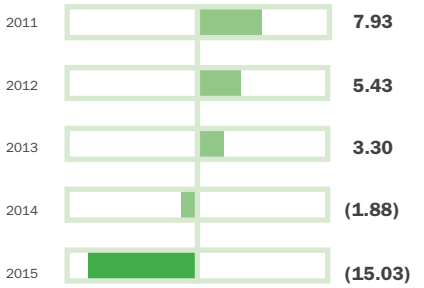
CASH FLOW AVAILABLE FOR DISTRIBUTION
(Before payment to debt capital providers)
(US$ million)



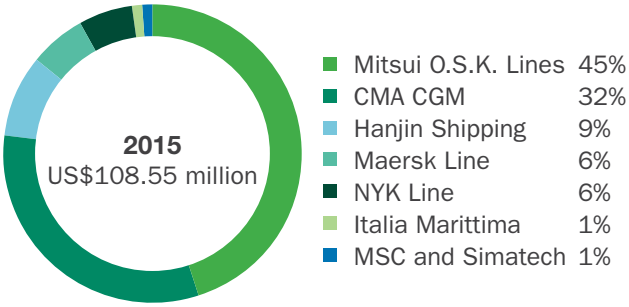
DISTRIBUTION DECLARED PER UNIT
(US cents)

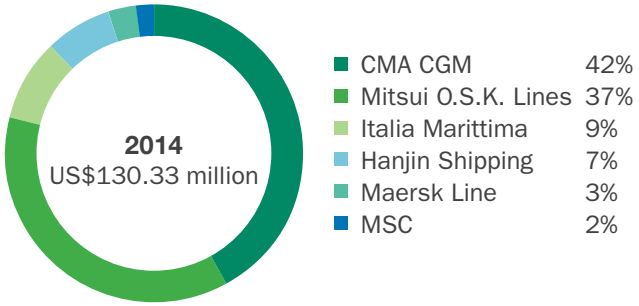


BASIC (LOSS)/EARNINGS PER UNIT[2]
(US cents)



CHARTER REVENUE





[1] EBITDA: Earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring expenses.
2011: Includes impairment write-back of US$2.9 million and net unrealised gains of US$3.9 million on interest rate swaps offset against goodwill impairment of US$4.1 million.
2012: Includes vessel impairment of US$4.5 million and goodwill impairment of US$2.1 million.
2013: Includes vessel impairment of US$2.4 million and goodwill impairment of US$18.4 million.
2014: Includes vessel impairment of US$44.4 million and goodwill impairment of US$18.6 million.
2015: Includes vessel impairment of US$143.1 million and goodwill impairment of US$4.9 million.

[2] 2011: Based on weighted average number of units of 508,410,000 (restated).
2012: Based on weighted average number of units of 508,410,000 (restated).
2013: Based on weighted average number of units of 711,402,000.
2014: Based on weighted average number of units of 847,350,000.
2015: Based on weighted average number of units of 860,042,000.

5-YEAR FINANCIAL SUMMARY

	2011 US$'000	2012 US$'000	2013 US$'000	2014 US$'000	2015 US$'000
INCOME STATEMENT – GROUP					
Revenue	**149,466**	**144,294**	**143,490**	**130,325**	**108,547**
Other income	6,406	6,807	6,393	7,060	5,233
Gain on settlement of convertible loan	–	–	–	11,361	–
Other gains/(losses) – net	73	(62)	259	3,315	1,382
Depreciation	(37,868)	(37,661)	(37,544)	(36,761)	(35,160)
Impairment of vessel and goodwill	(1,247)	(6,591)	(20,757)	(63,000)	(148,031)
Amortisation of favourable charter contracts	(511)	(512)	(520)	(84)	–
Vessel operating expenses	(33,048)	(35,412)	(36,083)	(37,784)	(38,911)
Trustee-Manager fee	(3,035)	(3,070)	(3,145)	(3,096)	(2,947)
Other trust expenses	(655)	(619)	(620)	(624)	(813)
Transaction fees	–	–	(503)	(27)	–
Finance expenses	(39,251)	(39,555)	(27,490)	(26,645)	(18,527)
(Loss)/Profit before income tax	**40,330**	**27,619**	**23,480**	**(15,960)**	**(129,227)**
Income tax credit/(expense)	(4)	4	–	–	–
Net (loss)/profit after income tax	**40,326**	**27,623**	**23,480**	**(15,960)**	**(129,227)**
Net profit margin (%)	**27**	**19**	**16**	**(12)**	**(119)**
FINANCIAL POSITION – GROUP					
Assets					
Cash and cash equivalents	55,321	57,168	61,565	60,008	45,064
Vessels	1,035,763	997,178	960,392	882,572	706,011
Other current and non-current assets	49,071	45,651	26,725	8,483	4,005
Total assets	**1,140,155**	**1,099,997**	**1,048,682**	**951,063**	**755,080**
Liabilities					
Secured bank loans	620,133	568,402	442,590	363,571	313,383
Medium-term notes	–	–	–	75,212	71,350
Derivative financial instruments	55,157	34,896	16,904	5,112	–
Convertible loan	49,198	49,595	50,522	–	–
Other current and non-current liabilities	28,137	23,752	16,093	9,029	6,783
Total liabilities	**752,625**	**676,645**	**526,109**	**452,924**	**391,516**
Total unitholders' funds	**387,530**	**423,352**	**522,573**	**498,139**	**363,564**
FINANCIAL INDICATORS					
Net asset value per unit (US$)	0.91	1.00	0.62	0.59	0.41
Gearing ratio[1] **(%)**	63	59	49	47	51
UNIT PRICE PERFORMANCE[2]					
Closing price (S$)	0.25	0.30	0.29	0.28	0.10
High (S$)	0.36	0.32	0.33	0.31	0.30
Low (S$)	0.24	0.25	0.27	0.28	0.10
Trading volume (million units)	95.44	62.20	227.24	237.50	209.1
Number of units outstanding at year-end (million)	496.72	496.72	847.35	847.35	879.62
Year-end market capitalisation (S$ million)	124.98	148.29	241.49	237.26	86.20

[1] Gearing ratio = $\frac{\text{(secured bank loans + convertible loan + medium-term notes)}}{\text{(total unitholders' funds + secured bank loans + convertible loan + medium-term notes)}}$

[2] 2011-2013 unit price performance adjusted for the 1-for-1 rights issue in 2013.







US$50.5M

TOTAL BANK DEBT REPAID IN 2015

POSITIONING FOR **GROWTH**

We are deleveraging our balance sheet and strengthening our capital structure to position the Trust for growth. The exit from the Intercreditor Deed has enhanced the Trust's financial flexibility by lifting several constraints. The exit also enables the Trustee-Manager to more effectively negotiate with each syndicate to meet its obligations and extend the Trust's loan maturity profile.

LETTER TO UNITHOLDERS

"Despite the challenging operating landscape, we have been fairly successful in keeping Rickmers Maritime's vessels employed with minimal idle time, achieving utilisation rate of 99.2% for 2015."

Dear Unitholders,

Global economic activity remained subdued in 2015. The multiple spillover effects from the slowdown and rebalancing of the Chinese economy, depressed oil and commodity prices, as well as the uneven recovery in advanced economies, have weighed on global trade.

The shipping market was volatile in 2015 and charter rates posted a dramatic decline of more than 50% in the second half of the year as a result of the lack of demand for container tonnage.

Despite the challenging operating landscape, we have been fairly successful in keeping Rickmers Maritime's vessels employed with minimal idle time, achieving utilisation rate of 99.2% for 2015, an increase from 98.4% in 2014.

However, due to reduced charter rates for vessels which began new charters during the year, the Trust posted lower charter revenue of US$108.5 million in 2015, compared to US$130.3 million in 2014. In view of the weak market, the Trust made non-cash vessel and goodwill impairment charges of US$148.0 million, which consequently led to a net loss of US$129.2 million for the year. The Trust would have recorded a profit of US$18.8 million in 2015, excluding the impact of impairment charges.

CONSERVE CASH AND STRENGTHEN FINANCIAL POSITION

Amid the slowdown and uncertainty in the charter market, the Trustee-Manager made the difficult but prudent decision to temporarily suspend distributions from the third quarter of the year to conserve cash. As a result, total distribution declared in 2015 was 1.2 US cents per unit, half of the 2.4 US cents in 2014.

We have taken steps to conserve cash since early 2015, when we introduced the Distribution Reinvestment Plan (DRP) in April 2015 to enable unitholders to receive distributions in units. The DRP was implemented for distributions for the first and second financial quarters of 2015.

It is important that we align distribution to the performance of the Trust. The Board reviews the decision on distribution every quarter, and aims to resume payouts when we are confident that the Trust is in a position to do so sustainably. For now, however, our efforts to conserve cash will continue to complement our ongoing initiatives to strengthen our balance sheet, as part of our wider strategy to pursue growth when the market improves.

LETTER TO UNITHOLDERS



Left:
Bertram R. C. Rickmers
Chairman

Right:
Soeren Andersen
Chief Executive Officer

LETTER TO UNITHOLDERS

We are happy to have made some progress to improve financial flexibility during the year. In November 2015, Rickmers Maritime announced its exit from an Intercreditor Deed that was signed with three syndicates of lending banks in 2010.

The exit allows the Trustee-Manager to more effectively engage each of its three lending syndicates on a bilateral basis, without having to seek unanimous agreement from all syndicates. Several financial constraints, including the first right to cash inflows from equity fund raisings, have also been lifted with the exit.

The exit from the Intercreditor Deed has taken the pressure off the Trust to seek further extension of the value-to-loan (VTL) covenant waiver which was due on 31 December 2015. This allows us to maintain focus on weathering the depressed shipping market in this demanding period.

KEEPING OUR VESSELS EMPLOYED

While the market is expected to remain challenging in the near-term, we remain optimistic on the medium-to long-term prospects of the industry. We see some opportunities in this crisis.

The depressed market has persisted into 2016. Demand remained weak and tonnage overhang continued to weigh on charter rates.

In 2016, the Trust will face greater exposure to the spot market as the majority of the Trust's vessels are on short-term charters. As charter rates are now below historical averages, putting the vessels on short-term charters gives us the flexibility to fix them at higher rates when the market recovers.

Our track record of consistently achieving high vessel utilisation rates over the years bears testament to the quality of and demand for the Trust's vessels. Leveraging on the Trustee-Manager's extensive network of contacts within the container shipping industry, we are confident in securing employment for our vessels with minimal idle time. Our vessels are currently chartered to leading container companies, including Maersk Line, Mitsui O.S.K. Lines, CMA CGM, and NYK Line, to minimise counterparty risk.

The Trustee-Manager recognises the significance of cost visibility in the current market, and has locked in a significant part of fleet operating cost through an agreement with our ship manager to achieve a flatter cost structure.

Vessel-enhancement initiatives continue into 2015 and 2016. We have commenced broadband installations on our vessels to improve data mirroring and reporting. In addition, two of the Trust's vessels were retrofitted with new bulbous bows in 2015, bringing total retrofitted vessels to five. These vessels enjoy greater fuel efficiency and are expected to translate into cost-savings for charterers in the long-run.

TRACKING THE CHARTER MARKET

In the year ahead, demand may improve, and the oversupply situation could ease with higher scrapping activities and fewer deliveries of panamax vessels, pointing to a more balanced supply-demand situation, which could improve freight earnings.

LETTER TO UNITHOLDERS



While the market is expected to remain challenging in the near-term, we remain optimistic in the medium-to long-term prospects of the industry. We see some opportunities in this crisis.

The industry is seeing an influx of large tonnage, and these ultra-large container vessels require feeder tonnage to move containers to hub ports. Just as main line ships are getting bigger, so are feeder vessels.

Rickmers Maritime's type of vessels, ranging from 3,450 TEU to 5,060 TEU, is increasingly being deployed to meet this demand.

In the medium-term, there may be an improved market for vessels like ours, since its supply growth is very low. In addition, our customers' cost savings from utilising large containerships are reducing as a result of the depressed oil price, and this is making smaller vessels like ours more attractive to the market in the medium-term.

Rickmers Maritime's fleet has, through its existing charter agreements, US$144.9 million of secured revenue between 2016 and the expiry of the last charter party contract in 2019. As at end-March 2016, 54.6% of total trading days in 2016 have been covered, and the fleet has an average remaining charter period of 1.1 years.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to thank our unitholders, charterers, lenders, noteholders, and business partners for their continued support.

Our appreciation also goes out to our directors for their guidance in navigating the Trust through these challenging times, as well as the hard work and dedication of the management team and the employees. We are also thankful for Rickmers Shipmanagement (Singapore) Pte. Ltd., and the crew on board the Trust's vessels, who have carried out their responsibilities with utmost professionalism, ensuring the continued competitiveness of our fleet.

We would also like to extend our appreciation to Mr Gerard Low, our Chief Financial Officer, who will be leaving the Trustee-Manager at the end of April 2016 to pursue other interests. Mr Low played an instrumental role in deleveraging the Trust's balance sheet, and has led the successful 1-for-1 rights issue in 2013 which raised about S$100 million, and the establishment of the US$300 million multicurrency medium-term note programme that year.

Although 2016 is expected to be another challenging year, we are confident that Rickmers Maritime will be able to ride through the challenges with guidance from the Board, strong commitment of the management team and staff, as well as continued support from all stakeholders.

Bertram R. C. Rickmers
Chairman

Soeren Andersen
Chief Executive Officer







99.2%

VESSEL UTILISATION RATE IN 2015

OPERATIONAL **EXCELLENCE**

We have consistently achieved high vessel utilisation rates, and we will continue to secure employment for our vessels at competitive rates. Structuring shorter and more flexible charters for vessels trading in the spot market will allow us to fix them later at higher rates when the market improves.

BOARD OF DIRECTORS & EXECUTIVE OFFICERS



1 MR BERTRAM R. C. RICKMERS

Chairman and Non-Executive Director
Member, Nominating and Remuneration Committee

Mr Bertram R. C. Rickmers was appointed a member of the Board of Directors in February 2007. He is the Chairman of the Supervisory Board of Rickmers Holding AG and its sole shareholder. He is also on the advisory boards of Hellmann Worldwide Logistics GmbH & Co. KG and chemical group Mankiewicz Gebr. & Co.

Mr Rickmers started his career as a sales manager responsible for the planning of projects at the family-owned Rickmers Shipyard in Bremerhaven.

In 1982, Mr Rickmers founded MCC Marine Consulting & Contracting GmbH in Hamburg, which specialises in shipbroking and in 1984, he established Rickmers Reederei in Hamburg, which is one of the world's leading container shipping companies today.

Mr Rickmers has a degree in economics from the University of Freiburg.

2 DR IGNACE ADOLF JULIEN VAN MEENEN

Non- Executive Director

Dr Ignace Van Meenen was appointed a member of the Board of Directors in November 2011. He joined Rickmers Group as Chief Financial Officer in September 2011 and was appointed Chief Executive Officer of Rickmers Group in May 2014.

Dr Van Meenen began his professional career in the investment division of Deutsche Bank AG in Germany and USA. Thereafter, he held leading management positions including Director of Finance at the mining & chemical group, RAG AG (now Evonik Industries) and Chief Financial Officer at the international media company, RTL Group S.A. and real estate firm, DIC Group.

Dr Van Meenen read law at Ghent University and University of Osnabrück, and currently resides in Germany.

3 MR LIM HOW TECK

Lead Independent Director
Chairman, Audit Committee
Member, Nominating and Remuneration Committee

Mr Lim How Teck was appointed a member of the Board of Directors in February 2007. He is a shipping veteran with more than 25 years of experience in the industry.

Mr Lim is currently the Chairman and Director of NauticAWT Limited, Heliconia Capital Management Pte. Ltd., Swissco Holdings Limited and ARA-CWT Trust Management (Cache) Limited. He is also a Director on the boards of several public listed companies, including ARA Asset Management Limited. Mr Lim is also a Member of the Appeals Committee of Singapore Exchange.

Mr Lim holds a Bachelor of Accountancy Degree from the then University of Singapore and is a Fellow of the certified public/management accountancy bodies in Singapore, Australia and UK. He is also a Fellow of the Singapore Institute of Directors and an Associate of the Institute of Business Administration of Australia.

Mr Lim graduated from the Harvard Graduate School of Business Corporate Financial Management Course and Advanced Management Programme in 1983 and 1989 respectively. Mr Lim was awarded the Public Service Medal, PBM (Pingat Bakti Masyarakat) National Day Award in 1999 and the Public Service Star, BBM (Bintang Bakti Masyarakat) National Day Award in 2014.

4 MRS LEE SUET FERN

Independent Director
Chairman, Nominating and Remuneration Committee
Member, Audit Committee

Mrs Lee Suet Fern was appointed a member of the Board of Directors in February 2007. She is the Chairman & Managing Partner of Morgan Lewis Stamford LLC. Her practice focuses on mergers and acquisitions, equity and debt capital markets and corporate finance.

Mrs Lee has been involved in many significant corporate transactions in Singapore and the region, and has been named a leading practitioner in numerous global professional publications. She has served as a member of the Board of Directors of various publicly listed companies in Singapore and the region. She currently serves as Director on the boards of global Fortune 100 companies AXA and Sanofi.

She is a member of the Executive Committee of the Singapore Academy of Law where she also chairs the Committee on Legal Education and Studies and Convergence of Transnational Commercial Laws Conference Steering Committee, a member of the Advisory Board to the Law School at Singapore Management University where she also chairs the Expert Panel of Centre of Cross-Border Commercial Law in Asia and a trustee for Nanyang Technological University.

Mrs Lee graduated from Cambridge University in 1980 with a double first in law and is a barrister-at-law at Gray's Inn, London, and an advocate and solicitor of the Supreme Court of Singapore.

