



DEPENDABILITY. STABILITY. SUSTAINABILITY.

Rickmers Maritime Annual Report 2014

ABOUT RICKMERS MARITIME

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

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

Managed by Rickmers Trust Management Pte. Ltd., the Trust aims to provide its unitholders with regular quarterly cash distributions, while reinvesting a portion of its operating cash flow to ensure the long-term growth and sustainability of the Trust.

Rickmers Maritime is sponsored by Rickmers Group, which has headquarters in Hamburg, Germany and regional headquarters in Singapore. Rickmers Group was founded and is controlled by Mr Bertram R. C. Rickmers, whose family has more than 180 years of history in the shipping industry.

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

CONTENT

04

Letter to Our Unitholders

07

Structure of
Rickmers Maritime

08

Financial
Highlights

09

5-Year Financial
Summary

12

Board of Directors &
Executive Officers

14

Corporate
Governance

24

Financial &
Operations Review

28

Our Fleet

30

Corporate Social
Responsibility

31

Investor
Relations

32

Corporate
Information

33

Financial Statements

75

Additional
Information

76

Statement by
Directors

77

Statistics of
Unitholdings

79

Notice of Annual
General Meeting of
the Unitholders

Proxy Form



Our strategy of focusing on improving operational efficiency and optimising capital structure has helped **Rickmers Maritime** remain buoyant in yet another challenging year. We have demonstrated to investors that we are **dependable** and capable of implementing initiatives that enable us to achieve **stable** performance, providing the basis for long-term **sustainable** growth.

UNITHOLDERS CAN
DEPEND ON OUR ABILITY
TO DO THE THINGS
THAT MATTER MOST:
IMPROVE OPERATIONAL
EFFICIENCY, MAXIMISE
VESSEL UTILISATION
RATES, SECURE
NEW EMPLOYMENT
FOR VESSELS WITH



DEPENDABILITY

Unitholders can depend on our ability to do the things that matter most: improve operational efficiency, maximise vessel utilisation rates, secure new employment for vessels with expiring charters and optimise charter rates.



LETTER TO OUR UNITHOLDERS

WE REMAIN FOCUSED ON STRENGTHENING THE TRUST'S
BALANCE SHEET. THE BOARD AND MANAGEMENT TOOK
A NUMBER OF STRATEGIC STEPS OVER THE COURSE OF
2014 TO DIVERSIFY OUR SOURCES OF CAPITAL.

Bertram R. C. Rickmers
Chairman



Thomas Preben Hansen
Chief Executive Officer



LETTER TO OUR UNITHOLDERS

Dear Unitholders,

The end of 2014 brought with it a sense of promise for the container shipping industry, with a gradual but visible improvement in charter rates. Although there has been continuing pressure on the sector over the year, the Trustee-Manager has steered Rickmers Maritime through carefully. With the support of our investors and the quality of our valued customers, we have delivered a stable set of financial results.

This financial year saw the completion of the maiden drawdown of the Trust's medium term note programme in May. With the net proceeds from the first issuance, we were able to pare down our bank debt and as a result, secure an extension of our value-to-loan ("VTL") covenant waiver until the end of 2015.

PERFORMANCE

The Trust delivered a stable set of financial results in the year ended 31 December 2014, with the following highlights:

- Charter revenue of US\$130.3 million
- High vessel utilisation rate of 98.4%
- Net profit before vessel and goodwill impairment of US\$47.0 million
- Repayment of US\$79.3 million of secured bank loans
- Full repayment of convertible loan at US\$39.2 million after a 20% discount

Distributions to unitholders remained constant throughout 2014 at 0.60 US cents per unit each quarter with a total annual distribution to unitholders of US\$20.3 million.

During the course of the year, we further widened and strengthened Rickmers Maritime's relationship with major players in the container shipping industry. This is evident in the new charter agreements signed with Maersk Line, the world's leading container shipping company.

In addition, the Trustee-Manager implemented several initiatives to improve the performance and efficiency of the fleet. In 2014, three of the Trust's vessels were retrofitted with new bulbous bows that increase fuel efficiency and reduce carbon dioxide emissions. These initiatives will be implemented across other vessels over the course of 2015 to further improve the performance of our fleet.

BALANCE SHEET

We remain focused on strengthening the Trust's balance sheet. The Board and Management took a number of strategic steps over the course of 2014 to diversify our sources of capital.

The most notable event of 2014 for the Trust was the successful issuance of S\$100 million (US\$80 million) of three-year notes, marking the maiden drawdown from the S\$300 million multicurrency medium term note programme. The proceeds from the issuance have allowed us to further repay creditors, including settling in full a convertible loan owed to Polaris Shipmanagement Co. Limited at US\$39.2 million after a 20% discount.

As a result of bank loan prepayments made in 2014, the Trust secured a further extension to the VTL covenant waiver to 31 December 2015, insulating the Trust from the volatility of vessel values while the market continues to recover.

Through these active corporate initiatives, we were able to reduce the face value of our total outstanding debt from US\$492.8 million to US\$444.5 million at year end and decrease our finance expenses from US\$27.5 million in 2013 to US\$26.6 million in 2014. We continue to focus our efforts on deleveraging the business and diversifying our capital resources so that we can make the most of growth opportunities when they arise.

In 2014, the Trust reported charter revenue of US\$130.3 million, lower than the previous year. This was mainly due to reduced charter rates on four vessels which began new charters in 2014.

The Trustee-Manager continually monitors the industry's current and projected charter rates for its type of vessels, and will recognise an impairment charge when there is a reduction in long-term projected charter rates. Accordingly, a US\$44.4 million provision for vessel impairment for six vessels, as well as a US\$18.6 million provision for goodwill impairment was recognised during the year. As a result, the Trust recorded a net loss of US\$16.0 million in 2014.

LETTER TO OUR UNITHOLDERS

RESILIENCE AND RELATIONSHIPS

The Trust has nine vessels whose charters are due to expire over the course of 2015. These vessels will face greater exposure to the current spot charter rates which are at present still below the historical average rates that the Trust had enjoyed over the past eight years. The Trust expects to secure a higher number of short-term charter agreements to ensure an element of flexibility and to benefit from rising rates in due course. Leveraging on the Trustee-Manager's access to a wide network of reliable counterparties, we are confident of securing the best possible arrangements for their future employment.

Rickmers Maritime minimises its counterparty risk by chartering its vessels to leading container liner companies which include CMA CGM, Hanjin Shipping, Maersk Line, Mitsui O.S.K. Lines ("MOL") and NYK Line. We enjoy rewarding relationships with all of our counterparties and have been in constant dialogue with them in view of securing future employment for our vessels. We apply stringent criteria in the selection of our customer base, and continue to monitor their performance carefully as we make future decisions.

DEMAND

2014 saw relatively strong demand for container shipping, including mid-sized containerships. Mid-sized vessels are being deployed in ever-increasing numbers for trade lanes throughout the world and this is undoubtedly a positive development for Rickmers Maritime.

During the year, Rickmers Maritime maintained a high fleet utilisation rate of 98.4% for the 16 vessels, which bears testament to the demand for the Trust's vessel type and the quality of the Trust's vessels, and we expect this to continue. All our vessels have completed their first cycle of dry-docking.