BOARD OF DIRECTORS & EXECUTIVE OFFICERS







5 MR RAYMUNDO A. YU JR.

Independent Director
Member, Audit Committee
Member, Nominating and Remuneration Committee

Mr Raymundo A. Yu Jr. was appointed a member of the Board of Directors in May 2009. In October 2010, he was appointed Chairman, Asia Pacific, of Threadneedle Investments, a member of the Ameriprise Financial Group. As Chairman, Mr Yu spearheads the businesses of Columbia Threadneedle Investments and Ameriprise in Asia.

Mr Yu spent 30 years in wealth management, global markets and investment banking with Merrill Lynch International where he held the position of Chairman of the Merrill Lynch Group, Asia Pacific from 2000 to 2008. During his tenure at Merrill Lynch, Mr Yu built and managed significant financial services franchises across the Asia Pacific region. He was credited for driving the growth of the bank's Global Private Client business across Europe, Middle East, Africa and Asia Pacific regions and was instrumental in the expansion of the entire Merrill Lynch Group in Asia. Mr Yu was dubbed the "Star of Asia" by Business Week Magazine in July 2005, and at the time of his retirement in 2008, he was the only Asian to be a Chairman in a US investment bank in Asia Pacific.

Mr Yu is a member of the Board of Fellows of the Thunderbird School of Global Management in Arizona, USA, and is active in various charity organisations in the Philippines and Singapore. He is the Founding Chairman of ABLE, a charity aligned to the physically challenged community in Singapore. Mr Yu is a member of AustralianSuper's Asian Advisory Committee and Bank Julius Baer & Co's Global Advisory Committee. Mr Yu holds a Bachelor of Science degree in Business Administration from Ateneo de Davao University in the Philippines and a Masters in Business Administration in International Management from Thunderbird School of Global Management.

6 MR SOEREN ANDERSEN

Chief Executive Officer

Mr Soeren Andersen was appointed as Chief Executive Officer of the Trustee-Manager in June 2015. He has 20 years of experience as an international shipping executive in the shipping and offshore industry.

Prior to joining the Trustee-Manager, he was Vice President of Global Network & Alliance at APL, one of the world's leading container shipping companies, headquartered in Singapore and part of the NOL Group. Mr Andersen was responsible for APL's co-operations and alliances with other container shipping operators, and was APL's senior representative in the G6 Alliance, which comprises Mitsui O.S.K. Lines, Orient Overseas Container Line, Hyundai Merchant Marine, Hapaq-Lloyd, NYK Line and APL.

Before joining APL, Mr Andersen spent 15 years working for the Maersk Group. He started his career with AP Moller-Maersk in Denmark in 1997 after graduating with a Master of Science in Business Administration from Aarhus University. This marked the beginning of an illustrious career with the Maersk Group in various operational, marketing and strategic positions, including roles in which he had oversight of mergers and acquisitions.

Mr Andersen holds an Executive MBA from Columbia Business School and London Business School.

7 MR GERARD LOW SHAO KHANG

Chief Financial Officer

Mr Gerard Low Shao Khang has been the Chief Financial Officer of the Trustee-Manager since 15 February 2011. He has more than 20 years of experience in private equity investments, operations and financial management across a wide range of industries. Before joining the Trustee-Manager, Mr Low was Owner And Managing Partner of Berioza Associates, a provider of outsourced Chief Financial Officer and corporate advisory services.

Between 2005 and 2008, he was Group Chief Financial Officer and Executive Director at Delifrance Asia Limited, where he oversaw the financial reporting, corporate planning and treasury management of the entire group. Before Delifrance, he spent close to a decade at Prudential Asset Management Asia Limited ("PAMA"), one of the earliest private equity firms in Asia, where he was responsible for direct investments and post-investment monitoring. Mr Low also represented PAMA on the boards of several investee companies. He started his career in audit at KPMG.

Mr Low graduated from Singapore's Nanyang Technological University with a Bachelor of Accountancy degree. He is a member of the Singapore Institute of Directors, and holds the Chartered Accountant of Singapore and Chartered Financial Analyst® designations.

FINANCIAL & OPERATIONS REVIEW



FINANCIAL REVIEW

Charter revenue for 2015 was US$108.5 million, a 17% decline from US$130.3 million in 2014. The reduction was largely due to the reduced charter rates on vessels which had their charters renewed during the year.

Vessel operating expenses increased 3% year-on-year (y-o-y) to US$38.9 million in 2015, due mainly to a contractual increase in fixed operating expenses and vessel management fees which came into effect from 1 January 2015.

Finance expenses decreased 30% y-o-y to US$18.5 million in 2015 with the expiry of interest rate swaps, and the lower interest expense from the reduction of outstanding bank loan balances, partially offset by higher interest expense on the Trust's medium-term notes.

Most of Rickmers Maritime's vessels employed under long-term time charters had their charters expire over the year, causing a reduction in the Trust's cash flow streams. As such, the Trust reported US$66.6 million of cash flow from operating activities in 2015. Cash flow available for distribution (before payment to debt capital providers) also declined by 22% from US$85.0 million in 2014 to US$66.1 million in 2015.

The Trustee-Manager continually monitors current and projected charter rates for the Trust's type of vessels, and decided that in light of the depressed chartering markets, it was appropriate to recognise impairment charges in 2015.

As a result, a non-cash US$143.1 million impairment for 15 vessels and a non-cash goodwill impairment of US$4.9 million for three vessel-owning subsidiaries were recognised in 2015. During the reporting period, the Trust reported a net loss of US$129.2 million, against the net loss of US$16.0 million in 2014. Excluding the impact of the impairment charges, the Trust would have recorded a net profit of US$18.8 million in 2015, compared to net profit of US$47.0 million in 2014.

The Trust ended the financial year with a healthy cash balance of US$45.1 million.

CASH PRESERVATION INITIATIVES

In April 2015, the Trustee-Manager implemented the Distribution Reinvestment Plan ("DRP"), which gave unitholders the option to acquire additional units in the Trust by electing to receive distributions in units instead of cash. This was a cash conserving initiative that the Trustee-Manager took amid the volatility in the charter market. Unitholders who elected to receive distributions in units did not have to incur transaction or other related costs.

The DRP, implemented for distributions for the first and second financial quarters of 2015, was well-received with take-up rates of 61% and 47% in the respective quarters. The Trust issued a total of 32.3 million units in the two quarters, which conserved about US$5.5million cash.

The slowdown in the charter market since the third quarter of 2015 has a direct impact on Rickmers Maritime's business as 11 of the Trust's vessels will be trading in the spot market in 2016. As a result, the Trustee-Manager made the prudent decision to suspend distributions from the third quarter of 2015 to conserve cash until charter conditions improve.

It was a difficult decision to suspend distributions. Rickmers Maritime had paid distributions per unit of 0.6 US cents every quarter since the fourth quarter of 2010 prior to this suspension. The Board will review the decision on distribution every quarter, with the aim to resume payouts when the Trust is in the position to do so sustainably.

EXIT FROM INTERCREDITOR DEED

In November 2015, the Trust was granted a full and unconditional waiver in relation to compliance with the value-to-loan ("VTL") covenant by the syndicate of lending banks in the IPO Facility. In addition, the Trust has satisfied all the conditions, including the VTL covenant, and has achieved exit from the restrictions stipulated under an Intercreditor Deed.

The exit has taken the pressure off the Trust to seek further extension of the VTL covenant waiver which was due on 31 December 2015.

The Intercreditor Deed was signed in 2010 with three lending syndicates to restructure the Trust's obligations after it failed to meet the VTL covenant requirement due to a significant drop in vessel values amid the shipping downturn back then.

Under the Intercreditor Deed, the Trust was subjected to various constraints, including the right to cash inflows from equity fund raisings, and restrictions in respect of the ability of the Trust to pay distributions, among others.

Following the exit, the Trust will have greater financial flexibility for bilateral negotiations with each lending syndicate to more effectively extend its loan maturity profile, without having to seek unanimous agreement from all syndicates.

LOAN FACILITIES

The Trustee-Manager continued to deleverage the Trust's balance sheet in 2015, repaying a total of US$50.5 million in bank loans. This reduced the Trust's outstanding bank loans to US$314.1 million as at 31 December 2015, compared to US$364.5 million as at 31 December 2014.

These loans bear interest at a floating rate of 3-month US$ LIBOR plus a margin of 1.75% per annum, and mature between 2017 and 2021.

The Independent Auditor of Rickmers Maritime has highlighted, in an emphasis of matter in the Independent Auditor's Report on page 39, that the Trust may have insufficient cash to fulfil the obligations of the US$179.7 million secured bank loans and medium-term notes ("MTN") of US$70.6 million, which are due for repayment on 31 March 2017 and 15 May 2017 respectively. The Independent Auditor also highlighted the risk of a breach of debt covenants which could trigger immediate debt repayments in a situation of prolonged excess capacity in the charter market.

The Trustee-Manager is presently in discussion with its lending banks to extend the loan maturity of the US$179.7 million bank loan due in March 2017, and is exploring alternative re-financing for the MTN due in May 2017. The Trustee-Manager has about 12 months to take necessary actions before these obligations are due.

The Trustee-Manager has been successful in resolving covenant issues in the past and will take all necessary actions to resolve the matter in the event of a breach of covenants. The Group is in compliance with all of its covenants as at 31 December 2015.

The Trust's interest rate swap contracts matured in 2015. The Trust does not hold any derivative financial instrument as at 31 December 2015.

The Trust has very limited exposure to the volatility of bunker fuel prices as such costs are borne by charterers under time charter agreements.



As the Trust's accounts are maintained in US dollar terms, Rickmers Maritime's exposure to foreign exchange rate fluctuations has also been minimised. The majority of the Trust's receipts and costs are denominated in US dollars while distributions to unitholders, if any, would also be declared in US dollars and converted to Singapore dollars thereafter. The main exception would be the MTN coupon payments which are made in Singapore dollars.

Loan Facility	Maturity	Amount[1] (US$ million) as at 31 Dec 2015	Amount[2] (US$ million) as at 31 Dec 2014	VTL Requirement	Security
IPO Facility	2017	203.7	227.7	Waived from Nov 2015	Secured against the initial 10 vessels in the IPO Fleet
First Facility	2018	92.8	114.9	110%	Secured against the five MOL vessels
Second Facility	2021	17.6	21.9	110%	Secured against the vessel Hanjin Newport
	Total	**314.1**	**364.5**		

1 Before deduction of unamortised debt transaction costs of US$0.7 million
2 Before deduction of unamortised debt transaction costs of US$0.9 million

FINANCIAL & OPERATIONS REVIEW

OPERATIONS REVIEW

Rickmers Maritime charters its container vessels on fixed-rate time charters to leading global liner companies. The Trust's fleet of 16 containerships achieved high utilisation rate of 99.2% in 2015 despite the increase in global idle fleet.

In 2015, the fleet incurred 47.7 days of unscheduled off-hire out of a total of 5,840 ownership days, due mainly to the preparation and positioning of Kaethe C. Rickmers, Moni Rickmers and Laranna Rickmers for new charters.

During the year, ten of the Trust's vessels had their charters renewed and their charter rates were adjusted to spot levels. As the spot rates are now below historical averages, the Trustee-Manager has put these vessels out on short-term charters, in order to be in the position to take advantage of eventual improvements in the charter market.

As at 31 December 2015, the Trust's fleet has an average age of 8.3 years, and the vessels were chartered out to leading container liner companies, including CMA CGM, Hanjin Shipping, Maersk Line, Mitsui O.S.K. Lines and NYK Line, that have over the years experienced the various cycles of the container shipping business.

In 2015, two of the Trust's vessels were retrofitted with new bulbous bows. This is in addition to the retrofits on three vessels that took place in 2014. Costs were borne mostly by charterers. Vessels with retrofitted bulbous bows enjoy greater fuel efficiency.

It is a regulatory requirement for merchant vessels to undergo dry-docking every five years. Vessels will be off-hire during these dry-docking periods. All of the Trust's vessels have completed their first scheduled dry-docking. Over the next few years, Rickmers Maritime is expected to record fewer scheduled off-hire days as 14 of the Trust's 16 vessels are participating in a trial program that will extend the interval between each dry-docking from five to 7.5 years.

THE JOURNEY AHEAD

Rickmers Maritime's fleet has, through existing charter agreements, US$144.9 million of secured revenue between 1 January 2016 and the expiry of the last charter party contract in 2019.

Leveraging on its extensive network of contacts within the container shipping industry, the Trustee-Manager is confident in securing employment for the Trust's vessels with minimal idle time, and where possible, structure charter agreements to best position the vessels to benefit from a recovery in charter rates.

In the first quarter of 2016, the Trustee-Manager has successfully secured new charters for Rickmers Maritime's vessels. Maersk Line extended the charters of Henry Rickmers, Richard Rickmers and Moni Rickmers for an additional period of two to 12 months.

FLEET PERFORMANCE IN 2015

Vessel	Utilisation Rate
Henry Rickmers	100.0%
Richard Rickmers	100.0%
Moni Rickmers	95.3%
Vicki Rickmers (formerly ANL Warringa)	98.7%
Maja Rickmers (formerly ANL Windarra)	99.1%
Laranna Rickmers (formerly ANL Warrain)	95.2%
CMA CGM Azure	100.0%
CMA CGM Jade	99.6%
CMA CGM Onyx	100.0%
MOL Dominance	99.7%
MOL Dedication	99.9%
MOL Delight	100.0%
MOL Destiny	100.0%
MOL Devotion	100.0%
Hanjin Newport	99.9%
Kaethe C. Rickmers	99.4%



FINANCIAL & OPERATIONS REVIEW

NYK Line extended Kaethe C. Rickmers for a period of 110 to 160 days. The Trustee-Manager has also found new employments for Maja Rickmers and CMA CGM Azure, who have commenced their charters with CMA CGM for three to 12 months. Laranna Rickmers has also been extended with Simatech for two to five months.

With that, the Trust's fleet is 54.6% employed for 2016 as at end-March 2016, and has average remaining charter period of 1.1 years.

The Trustee-Manager recognises the significance of cost visibility in the current market, and has locked in a significant part of fleet operating costs through an agreement with our ship manager to achieve a flatter cost structure.

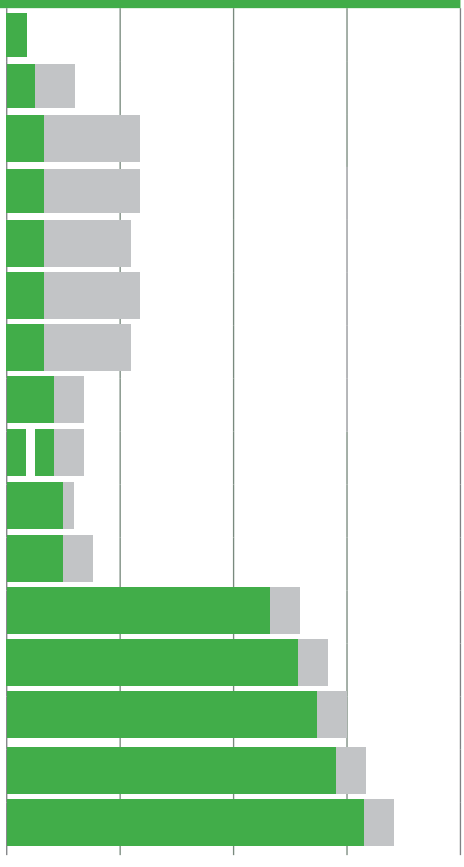
As 11 of the Trust's vessels will be trading in the spot market in 2016, future earnings and cash flows of the Trust will reflect the prevailing charter market conditions in the coming year.



FLEET CHARTER PERIOD

as at end-March 2016

Name of Vessel	TEU	Charterparty	Charter Rate
Vicki Rickmers	4,250	CMA CGM	US$6,272
Hanjin Newport	4,250	Hanjin	US$25,950
Moni Rickmers	3,450	Maersk Line	US$7,125 / US$5,225[1]
Richard Rickmers	3,450	Maersk Line	US$7,125 / US$5,225[1]
Maja Rickmers	4,250	CMA CGM	US$6,272 / US$5,597[2]
Henry Rickmers	3,450	Maersk Line	US$7,125 / US$5,225[1]
CMA CGM Azure	4,250	CMA CGM	US$12,256 / US$5,597[2]
CMA CGM Jade	4,250	CMA CGM	US$12,496
Laranna Rickmers	4,250	Simatech	US$6,256/ US$5,005[3]
Kaethe C. Rickmers	5,060	NYK Line	US$15,553 / US$5,925[4]
CMA CGM Onyx	4,250	CMA CGM	US$12,496
MOL Dominance	4,250	MOL	US$26,850
MOL Dedication	4,250	MOL	US$26,850
MOL Delight	4,250	MOL	US$26,850
MOL Destiny	4,250	MOL	US$26,850
MOL Devotion	4,250	MOL	US$26,850



■ Minimum Time Charter Period ■ Expiration Period

[1] Henry Rickmers, Richard Rickmers and Moni Rickmers were extended by Maersk Line at net daily charter rate of US$5,225 for 2-12 months starting from 12 Mar 2016, 4 Mar 2016 and 29 Feb 2016 respectively

[2] Maja Rickmers (formerly ANL Windarra) and CMA CGM Azure commenced their new charters with CMA CGM at net daily charter rate of US$5,597 for 3-12 months from 9 Feb 2016 and 14 Feb 2016 respectively

[3] Laranna Rickmers was extended by Simatech at net daily charter rate of US$5,005 for 2-5 months from 25 March 2016

[4] Kaethe C. Rickmers was extended by NYK Line at net daily charter rate of US$5,925 from 1 Mar 2016 for 110-160 days

DEPRESSED CONTAINER SHIPPING MARKET PERSISTS INTO 2016



In 2015, global container trade increased by 2.3% while container vessel capacity grew by 7.3%, according to Clarksons Research Services. The oversupply caused the charter market for container vessels to deteriorate significantly in the second half of 2015, as container lines shut down services amid weak demand for container transportation.

Idle capacity of the global containership fleet increased from about 2% throughout the first half of 2015 to about 7% as at end-December 2015. As a result, the daily charter rate for 3,500 TEU vessels dropped from US$13,500 as at end-June 2015 to US$6,000 in end-December 2015, while the daily charter rate for 4,400 TEU vessels dropped from US$15,000 to US$6,000 in the same period.

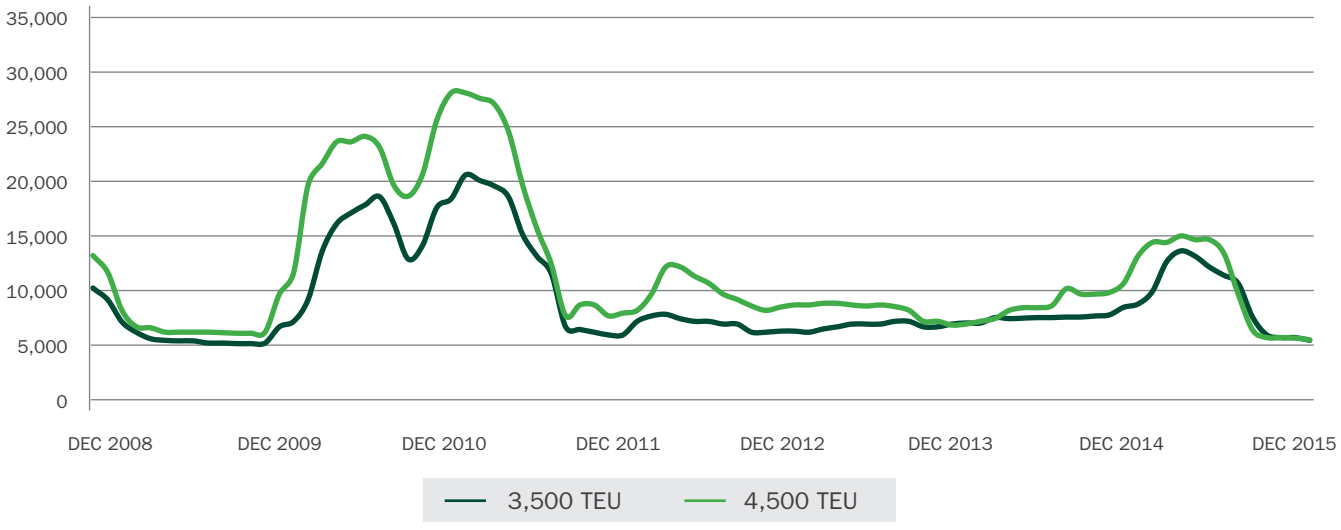
The depressed container shipping market persisted into 2016, and charter rates remain under intense pressure. In February 2016, average daily charter rates for 3,500 TEU and 4,400 TEU vessels were US$6,000 and US$5,950 respectively, and could continue at current or lower levels in the near-term until a better balance between trade growth and vessel supply is reached.

On the supply side, more containerships are expected to be scrapped in 2016 compared to last year. Already, the industry is seeing higher scrapping activities in recent months. According to Clarksons Research Services, 15 containerships totaling 48,387 TEU were sold for demolition in December 2015 alone, representing 25% of the combined 193,156 TEU demolished in the entire year. In January 2016, ten more vessels totaling 26,470 TEU were sold for scrap, a 31% increase compared to January 2015.

On the demand side, container trade growth is expected to improve slightly in 2016, potentially supported by increased trading activities in both mainlane and non-mainlane trades. In particular, the Transpacific Eastbound, Far East-Europe Westbound, and the Middle East/Indian Subcontinent-Asia trade lanes are expected to post 4.5%, 3.8% and 5.9% growth respectively. This growth, however, remains subject to the pace of recovery in the world economy.

Global container trade growth is expected to improve to 4.0% while the growth of container vessel capacity is expected to tighten to 3.4% in 2016. A reduction in supply growth in 2016, alongside stronger trade growth, could help to improve freight earnings.

CHARTER RATES



Source: Clarksons Research Services





INDUSTRY CONSOLIDATION AND TRADE LIBERALISATION COULD IMPROVE FUNDAMENTALS

In the pursuit of scale and efficiency to reduce operating costs in the prolonged downturn, the industry is seeing a string of mergers, which could alleviate the overcapacity situation that the industry has faced since the 2008 financial crisis. In December 2015 alone, several consolidations, including the merger of France's CMA CGM and Singapore's Neptune Orient Lines (NOL), as well as the merger of China's state-owned Cosco and China Shipping Container Lines (CSCL), were announced.

Horizontal mergers could enhance capacity management by creating operating synergies through the sharing of networks, vessels, and port calls, among others.

While it remains to be seen if the mergers will indeed bring about higher efficiency, it is likely that more consolidations could be in the pipeline as larger market players strive for greater economies of scale, making smaller firms prime targets for acquisitions.

On a macro level, increasing efforts to liberalise world trade will continue to facilitate container trade growth. The Trans-Pacific Partnership, which was signed in February 2016 after years of negotiations, is aimed at promoting trade and investment by reducing trade barriers among 12 countries, which together account for about 40% of the world economy and one-third of world trade. If successfully executed, the increase in transpacific trade would fuel greater trade growth within the region.

The container shipping industry has been known to be cyclical, and several factors have led to increased volatility in this prolonged downturn. Nonetheless, with 90% of world's trade moved by the international shipping industry, its importance to governments, businesses, and consumers will continue.

DOES THE INFLUX OF MAMMOTH VESSELS AFFECT DEMAND FOR MODERN PANAMAXES?

The industry is seeing an influx of very large and ultra-large container vessels. According to Clarksons Research Services, the total capacity of containerships that can carry at least 12,000 TEU has increased by 28% to 3.5 million TEU in 2015, and is expected to increase by another 15% to 4.0 million TEU in 2016 with new deliveries.

These mammoth vessels require feeder tonnage to move containers from hub ports that are neither large nor deep enough to be serviced through direct calls. Just as main line ships are getting bigger, feeder vessels are increasing in size as well.

Modern panamaxes, which range from 3,000 TEU to 5,100 TEU, are increasingly being deployed to meet this feeder demand. In the medium-term, there may be an improved market for panamax vessels since the new supply of these vessels is very low. According to Clarksons Research Services, only two new panamax vessels, totaling 6,800 TEU, will be delivered in the next three years.

The panamax segment is also seeing pockets of opportunities amid the current depressed oil price environment. The lower oil price has reduced cost savings of liner companies from utilising large containerships, making smaller vessels like panamaxes more attractive to the market in the medium-term.

OUR FLEET

Vessel	Capacity (TEU)	Shipyard	Built	Initial Vessel Cost (US$ million)	2015 Net Book Value (US$ million)
Kaethe C. Rickmers	5,060	Hanjin, South Korea	December 2004	80	42
Vicki Rickmers	4,250	Dalian, China	January 2007	72	44
Maja Rickmers	4,250	Dalian, China	March 2007	72	42
Laranna Rickmers	4,250	Dalian, China	October 2007	83	40
CMA CGM Azure	4,250	Dalian, China	July 2007	75	41
CMA CGM Jade	4,250	Dalian, China	December 2007	83	41
CMA CGM Onyx	4,250	Dalian, China	December 2007	83	40
MOL Dominance	4,250	Dalian, China	June 2008	72	55
MOL Dedication	4,250	Dalian, China	September 2008	72	56
MOL Delight	4,250	Dalian, China	November 2008	72	56
MOL Destiny	4,250	Dalian, China	January 2009	72	57
MOL Devotion	4,250	Dalian, China	March 2009	72	58
Hanjin Newport	4,250	Yangzijiang, China	April 2009	69	42
Henry Rickmers	3,450	Hyundai, South Korea	February 2006	64	31
Richard Rickmers	3,450	Hyundai, South Korea	April 2006	64	30
Moni Rickmers	3,450	Hyundai, South Korea	January 2007	76	31
	66,410			**1,181**	**706**[1]

[1] After vessel impairment of US$143.1 million for 15 vessels in 2015.



INVESTOR RELATIONS



Rickmers Maritime places strong emphasis on strengthening relationships with its unitholders and the investment community. The Trustee-Manager commits to providing balanced insights into the strategic direction, financial performance and key developments of the Trust.

ADDRESSING MARKET CONCERNS

The shipping market took a dramatic turn in the second half of 2015. The downturn has a direct impact on Rickmers Maritime's business as 11 of its vessels will trade in the spot market in 2016, and the Trustee-Manager emphasised that prudent steps had to be taken to weather further volatility.

During the year, the Trustee-Manager took the difficult decision to suspend distributions to conserve cash. The management explained that paying out distributions is no longer prudent in this market, and stressed the importance of aligning distribution to the performance of the Trust. The management reassured investors that its growth plans for the Trust remain intact, and the goal is to emerge from the downturn in a substantially stronger position. The board will review its decision on distribution every quarter.

To address concerns over depressed charter rates, the management reinforced its strategy to secure flexible and shorter-term charters amid the downturn, so as to be able to fix them at higher rates when the market improves.

Investors also raised concerns over the Trust's ability to fulfil its $179.7 million bank loan obligation and $70.6 million medium-term notes ("MTN") due in 2017. In response, the Trustee-Manager explained that it is in active discussions with its lending banks to extend the loan maturity and is exploring refinancing plans for the MTN.

The Trusteee-Manager also highlighted that the successful trust exit in November 2015 was a milestone for the Trust, and the first step towards more effective negotiations with the Trust's lenders. The Trustee-Manager is now able to engage the lending syndicates on a bilateral basis to discuss its loan obligations more effectively.

ACTIVE ENGAGEMENT

Rickmers Trust Management places high priority on frequent and relevant communication with our investors. Over the year, the Trustee-Manager actively engaged its investors through one-on-one meetings, conference calls, and participated in conferences and forums in Singapore and overseas.

In 2015, several meetings were held to introduce the new Chief Executive Officer, Mr Soeren Andersen, to the investment community. The Trustee-Manager took part in the inaugural Mare Forum, Marine Money conferences, Morgan Stanley Shipping Conference, the Danish Maritime Forum, as well as several events organized by the Singapore Exchange and the Singapore Shipping Association.

On a quarterly basis, Rickmers Trust Management invites unitholders, analysts, fund managers, and the media, via an announcement on SGXNET, to participate in the results conference calls, which are followed by a question and answer session. Interested parties who missed the conference calls can access the audio recordings on the Trust's website at www.rickmers-maritime.com.

The Trustee-Manager produces and distributes quarterly newsletters to unitholders. The newsletters provide updates on Rickmers Maritime, and serve as a platform to keep unitholders informed of developments relating to container shipping. The newsletters are also available on Rickmers Maritime's website.

The Trustee-Manager hosts regular visits to Rickmers Maritime's vessels to develop a better understanding and appreciation of the assets that the Trust owns. Over the years, the Trustee-Manager has hosted a diverse group of stakeholders including analysts, investors, industry professionals, students, and the media. The Trustee-Manager will continue to organise vessel visits, subject to the port call schedule of the Trust's vessels. Interested parties can register at ir@rickmers-maritime.com.

The Trustee-Manager maintains an active online presence through its website, providing up-to-date developments and announcements made by the Trust. Potential and current investors who wish to view a quick snapshot of Rickmers Maritime can also obtain a concise factsheet on the website.

Unitholders, analysts and potential investors can reach out to the Investor Relations team at ir@rickmers-maritime.com if they have any questions or feedback. The Investor Relations team is committed to responding to such e-mails within three working days.

CORPORATE SOCIAL RESPONSIBILTY

Rickmers Maritime is committed to achieving sustainable growth by conducting its operations in an economically, environmentally and socially responsible manner. By doing so, the Trustee-Manager seeks to achieve positive results for its business and stakeholders, the environment, and the broader community.

ENVIRONMENT

Rickmers Maritime is compliant with environmental laws and seeks to minimize the impact of its operations on the marine environment and the global climate in all phases of its business.

By 2015, 14 vessels have been fitted with new main engine cylinder lubricator systems which help to reduce lubricant oil consumption. Two vessels were retrofitted with new bulbous bows in 2015, bringing the total number of retrofitted vessels to five. The new bulbous bows help to reduce fuel consumption and thereby reduce carbon emissions.

The Trustee-Manager will continue to step up its environmental efforts and raise its bar in terms of reporting. It has commenced installation of advanced flow and torque meters in its vessels to better monitor the results of its energy efficiency efforts, and has also commenced broadband installation, to improve data monitoring and reporting.

HEALTH AND SAFETY

Rickmers Trust Managment regards the safety, health and welfare of all its staff and crew with paramount importance.

In 2015, Rickmers Shipmanagement (Singapore) Pte. Ltd. received the Occupational Health and Safety Management Systems (OHSAS) 18001:2007 certificate accredited by DakkS (German Accreditation). The certificate is valid for all of the Trust's vessels.

Live emergency response drills involving hundreds of people from flag states, emergency response units and oil spill response teams are regularly conducted to simulate various disruptions, to enhance operational preparedness and minimise the risk of fatalities on board.

These initiatives attest to the Trustee-Manager's commitment to the protection of the environment and safety of its crew offshore and onshore.

PEOPLE

People are our most valuable asset and remain critical to the Trust's business.

In 2015, the Trustee-Manager continued to improve crew welfare on board. Setting up broadband connections on our vessels will enable the crew on board to make inexpensive voice calls back home and to keep abreast of developments from various channels.

Crew training and seminars on safety, environmental and technical matters are conducted regularly to facilitate knowledge sharing and interaction among ship managers and the crew on board. Leadership training sessions for senior officers are also conducted to improve leadership and management skills on board.

COMMUNITY

Rickmers Trust Management makes annual donations of US$5,000 to the Sailors' Society, an international charity organisation that cares for the personal, professional, and spiritual needs of merchant mariners worldwide. This has gone a long way to reach and care for crew members of all ranks, without distinction for faith, denomination, ethnic background or nationality.

The Trustee-Manager also took part in the Singapore Exchange (SGX) Bull Charge, a charity run held in Singapore's Central Business District in November 2015, and sponsored S$5,000 for the run. Funds raised were donated to four charities – Asian Women's Welfare Association, Fei Yue Community Services, Autism Association (Singapore) and Shared Services for Charities.

CORPORATE GOVERNANCE

The board and management of Rickmers Trust Management believe that a high standard of corporate governance is essential to ensure the sustainability of the Trust's business and to safeguard unitholders' interests.

The Trustee-Manager has put in place a code of conduct that sets out clear policies and sound internal controls to ensure that the Trust's business is conducted in an open and transparent manner. The Corporate Governance Report is set out on page 25 of this report.



CORPORATE GOVERNANCE

Rickmers Trust Management Pte. Ltd. ("Rickmers Trust Management"), as the Trustee-Manager of Rickmers Maritime (the "Trust") has the dual responsibility of safeguarding the interests of unitholders of Rickmers Maritime and managing the business conducted by the Trust. Rickmers Maritime, constituted as a business trust, is externally managed by Rickmers Trust Management and accordingly, has no personnel of its own. The Trustee-Manager appoints experienced and well-qualified management to run its day-to-day operations. It is Rickmers Trust Management, and not Rickmers Maritime, that remunerates all directors and employees of the Trustee-Manager. Rickmers Trust Management is dedicated to maintaining the highest standards of corporate governance.

The Board of Directors of Rickmers Trust Management (the "Board") sets out in this report, the corporate governance practices and policies in reference to Business Trusts Act, Chapter 31A ("BTA"), Business Trusts Regulations ("BTR"), the Code of Corporate Governance 2012 (the "Code") and the Listing Manual of Singapore Exchange Securities Trading Limited (the "Listing Manual").

BOARD'S CONDUCT OF AFFAIRS

The Board is responsible for corporate governance and overall strategy of Rickmers Maritime. Its role includes reviewing business plans, monitoring key financial and non-financial performance indicators, approving annual budgets, acquisitions and disposals. The Board ensures that the Trustee-Manager acts in the best interest of all unitholders of the Trust as a whole, including prioritising the interests of unitholders over the Trustee-Manager's in the event of a conflict of interest. The Board has established a framework for the management of Rickmers Trust Management, including a system of internal controls and risk management process.

The Board meets at least once every quarter. Amongst other matters, the Board discusses and reviews the Trust's key activities, strategic policies, budget, business and financial performance and approves the release of quarterly and full year results. Additional board meetings are held, when necessary, to address significant issues. Where expedient, board meetings are held by way of teleconference, which is permitted by the constitution of Rickmers Trust Management.

Rickmers Trust Management has implemented an internal guide whereby certain key matters are specifically reserved for the Board's approval, such as vessel acquisitions and divestments, chartering contracts of over 12 months, all commitments on loan facilities, credit lines and insurance coverage. Where authority is delegated to management, limits of authority are clearly defined.