THE MARKET

The charter market showed healthy signs of improvement over the course of 2014, with lower volatility compared to previous years. Panamax vessels benefited from this uplift, with charter rates increasing significantly, although they still remain below historical average levels.

The year saw a high level of demolition of ships, as well as very limited ordering of ships in our size category. The orderbook-to-fleet ratio stood at 18.4% at the end of 2014, one of the lowest levels since 2000. A number of vessels are slated for delivery in 2015 which, coupled with the slower pace of scrapping activity, could result in a level of supply growth higher than in 2014.

As of 2015, the 2M (comprising Maersk Line and Mediterranean Shipping Company) and Ocean Three (comprising CMA CGM, China Shipping Container Lines and United Arab Shipping Co.) alliances have commenced

operations for their respective new service networks. These alliances have triggered new demand for large ships, and a large portion of these ships are financed by non-operating owners. Consequently, the Trustee-Manager sees a case for building up capital through various platforms to be ready for such opportunities in future.

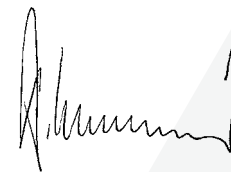
The substantial drop in bunker costs as a result of the sharp dip in oil prices towards the end of 2014 was a significant development for the industry. Whilst it does not have a direct impact on the Trust, there will undoubtedly be multiple indirect effects over the coming year. The relative economic benefits of slow steaming may be reduced as an increase in average operating speeds could lead to faster transit times, resulting in the release of excess tonnage currently being absorbed by slow steaming, further exacerbating overcapacity in the market. The positive impact should outweigh the negative though, with the reduction in bunker fuel contributing to significant cost savings and improving the bottom lines of liner companies. Overall, we expect the industry to be healthier for the coming year as a result of the bunker price drop.

Looking ahead in 2015, while we do not expect a sharp recovery, we hope to see a measured and sustainable lift in charter rates and vessel values in the container shipping industry.

ACKNOWLEDGEMENTS

We would like to thank the management team and employees of the Trustee-Manager for their diligence and unerring commitment to their work. We also thank our ship manager, Rickmers Shipmanagement (Singapore) Pte. Ltd., and our crew members for running the vessels with such unwavering professionalism, ensuring the continued competitiveness of the Trust. To our charterers, lenders, noteholders and business associates, we extend our thanks for your continued support of the Trust.

Finally, we are thankful to our unitholders for their ongoing support and confidence, underpinning all that we achieve as a Trust.

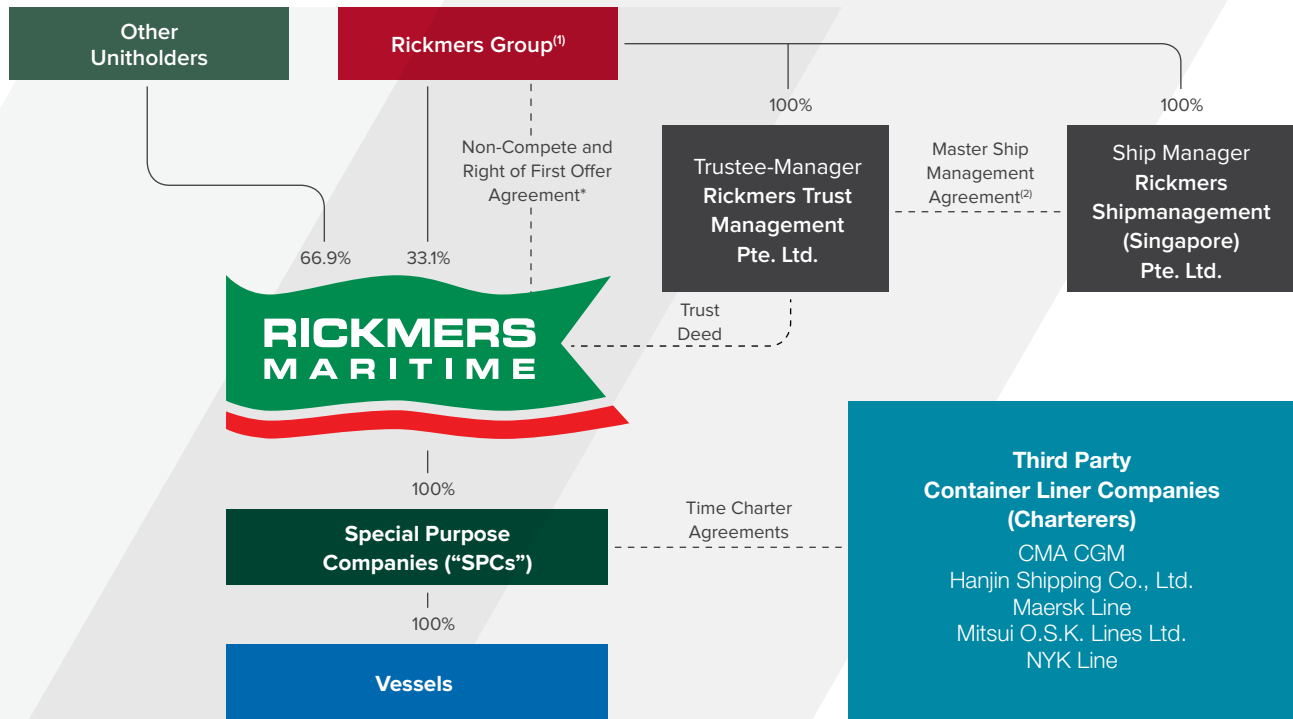


Bertram R. C. Rickmers
Chairman



Thomas Preben Hansen
Chief Executive Officer

STRUCTURE OF RICKMERS MARITIME



*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.

(1) Rickmers Group is controlled by Mr Bertram R. C. Rickmers.

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

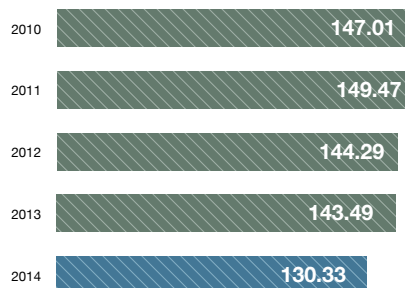
ABOUT THE SPONSOR

Rickmers Group was founded and is primarily owned by its chairman, Mr Bertram R. C. Rickmers, whose family has been in the shipping industry for more than 180 years. The Group is an international provider of services for the shipping industry with its business segments Maritime Assets, Maritime Services and Rickmers-Linie, known for reliability, quality and efficiency. The Group operates a fleet of more than 110 ships comprising containerships, car carriers and multi-purpose carriers. With headquarters in Hamburg, Germany and regional headquarters in Singapore, Rickmers Group employs over 2,300 seafarers and 450 staff ashore and conducts its operations through a network of more than 20 offices and over 50 sales agencies across the globe.