The Board is supported by the Audit Committee and the Nominating and Remuneration Committee to assist it in discharging its responsibilities. The directors' attendance at board and committee meetings held in 2015 is as follows:

Director	Board Meetings		Audit Committee Meetings		Nominating and Remuneration Committee Meetings	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Mr Bertram R. C. Rickmers	6	5	–	–	3	2
Dr Ignace Adolf Julien Van Meenen	6	6	–	–	–	–
Mrs Lee Suet Fern	6	6	4	4	3	3
Mr Lim How Teck	6	6	4	4	3	3
Mr Raymundo A. Yu Jr.	6	6	4	4	3	3

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

The composition of the Board is determined using the following principles:

(i) The majority of Board members should be non-executive and independent directors;

(ii) The Chairman of the Board should be a non-executive director;

(iii) The Board should comprise directors with a broad range of commercial and management experience including expertise in the shipping industry; and

(iv) At least a majority of the directors should be independent from management and business relationships with Rickmers Trust Management and from every substantial shareholder of Rickmers Trust Management.

Currently, the Board comprises five directors and the Board considers this number to be appropriate for the current scope of operations of Rickmers Maritime. The members of the Board as at the date of this report are:

Mr Bertram R.C. Rickmers *(Non-Executive Director; Chairman)*
Dr Ignace Adolf Julien Van Meenen *(Non-Executive Director)*
Mr Lim How Teck *(Independent Non-Executive Director)*
Mrs Lee Suet Fern *(Independent Non-Executive Director)*
Mr Raymundo A. Yu Jr. *(Independent Non-Executive Director)*

Mr Lim How Teck is the Lead Independent Director. He leads and co-ordinates the activities of the independent directors and calls meetings of the independent directors, where necessary. He is the principal liaison on board issues between the independent directors and the Chairman, including dealing with management of any actual or perceived conflict of interest that may arise.

All the Board members are non-executive directors. This enables management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to interact and work with management through an open exchange of ideas and views to help shape the strategic process.

The profiles of the directors are stated on pages 14 and 15 of the Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman of the Board and the Chief Executive Officer ("CEO") are separate and the positions are held by two separate persons. Their responsibilities are clearly defined.

The Chairman of the Board, who is a non-executive director, is responsible for the leadership of the Board. The Chairman schedules board meetings, sets the agendas for board meetings and exercises control over the adequacy and timeliness of information flow between the Board and management to ensure the Board's effectiveness. The Chairman also monitors communication between Rickmers Maritime and its unitholders and between the Board and management with a view of encouraging constructive relations and dialogue amongst them.

The CEO is responsible to the Board for the day-to-day operations of the Trust. He leads Rickmers Trust Management's management team in the execution of strategic plans set by the Board.

BOARD MEMBERSHIP

With a majority of the Board comprising independent non-executive directors, there is an appropriate balance of independent directors.

The directors come from diverse backgrounds with a broad range of commercial experience including expertise in the shipping industry. The Board's structure, size and composition is reviewed annually by the Nominating and Remuneration Committee ("NRC") to ensure that the Board has the appropriate size, mix of expertise and experience. Rickmers Trust Management has in place a formal and transparent process for the appointment of new directors. In reviewing and recommending the appointment of new directors, factors such as a director's professional qualifications, working experience and expertise are considered.

New directors are provided with a manual containing information on directors' duties and responsibilities. Directors are also provided regular updates and briefings from time to time by professional advisers, auditors and management on new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and responsibilities as directors.

The directors are expected to take responsibility to identify their own training needs and to take steps to ensure that they are adequately informed about Rickmers Maritime as well as their responsibilities as a director. Directors are encouraged to participate in seminars and training programmes in connection with their duties, funded by Rickmers Trust Management. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

DIRECTORS' INDEPENDENCE

A director is considered to be independent pursuant to the provisions of the BTR if he/she is independent from management and business relationships with the Trustee-Manager and with any substantial shareholder of the Trustee-Manager. The NRC conducts an annual review of directors' independence. The following directors are considered to be independent:

Mrs Lee Suet Fern;
Mr Lim How Teck; and
Mr Raymundo A. Yu Jr.

In the review of directors' independence, each director is required to complete an independence checklist of himself/herself. Additionally for directors who have served over nine years, a more rigorous independence review is performed. In the rigorous review, the Board would take account of the arm's length relationship between the directors and the management and the substantial shareholder of the Trustee-Manager and the demonstration of independent judgement and objectivity in the interests of all Unitholders of Rickmers Maritime as a whole. The Board, with concurrence from the NRC, reviews the checklists to determine the independence of the directors. A concerned director would abstain from deliberating and determining his/her own independence.

Mrs Lee Suet Fern is a partner of Morgan Lewis Stamford LLC which renders professional services to the Trustee-Manager and its related corporations, for a fee from time to time. The NRC and the Board has reviewed this business relationship and is of the opinion that notwithstanding such a relationship, Mrs Lee, in the course of her services as director of the Trustee-Manager, has exercised independent judgement in her deliberation in the interest of Rickmers Maritime. The Board also found that Mrs Lee observes the ethical standard of her profession. The Board is satisfied that such business relationship has not interfered with the discharge of her duties and responsibilities as an independent director of the Trustee-Manager.

The independent directors, Mrs Lee Suet Fern and Mr Lim How Teck have served on the Board for more than nine years. In the review of these directors' independence, the Board is satisfied that Mrs Lee Suet Fern and Mr Lim How Teck are independent from management and business relationships with the Trustee-Manager and with the substantial shareholder of the Trustee-Manager as contemplated by the BTR. They exercise objectivity in their individual judgment, debate on issues, scrutinize and challenge the management as well as participate actively in discussions to express their viewpoints.

The Board is satisfied that the independent directors are considered to be independent. The enhanced objectivity of the independent directors strengthens the corporate governance of Rickmers Trust Management. While having regard to the progressive renewal of the Board, the Board is of the view that continuity is valuable to Rickmers Maritime.

CORPORATE GOVERNANCE

BOARD PERFORMANCE

The NRC evaluates the performance of the Board and the committees annually based on objective performance criteria that have been approved by the Board. The exercise is aimed at giving directors an opportunity to gauge their effectiveness individually and collectively. It also enables the NRC to identify areas of improvement, and recommendations are made to the Board for consideration to improve the Board's effectiveness. Based on the review process, the Board is satisfied with the effectiveness of the Board and its board committees.

ACCESS TO INFORMATION

The directors are provided with background and other relevant information to support decision-making. Directors are given unrestricted access to relevant information and Rickmers Trust Management's premises as well as separate and independent access to senior management. The directors, whether individually or as a group, are also entitled to seek independent professional advice at the Trustee-Manager's expense in the furtherance of their duties and in the event that circumstances warrant the same.

All directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends board and committee meetings and is responsible for ensuring that the procedures of the meetings are complied with.

NOMINATING AND REMUNERATION COMMITTEE

The NRC comprises four directors of whom three (including the NRC's Chairman) are independent directors. The members are as follows:

Mrs Lee Suet Fern *(Chairman)*
Mr Bertram R.C. Rickmers
Mr Lim How Teck
Mr Raymundo A. Yu Jr.

The NRC has adopted specific terms of reference defining its scope and authority. Its duties with regard to nomination functions are:

- Reviewing and assessing nominations for appointment of new directors and re-appointment of existing directors before recommending to the Board;
- Performing annual evaluation of the Board's performance in reference to objective performance criteria;
- Reviewing board structure, size and composition, having regard to the scope and nature of the operations and the core competencies of the directors;
- Determining on an annual basis, the independence of independent directors; and
- Reviewing and recommending to the Board, training and professional development programs.

The NRC also recommends to the Board, internal guidelines to address the competing time commitments faced by directors who serve on multiple boards. As a guide, directors should not serve on more than nine principal boards. The NRC would continue to review from time to time the board representations and other principal commitments of each director as well as their contributions to the Trust to ensure that the directors continue to meet the demands of Rickmers Maritime and Rickmers Trust Management, and are able to discharge their duties and responsibilities adequately.

The principal remuneration functions of the NRC are:

- Reviewing and recommending to the Board the remuneration framework, including specific remuneration package and terms of employment etc. for the executive officers; and

- Reviewing and recommending long-term incentive schemes.

There is currently no option scheme or other long-term incentive scheme for employees or directors. There are no employees who are immediate family members of a director or the CEO and whose remuneration exceeds S$50,000 during the year.

All remuneration and compensation payable to the directors and executive officers of the Trustee-Manager in respect of services rendered are at the expense of Rickmers Trust Management and not out of Rickmers Maritime. As such, Rickmers Trust Management considers it not necessary to provide disclosure of remuneration of the executive officers.

The remuneration payable to Rickmers Trust Management is provided for under Clause 11 of the Trust Deed constituting Rickmers Maritime dated 30 March 2007. The fees paid to Rickmers Trust Management for financial year ended 31 December 2015 is disclosed on page 73 of the financial statements in this Annual Report.

ACCOUNTABILITY

The Board has overall responsibility to unitholders for ensuring that Rickmers Maritime is well managed and guided by its strategic objectives. In presenting the Trust's quarterly and annual financial statements, the Board aims to provide a balanced and understandable assessment of the Trust's performance, position and prospects.

To enable directors to fulfil this responsibility, the management provides the Board with financial statements and reports on Rickmers Maritime's performance and position on a quarterly basis. All directors have unrestricted access to the Trust's records and information and may request for further explanations, briefings and informal discussions on the Trust's operations or business issues, from the management.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises three members, all of whom are independent directors. The members are as follows:

Mr Lim How Teck *(Chairman)*
Mrs Lee Suet Fern
Mr Raymundo A. Yu Jr.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge their responsibilities.

The AC is authorised to investigate any matter it deems appropriate within its terms of reference. It is entitled to full access to, and co-operation of the management and has full discretion to invite any director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly. With the assistance of the auditors, the AC assesses changes in accounting standards and issues that have an impact on the financial statements.

The principal responsibilities of the AC include:

(a) Reviewing financial results and statements before recommending them to the Board for approval;

(b) Reviewing external audit plans and the adequacy of external audits in respect of scope, costs and performance;

(c) Reviewing results of the external audits and evaluating the adequacy of the systems of internal and accounting controls, risk management and compliance;

(d) Reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate remedial action is taken by the management;

(e) Reviewing the nature, extent and costs of non-audit services provided by the external auditors to Rickmers Maritime, so as to avoid an erosion of independence and objectivity of the external auditors;

(f) Recommending to the Board the nomination of the external auditors and their fees;

(g) Reviewing interested person transactions and monitoring the procedures established to regulate interested person transactions;

(h) Reviewing procedures for managing potential conflict between the interest of the unitholders of Rickmers Maritime and the interest of the Trustee-Manager; and

(i) Reviewing policies and practices put in place by Rickmers Trust Management to ensure compliance with applicable legislation, Listing Manual and BTA.

In performing its functions for the financial year ended 31 December 2015, the AC:

(a) Held four (4) meetings in the financial year with the management and the external auditors;

(b) Met once with the external auditors in February 2016, without the presence of management, to review any matters that might be raised privately;

(c) Reviewed the audit plans of the external auditors of Rickmers Maritime, and their reports arising from the audit;

(d) Reviewed the volume and nature of non-audit services provided by the external auditors and received the requisite information from the external auditors evidencing the latter's independence. Based on this information, the AC is satisfied that the financial, professional and business relationships between Rickmers Maritime and the external auditors will not prejudice the independence and objectivity of the external auditors;

(e) Recommended the re-appointment of PricewaterhouseCoopers LLP as external auditors at the forthcoming Annual General Meeting of the Unitholders; and

(f) Reviewed the volume and nature of interested person transactions.

AUDITORS

Rickmers Maritime has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

The AC has undertaken a review of non-audit services provided by the auditors and they would not, in the opinion of the AC, affect their independence.

The following information relates to remuneration of the auditors of Rickmers Maritime during the financial year:

	2015	2014
	US$'000	US$'000
Auditors' remuneration paid/payable to:		
– Auditors of Rickmers Maritime	**231**	239
Other fees paid/payable to:		
– Auditors of Rickmers Maritime	**7**	7
– Other auditors*	**55**	55

* Includes the network of member firms of PricewaterhouseCoopers International Limited.

INTERNAL CONTROLS

The Board is mindful of the importance of maintaining a sound system of internal controls to safeguard the interests of unitholders and the Trust's assets. The AC has reviewed the internal controls within its terms of reference and those drawn to their attention by the external auditors, during the course of their audit. Where applicable, management has implemented suggested improvements.

For the financial year ended 31 December 2015, the CEO and the CFO have provided assurance to the Board that the financial records of Rickmers Maritime have been properly maintained and the financial statements give a true and fair view of the operations and finances and that an effective risk management and internal control system has been put in place.

The Board believes that the existing system of internal controls provides reasonable, but not absolute assurance against material financial misstatements or losses. The Board recognises that in practice, no cost-effective internal control system can preclude and eradicate each and every error and irregularity arising from material errors, poor judgement in decision-making, human error, losses, and fraud, given that all internal control systems contain inherent limitations. The Board notes that the objective of an internal control system should be to manage rather than to eliminate the risk of failure.

Based on the results of the external audit and information furnished by the management, the Board with the concurrence of the AC is of the view that the existing internal controls and risk management system are adequate and effective to address the financial, operational, compliance and information technology risks of the business.

WHISTLE-BLOWING POLICY

Rickmers Trust Management has in place a whistle-blowing policy where employees and any other persons can approach the AC Chairman, members of the AC, the CEO or the CFO to raise or report in confidence, genuine concerns about possible improprieties in matters concerning financial reporting, accounting or auditing matters, internal controls or accounting controls and practices that are not in accordance with generally accepted practices, and operational matters that are questionable or not in accordance with trade practices prescribed by the Trustee-Manager or Rickmers Maritime.

The aim of the policy is to provide avenues for employees and any other persons to report suspected malpractices in good faith and with confidence that they will be protected from reprisal actions.

COMMUNICATION WITH UNITHOLDERS

Rickmers Trust Management does not practise selective disclosures and releases its financial results and other material information to the unitholders in a timely manner in accordance with the requirements of the listing rules of the SGX-ST, via the SGXNET system. All announcements made on behalf of Rickmers Maritime are also available on its website at www.rickmers-maritime.com.

Communication channels with unitholders include:

- Analyst and media briefings
- Announcements and disclosures on the SGX-ST
- Annual and quarterly reports
- General meetings of unitholders
- Investor meetings, conference calls, local and overseas roadshows and conferences
- Press releases on major developments of the Trust
- Quarterly newsletters
- Rickmers Maritime's website at www.rickmers-maritime.com

The date of the release of quarterly results is announced via the SGXNET onto the SGX-ST website at least one week in advance, together with an invitation to participate in the results teleconference. During the teleconference, unitholders and other interested parties can pose questions to the management on the financial performance of the Trust and other related issues. A recording of the teleconference is also posted on Rickmers Maritime's website for the information of those who did not participate in the teleconference.

During the financial year, the management participated in various seminars and conferences to promote awareness of the Trust. The management will continue to pursue opportunities to communicate with unitholders and potential investors.

All unitholders of Rickmers Maritime will receive a copy of the Annual Report and Notice of Annual General Meeting. The Notice of Annual General Meeting is also advertised in the newspapers and made available on the SGX-ST's website. At the Annual General Meeting, unitholders will be given opportunities to voice their views and seek clarifications from the Chairman of the Board, the Chairmen of the AC and NRC as well as the external auditors.

In accordance with the Trust Deed of Rickmers Maritime, a unitholder of the Trust is entitled to appoint one or two proxies to attend and vote at any General Meetings of Unitholders on his behalf through proxy forms sent in advance.

As recommended by the Code, all resolutions at general meetings will be voted by poll. Detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced after each meeting.

DEALING IN UNITS

Rickmers Trust Management has adopted its own internal Code of Conduct to provide guidance to all officers of Rickmers Trust Management with regard to dealings in units of Rickmers Maritime in compliance with principles of Rule 1207(19) of the Listing Manual. As a general rule, Rickmers Trust Management and its officers are prohibited from dealing in the units of Rickmers Maritime on short-term considerations and during the period commencing one month before the public announcement of the Trust's annual results and two weeks before the public announcement of its quarterly results, and ending on the date of announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with units of Rickmers Maritime within the permitted trading period.

INTERESTED PERSON TRANSACTIONS

The Trustee-Manager has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of Rickmers Maritime's interested person transactions. Disclosure in accordance with Rule 907 of the Listing Manual in respect of interested person transactions for the financial year ended 31 December 2015 is set out on page 75 of this Annual Report.

MATERIAL CONTRACTS

During the period under review, there were no material contracts entered into by the Trust, or contracts entered into out of the ordinary course of business, except as disclosed in the audited financial statements.

RISK MANAGEMENT

Rickmers Trust Management regularly reviews and improves business and operational activities of the Trust to identify areas of significant business risks and takes appropriate measures to control and mitigate these risks. The management reviews control policies and procedures and highlights all significant matters to the AC and the Board.

STATEMENT OF POLICIES AND PRACTICES

As Trustee-Manager, Rickmers Trust Management has established the following policies and practices in relation to its management and governance of the Trust:

(1) The Trust property of Rickmers Maritime is properly accounted for and that such property is kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are opened for Rickmers Trust Management in its capacity as Trustee-Manager of Rickmers Maritime and Rickmers Trust Management in its own capacity.

(2) The Board is required to approve all business ventures and acquisitions for Rickmers Trust Management and Rickmers Maritime. Rickmers Trust Management remains focused on the Trust's approved business as set out in the Trust Deed dated 30 March 2007, which is owning and operating containerships under fixed rate charters to container liner companies. Rickmers Trust Management has not engaged in other businesses on behalf of the Trust. The management provides regular updates to the Board about potential projects that it is looking into on behalf of Rickmers Maritime and the Board ensures that all such projects are within the approved business scope of the Trust.