FINANCIAL HIGHLIGHTS

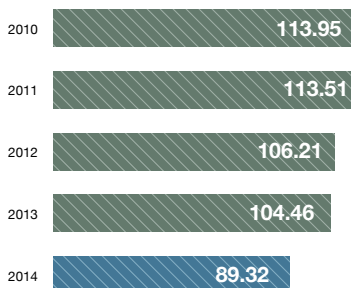
REVENUE

(US\$ million)



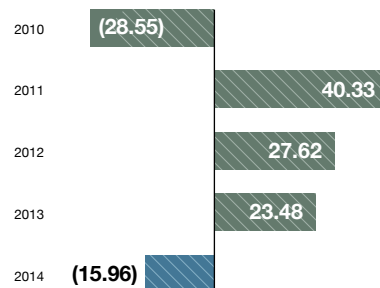
EBITDA*

(US\$ million)



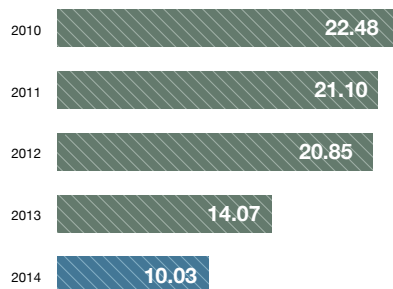
NET(LOSS)/ PROFIT

(US\$ million)



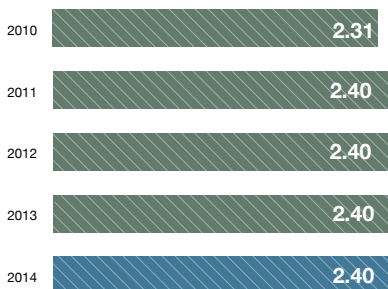
CASH FLOW AVAILABLE FOR DISTRIBUTION PER UNIT^

(BEFORE PAYMENT TO DEBT CAPITAL PROVIDERS)
(US cents)



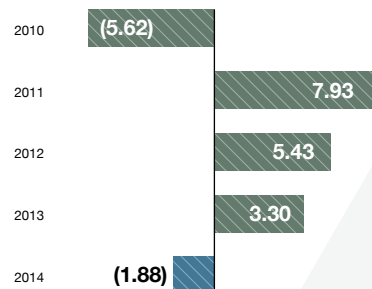
DISTRIBUTION PER UNIT®

(US cents)



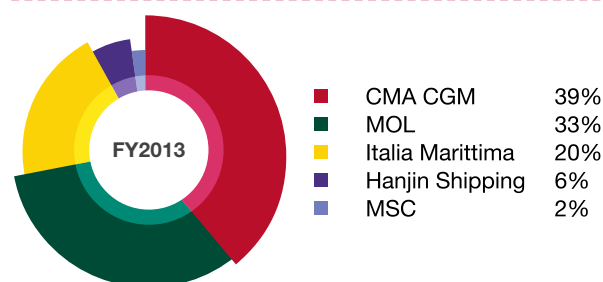
BASIC (LOSS)/EARNINGS PER UNIT^

(US cents)

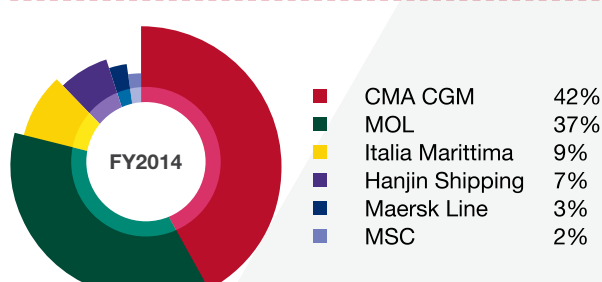


CHARTER REVENUE

Total Revenue: US\$143.49 million



Total Revenue: US\$130.33 million



* EBITDA: Earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring expenses.

FY2010: Includes write-back of impairment of US\$7.3 million for Kaethe C. Rickmers offset against compensation fee of US\$64.0 million for orderbook cancellation, US\$6.8 million for loans restructuring fees and related costs and net unrealised losses of US\$5.4 million on four ineffective interest rate swaps.

FY2011: Includes write-back of impairment of US\$2.9 million for Kaethe C. Rickmers and net unrealised gains of US\$3.9 million on four ineffective interest rate swaps offset against impairment of goodwill of US\$4.1 million for Moni II Navigation Limited.

FY2012: Includes provision for vessel impairment of US\$4.5 million for Kaethe C. Rickmers and impairment of goodwill of US\$2.1 million for three vessel-owning subsidiaries.

FY2013: Includes provision for vessel impairment of US\$2.4 million for Kaethe C. Rickmers and impairment of goodwill of US\$18.4 million for three vessel-owning subsidiaries.

FY2014: Includes provision for vessel impairment of US\$44.4 million for six vessels and impairment of goodwill of US\$18.6 million for eight vessel-owning subsidiaries.

® FY2014: Includes distribution of 0.60 US cents paid on 27 March 2015.

^ FY2010 – FY2012: Based on weighted average number of units of 508,410,000. Weighted average number of units has been restated from 423,675,000 to 508,410,000 to take into account the bonus element implicit in the Rights Issue completed in May 2013.

FY2013: Based on weighted average number of units of 711,402,000.

FY2014: Based on weighted average number of units of 847,350,000.

5-YEAR FINANCIAL SUMMARY

	2010 US\$'000	2011 US\$'000	2012 US\$'000	2013 US\$'000	2014 US\$'000
INCOME STATEMENT – GROUP					
Revenue	147,014	149,466	144,294	143,490	130,325
Other income	8,954	6,406	6,807	6,393	7,060
Gain on settlement of convertible loan	–	–	–	–	11,361
Other gains/(losses) – net	85	73	(62)	259	3,315
Depreciation and impairment	(29,901)	(39,115)	(44,252)	(58,301)	(99,761)
Amortisation of favourable charter contracts	(512)	(511)	(512)	(520)	(84)
Vessel operating expenses	(31,724)	(33,048)	(35,412)	(36,083)	(37,784)
Trustee-Manager fee	(2,955)	(3,035)	(3,070)	(3,145)	(3,096)
Other trust expenses	322	(655)	(619)	(620)	(624)
Transaction fees	(1,408)	–	–	(503)	(27)
Compensation expense	(64,000)	–	–	–	–
Finance expenses	(54,428)	(39,251)	(39,555)	(27,490)	(26,645)
(Loss)/Profit before income tax	(28,553)	40,330	27,619	23,480	(15,960)
Income tax (expense)/credit	–	(4)	4	–	–
Net (loss)/profit after income tax	(28,553)	40,326	27,623	23,480	(15,960)
Net profit margin	(19%)	27%	19%	16%	(12%)
FINANCIAL POSITION – GROUP					
Assets					
Cash and cash equivalents	49,101	55,321	57,168	61,565	60,008
Vessels	1,068,336	1,035,763	997,178	960,392	882,572
Other current and non-current assets	53,172	49,071	45,651	26,725	8,483
Total assets	1,170,609	1,140,155	1,099,997	1,048,682	951,063
Liabilities					
Secured bank loans	669,351	620,133	568,402	442,590	363,571
Medium-term notes	–	–	–	–	75,212
Derivative financial instruments	64,598	55,157	34,896	16,904	5,112
Convertible loan	48,808	49,198	49,595	50,522	–
Other current and non-current liabilities	35,828	28,137	23,752	16,093	9,029
Total liabilities	818,585	752,625	676,645	526,109	452,924
Total unitholders' funds	352,024	387,530	423,352	522,573	498,139
FINANCIAL INDICATORS					
Net asset value per unit (US\$)	0.83	0.91	1.00	0.62	0.59
Gearing ratio [^]	67%	63%	59%	49%	47%
UNIT PRICE PERFORMANCE[†]					
Closing price (S\$)	0.34	0.25	0.30	0.29	0.28
High (S\$)	0.37	0.36	0.32	0.33	0.31
Low (S\$)	0.21	0.24	0.25	0.27	0.28
Trading volume (million units)	266.87	95.44	62.20	227.24	237.50
Number of units outstanding at year-end (million)	496.72	496.72	496.72	847.35	847.35
Year-end market capitalisation (S\$ million)	167.35	124.98	148.29	241.49	237.26