(3) Rickmers Trust Management is not involved in any other businesses other than managing Rickmers Maritime. All potential conflicts, if arising, will be identified and reviewed by the Board and management. In addition, the majority of the Board are independent directors of Rickmers Trust Management who do not have management or business relationships with the sole shareholder of Rickmers Trust Management or the substantial unitholders of Rickmers Maritime and are therefore able to examine independently and objectively, any potential conflict between the interest of Trustee-Manager in its own capacity and the interest of all unitholders of Rickmers Maritime. In respect of matters in which a director has an interest, direct or indirect, such interested director will abstain from participating in the review and approval process with regard to the matter.

(4) Management identifies interested person transactions in relation to Rickmers Maritime. The AC conducts quarterly reviews of all such transactions to determine if such transactions have been conducted on normal commercial terms and will not be prejudicial to the interests of the Trust and the unitholders. In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of Rickmers Maritime with a related party of the Trustee-Manager or the Trust, shall comply with and be in accordance with all applicable requirements of the Listing Manual and the BTA as well as such other guidelines as may from time to time be prescribed to apply to business trusts. Interested person transactions in relation to the Trust have been fully disclosed on page 75 of this Annual Report.

(5) The expenses payable to Rickmers Trust Management in its capacity as Trustee-Manager of Rickmers Maritime out of Trust property are appropriate and in accordance with the Trust Deed dated 30 March 2007, and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses paid to Rickmers Trust Management out of the Trust property are disclosed on page 73 of this Annual Report.

(6) Rickmers Trust Management has engaged the services of and obtained advice from professional advisers and consultants from time to time, and has complied with the requirements of the BTA and the Listing Manual.

FINANCIAL STATEMENTS

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STATEMENT BY TRUSTEE-MANAGER

For the financial year ended 31 December 2015

The directors of Rickmers Trust Management Pte. Ltd., the Trustee-Manager of Rickmers Maritime (the "Trust"), are pleased to present their statement to the unitholders of the Trust, together with the audited consolidated financial statements of Rickmers Maritime and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Trust as at 31 December 2015.

In the opinion of the directors,

(a) the statement of financial position of the Trust and the consolidated financial statements of the Group as set out on pages 40 to 74 are drawn up so as to give a true and fair view of the financial position of the Trust and of the Group as of 31 December 2015, and of their financial performance, changes in unitholders' funds and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this statement are as follows:

Mr Bertram R. C. Rickmers
Dr Ignace Adolf Julien Van Meenen
Mrs Lee Suet Fern
Mr Lim How Teck
Mr Raymundo A. Yu Jr.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE COMMON UNITS AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Trust a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of Common Units in, or debentures of the Trust.

DIRECTORS' INTERESTS IN COMMON UNITS OR DEBENTURES

None of the directors holding office at the end of the financial year had any interest in Common Units, or debentures of the Trust, except as disclosed below.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Trust or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this statement.

STATEMENT BY TRUSTEE-MANAGER

For the financial year ended 31 December 2015

DIRECTORS' INTERESTS IN COMMON UNITS OF THE TRUST

	Direct Interests		Deemed Interests	
Name of director	As at 1 January 2015	As at 31 December 2015	As at 1 January 2015	As at 31 December 2015
Mr Bertram R. C. Rickmers	–	–	280,458,000	300,729,185
Dr Ignace Adolf Julien Van Meenen	–	–	–	–
Mrs Lee Suet Fern	900,000	928,164	–	–
Mr Lim How Teck	1,000,000	240,491	200,000	–
Mr Raymundo A. Yu Jr.	–	–	–	–

The directors' interests in Common Units as at 21 January 2016 were the same as at 31 December 2015.

OPTIONS

No options have been granted to any person including controlling unitholders of the Trust or their associates to take up unissued Common Units in the Trust (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited).

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Lim How Teck (Chairman)
Mrs Lee Suet Fern
Mr Raymundo A. Yu Jr.

All members of the Audit Committee are independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005. In performing those functions, the Committee reviewed:

- the audit plan and the auditor's report of the Trust and any recommendations on internal accounting controls of the Trustee-Manager arising from the statutory audit with the auditor;

- the assistance given by the officers of the Trustee-Manager to the independent auditor of the Trust, the accounting internal controls, the policies and practices established by the Trustee-Manager to ensure statutory compliance and compliance with the Trust Deed, procedures put in place by the Trustee-Manager for managing conflicts of interests between unitholders and Trustee-Manager, including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust property; and

- the statement of financial position and statement of comprehensive income of the Trustee-Manager for the financial year ended 31 December 2015 as well as the statement of financial position of the Trust and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors of the Trustee-Manager.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Unitholders.

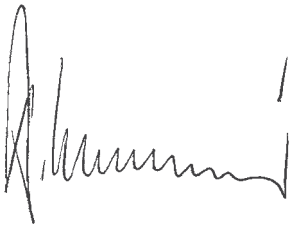
STATEMENT BY TRUSTEE-MANAGER

For the financial year ended 31 December 2015

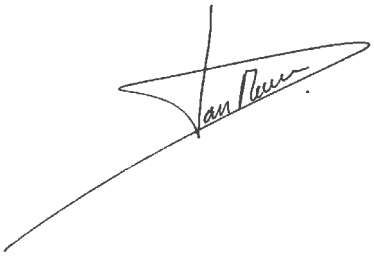
INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Mr Bertram R.C. Rickmers
Director



Dr Ignace Adolf Julien Van Meenen
Director

Singapore
19 February 2016

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.



Soeren Andersen
Chief Executive Officer

Singapore
19 February 2016

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RICKMERS MARITIME

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Rickmers Maritime (the "Trust") and its subsidiaries (the "Group") set out on pages 40 to 74 which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in unitholders' funds and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Trustee-Manager's Responsibility for the Financial Statements
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 Singapore Business Trusts Act (the "Act") and International Financial Reporting Standards, and for such internal control as the Trustee-Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements of the Group and the statement of the financial position of the Trust give a true and fair view of the financial position of the Group and the Trust as of 31 December 2015, and of their financial performance and cash flows for the financial year then ended in accordance with the provisions of the Act and International Financial Reporting Standards.

Emphasis of matter – Material Uncertainty Related to Going Concern
We draw attention to Note 2.2 to these financial statements, which states that the Group and the Trust have secured bank loans of US$179.7 million and medium-term notes ("MTN") of US$70.6 million, which are due for repayment on 31 March 2017 and 15 May 2017 respectively. Should the negotiations with the lending banks be unfavourable or alternative re-financing of the MTN be unsuccessful, the Group and the Trust may have insufficient cash to fulfil these obligations at the relevant repayment dates. Additionally, a situation of prolonged excess capacity in the charter market may also result in a breach of debt covenants. In the event of a breach, the respective lenders may exercise their remedies, which could include the enforcement of immediate debt repayments. These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Trust to continue as going concerns. Our opinion is not qualified in respect of this matter.

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.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 19 February 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group	
		2015	2014
		US$'000	US$'000
Revenue – time charters		**108,547**	130,325
Other income	5	**5,233**	7,060
Gain on settlement of convertible loan	21	**–**	11,361
Other gains – net	6	**1,382**	3,315
		115,162	152,061
Expenses			
– Depreciation	14	**(35,160)**	(36,761)
– Impairment of vessel	14	**(143,088)**	(44,446)
– Amortisation of favourable charter contracts	15	**–**	(84)
– Impairment of goodwill	15	**(4,943)**	(18,554)
– Vessel operating expenses		**(38,911)**	(37,784)
– Trustee-Manager fee		**(2,947)**	(3,096)
– Other trust expenses		**(813)**	(624)
– Transaction fees		**–**	(27)
– Finance expenses	7	**(18,527)**	(26,645)
Total expenses		**(244,389)**	(168,021)
Loss before income tax		**(129,227)**	(15,960)
Income tax expense	8	**–**	–
Total loss		**(129,227)**	(15,960)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
– Fair value (losses)/gains		**(16)**	1,464
– Transfer to finance expenses		**4,488**	10,398
Other comprehensive income, net of tax		**4,472**	11,862
Total comprehensive loss		**(124,755)**	(4,098)
Loss per Common Unit based on the weighted average number of Common Units issued (US cents)			
Basic	9	**(15.03)**	(1.88)
Diluted	9	**(15.03)**	(1.88)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group		Trust	
		2015	2014	**2015**	2014
		US$'000	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**45,064**	60,008	**22,975**	29,621
Trade and other receivables	11	**1,127**	891	**66**	81
Inventories		**2,634**	2,259	**238**	149
Prepayments		**244**	390	**13**	14
		49,069	63,548	**23,292**	29,865
Non-current assets					
Investments in subsidiaries	12	**–**	–	**160**	160
Loans to subsidiaries	13	**–**	–	**849,041**	898,441
Vessels	14	**706,011**	882,572	**–**	–
Intangible assets	15	**–**	4,943	**–**	–
		706,011	887,515	**849,201**	898,601
Total assets		**755,080**	951,063	**872,493**	928,466
LIABILITIES					
Current liabilities					
Trade and other payables	16	**2,789**	2,915	**240**	218
Amounts due to subsidiaries (non-trade)	16	**–**	–	**414,814**	377,182
Derivative financial instruments	17	**–**	5,112	**–**	–
Advanced charter hire received		**2,037**	2,468	**–**	–
Deferred income from a charterer	18	**714**	–	**–**	–
Secured bank loans	20	**44,603**	47,020	**24,000**	24,000
Medium-term notes	22	**774**	821	**774**	821
		50,917	58,336	**439,828**	402,221
Non-current liabilities					
Deferred income from a charterer	18	**1,243**	–	**–**	–
Deferred income from charter contracts	19	**–**	3,646	**–**	–
Secured bank loans	20	**268,780**	316,551	**179,637**	203,565
Medium-term notes	22	**70,576**	74,391	**70,576**	74,391
		340,599	394,588	**250,213**	277,956
Total liabilities		**391,516**	452,924	**690,041**	680,177
NET ASSETS		**363,564**	498,139	**182,452**	248,289
UNITHOLDERS' FUNDS					
Common Units in issue	23	**517,615**	512,086	**517,615**	512,086
Unit issuance costs		**(12,024)**	(12,024)	**(12,024)**	(12,024)
Hedging reserve		**–**	(4,472)	**–**	–
(Accumulated losses)/distributable income		**(142,027)**	2,549	**(323,139)**	(251,773)
Total unitholders' funds		**363,564**	498,139	**182,452**	248,289

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2015

Group	Note	Attributable to unitholders of Trust				
		Common Units in issue US$'000	Unit issuance costs US$'000	Hedging reserve US$'000	(Accumulated losses)/ distributable income US$'000	Total US$'000
2015						
Beginning of financial year		512,086	(12,024)	(4,472)	2,549	498,139
Common Units issued	23	5,529	–	–	–	5,529
Total comprehensive loss for the year		–	–	4,472	(129,227)	(124,755)
Distribution to unitholders	24	–	–	–	(15,349)	(15,349)
End of financial year		**517,615**	**(12,024)**	**–**	**(142,027)**	**363,564**
2014						
Beginning of financial year		512,086	(12,024)	(16,334)	38,845	522,573
Total comprehensive loss for the year		–	–	11,862	(15,960)	(4,098)
Distribution to unitholders	24	–	–	–	(20,336)	(20,336)
End of financial year		**512,086**	**(12,024)**	**(4,472)**	**2,549**	**498,139**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	Group	
		2015	2014
		US$'000	US$'000
Cash flows from operating activities:			
Cash receipts from customers		**108,499**	129,393
Cash paid to suppliers and Trustee-Manager		**(41,934)**	(41,668)
Net cash provided by operating activities		**66,565**	87,725
Cash flows from investing activities:			
Vessel improvement		**(795)**	(1,110)
Dry-docking cost paid		**(1,268)**	(1,196)
Interest received		**168**	128
Net cash used in investing activities		**(1,895)**	(2,178)
Cash flows from financing activities:			
Proceeds from issuance of medium-term notes		**–**	80,000
Commission paid in relation to the issuance of medium-term notes		**–**	(1,582)
Transaction fees paid		**–**	(323)
Repayment of secured bank loans		**(50,458)**	(79,290)
Repayment of convertible loan		**–**	(39,200)
Other fees paid		**(93)**	(51)
Interest paid on secured bank loans		**(7,124)**	(8,294)
Interest paid on medium-term notes		**(6,165)**	(3,299)
Interest paid on interest rate swaps		**(5,129)**	(12,157)
Interest paid on convertible loan		**–**	(535)
Debt processing fee paid		**(80)**	(880)
Distribution to unitholders		**(9,820)**	(20,336)
Net cash used in financing activities		**(78,869)**	(85,947)
Net decrease in cash and cash equivalents		**(14,199)**	(400)
Cash and cash equivalents at beginning of financial year	10	**60,008**	61,565
Effects of exchange rate changes on cash and cash equivalents		**(745)**	(1,157)
Cash and cash equivalents at end of financial year	10	**45,064**	60,008

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Rickmers Maritime (the "Trust") is a Singapore registered business trust constituted on 30 March 2007 under the Business Trusts Act, Chapter 31A of Singapore. The Trust was listed on the Singapore Exchange Securities Trading Limited on 4 May 2007. The address of its registered office is 8 Shenton Way, #42-03, Singapore 068811.

The principal activities of the Trust are owning and operating containerships under fixed-rate time charters to leading container liner companies through wholly-owned subsidiaries. These vessels operate worldwide, carrying containers for the world's leading container liner companies. The principal activities of the subsidiaries are set out in Note 12.

The Trust is managed by Rickmers Trust Management Pte. Ltd. (the "Trustee-Manager"). The Trust, via the Trustee-Manager, has entered into a master ship management agreement with Rickmers Shipmanagement (Singapore) Pte. Ltd. (the "Ship Manager"), for the latter to perform fleet management services. Both the Trustee-Manager and the Ship Manager are wholly-owned subsidiaries of Rickmers Holding AG (formerly known as Rickmers Holding GmbH & Cie. KG) (Note 28).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to entities reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Going concern

The Group and the Trust have secured bank loans of US$179.7 million with a syndicate of lending banks consisting HSH Nordbank AG and DBS Bank Ltd (the "HSH Lenders") (Note 20), and medium-term notes ("MTN") of US$70.6 million (Note 22) which are due for repayment on 31 March 2017 and 15 May 2017 respectively. As disclosed in Note 20, the Trustee-Manager has been in negotiations with the HSH Lenders to restructure the bank loans, which include the extension of repayment beyond 31 March 2017. In addition, the Trustee-Manager has commenced discussions with a dealer of the MTN to review plans for alternative re-financing of the MTN. As at the date of these financial statements, negotiations with the HSH Lenders and discussions with the dealer are still in progress. Should the negotiations with the HSH Lenders be unfavourable or alternative re-financing of the MTN be unsuccessful, the Group and the Trust may have insufficient cash to repay the bank loans and MTN on 31 March 2017 and 15 May 2017 respectively.

As disclosed in Note 20, the bank loans are subject to various covenants, including minimum cash balance and value-to-loan ratios. A situation of prolonged excess capacity in the charter market may result in a breach of these covenants. In the event of a breach, the respective lenders may exercise their remedies, which could include the enforcement of immediate debt repayments.

The conditions above indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and the Trust to continue as going concerns. Notwithstanding the above, these financial statements have been prepared on a going concern basis. The Trustee-Manager is of the view that it is appropriate to prepare these financial statements on a going concern basis as:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Going concern (continued)

(a) The Group is expected to generate positive net cash from its operations in 2016 and together with the brought forward cash balance, it is able to make scheduled principal repayments of bank loans and interest payments on bank loans and MTN in 2016;

(b) The Trustee-Manager has commenced its discussions with the dealer of the MTN to review alternative re-financing plans, and has a period of more than 12 months to take necessary actions before the repayment date of the MTN on 15 May 2017;

(c) The Trustee-Manager has commenced its negotiations with the HSH Lenders to extend the maturity profile of the bank loans, and has a period of more than 12 months to take necessary actions for a favourable outcome to the Group and the Trust; and

(d) The Group and the Trust are in compliance with all of their covenants as at 31 December 2015. In the event of a breach of covenants, the Trustee-Manager will take necessary actions to resolve the matter, including negotiation with the lending banks. The Trustee-Manager was successful in resolving covenant issues in the past.

The appropriateness of the going concern assumption is dependent on the favourable outcome of the negotiations with the HSH Lenders, the continued support of the MTN holders, the Group's ability to generate sufficient cash from its operations to meet its obligations, including scheduled principal repayments of bank loans and interest payments on bank loans and MTN, and the Group's and the Trust's compliance with all of their 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 their 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.

2.3 New or revised accounting standards and interpretations

(a) Interpretations and amendments to published standards effective in 2015

The Group has adopted the following amendments as of 1 January 2015:

Annual Improvements to IFRSs – 2010-2012 Cycle and 2011-2013 Cycle
The adoption of the improvements did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to the Group.

(b) Standards, amendments and interpretations to existing standards that are issued but not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, and the Group has not early adopted them. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

IFRS 15 *Revenue from contracts with customers*
(effective for annual periods beginning on or after 1 January 2018)

This standard replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The Group will apply the standard from 1 January 2018. It is not expected to have a material impact on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New or revised accounting standards and interpretations (continued)

(b) Standards, amendments and interpretations to existing standards that are issued but not yet effective and have not been early adopted by the Group (continued)

IFRS 9 *Financial Instruments*
(effective for annual periods beginning on or after 1 January 2018)

This standard replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement* that relates to the classification and measurement of financial assets, and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit and loss.

The Group will apply the standard from 1 January 2018. The Group is assessing the impact of IFRS 9.

IFRS 16 *Leases*
(effective for annual periods beginning on or after 1 January 2019)

This standard replaces IAS 17 *Leases*, and fundamentally changes the accounting for lease transactions. Additional disclosures will also be required.