[^] Gearing ratio = (secured bank loans + convertible loan + medium-term notes) / (total unitholders' funds + secured bank loans + convertible loan + medium-term notes)

[†] Source: Bloomberg. FY2010-FY2013 unit price performance adjusted for the Rights Issue in 2013.

The background of the slide is a photograph of a port. In the foreground, there are stacks of shipping containers in various colors (yellow, red, blue). In the background, a large white ship is docked at a pier. The sky is blue. A large, semi-transparent white 'X' is overlaid on the right side of the image.

RICKMERS MARITIME
ACHIEVED STABLE
PERFORMANCE DURING
THE YEAR, GENERATING
POSITIVE CASH FLOW
FROM OUR OPERATIONS,
GIVING US THE ABILITY
TO DELIVER CONSISTENT
DISTRIBUTIONS TO OUR
UNITHOLDERS.

A close-up photograph of a red and white navigational buoy. The buoy is white with a prominent red band. It is positioned in the foreground, with a blurred city skyline and a clear blue sky in the background. The image is overlaid with a semi-transparent blue geometric shape that frames the text.

STABILITY

Rickmers Maritime achieved stable performance during the year, generating positive cash flow from our operations, giving us the ability to deliver consistent distributions to our unitholders.

BOARD OF DIRECTORS & EXECUTIVE OFFICERS



1. MR BERTRAM R. C. RICKMERS

2. DR IGNACE ADOLF JULIEN
VAN MEENEN

3. MR LIM HOW TECK



4. MRS LEE SUET FERN

5. MR RAYMUNDO A. YU JR.

6. MR THOMAS PREBEN HANSEN

7. MR GERARD LOW SHAO KHANG

1. MR BERTRAM R. C. RICKMERS is Chairman and a Non-Executive Director of the Trustee-Manager. He was appointed a member of the board of directors in February 2007. He is chairman of the board of Rickmers Holding GmbH & Cie. KG and the deputy chairman of the supervisory board of container terminal group, Eurokai KgaA. He is also on the advisory board of Hellmann Worldwide Logistics GmbH & Co. KG and the 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 today is one of the world's leading container shipping companies. In 2000, Mr Rickmers reacquired Rickmers Linie from Hapag-Lloyd, to which the Rickmers family had sold the majority shareholding in 1974.

After completion of schooling, Mr Rickmers spent his "traditional year at sea", after which he commenced studying law at the University of Hamburg and continued at the University of Freiburg where he received his degree in economics.

2. DR IGNACE ADOLF JULIEN VAN MEENEN is a Non-Executive Director of the Trustee-Manager. He 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 promoted to chief executive officer of Rickmers Group effective 1 May 2014.

A multi-linguist, Dr Van Meenen began his professional career in the investment division of Deutsche Bank AG in Germany

and USA. Thereafter, Dr Van Meenen 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 Universiteit Gent and University of Osnabrück and currently resides in Germany.

3. MR LIM HOW TECK is Lead Independent Director of the Trustee-Manager. He 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 Redwood International Pte Ltd, 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 and Mewah International Inc.

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 (Pingkat Bakti Masyarakat) National Day Award in 1999 and The Public Service Star, BBM (Bintang Bakti Masyarakat) National Day Award in 2014.

BOARD OF DIRECTORS & EXECUTIVE OFFICERS

4. MRS LEE SUET FERN is an Independent Director of the Trustee-Manager. She was appointed a member of the board of directors in February 2007. She is the Chairman & Managing Partner of Morgan Lewis Stamford LLC (formerly Stamford Law Corporation); her practice focuses on mergers and acquisitions, equity and debt capital markets and corporate finance. Mrs Lee has been involved in many of Singapore's most significant corporate transactions and has been named a leading practitioner in numerous global professional publications.

Mrs Lee is an experienced director of public listed companies globally. Over the past 20 years, she has served on the boards of public listed companies in Singapore, Hong Kong, New Zealand and elsewhere, and has chaired various board committees. She currently sits on the board of directors of, among others, global insurance giant AXA (listed on the Paris Stock Exchange) and global healthcare company, Sanofi (listed on the Paris Stock Exchange and the New York Stock Exchange).

She is the chairman of the Asian Civilisations Museum Board, a member of the National Heritage Board, a member of the Senate of the Singapore Academy of Law where she also chairs the Committee on Legal Education and Studies, 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.

5. MR RAYMUNDO A. YU JR. is an Independent Director of the Trustee-Manager. He 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 Threadneedle and Ameriprise in Asia.

Mr Yu spent 27 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 also sits on the Board of Wildlife Reserves Singapore and 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 THOMAS PREBEN HANSEN is the Chief Executive Officer of the Trustee-Manager and was appointed in December 2006. Mr Hansen has accumulated more than 20 years of experience in the shipping industry.

Prior to joining the Trustee-Manager, he was a director at Clarksons, the world's leading provider of integrated shipping services listed on the London Stock Exchange, where he was responsible for the overall development and implementation of the firm's container business strategy for the Asia Pacific region. Mr Hansen spent 3½ years in Shanghai establishing Clarksons' container footprint in the region.

Before joining Clarksons, Mr Hansen worked for the Danish ship owning group, Knud I. Larsen (KIL) where he held positions in the technical and commercial departments from 1995 to 1997 and was a regional representative for KIL Singapore Pte. Ltd. from 1998 to 2000.

Mr Hansen serves as a non-executive director of The Shipowners' Mutual Strike Insurance Association and is elected vice-chairman of Singapore Shipping Association's International Committee. He is also a member of the Singapore Institute of Directors.

Mr Hansen holds a certificate in Maritime Law from Copenhagen Business School.

7. 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

The Board of Directors of RTM (the “Board”) sets out in this report, the corporate governance practices and policies in reference to the Business Trusts Act, Chapter 31A (“BTA”), the Business Trusts Regulations 2005 (“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 RM. 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 RM 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 RTM, 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 RM’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 Articles of Association of RTM.

RTM 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 2014 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	4	4	–	–	2	2
Dr Ignace Adolf Julien Van Meenen	4	4	–	–	–	–
Mrs Lee Suet Fern	4	3	4	3	2	2
Mr Lim How Teck	4	4	4	4	2	2
Mr Raymundo A. Yu Jr.	4	3	4	3	2	2

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 RTM and from every substantial shareholder of RTM.

Currently, the Board comprises five directors and the Board considers this number to be appropriate for the current scope of operations of RM.

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)

Mrs Lee Suet Fern (Independent Non-Executive Director)

Mr Lim How Teck (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 perspectives 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 12 and 13 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 RM 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 RM. He leads RTM's management team in the execution of strategic plans set by the Board.

CORPORATE GOVERNANCE

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. RTM 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 with 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 RM and their responsibilities as a director. Directors are encouraged to participate in seminars and training programmes in connection with their duties, funded by RTM. 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 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 independent:

Mrs Lee Suet Fern;

Mr Lim How Teck; and

Mr Raymundo A. Yu Jr.

Mrs Lee Suet Fern is a partner of Morgan Lewis Stamford LLC (formerly Stamford Law Corporation) 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 service as director of the Trustee-Manager, has exercised independent judgement in her deliberation in the interest of RM. The Board also found that Mrs Lee observes the ethical standard of her profession. The Board is satisfied that such a business relationship has not interfered with the discharge of her duties and responsibilities as an independent director of the Trustee-Manager.

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 RTM.

BOARD PERFORMANCE

The NRC evaluates the performance of the Board and the committee 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 and future improvement to the Board's effectiveness.

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 RTM'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 RTM'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.

CORPORATE GOVERNANCE

NOMINATING AND REMUNERATION COMMITTEE

The NRC comprises four directors of whom three (including the 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 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 key executives; and
- Reviewing and recommending long-term incentive schemes.

There are currently no option schemes 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.

The remuneration payable to RTM is provided for under Clause 11 of the Trust Deed constituting RM dated 30 March 2007. The fees paid to RTM for financial year ended 31 December 2014 is disclosed on page 73 of the financial statements in this Annual Report.

ACCOUNTABILITY

The Board has overall responsibility to unitholders for ensuring that RM is well managed and guided by its strategic objectives.

In presenting RM's quarterly and annual financial statements, the Board aims to provide a balanced and understandable assessment of RM's performance, position and prospects.

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

CORPORATE GOVERNANCE

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 RM, 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 RM and the interest of RTM; and
- (i) Reviewing policies and practices put in place by RTM to ensure compliance with applicable legislation, Listing Manual and BTA.

In performing its functions for the financial year ended 31 December 2014, 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 2015, without the presence of management, to review any matters that might be raised privately;
- (c) Reviewed the audit plans of the external auditors of RM, 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 RM 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.

CORPORATE GOVERNANCE

AUDITORS

RM 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 RM during the financial year:

	2014 US\$'000	2013 US\$'000
Auditors' remuneration paid / payable to:		
– Auditors of RM	239	251
Other fees paid / payable to:		
– Auditors of RM	7	230
– Other auditors*	55	50

* 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 RM'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 2014, the CEO and the CFO have provided assurance to the Board that the financial records of RM 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 are adequate to address the financial, operational, compliance and information technology risks of the business.

WHISTLE-BLOWING POLICY

RTM 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 RTM or RM.

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.

CORPORATE GOVERNANCE

COMMUNICATION WITH UNITHOLDERS

RTM does not practise selective disclosures and releases its financial results and other material information to 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 RM are also available on RM's website (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 RM
- Quarterly newsletters
- RM's website at www.rickmers-maritime.com

The date of the release of quarterly result 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 release teleconference. During the teleconference, unitholders and other interested parties can pose questions to the management on the financial performance of RM and other related issues. A recording of the teleconference is also posted on RM'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 RM. The management will continue to pursue opportunities to communicate with unitholders and potential investors.

All unitholders of RM will receive a copy of the Annual Report and Notice of Annual General Meeting. The Notice of Annual General Meeting of the Unitholders is also advertised in newspapers and made available on the SGX-ST's website. At the Annual General Meeting of the Unitholders, 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 RM, a unitholder of RM is entitled to appoint one or two proxies to attend and vote at any General Meetings of the 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 the meeting.

DEALING IN UNITS

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

CORPORATE GOVERNANCE

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 RM'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 2014 is set out on page 75 of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts, not being contracts entered into in the ordinary course of business, entered into by RM during the period under review, except as disclosed in the audited financial statements.

RISK MANAGEMENT

RTM regularly reviews and improves the business and operational activities of RM 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, RTM has established the following policies and practices in relation to its management and governance of RM:

- (1) The Trust property of RM 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 RTM in its capacity as Trustee-Manager of RM and RTM in its own capacity.
- (2) The Board is required to approve all business ventures and acquisitions for RTM and RM. RTM remains focused on RM's approved business as set out in the Trust Deed dated 30 March 2007, which is owning and operating containerships under long-term fixed rate charters to container liner companies. RTM has not engaged in other businesses on behalf of RM. The management provides regular updates to the Board about potential projects that it is looking into on behalf of RM and the Board ensures that all such projects are within the approved business scope of RM.
- (3) RTM is not involved in any other businesses other than managing RM. All potential conflicts, if arising, will be identified by the Board and management and reviewed. In addition, the majority of the Board are independent directors of RTM who do not have management or business relationships with the sole shareholder of RTM or the substantial unitholders of RM and are therefore able to examine independently and objectively, any potential conflict between the interest of the Trustee-Manager in its own capacity and the interest of all unitholders of RM. 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 RM. 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 RM and the unitholders. In addition, all such interested person transactions conducted and any contract entered into by the Trustee-Manager on behalf of RM with a related party of the Trustee-Manager or RM, shall comply with and be in accordance with all applicable requirements of the Listing Manual and the Business Trusts Act 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 RM have been fully disclosed on page 75 of this Annual Report.
- (5) The expenses payable to RTM in its capacity as Trustee-Manager of RM out of the 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 RTM out of the Trust property are disclosed on page 73 of this Annual Report.
- (6) RTM 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 Business Trusts Act and the Listing Manual.

WE HAVE
STRENGTHENED OUR
FINANCIAL POSITION
BY DIVERSIFYING OUR
FUNDING SOURCES
AND PAYING DOWN
LOANS, ENHANCING
OUR ABILITY TO SUSTAIN



SUSTAINABILITY

We have strengthened our financial position by diversifying our funding sources and paying down loans, enhancing our ability to sustain Rickmers Maritime for long-term growth.

FINANCIAL & OPERATIONS REVIEW

FINANCIAL REVIEW

Charter revenue in the year under review ("FY2014") amounted to US\$130.3 million, representing a decline of 9% from US\$143.5 million in the previous corresponding period ("FY2013"). The decline was largely attributed to reduced charter rates for Henry Rickmers and Richard Rickmers, which began new charters in the first quarter of 2014.