For lessees of operating leases, lease assets and lease liabilities are required to be recognised in the balance sheet. Depreciation of lease assets and interest on lease liabilities are required to be recognised in the income statement over the lease term. For lessees of finance leases, only amounts expected to be payable under residual value guarantees should be recognised.

For lessors, the accounting is substantially the same.

The Group will apply the standard from 1 January 2019. The Group is assessing the impact of IFRS 16.

There are no other IFRSs or IFRS Interpretations Committee Interpretations that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates, discounts and commissions payable to third parties.

The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Time charters

Revenue from a time charter, which is of an operating lease in nature, is recognised on a straight-line basis over the period of the time charter contracts (see Note 2.15).

(b) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue recognition (continued)

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Transfers of assets from charterers

Charterers may make contributions to the Group for vessel improvements. Assets received from charterers are recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. A corresponding deferred income is recognised at initial recognition which is subsequently recognised over the term of the respective charter contracts.

2.5 Group accounting

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Please refer to Note 2.7(a) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Please refer to Note 2.8 for the accounting policy on investments in subsidiaries in the financial statements of the Trust.

2.6 Vessels

(a) Measurement

Vessels are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Vessel cost consists of the contract purchase price and any material expenses incurred upon acquisition (improvements and delivery expenses).

The vessels that are acquired are treated as a business combination to the extent that such acquisitions include business characteristics; otherwise an acquisition of a vessel is treated as a purchase of assets and recorded at cost.

Where any intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the revenue stream associated with the charters. All vessels had been acquired with existing charters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Vessels (continued)

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of vessels, after taking into account the residual values, over their estimated useful lives. The estimated useful lives for the vessels are 30 years.

The residual values are reviewed, and adjusted as appropriate, at each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

Included in the value of vessels acquired are costs relating to dry-docking. These costs are depreciated on a straight-line basis over the period to the next scheduled dry-docking, which is generally 5 to 7.5 years.

(c) Subsequent expenditure

Subsequent expenditure relating to vessels, including dry-docking, that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost can be reliably measured. Other subsequent expenditures are recognised as expenses during the financial year in which they are incurred.

(d) Disposal

On disposal of vessels, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries or businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisitions of subsidiaries or businesses prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries or businesses include the carrying amount of goodwill relating to the entity or business sold.

Negative goodwill represents the excess of the fair value of the identifiable net assets of subsidiaries or businesses when acquired over the cost of acquisition. Negative goodwill is recognised immediately in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(b) Charter contracts

Charter contracts, that are favourable or unfavourable at the acquisition date, are initially recognised based on the excess or shortfall of contracted charter income over the market value of similar contracts and are subsequently carried at cost (i.e. the fair value at initial recognition) less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the remaining period of the charter. Unfavourable charter contracts are presented as deferred income from charter contracts on the statement of financial position.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Investments in subsidiaries

Investments in subsidiaries, including loans to subsidiaries deemed as quasi-equity loans, are carried at cost less accumulated impairment losses in the Trust's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU.

Recoverable amount of a CGU is the higher of the CGU's fair value less costs to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(b) Vessels, intangible assets and investments in subsidiaries

Vessels, intangible assets and investments in subsidiaries are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets (continued)

(b) Vessels, intangible assets and investments in subsidiaries (continued)

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had there been no impairment loss recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the financial year which are presented as non-current assets.

Loans and receivables are presented as "cash and cash equivalents", and "trade and other receivables" on the statement of financial position.

These financial assets are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group assesses at the end of each financial year whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

(a) Bank loans

Bank loans are initially recognised at fair value, net of transaction costs incurred. Bank loans are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Borrowings (continued)

(b) Convertible loan

When convertible loans are issued, the total proceeds are allocated to the liability component and the derivative component, which are separately presented on the statement of financial position.

On initial recognition, the derivative component is measured at fair value and presented as part of derivative financial instruments. It is subsequently carried at fair value with the changes in fair value recognised in profit or loss.

The difference between the total proceeds and the derivative component is allocated to the liability component. The liability component is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the loan.

(c) Medium-term notes

Medium-term notes are initially recognised at fair value, net of transaction costs incurred. Medium-term notes are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the medium-term notes using the effective interest method.

2.12 Trade and other payables
Amounts due to subsidiaries

Trade and other payables and amounts due to subsidiaries represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and amounts due to subsidiaries are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Derivative financial instruments and hedging activities

The Group may use derivative financial instruments to hedge its exposure to risks arising from financing activities. The Group does not hold or issue derivative financial instruments for trading purposes.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities (continued)

Cash flow hedge – Interest rate swaps

The Group may enter into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. The interest rate swaps entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of the interest rate swaps designated as cash flow hedges are recognised in other comprehensive income and transferred to profit or loss when the interest expense on the borrowings are recognised in profit or loss. The fair value changes on the ineffective portion of the interest rate swaps are recognised immediately in profit or loss.

2.14 Fair value estimation of financial assets and liabilities

The fair values of interest rate swaps are based on valuation provided by reputable financial institutions. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The fair values of non-current financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial liabilities.

2.15 Leases

As lessor:

The Group owns containerships and charters them to leading container liner companies mainly under fixed-rate time charters. These charters are classified as operating leases as the Group retains substantially all risks and rewards incidental to ownership. Containerships are presented as vessels on the statement of financial position.

Rental income from operating leases of the vessels (net of any incentives and commissions given to lessees) is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Inventories

Inventories are lubricant oil and spare parts for the vessels. Inventories are carried at cost. Cost is determined using the weighted average method for lubricant oil. Lubricant oil and spare parts are used for the operation of the vessels, therefore inventories are not written down to net realisable value when market price falls below cost if the overall shipping activity is expected to be profitable.

2.17 Income taxes

No provision is made for taxation on qualifying chartering and qualifying dividend income from Approved Special Purpose Vehicles, which is exempt under the Maritime Sector Incentive - Maritime Leasing ("MSI - ML"). Under the MSI-ML, the Trust has been awarded the Approved Shipping Investment Enterprise status with effect from 4 May 2007 for a period of 10 years and its subsidiaries will be regarded as Approved Special Purpose Vehicles with effect from the date of their approval.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Income taxes (continued)

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of the financial year.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting nor taxable profit or loss.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the financial year; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from fair value gains and losses on cash flow hedges are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in US dollar, which is the Trust's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates as at the end of the financial year are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM has been identified as the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") who are responsible for allocating resources and assessing the performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Common Units

The Trust issues Common Units that are classified as equity of the Trust.

Unit issuance costs represent expenses incurred in connection with the initial public offering of the Group on the Singapore Exchange Securities Trading Limited in 2007, and expenses incurred in connection with the non-underwritten renounceable rights issue in 2013. Expenses, which are directly attributable to the issuance of the Common Units, are deducted directly from net assets attributable to unitholders. Expenses, which are not directly attributable to the issuance of the Common Units, are recognised in profit or loss.

2.22 Distributions to unitholders

Distributions to unitholders are recorded in the period in which they are declared payable.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Goodwill impairment test

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.9(a). The recoverable amounts of CGUs have been determined based on fair value less cost to sell calculations. As at 31 December 2015, goodwill was fully impaired. As at 31 December 2014, the carrying amount of goodwill was US$4.9 million. Details of the estimates used to calculate the recoverable amounts are given in Note 15.

(b) Impairment of vessels

The Group's management follows its accounting policy set out in Note 2.9(b) 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. The carrying amount of vessels as at 31 December 2015 was US$706.0 million (2014: US$882.6 million). Details of the estimates used to calculate the recoverable amounts are given in Note 14.

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

The Group's management follows its accounting policy set out in Note 2.9(b) 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. The carrying amount of loans to subsidiaries deemed as quasi-equity loans as at 31 December 2015 was US$645.3 million (2014: US$670.7 million).

4. EMPLOYEE COMPENSATION

The Group does not have any employees as all its operations are undertaken by the Trustee-Manager. The Group pays management fees to the Trustee-Manager as disclosed in Note 27.

5. OTHER INCOME

	Group	
	2015	2014
	US$'000	US$'000
Amortisation of deferred income from charter contracts	**3,646**	6,340
Amortisation of deferred income from a charterer	**693**	–
Interest income from financial institutions	**155**	148
Other income	**739**	572
	5,233	7,060

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

6. OTHER GAINS – NET

	Group	
	2015	2014
	US$'000	US$'000
Exchange loss on cash and cash equivalents	**(740)**	(1,163)
Exchange gain on medium-term notes (Note 22)	**4,263**	4,424
Gain on fair value of derivative component of convertible loan	**–**	52
Loss on disposal of vessel component*	**(2,122)**	–
Others	**(19)**	2
	1,382	3,315

* Relates to loss on disposal for retrofitting the bulbous bows of five vessels. The costs of the retrofits were contributed by the charterer of the vessels (Note 5 and Note 18).

7. FINANCE EXPENSES

	Group	
	2015	2014
	US$'000	US$'000
Interest expense on secured bank loans	**(7,344)**	(8,457)
Fair value losses on effective portion of interest rate swaps transferred from other comprehensive income		
– Interest paid	**(4,513)**	(10,398)
– Changes in derivative financial liability	**25**	–
Interest on secured bank loans, net of effect of hedging	**(11,832)**	(18,855)
Fair value losses on ineffective portion of interest rate swaps		
– Interest paid	**(616)**	(1,759)
– Changes in derivative financial liability	**616**	(121)
	–	(1,880)
Interest on convertible loan (Note 21)	**–**	(566)
Interest on medium-term notes (Note 22)	**(6,565)**	(4,414)
Debt processing fee	**(80)**	(880)
Other fees	**(50)**	(50)
	(18,527)	(26,645)

8. INCOME TAXES

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	Group	
	2015	2014
	US$'000	US$'000
Loss before tax	**(129,227)**	(15,960)
Tax calculated at tax rate of 17% (2014: 17%)	**(21,969)**	(2,713)
Effects of:		
– tax exemption	**21,969**	2,713
Tax charge	**–**	–

Items that are included in comprehensive income are not subjected to tax.

9. LOSS PER COMMON UNIT

(a) **Basic loss per Common Unit**

Basic loss per Common Unit is calculated by dividing the net loss attributable to unitholders of the Trust by the weighted average number of Common Units outstanding during the financial year.

	Group	
	2015	2014
Net loss after tax attributable to unitholders of the Trust (US$'000)	**(129,227)**	(15,960)
Weighted average number of Common Units outstanding ('000)	**860,042**	847,350
Basic loss per Common Unit (US cents)	**(15.03)**	(1.88)

(b) **Diluted loss per Common Unit**

For the purpose of calculating diluted loss per Common Unit, net loss attributable to unitholders of the Trust and the weighted average number of Common Units outstanding are adjusted for the effects of all dilutive potential Common Units.

For the financial year ended 31 December 2015, diluted loss per Common Unit was the same as basic loss per Common Unit, as there were no dilutive potential Common Units.

For the financial year ended 31 December 2014, the Common Units assumed to have been converted from the convertible loan up till 1 April 2014 were anti-dilutive, and hence, were not included in the calculation of the diluted loss per Common Unit. Accordingly, diluted loss per Common Unit was the same as basic loss per Common Unit.

10. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank	**40,071**	35,801	**17,982**	5,414
Short-term bank deposits	**4,993**	24,207	**4,993**	24,207
	45,064	60,008	**22,975**	29,621

The Group is subjected to a free liquidity covenant which requires the Group to maintain a minimum cash and cash equivalents balance of US$19.2 million (2014: US$19.2 million).

As at 31 December 2014, cash and cash equivalents included an amount of US$25.0 million which was not available for distribution to unitholders, nor to service interest payments on the convertible loan or the medium-term notes. This amount could be used by the Group for operational purposes. This restriction was removed in November 2015 with the Trust's exit from the Intercreditor Deed (Note 20).

11. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Trade receivables from non-related parties	**378**	13	**–**	–
Other receivables from Ship Manager	**64**	–	**–**	–
Other receivable from an affiliated company	**13**	–	**–**	–
Other receivables from non-related parties	**672**	878	**66**	81
	1,127	891	**66**	81

Other receivables from Ship Manager and an affiliated company are non-trade in nature, unsecured, interest-free, have no fixed terms of repayment and are expected to be repaid within twelve months from the end of the financial year.

The affiliated company is an entity controlled by Rickmers Holding AG (Note 28).

12. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary[a]	**Country of incorporation**	**Vessel name**	**Principal activities**	**Equity holding 2015 %**	**2014 %**
Kaethe Navigation Limited	Marshall Islands	Kaethe C. Rickmers	Ship owning and operating	**100**	100
Richard II Navigation Limited	Marshall Islands	Richard Rickmers	Ship owning and operating	**100**	100
Henry II Navigation Limited	Marshall Islands	Henry Rickmers	Ship owning and operating	**100**	100
Moni II Navigation Limited	Marshall Islands	Moni Rickmers	Ship owning and operating	**100**	100
Vicki Rickmers Navigation Limited	Marshall Islands	ANL Warringa	Ship owning and operating	**100**	100
Maja Rickmers Navigation Limited	Marshall Islands	Maja Rickmers[b]	Ship owning and operating	**100**	100
Marte Rickmers Navigation Limited	Marshall Islands	CMA CGM Azure	Ship owning and operating	**100**	100
Laranna Rickmers Navigation Limited	Marshall Islands	Laranna Rickmers[c]	Ship owning and operating	**100**	100
Sabine Rickmers Navigation Limited	Marshall Islands	CMA CGM Jade	Ship owning and operating	**100**	100
Erwin Rickmers Navigation Limited	Marshall Islands	CMA CGM Onyx	Ship owning and operating	**100**	100
Olympia II Navigation Limited	Marshall Islands	MOL Dominance	Ship owning and operating	**100**	100
Sui An Navigation Limited	Marshall Islands	MOL Dedication	Ship owning and operating	**100**	100
Pingel Navigation Limited	Marshall Islands	MOL Delight	Ship owning and operating	**100**	100
Ebba Navigation Limited	Marshall Islands	MOL Destiny	Ship owning and operating	**100**	100
Clan Navigation Limited	Marshall Islands	MOL Devotion	Ship owning and operating	**100**	100
India Navigation Limited	Marshall Islands	Hanjin Newport	Ship owning and operating	**100**	100

[a] Audited by PricewaterhouseCoopers LLP, Singapore
[b] Formerly ANL Windarra
[c] Formerly ANL Warrain

13. LOANS TO SUBSIDIARIES

Except for loans that are interest-bearing, loans to subsidiaries are treated as a long-term source of additional capital and financing to the subsidiaries. Accordingly, they are managed centrally and deemed to be quasi-equity loans representing an addition to the Trust's net investments in the subsidiaries.

The loans to subsidiaries are unsecured, have no fixed terms of repayment and are not expected to be repaid within twelve months from the end of the financial year. They are interest-free except for loans of US$203.7 million (2014: US$227.7 million) which bear interest at a rate of 2.36% (2014: 2.01%) per annum at the end of the financial year.

The Trustee-Manager reviews the carrying amount of loans to subsidiaries for objective evidence of impairment annually. In determining this, the Trustee-Manager makes judgement as to whether there is observable data indicating that there has been significant changes with adverse effect in the market economy which the subsidiaries operate in.

An impairment charge of US$49.4 million (2014: Nil) was recognised on the interest-free portion of the loans to subsidiaries, being difference between the carrying amount and recoverable amount of these loans. The recoverable amount represents the Trust's share in the attributable net assets of the subsidiaries, based on the latest available financial information.

14. VESSELS

	Group	
	2015	2014
	US$'000	US$'000
Cost		
Beginning of financial year	**1,185,389**	1,183,292
Additions	**3,809**	3,387
Disposal of vessel component	**(2,625)**	–
Write-off of fully depreciated component	**–**	(1,290)
End of financial year	**1,186,573**	1,185,389
Accumulated depreciation and impairment losses		
Beginning of financial year	**(302,817)**	(222,900)
Depreciation charge	**(35,160)**	(36,761)
Impairment of vessel	**(143,088)**	(44,446)
Disposal of vessel component	**503**	–
Write-off of fully depreciated component	**–**	1,290
End of financial year	**(480,562)**	(302,817)
Net book value at end of financial year	**706,011**	882,572

14. VESSELS (continued)

The Group owns 16 containerships which are chartered out under time charter agreements.

The Group recognised an impairment of US$143.1 million for fifteen vessels (2014: US$44.4 million for six vessels) due to lower projections of cash flows after the contracted period of existing charter contracts, which are reflective of the continued depressed chartering rates.

The recoverable amounts of the vessels were determined based on value-in-use calculations. Cash flow projections used in these calculations are based on financial forecasts approved by management covering a period of approximately 19 to 24 years (2014: 20 to 25 years), which is based on the remaining useful life of the vessels.

Management determined the forecasted cash flows based on past performance and its expectations of market development. Cash inflows are based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle, which are higher than the prevailing short-term spot charter rates at the year end. Cash outflows are projected using an estimated growth rate of 2.0% to 3.5% (2014: 2.0% to 3.5%) per annum for expenses. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends.

A Weighted Average Cost of Capital ("WACC") of 6.93% (2014: 6.93%) was used to discount the cash flows. The cost of the equity component of the WACC was derived using the capital asset pricing model.

If the discount rate had been 5.0% (2014: 5.0%) higher than management's estimates (for example, 7.28%), the Group would have recognised a further impairment of US$20.5 million (2014: US$12.8 million).

If the cash flows after the contracted period had been 5.0% (2014: 5.0%) lower than management's estimates, the Group would have recognised a further impairment of US$55.2 million (2014: US$42.4 million).