With the majority of Rickmers Maritime's vessels employed under long-term, fixed-rate time charters, the Trust's cash flow streams remained relatively stable, and the Trust reported US\$87.7 million of cash flow from operating activities in FY2014. However, due to the reduced charter rates for Henry Rickmers and Richard Rickmers, cash flow available for distribution (before payment to debt capital providers) declined by 15% from US\$100.1 million in FY2013 to US\$85.0 million in FY2014.

The Trustee-Manager continually monitors the industry's current and projected charter rates for the Trust's type of vessels, and decided as a matter of prudence, to recognise an impairment charge in FY2014 because projected rates may not rebound as quickly as the industry previously expected. Consequently, a non-cash US\$44.4 million provision for vessel impairment for six vessels, as well as a non-cash goodwill impairment of US\$18.6 million for eight vessel-owning subsidiaries were recognised in FY2014. The Trust also recognised a US\$11.4 million one-off gain following the early settlement of a convertible loan owed to Polaris Shipmanagement Co. Limited ("Polaris") at a 20% discount in FY2014. During the reporting period, the Trust reported a net loss of US\$16.0 million. Excluding the impact of the impairments for both years, the Trust would have recorded a profit of US\$47.0 million in FY2014, up from US\$44.2 million in FY2013.

In FY2014, RTM continued to deleverage Rickmers Maritime's balance sheet, repaying a total of US\$79.3 million in bank loans. This reduced the Trust's outstanding bank loans to US\$364.5 million as at 31 December 2014, compared to US\$443.8 million as at 31 December 2013.

The Trust ended the financial year with a healthy cash balance of US\$60.0 million.

FINANCIAL & OPERATIONS REVIEW



MTN Issue

In May 2014, the Trust successfully raised S\$100.0 million (US\$80.0 million) through its maiden issuance of notes under its S\$300.0 million multicurrency medium term note ("MTN") programme, which was established in November 2013. The notes were listed on the SGX-ST on 16 May 2014. The three-year notes bear a fixed interest rate of 8.45% per annum, payable semi-annually in arrears and will mature on 15 May 2017.

The net proceeds from the issue were used to fund repayments of secured bank loans of US\$25.6 million, following which the Trust's value-to-loan ("VTL") covenant waiver was extended to 31 December 2015.

Additionally, US\$39.2 million of the net proceeds was used to fully prepay the US\$49.0 million convertible loan owed to Polaris at a 20% discount. The early repayment enabled the Trust to recognise a gain of US\$11.4 million in the second quarter of 2014.

The balance of the net proceeds from the MTN issuance was used to finance the working capital requirements of the Trust and its subsidiaries.

Loan Facilities

The Trust has three loan facilities with an outstanding loan balance of 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.

In FY2014, the Trust successfully obtained an extension of the waiver on the VTL covenants for the three loan facilities from 29 December 2014 to 31 December 2015.

To hedge against fluctuations in interest rates, the Trustee-Manager has, over the years, entered into interest rate swap contracts. As of 31 December 2014, the outstanding notional amount of interest rate swap contracts was US\$242.0 million, representing around 55% of the Trust's total loan portfolio. These interest rate swaps were fixed at 4.99% per annum, with maturity before 1 July 2015. The Trust does not trade in any derivatives.

Loan Facility	Maturity	Amount* (US\$ million) as at 31 Dec 2014	Amount^ (US\$ million) as at 31 Dec 2013	VTL Requirement	Security
IPO Facility	2017	227.7	270.4	110%	Secured against the initial 10 vessels in the IPO Fleet. VTL covenant for the IPO Facility is 125% if more than half of the vessels secured against the IPO Facility have charters of less than one year.
First Facility	2018	114.9	146.1	110%	Secured against the five MOL vessels.
Second Facility	2021	21.9	27.3	110%	Secured against the vessel Hanjin Newport.
Total		364.5	443.8		

* Before deduction of unamortised debt transaction costs of US\$0.9 million

^ Before deduction of unamortised debt transaction costs of US\$1.2 million

FINANCIAL & OPERATIONS REVIEW

OPERATIONS REVIEW

The Trust has 16 modern containerships in its fleet as at 31 December 2014, and they vary in size between 3,450 TEU and 5,060 TEU. In FY2014, these container vessels were chartered out to leading container liner companies including CMA CGM, Hanjin Shipping, Italia Marittima (part of the Evergreen Group), Maersk Line, Mediterranean Shipping Company ("MSC") and Mitsui O.S.K. Lines ("MOL"). As at 31 December 2014, the fleet has an average age of 7.3 years and a remaining average charter period of 1.5 years.

The fleet performed well throughout the year, with a high vessel utilisation rate of 98.4%. Out of a total of 5,840 ownership days, 92.8 days of unscheduled off-hire were incurred. This was due mainly to Henry Rickmers and Richard Rickmers incurring some off-hire time whilst positioning for their charters with Maersk Line as well as other vessels requiring unforeseen repairs. In addition, two of the vessels underwent their first scheduled dry-docking after five years in service, resulting in 44.7 scheduled off-hire days. The total number of scheduled off-hire days was larger than expected as there was a delay in the completion of the dry-docking process for one of the vessels due mainly to the unavailability of the requisite yard and extremely adverse weather conditions.

It is a regulatory requirement for merchant vessels to undergo dry-docking in intervals of five years in order to allow for the maintenance of the vessels' underwater areas. During dry-docking periods, vessels will be off-hire. Following the completion of the two dry-dockings in FY2014, 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 whereby the interval between each vessel's most recent and next dry-docking is extended from 5 years to 7.5 years.

In FY2014, three of the Trust's vessels were retrofitted with new bulbous bows. Costs were borne mostly by charterers. Another two vessels are scheduled to be similarly retrofitted in the first half of 2015. These bulbous bows improve the fuel efficiency of the vessels in the current slow steaming environment, and are expected to increase fuel savings for charterers, thereby increasing the attractiveness of the respective vessels.

STRONG BUSINESS FUNDAMENTALS

Rickmers Maritime leases its container vessels mainly on long-term fixed-rate time charters to leading global liner companies, providing a visible income stream and earnings stability. As at 23 March 2015, the Trust has US\$226.6 million in secured charter revenue from the existing charters between 2015 and 2019.

The Trust preserves a stable and visible cost structure by locking in a significant part of the fleet's operating cost through a contract with its ship manager. Additionally, the Trust has very limited exposure to the volatility of bunker fuel prices as such costs are borne by charterers under time charter agreements.

In addition, counterparty risk has been minimised as Rickmers Maritime charters its vessels to leading container liner companies. The Trust's charterers include CMA CGM, Hanjin Shipping, Maersk Line, MOL and NYK Line, all of which are well-respected container liner companies that have gone through the various cycles of the container shipping business over the years.

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

THE JOURNEY AHEAD

The global economy showed signs of improvement towards the end of 2014, lifting sentiment on the outlook for the container shipping industry in 2015. Improving expectations that demand for goods and services will grow provide positive indications for the demand for containerships as the latter transports around 95% of the world's manufactured goods.

According to analysts, however, it could take a few years for charter rates to recover and reach historical average levels as supply and demand fundamentals are still in the midst of achieving equilibrium. In particular, supply could increase further despite a high level of demolition in recent years, as a significant number of new vessels are due to be delivered in 2015. Nonetheless, it is encouraging that the current order book (as a percentage of the existing fleet) stands at just 18.4%, one of the lowest it has been since 2000.



FINANCIAL & OPERATIONS REVIEW



Container liner companies are working to improve profitability, and a few of them have established the 2M and Ocean Three alliances to realise economies of scale and benefit from the resultant lower unit costs. With the fall in oil prices witnessed towards the end of 2014, container liner companies' bunker expenses have been reduced as well, enhancing their financial position and ability to charter vessels at rates closer to historical averages.

To position Rickmers Maritime to benefit from a recovery in the industry, we have been working with the ship manager to increase the efficiency of the Trust's vessels. The lower oil prices may have reduced potential savings from slow steaming but demand for vessels with such capabilities is expected to remain robust.

The Trustee-Manager actively manages the Trust and constantly looks to increase the attractiveness of its fleet, allowing Rickmers Maritime's vessels to stand a better chance in securing employment. Such advantages will be especially important in 2015 as the existing charter agreements for nine of the Trust's 16 vessels expire over the course of the year. Given the current state of the charter market, it is likely that new charters secured will be at lower rates than before, when the existing charters were secured at long-term historical average levels in the shipping cycle.

Nonetheless, we are actively sourcing for new charters to ensure the nine vessels continue to be fully employed and where possible, structure charter agreements to best position the vessels to benefit from a recovery in charter rates. Already, we have successfully secured new employment for Moni Rickmers (formerly known as Ital Fiducia) and Kaethe C. Rickmers with NYK Line for a period of between 150 and 260 days, and between 85 and 160 days respectively. We have also extended CMA CGM Azure's charter with CMA CGM for a period of between 10 and 12 months. The Trust's fleet is 73.4% covered in 2015.

Moving forward, while Rickmers Maritime's revenue in 2015 is expected to be lower as some of the Trust's vessels transit from being chartered at long-term historical average rates to current market rates, it is encouraging that charter rates have gradually begun to improve. We are prudently confident that the market is en route to sustainable recovery, and hopeful of an upturn in the industry.

FLEET PERFORMANCE IN FY2014*

Vessel	Utilisation Rate
3,450 TEU	
Henry Rickmers	94.6%
Richard Rickmers	90.9%
Moni Rickmers ⁽¹⁾	100.0%
4,250 TEU	
ANL Warringa	99.9%
ANL Windarra	98.8%
ANL Warrain	100.0%
CMA CGM Azure	98.6%
CMA CGM Jade	99.9%
CMA CGM Onyx	99.9%
MOL Dominance	99.0%
MOL Dedication	99.9%
MOL Delight	99.9%
MOL Destiny	99.7%
MOL Devotion	99.3%
Hanjin Newport	99.9%
5,060 TEU	
Kaethe C. Rickmers	94.2%

* Excluding positioning and scheduled dry-docking.

⁽¹⁾ Formerly Ital Fiducia

OUR FLEET

FLEET CHARTER PERIOD

as at 23 March 2015

Name of Vessel	TEU	Charterparty	Charter Rate	2015	2016	2017	2018	2019
Henry Rickmers	3,450	Maersk Line	US\$9,407*					
Richard Rickmers	3,450	Maersk Line	US\$9,721*					
Kaethe C. Rickmers†	5,060	NYK Line	US\$16,293					
ANL Warrain	4,250	CMA CGM	US\$25,000					
ANL Warringa	4,250	CMA CGM	US\$8,492					
Moni Rickmers^	3,450	NYK Line	US\$9,381					
ANL Windarra	4,250	CMA CGM	US\$8,492					
CMA CGM Jade	4,250	CMA CGM	US\$27,000					
CMA CGM Onyx	4,250	CMA CGM	US\$27,000					
CMA CGM Azure#	4,250	CMA CGM	US\$12,255					
Hanjin Newport	4,250	Hanjin	US\$25,950					
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

* Index-linked charter rate adjusted every 6 months

† Kaethe C. Rickmers was redelivered to the Trust by MSC on 23 February 2015 and chartered out to Maersk Line on a single voyage charter before starting her new charter with NYK Line around 1 April 2015 - 5 April 2015

^ Moni Rickmers (formerly Ital Fiducia) was redelivered on 1 March 2015 by Italia Marittima and commenced her new charter with NYK Line on 16 March 2015

CMA CGM Azure had her charter with CMA CGM extended for a minimum of 10 months and a maximum of 12 months from 14 April 2015

OUR FLEET

Vessel	Capacity (TEU)	Shipyard	Built	Charterer	Time Charter Duration (months)
5,060 TEU					
Kaethe C. Rickmers	5,060	Hanjin, South Korea	December 2004	Nippon Yusen Kabushiki Kaisha (NYK Line)	min 85 days / max 160 days
4,250 TEU					
ANL Warringa	4,250	Dalian, China	January 2007	CMA CGM	96 + min 9 / max 12 ⁽¹⁾
ANL Windarra	4,250	Dalian, China	March 2007	CMA CGM	96 + min 9 / max 12 ⁽¹⁾
ANL Warrain	4,250	Dalian, China	October 2007	CMA CGM	96
CMA CGM Azure	4,250	Dalian, China	July 2007	CMA CGM	96 + min 10 / max 12 ⁽²⁾
CMA CGM Jade	4,250	Dalian, China	December 2007	CMA CGM	96
CMA CGM Onyx	4,250	Dalian, China	December 2007	CMA CGM	96
MOL Dominance	4,250	Dalian, China	June 2008	Mitsui O.S.K. Lines	120
MOL Dedication	4,250	Dalian, China	September 2008	Mitsui O.S.K. Lines	120
MOL Delight	4,250	Dalian, China	November 2008	Mitsui O.S.K. Lines	120
MOL Destiny	4,250	Dalian, China	January 2009	Mitsui O.S.K. Lines	120
MOL Devotion	4,250	Dalian, China	March 2009	Mitsui O.S.K. Lines	120
Hanjin Newport	4,250	Yangzijiang, China	April 2009	Hanjin Shipping	86
3,450 TEU					
Henry Rickmers	3,450	Hyundai, South Korea	February 2006	Maersk Line	min 12 / max 24
Richard Rickmers	3,450	Hyundai, South Korea	April 2006	Maersk Line	min 12 / max 24
Moni Rickmers ⁽³⁾	3,450	Hyundai, South Korea	January 2007	NYK Line	min 150 days / max 260 days
OUR VESSELS IN OPERATION					
Vessel	Capacity (TEU)	Initial Vessel Cost (US\$ million)	2014 Net Book Value (US\$ million)	Net Daily Charter Rate (US\$)	
Kaethe C. Rickmers	5,060	80	54	16,293	
ANL Warringa	4,250	72	55	8,492 ⁽¹⁾	
ANL Windarra	4,250	72	55	8,492 ⁽¹⁾	
ANL Warrain	4,250	83	60	25,000	
CMA CGM Azure	4,250	75	58	12,255 ⁽²⁾	
CMA CGM Jade	4,250	83	62	27,000	
CMA CGM Onyx	4,250	83	55	27,000	
MOL Dominance	4,250	72	58	26,850	
MOL Dedication	4,250	72	59	26,850	
MOL Delight	4,250	72	59	26,850	
MOL Destiny	4,250	72	60	26,850	
MOL Devotion	4,250	72	60	26,850	
Hanjin Newport	4,250	69	57	25,950	
Henry Rickmers	3,450	64	43	9,407 ⁽⁴⁾	
Richard Rickmers	3,450	64	43	9,721 ⁽⁴⁾	
Moni Rickmers ⁽³⁾	3,450	76	45	9,381	
Total	66,410	1,181	883 ⁽⁵⁾		

⁽¹⁾ CMA CGM extended the charters for ANL Warringa and ANL Windarra for a minimum of 9 months and a maximum of 12 months at fixed net daily charter rate of US\$8,492 from 2 November 2014 and 10 December 2014 respectively.