If the estimated annual growth rate of cash outflows was increased from 2.0% to 2.5% and 3.5% to 4.0% (2014: 2.0% to 2.5% and 3.5% to 4.0%), the Group would have recognised a further impairment of US$19.2 million (2014: US$14.3 million).

15. INTANGIBLE ASSETS

Group
2015

	Goodwill US$'000
Cost	
Beginning and end of financial year	48,050
Accumulated impairment losses	
Beginning of financial year	(43,107)
Impairment charge	(4,943)
End of financial year	(48,050)
Net book value at 31 December 2015	**–**

15. INTANGIBLE ASSETS (continued)

Group 2014	Goodwill US$'000	Favourable charter contracts US$'000	Total US$'000
Cost			
Beginning and end of financial year	48,050	3,500	51,550
Accumulated amortisation and impairment losses			
Beginning of financial year	(24,553)	(3,416)	(27,969)
Amortisation charge	–	(84)	(84)
Impairment charge	(18,554)	–	(18,554)
End of financial year	(43,107)	(3,500)	(46,607)
Net book value at 31 December 2014	**4,943**	**–**	**4,943**

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs which are the individual vessel owning subsidiaries.

Goodwill was fully impaired during the financial year ended 31 December 2015.

An impairment loss of US$4.9 million (2014: US$18.6 million) was charged for goodwill allocated to three vessel owning subsidiaries (2014: eight vessel owning subsidiaries) due to lower projections of cash flows after the contracted period of existing charter contracts, which are reflective of the continued depressed chartering rates.

The recoverable amount of a CGU was determined based on fair value less cost to sell calculations. Cash flow projections used in these calculations are based on financial forecasts approved by management covering a period of approximately 19 to 24 years (2014: 20 to 25 years), which is based on the remaining useful life of the vessels. Cash flows beyond the period are extrapolated using zero growth rate. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

The valuation of the recoverable amount is measured at Level 3 of the fair value measurement hierarchy (as defined in Note 26(e)) as it involves significant unobservable inputs such as forecasted charter rates, the discount rate used on the cash flows, and estimated cash outflows. There has been no change in the cash flow projections model used.

Management determined the forecasted cash flows based on past performance and its expectations of market development. Cash inflows are based on existing charter contracts and management's estimate of the average charter rates over the recent observable shipping industry cycle, which are higher than the prevailing short-term spot charter rates at the year end. Cash outflows are projected using an estimated growth rate of 2.0% to 3.5% (2014: 2.0% to 3.5%) per annum for expenses. A period of more than 5 years for cash flow projections is prepared as management is able to reasonably estimate the cash flows over the periods using observable market trends.

As at 31 December 2015, the discount rate used on the cash flows was based on the WACC of 6.93% (2014: 6.93%). The cost of the equity component of the WACC was derived using the capital asset pricing model.

16. TRADE AND OTHER PAYABLES

	Group		Trust	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Trade payables to non-related parties	**716**	236	**–**	–
Other payables (non-trade)				
– Non-related party	**25**	17	**25**	17
– Ship Manager	**628**	321	**–**	–
	653	338	**25**	17
Accrual for vessel improvement	**222**	–	**–**	–
Accrual for dry-docking costs	**–**	1,022	**–**	–
Other accruals for operating expenses	**1,198**	1,319	**215**	201
	2,789	2,915	**240**	218
Amounts due to subsidiaries (non-trade)	**–**	–	**414,814**	377,182

Other payables to Ship Manager and amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, have no fixed terms of repayment and are expected to be repaid within twelve months from the end of the financial year.

17. DERIVATIVE FINANCIAL INSTRUMENTS

All of the Group's interest rate swaps matured during the financial year ended 31 December 2015. The Group and Trust does not hold any derivative financial instruments as at 31 December 2015.

	Group	
	Contract notional amount US$'000	Fair value liability US$'000
2014		
– Interest rate swaps	190,000	4,497
Non-hedging instruments		
– Interest rate swaps	52,000	615
		5,112
Less: Current portion		(5,112)
Total non-current portion		–

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Period when the cash flows on cash flow hedges are expected to occur or affect profit or loss

Interest rate swaps were entered into to hedge floating quarterly interest payments on borrowings. As at 31 December 2014, the interest rate swaps bore fixed interest at a rate of 4.99% per annum and the main floating rate was 3-month US$ LIBOR (London Interbank Offer Rate).

The fair value of interest rate swaps, which was measured at Level 2 of the fair value measurement hierarchy (as defined in Note 26(e)) was obtained from financial institutions and was calculated as the present value of the estimated future cash flows.

18. DEFERRED INCOME FROM A CHARTERER

	Group	
	2015	2014
	US$'000	US$'000
Current	**714**	–
Non-current	**1,243**	–
Total	**1,957**	–

Deferred income relates to contributions from a charterer for vessel improvements and are amortised over the life of the charter contracts with the charterer (Note 5). The charter contracts expire in 2018 and 2019.

19. DEFERRED INCOME FROM CHARTER CONTRACTS

	Group	
	2015	2014
	US$'000	US$'000
Cost		
Beginning and end of financial year	**61,750**	61,750
Accumulated amortisation		
Beginning of financial year	**(58,104)**	(51,765)
Amortisation	**(3,646)**	(6,339)
End of financial year	**(61,750)**	(58,104)
Net book value at end of financial year	**–**	3,646

20. SECURED BANK LOANS

	Group		Trust	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Current	**44,603**	47,020	**24,000**	24,000
Non-current	**268,780**	316,551	**179,637**	203,565
Total	**313,383**	363,571	**203,637**	227,565

The Trustee-Manager, acting on behalf of the Trust, had entered into various credit facilities with financial institutions ("Lenders") for the purpose of obtaining funding for the acquisition of the Group's fleet of 16 containerships and general corporate purposes.

(a) **Terms and debt repayment schedule**

Group

US$ floating rate loans		← **2015** →			**2014**
Nominal interest rate	**Year of maturity**	**Face value US$'000**	**Unamortised debt issuance costs US$'000**	**Carrying amount US$'000**	**Carrying amount US$'000**
(i) 3-month US$ LIBOR + 1.75%	2017	203,727	(90)	203,637	227,565
(ii) 3-month US$ LIBOR + 1.75%	2018	92,753	(474)	92,279	114,254
(iii) 3-month US$ LIBOR + 1.75%	2021	17,604	(137)	17,467	21,752
		314,084	**(701)**	**313,383**	**363,571**

Trust

US$ floating rate loans		← **2015** →			**2014**
Nominal interest rate	**Year of maturity**	**Face value US$'000**	**Unamortised debt issuance costs US$'000**	**Carrying amount US$'000**	**Carrying amount US$'000**
3-month US$ LIBOR + 1.75%	2017	**203,727**	**(90)**	**203,637**	**227,565**

(b) **Fair value of non-current bank loans**

The fair values are determined from cash flow analyses, 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 bank loans approximate their carrying amounts.

As at 31 December 2015, the effective interest rates of the bank loans were between 2.08% to 2.36% (2014: 1.98% to 2.01%) per annum. The loans are re-priced every three months.

20. SECURED BANK LOANS (continued)

The bank loans are secured on all existing 16 containerships (Note 14) (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 (Note 10), value-to-loan ("VTL") ratios, interest coverage ratios and minimum unitholders' funds, amongst others.

The Trustee-Manager and the Lenders had previously entered into loan restructuring agreements to restructure the Trust's obligations under the facility agreement dated 24 April 2007 (as amended from time to time), the facility agreement dated 30 May 2008 (as amended from time to time) and the facility agreement dated 30 September 2008 (as amended from time to time) (collectively, the "Loan Agreements").

As part of the restructuring with the Lenders, the Trustee-Manager and other relevant entities within the Group who are borrowers under the Loan Agreements, had entered into an intercreditor deed dated 9 June 2010 (as amended from time to time) (the "Intercreditor Deed") with the Lenders. Under the Intercreditor Deed, the Trust is subject to various restrictions, including but not limited to restrictions in respect of the ability of the Trust to pay distributions, limits on the amounts of various repayments allowed, stipulations on the timing and methods of payment and payment flows of cash received by the Trust into various accounts under the Loan Agreements, for so long as the Trust is unable to satisfy certain conditions set out in the Intercreditor Deed (the "Trust Exit Conditions") including, inter alia, the satisfaction of the VTL covenant. The Group, in prior financial years, had obtained waiver from compliance with the VTL covenant up to 31 December 2015.

In November 2015, the Group was granted a full and unconditional waiver in relation to compliance with VTL covenant by the HSH Lenders. In addition, the Trust has satisfied the Trust Exit Conditions (including VTL covenant) on 30 November 2015 and achieved exit from the restrictions under the Intercreditor Deed. The Trustee-Manager is therefore no longer required to negotiate for an extension of the VTL covenant waiver. The waiver granted by the other two syndicates of lending banks expired on 31 December 2015.

The Group and the Trust have bank borrowings of US$179.7 million due for repayment on 31 March 2017 to the HSH Lenders. The Trustee-Manager has been in negotiations with the HSH Lenders to restructure the borrowings, which include the extension of repayment beyond 31 March 2017. As at the date of these financial statements, negotiations are still in progress.

The Group and the Trust are in compliance with all the covenants during the financial years ended 31 December 2015 and 2014.

21. CONVERTIBLE LOAN

The convertible loan denominated in US dollar was held by Polaris Shipmanagement Company Limited ("Polaris"). Polaris is an entity controlled by Rickmers Holding AG (Note 28).

On 30 May 2014, the convertible loan was fully settled at an amount of US$39.2 million. The difference between the settlement amount and the carrying amount of the convertible loan on the settlement date, which amounted to US$11.4 million, was recognised as a gain on settlement of convertible loan in the Consolidated Statement of Comprehensive Income.

22. MEDIUM-TERM NOTES

	Group and Trust	
	2015	2014
	US$'000	US$'000
Current	**774**	821
Non-current	**70,576**	74,391
Total	**71,350**	75,212

On 15 May 2014, the Trust issued S$100 million of three-year notes ("Series 1 Notes") under its S$300 million multicurrency medium-term note programme established on 19 November 2013. The Series 1 Notes bear a fixed interest rate of 8.45% per annum, which is payable semi-annually in arrears. The maturity date of Series 1 Notes is 15 May 2017.

The Series 1 Notes are also subject to various covenants, including debt-to-equity ratio, interest coverage ratio and minimum unitholders' funds, amongst others.

The Group and the Trust are in compliance with all of the covenants during the financial years ended 31 December 2015 and 2014.

The fair value of the Series 1 Notes is determined from the quoted price in the market as at 31 December 2015. However, as the daily transaction volume of the Series 1 Notes is low, the fair value of the Series 1 Notes was classified within Level 2 of the fair value hierarchy (as defined in Note 26(e)). As at 31 December 2015, the fair value of the Series 1 Notes amounted to US$65.0 million (2014: US$74.9 million).

23. COMMON UNITS IN ISSUE

	No. of Common Units '000	Amount of Common Units US$'000
2015		
At beginning of financial year	847,350	512,086
Common Units issued	32,273	5,529
At end of financial year	**879,623**	**517,615**
2014		
At beginning and end of financial year	**847,350**	**512,086**

All Common Units have no par value and are fully paid.

On 8 April 2015, the Trust announced the implementation and establishment of the Distribution Reinvestment Plan ("DRP") which unitholders may elect to receive new units of the Trust in lieu of part only or all of the cash amount of any distribution to which the plan applies. On 19 June 2015, 16,150,452 new units were issued in connection with the distribution for the period from 1 January 2015 to 31 March 2015. On 2 October 2015, 16,122,265 new units were issued in connection with the distribution for the period from 1 April 2015 to 30 June 2015.

24. DISTRIBUTION TO UNITHOLDERS

	Group and Trust	
	2015	2014
	US$'000	US$'000
Exempt distribution paid in respect of the current financial year are as follows:		
For the period from 1 October 2014 to 31 December 2014:		
– Distribution of 0.60 US cents per unit	**5,084**	–
For the period from 1 January 2015 to 31 March 2015:		
– Distribution of 0.60 US cents per unit	**5,084**	–
For the period from 1 April 2015 to 30 June 2015:		
– Distribution of 0.60 US cents per unit	**5,181**	–
For the period from 1 October 2013 to 31 December 2013:		
– Distribution of 0.60 US cents per unit	**–**	5,084
For the period from 1 January 2014 to 31 March 2014:		
– Distribution of 0.60 US cents per unit	**–**	5,084
For the period from 1 April 2014 to 30 June 2014:		
– Distribution of 0.60 US cents per unit	**–**	5,084
For the period from 1 July 2014 to 30 September 2014:		
– Distribution of 0.60 US cents per unit	**–**	5,084
	15,349	20,336

For the period from 1 January 2015 to 31 March 2015, the distribution of 0.60 US Cents per unit was funded by cash for 331,240,842 units. For the remaining 516,109,158 units, unitholders elected to receive new units under the DRP. A total of 16,150,452 new units were issued on 19 June 2015.

For the period from 1 April 2015 to 30 June 2015, the distribution of 0.60 US Cents per unit was funded by cash available for distribution to unitholders for 458,035,696 units. For the remaining 405,464,756 units, unitholders elected to receive new units under the DRP. A total of 16,122,265 new units were issued on 2 October 2015.

No distribution was declared as at 31 December 2015 in respect of the financial periods from 1 July 2015 to 30 September 2015, and 1 October 2015 to 31 December 2015.

25. COMMITMENTS

Operating lease commitments arising from charter contracts – where the Group is a lessor

The Group charters out its vessels mainly under time charter agreements. The operating leases have different terms and renewal rights and terminate at various dates. The future minimum lease receivable under the operating leases contracted for as at the end of the financial year but not recognised as receivables, are as follows:

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	**58,233**	85,741
Between one and five years	**83,423**	134,383
	141,656	220,124

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities mainly expose it to currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as interest rate swaps to hedge interest rate risk.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group as well as carrying out financial risk management for the Group. There are detailed policies such as authority levels, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group's revenues, cost of operations and majority of financial assets and liabilities are principally denominated in US dollar, except for its Singapore dollar denominated cash and cash equivalents and medium-term notes.

The Group manages the net risk by entering into currency spot contracts, transacted with financial institutions, when the need arises.

26. FINANCIAL RISK MANAGEMENT (continued)

(a) **Market risk** (continued)

(i) Currency risk (continued)

The Group's and Trust's currency exposure based on the information provided to key management is as follows:

	SGD US$'000	USD US$'000	Total US$'000
At 31 December 2015			
Financial assets			
Cash and cash equivalents	5,715	39,349	45,064
Financial liabilities			
Medium-term notes	(71,350)	–	(71,350)
Net financial liabilities	**(65,635)**	**39,349**	**(26,286)**
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	**(65,635)**	**–**	**(65,635)**
At 31 December 2014			
Financial assets			
Cash and cash equivalents	17,783	42,225	60,008
Financial liabilities			
Medium-term notes	(75,212)	–	(75,212)
Net financial liabilities	**(57,429)**	**42,225**	**(15,204)**
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	**(57,429)**	**–**	**(57,429)**

If the SGD changes against the USD by 5.0% with all other variables including tax rate being held constant, the effects arising from the net financial liability position will be as follows:

	← (Increase)/Decrease → Loss after tax and other comprehensive loss	
	2015 US$'000	2014 US$'000
Group and Trust		
SGD against USD		
– Strengthened	**(3,282)**	(2,871)
– Weakened	**3,282**	2,871

26. FINANCIAL RISK MANAGEMENT (continued)

(a) **Market risk** (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk due primarily to its variable-rate secured bank loans. The strategy of the Trustee-Manager, acting on behalf of the Trust and the Group, is to actively manage the risk of potential interest rate volatility through the use of interest rate swap contracts to reduce its exposure on anticipated transactions and firm commitments, with the objective of reducing variability in cash flows arising from interest rate fluctuations. This will allow the Group to raise borrowings at floating rates and swap them into fixed rates, optimising net interest cost and reducing interest rate volatility. All of the Group's interest rate swaps matured during the financial year ended 31 December 2015.

If the interest rates increase/decrease by 100 (2014: 100) basis points during the current financial year with all other variables being held constant, the loss after tax (2014: loss after tax) will be higher/lower (2014: higher/lower) by US$2.4 million (2014: US$1.5 million) as a result of higher/lower interest expense on the borrowings.

(b) **Credit risk**

Credit risk refers to the risk that a counterparty is in default on its contractual obligations resulting in financial loss to the Group.

There is significant concentration of credit risk as the Group currently deals with only seven customers (2014: six customers). However, the Group ensures that charter contracts are entered into with customers of appropriate credit standing. In addition, in accordance with normal shipping practice, charter hire is received in advance and there have not been any defaults on payments during the financial year. In the event of default, the Group is also able to repossess its vessels from the charter party. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are bank deposits and trade and other receivables. The Trust's major classes of financial assets are bank deposits.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit rating agencies.

(ii) Financial assets that are past due and/or impaired

As at 31 December 2015 and 31 December 2014, none of the Group's trade and other receivables are past due and/or impaired.

26. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Trust's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
Group				
At 31 December 2015				
Trade and other payables	**2,789**	**–**	**–**	**–**
Secured bank loans and interest payable	**51,678**	**200,478**	**72,806**	**355**
Medium-term notes and interest payable	**6,016**	**74,156**	**–**	**–**
Trust				
At 31 December 2015				
Trade and other payables	**240**	**–**	**–**	**–**
Amounts due to subsidiaries (non-trade)	**414,814**	**–**	**–**	**–**
Secured bank loans and interest payable	**28,665**	**180,801**	**–**	**–**
Medium-term notes and interest payable	**6,016**	**74,156**	**–**	**–**

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
Group				
At 31 December 2014				
Trade and other payables	2,915	–	–	–
Net-settled interest rate swaps				
– cash flow hedges	4,518	–	–	–
– non-hedging instruments	616	–	–	–
Secured bank loans and interest payable	53,857	52,543	269,813	4,716
Medium-term notes and interest payable	6,379	6,397	78,656	–
Trust				
At 31 December 2014				
Trade and other payables	218	–	–	–
Amounts due to subsidiaries (non-trade)	377,182	–	–	–
Secured bank loans and interest payable	28,324	27,836	180,610	–
Medium-term notes and interest payable	6,379	6,397	78,656	–

The Group and Trust manage liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and debt repayments.

Please see further disclosure in Note 2.2 on liquidity risk of the Group.

26. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise unitholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new Common Units, buy back issued Common Units, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The ratio is calculated as external bank loans, convertible loan and medium-term notes, divided by total unitholders' funds, external bank loans, convertible loan and medium-term notes.

	Group	
	2015	2014
Gearing ratio	**51%**	47%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

Financial assets and liabilities measured at fair value are classified in the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no financial liabilities measured at Level 3 of the fair value measurement hierarchy as at 31 December 2015 and 2014.

There are no transfers between the levels during the year.

(f) Financial instruments by category

The carrying amount of financial liabilities at fair value through profit or loss is disclosed in Note 17 to the financial statements. The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Trust	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Loans and receivables	**46,191**	60,899	**23,041**	29,702
Financial liabilities at amortised cost	**387,522**	441,698	**690,041**	680,177

27. RELATED PARTY TRANSACTIONS

(a) **Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	Group	
	2015	2014
	US$'000	US$'000
Interest paid on convertible loan to Polaris (Note 21)	**–**	535
Settlement of convertible loan to Polaris (Note 21)	**–**	39,200
Management fees paid to Trustee-Manager	**2,947**	3,096
Management fees paid to Ship Manager	**2,054**	2,014
Vessel fixed operating costs paid to Ship Manager	**32,366**	30,813
Cable, victual and entertainment expenses paid to Ship Manager	**534**	519
Commission paid to an affiliated company*	**4**	28
Legal fees to a company which is controlled by a director of the Trustee-Manager	**60**	30
Payments on behalf by Ship Manager	**514**	360

* Affiliated companies are entities controlled by Rickmers Holding AG (Note 28).

(b) **Key management personnel compensation**

There are no key management personnel of the Group as the operations are managed by the Trustee-Manager.

28. PARENT OF THE TRUST

The Trust is determined to be a subsidiary of Rickmers Holding AG ("Rickmers Holding"), which is incorporated in Germany. The assessment was performed based on the requirements of IFRS 10 *Consolidated Financial Statements,* by virtue of Rickmers Holding's 34.2% (2014: 33.1%) holdings of the issued Common Units of the Trust, together with the management of the Trust through the Trustee-Manager and the Ship Manager. A director of the Trustee-Manager, Mr Bertram R.C. Rickmers, has equity interest of 100% of the issued capital of Rickmers Holding.

29. SEGMENT INFORMATION

Management has determined the Group's business as one operating segment based on the reports reviewed by the CODM, as the Group is only involved in the chartering of container vessels which is carried out in international waters. The reports reviewed by the CODM have been prepared on the same basis as the financial statements, hence, there are no reconciling items to be disclosed.

Revenue from major products and services

All revenues from external customers are derived from the charter of containerships.

Geographical information

Revenues from external customers are attributed to the countries based on the customers' country of origin.

	Revenue		Non-current assets**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Australia*	**12,152**	25,926	**–**	–
Italy*	**1,526**	12,491	**–**	–
France*	**22,424**	28,690	**–**	–
Japan	**55,529**	47,994	**–**	–
Korea*	**9,466**	9,070	**–**	–
Singapore	**–**	–	**–**	4,943
Denmark*	**6,876**	3,998	**–**	–
Others	**574**	2,156	**–**	–
Total	**108,547**	130,325	**–**	4,943

* Revenues shown are derived from a single external customer in each of these countries.
** Excludes carrying amount of vessels.

With respect to the presentation of vessels by geographical information, the Group time charters them to several liner companies and the vessels are deployed to various parts of the world at the discretion and direction of these liner companies. Accordingly, the Trustee-Manager does not consider it meaningful to allocate vessels to specific geographical locations. All other non-current assets are attributed to the countries based on the Group's country of domicile.

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 19 February 2016.

ADDITIONAL INFORMATION

A. DIRECTORS' REMUNERATION

The following information relates to remuneration of directors of the Trustee-Manager out of the Trust property during the financial year:

	2015	2014
Number of directors of the Trustee-Manager in remuneration bands:		
– above $500,000	**–**	–
– $250,000 to below $500,000	**–**	–
– below $250,000	**–**	–
Total	**–**	–

B. MATERIAL CONTRACTS

There were no material contracts entered into involving the interest of the controlling Unitholders, Directors or Chief Executive Officer during the financial year.

C. INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 (US$71,200[1]) each)			
	Transactions not conducted under unitholders' mandate pursuant to Rule 920		Transactions conducted under unitholders' mandate pursuant to Rule 920	
Name of interested person	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000
Polaris Shipmanagement Company Limited				
– Interest paid on convertible loan^	**–**	–	**–**	535
– Settlement of convertible loan*	**–**	–	**–**	39,200
Rickmers Shipmanagement (Singapore) Pte. Ltd.				
– Management fees	**–**	–	**2,054**	2,014
– Fixed operating costs	**–**	–	**32,366**	30,813
– Cable, victual and entertainment expenses[2]	**534**	519	**–**	–
Rickmers Trust Management Pte. Ltd.				
– Management fees	**–**	–	**2,947**	3,096
Harper Petersen & Co. (GmbH & Cie. KG)				
– Brokerage commission	**4**	28	**–**	–
Morgan Lewis Stamford LLC				
– Legal fees	**60**	30	**–**	–

Note:

[1] Exchange rate as at 31 December 2015

[2] Recovered from charterers

^ The transaction was approved by unitholders at the Extraordinary General Meeting held on 6 September 2010.

* On 30 May 2014, the convertible loan was fully settled ahead of the contractual repayment date. The early settlement resulted in a US$11.4 million gain.

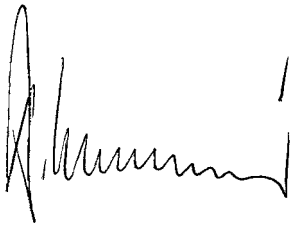
STATEMENT BY DIRECTORS

1. The interested person transactions on page 75 are not detrimental to the interests of all the unitholders as a whole, based on the circumstances at the time of the transactions.

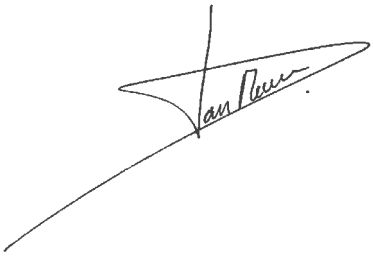
2. Management fees paid out of the Trust property to the Trustee-Manager on page 73 are in accordance with the Trust Deed.

3. At the date hereof there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the Trust property, the liabilities of Rickmers Maritime as and when they fall due.

4. The Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager that would have a materially adverse effect on the business or on the interests of all unitholders as a whole.



Mr Bertram R.C. Rickmers
Director



Dr Ignace Adolf Julien Van Meenen
Director

Singapore
19 February 2016

STATISTICS OF UNITHOLDINGS

As at 14 March 2016

Class of Units	No. of Units	Voting Rights
Common Units	879,622,717	One vote for each unit

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	36	0.49	1,233	0.00
100 - 1,000	746	10.22	728,581	0.08
1,001 - 10,000	2,573	35.25	12,055,602	1.37
10,001 - 1,000,000	3,883	53.19	332,503,791	37.80
1,000,001 AND ABOVE	62	0.85	534,333,510	60.75
TOTAL	**7,300**	**100.00**	**879,622,717**	**100.00**

Location of Unitholders	No. of Unitholders	%	No. of Units	%
Singapore	7,145	97.88	562,212,803	63.91
Malaysia	104	1.42	9,760,409	1.11
Others	51	0.70	307,649,505	34.98
TOTAL	**7,300**	**100.00**	**879,622,717**	**100.00**

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders)

Name of Substantial Unitholder	Direct Interests	%	Deemed Interests	%
Rickmers Holding AG	–	–	300,729,185[(1)]	34.19
Bertram R. C. Rickmers	–	–	300,729,185[(2)]	34.19
Polaris Shipmanagement Company Limited (“Polaris”)	141,927,682	16.14	–	–
Rickmers Second Invest GmbH (“Rickmers Second”)	158,801,503	18.05	141,927,682[(3)]	16.14

Notes:

(1) Rickmers Holding AG is the holding company of Rickmers Second, which in turn is the holding company of Polaris. Rickmers Holding is therefore deemed to be interested in the units held by Rickmers Second and Polaris in Rickmers Maritime.

(2) Mr. Bertram R. C. Rickmers holds 100% of Rickmers Holding AG. He is therefore deemed to be interested in the units held by Rickmers Second and Polaris in Rickmers Maritime.

(3) Rickmers Second is the holding company of Polaris and is therefore deemed to be interested in the units held by Polaris.

STATISTICS OF UNITHOLDINGS

As at 14 March 2016

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1	RICKMERS SECOND INVEST GMBH	158,801,503	18.05
2	POLARIS SHIPMANAGEMENT COMPANY LIMITED	141,719,730	16.11
3	DBS NOMINEES (PRIVATE) LIMITED	19,300,181	2.19
4	RAFFLES NOMINEES (PTE) LIMITED	17,074,046	1.94
5	OCBC SECURITIES PRIVATE LIMITED	15,133,967	1.72
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	13,284,395	1.51
7	ANG KONG MENG	11,709,000	1.33
8	TEE TUAN HOON @ TAY TUAN HOON	11,174,030	1.27
9	CITIBANK NOMINEES SINGAPORE PTE LTD	11,113,553	1.26
10	PHILLIP SECURITIES PTE LTD	9,836,898	1.12
11	YIM WING CHEONG	7,470,400	0.85
12	WIRTZ JOCHEN	6,601,771	0.75
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,204,226	0.71
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,027,726	0.69
15	HSBC (SINGAPORE) NOMINEES PTE LTD	5,516,956	0.63
16	DBSN SERVICES PTE. LTD.	5,361,866	0.61
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,337,653	0.61
18	EVERGREEN GROUP PTE LTD	5,140,000	0.58
19	LEE CHEE KIAT	4,678,762	0.53
20	BANK OF SINGAPORE NOMINEES PTE. LTD.	4,092,922	0.47
	Total	**465,579,585**	**52.93**

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Approximately 65.55% of the Trust's units are held in the hands of the public. Accordingly, the Trust has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Unitholders of Rickmers Maritime (the "Trust") will be held at NTUC Centre, No. 1 Marina Boulevard, Room 801, Level 8, One Marina Boulevard, Singapore 018989 on Saturday, 30 April 2016 at 10.30 a.m. for the following purposes:

1. To receive and adopt the Statement by the Trustee-Manager and the Audited Financial Statements of the Trust for the year ended 31 December 2015 together with the Independent Auditor's Report thereon.

(Resolution 1)

2. To re-appoint PricewaterhouseCoopers LLP as the Auditors of the Trust and to authorise the Trustee-Manager to fix their remuneration.

(Resolution 2)

3. To transact any other business which may properly be transacted at an Annual General Meeting.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

4. **Authority to issue units up to 50 per centum (50%) of the issued units in the Trust**

That pursuant to Clause 6.1.1 of the Trust Deed, Section 36 of the Business Trusts Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Trustee-Manager be authorised and empowered to:

(a) (i) issue units in the Trust ("Units") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

(1) the aggregate number of Units (including Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50 per centum (50%) of the total number of issued Units excluding treasury Units (as calculated in accordance with paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders of the Trust shall not exceed 20 per centum (20%) of the total number of issued Units excluding treasury Units (as calculated in accordance with paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under paragraph (1) above, the percentage of issued Units shall be based on the total number of issued Units (excluding treasury Units) at the time of the passing of this Resolution, after adjusting for:

(a) new Units arising from the conversion or exercise of any convertible securities or Unit options or vesting of Unit awards which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed of the Trust and the Business Trusts Act; and

(4) unless revoked or varied by the Trust in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Unitholders of the Trust or the date by which the next Annual General Meeting of the Unitholders of the Trust is required by law to be held, whichever is the earlier or (ii) in the case of Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments.

[See Explanatory Note] **(Resolution 3)**

By Order of the Board of Rickmers Trust Management Pte. Ltd.
as Trustee-Manager of Rickmers Maritime

Kim Yi Hwa
Company Secretary

Singapore

7 April 2016

Explanatory Note:

Resolution 3 in item 4 above, if passed, will empower the Trustee-Manager from the date of this Meeting until the date of the next Annual General Meeting of the Unitholders of the Trust, or the date by which the next Annual General Meeting of the Unitholders of the Trust is required by law to be held or such authority is varied or revoked by the Trust in a general meeting, whichever is the earlier, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Units in the Trust (excluding treasury Units), of which up to 20% may be issued other than on a pro rata basis to existing Unitholders of the Trust.

For the purpose of determining the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units) will be calculated based on the total number of issued Units (excluding treasury Units) at the time Resolution 3 is passed after adjusting for new Units arising from the conversion or exercise of any convertible securities or Unit options or the vesting of Unit awards which are outstanding or subsisting at the time when Resolution 3 is passed, and any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

1. A Unitholder entitled to attend and vote at the Annual General Meeting of the Unitholders of the Trust (the "Meeting") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of the Trust.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Trustee-Manager at 8 Shenton Way #42-03, Singapore 068811 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a Unitholder of the Trust (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trust (or its agents) for the purpose of the processing and administration by the Trust (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Trust (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trust (or its agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trust (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trust in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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RICKMERS MARITIME
Registration No. 2007003
(A business trust constituted under the laws of the Republic of Singapore)

RICKMERS TRUST MANAGEMENT PTE. LTD.
(As Trustee-Manager of Rickmers Maritime)
Company Registration No. 200616499G
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We,_____(Name)

holder of NRIC/Passport Number or Company Registration or UEN Number_____

of_____(Address)

being a Unitholder/Unitholders of Rickmers Maritime (the "Trust"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Unitholdings**	
		No. of Units	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of Unitholders of the Trust to be held at NTUC Centre, No. 1 Marina Boulevard, Room 801, Level 8, One Marina Boulevard, Singapore 018989 on Saturday, 30 April 2016 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Resolutions relating to:**	**No. of Votes For**	**No. of Votes Against**
1	Statement by the Trustee-Manager and the Audited Financial Statements of the Trust for the year ended 31 December 2015		
2	Re-appointment of PricewaterhouseCoopers LLP as the Auditors of the Trust		
3	Authority to issue new units		

Note: If you wish to exercise all your votes "For" or "Against", please tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Units in:	**No. of Units**
(a) CDP Register	
(b) Register of Unitholders	

_____

Signature of Unitholder(s)
or, Common Seal of Corporate Unitholder

Notes :

1. Please insert the total number of Units held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.

2. A Unitholder of the Trust entitled to attend and vote at a meeting of the Trust is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of the Trust.

3. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Trust reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Trustee-Manager at 8 Shenton Way #42-03, Singapore 068811 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2016.

General:

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

TRUSTEE-MANAGER

Rickmers Trust Management Pte. Ltd.
8 Shenton Way #42-03
Singapore 068811

BOARD OF DIRECTORS

Mr Bertram R. C. Rickmers
Chairman & Non-Executive Director

Dr Ignace Adolf Julien Van Meenen
Non-Executive Director

Mr Lim How Teck
Lead Independent Director

Mrs Lee Suet Fern
Independent Director

Mr Raymundo A. Yu Jr.
Independent Director

EXECUTIVE OFFICERS

Mr Soeren Andersen
Chief Executive Officer

Mr Gerard Low Shao Khang
Chief Financial Officer

AUDIT COMMITTEE

Mr Lim How Teck
Chairman

Mrs Lee Suet Fern
Mr Raymundo A. Yu Jr.

NOMINATING & REMUNERATION COMMITTEE

Mrs Lee Suet Fern
Chairman

Mr Bertram R. C. Rickmers
Mr Lim How Teck
Mr Raymundo A. Yu Jr.

REGISTERED/BUSINESS OFFICE

8 Shenton Way #42-03
Singapore 068811
Telephone: (65) 6506 6960
Fax: (65) 6506 6961
Email: ir@rickmers-maritime.com
Website: www.rickmers-maritime.com

UNIT REGISTRAR/UNIT TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Audit Partner-in-charge: Ms Kok Moi Lre
Date of Appointment: 23 April 2012

COMPANY SECRETARIES

Ms Kim Yi Hwa
Ms Low Geok Eng Susie

PRINCIPAL BANKERS

BNP Paribas
Commerzbank AG
DBS Bank Ltd
HSH Nordbank AG
ING Bank N.V.
Sumitomo Mitsui Trust Bank, Limited
The Bank of Nova Scotia Asia Limited
The Hongkong and Shanghai Banking Corporation

NOTES TRUSTEE TO MTN PROGRAMME

DB International Trust (Singapore) Limited

FSC
100%
From well-managed forests
FSC® C000000

RICKMERS MARITIME

Registration Number: 2007003

Managed by:

Rickmers Trust Management Pte. Ltd.

Company Registration Number: 200616499G

8 Shenton Way
#42-03
Singapore 068811
Tel: (65) 6506 6960
Fax: (65) 6506 6961
Email: ir@rickmers-maritime.com
Website: www.rickmers-maritime.com