⁽²⁾ CMA CGM extended the charter for CMA CGM Azure for a minimum of 10 months and a maximum of 12 months at fixed net daily charter rate of US\$12,255 from 14 April 2015.

⁽³⁾ Formerly Ital Fiducia.

⁽⁴⁾ Index-linked charter rate.

⁽⁵⁾ After a provision for vessel impairment of US\$44.4 million for 6 vessels in FY2014.

CORPORATE SOCIAL RESPONSIBILITY

Rickmers Maritime has a strong sense of responsibility towards employees of the Trustee-Manager and the Trust's fleet, the environment and the community at large, among others.

TRAINING AND PREPARATION

We regard the safety, health and welfare of our dedicated shore personnel and crew serving on board our vessels with paramount importance. All crew members of Rickmers Maritime's fleet receive regular training on proper response procedures to better enable them to handle and manage any unforeseen circumstances that may arise at sea.

Classification societies regularly organise live emergency response drills to closely simulate a variety of possible major disaster situations. These drills involve hundreds of people representing flag states, emergency response units, oil spill response teams, as well as shore staff and vessel crew. Being ready to handle any disaster assists us in our aim to cut down the risk of loss of life and environmental pollution.

ENVIRONMENTAL RESPONSIBILITY

We remain firmly committed to minimising the impact of the daily commercial activities of Rickmers Maritime's fleet on both the marine environment and the global climate.

Rickmers Group was the first German company in the maritime industry to be awarded the GL ISO 50001 Certification in Germany and Singapore. Leveraging on the expertise of the Trust's ship manager, Rickmers Shipmanagement (Singapore) Pte. Ltd., we enjoy economies of scale and achieve better allocation of resources.

We are a strong advocate of vessel super slow steaming as it is by far the most efficient and immediate way to reduce fuel consumption and carbon emissions.

Besides super slow steaming our vessels, we also seek to optimise them in other ways. In 2014, we retrofitted three vessels with new bulbous bows, and we intend to retrofit another two vessels with such bows in the first half of 2015. We expect this initiative to reduce fuel consumption significantly, to levels which not only lower costs for our charterers, but equally important, reduce the impact of carbon emissions on the environment.

Finally, we have embarked on implementing a new state-of-the-art main engine cylinder lubricator system for our entire fleet which will reduce our lubricant oil consumption and lessen our environmental footprint. The new system has

been fitted in nine vessels in 2014, and we have finished installing the system on the remaining vessels in the first quarter of 2015. We have also begun installing our vessels with advanced flow meters and torque meters to better monitor the results of our energy efficiency efforts.

COMMUNITY INVOLVEMENT

On top of fulfilling our business responsibilities, we also actively contribute to the community.

Rickmers Trust Management makes regular donations to the Sailors' Society, an international charity organisation that cares for the personal, professional, and spiritual needs of merchant mariners around the globe. Our CEO, Mr Thomas Preben Hansen has been an ambassador of the organisation since 2011. In 2014, we continued our support for the project in Surabaya where Mr Harry Rumagit, the port chaplain, visited over 500 ships, supporting more than 2,000 seafarers. From counselling individual seafarers through difficult situations, to organising much needed recreational activities, Mr Rumagit has tirelessly looked after the welfare of these seafarers.

We also sponsored the Shipping Finance Subject Prize for the Institute of Chartered Shipbrokers (ICS) Singapore Annual Prize Giving Ceremony 2014, eventually won by Mr Bhavin Manish Mehta who is employed with Emerson Process Management.

A team from Rickmers Trust Management took part in the Singapore Exchange (SGX) Bull Charge, a charity run held in Singapore's Central Business District, in November 2014. Funds raised were donated to four charities, encompassing a large spectrum of needy and underprivileged groups in the community. We are delighted to be able to contribute in helping the disadvantaged in our community.



INVESTOR RELATIONS



We are committed to providing timely and balanced information on Rickmers Maritime's financial performance and operations in order to keep unitholders updated and enable them to make informed decisions on their investments.

Throughout 2014, we actively engaged investors through numerous one-on-one meetings, both in Singapore and overseas, as well as through conference calls, vessel visits, an Annual General Meeting and equity and industry conferences. Furthermore, we also maintain an active online presence with up-to-date posts on Rickmers Maritime's developments and announcements on the Trust's website (www.rickmers-maritime.com) and SGXNET (www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company_announcements). In addition, we produce and distribute quarterly newsletters to our stakeholders, providing further insights on the containership industry, the Trust and its sponsor, as well as the crew members of the Trust's fleet. Potential and current investors who wish to view a quick snapshot of Rickmers Maritime can also obtain a concise yet informative factsheet on the Trust's website.

EARNINGS DISCLOSURE AND CORPORATE GOVERNANCE

Before the release of Rickmers Maritime's financial results each quarter, unitholders, analysts and potential investors are invited, via an announcement on SGXNET, to participate in a results conference call, during which the Trustee-Manager's CEO and CFO share more about the results and outlook, and answer questions posed by participants. Interested parties who miss the conference call can download an audio recording of the call on the Trust's website, which is made available for a period of two weeks after the call. The Trust's strategy, performance, and major developments can also be found on the website.

Our dedication towards upholding exemplary corporate governance practices and communicating with our unitholders in a timely and transparent manner was recognised when

Rickmers Maritime was named as the Runner-Up of the Most Transparent Company Award under the Mainboard Small Caps category at the Securities Investors Association Singapore ("SIAS") Investors' Choice Awards 2014. Award winners were nominated by fund managers, analysts, financial journalists, as well as SIAS members, and then evaluated by a selection committee comprising senior representatives from SIAS and organisations in the financial services industry. We have also been supporting the SIAS Singapore Corporate Governance Week since 2012.

With a dedicated e-mail address for investor relations ("IR") (ir@rickmers-maritime.com), unitholders, analysts and potential investors can easily reach out to the IR team if they have any questions or feedback. The IR team is committed to responding to such e-mails in a timely manner.

STAKEHOLDER OUTREACH AND INVESTOR EDUCATION

Other initiatives we have undertaken to engage stakeholders include participating in suitable events, hosting vessel visits, as well as producing and distributing newsletters.

In 2014, we took part in several events to reach out to current as well as potential retail and institutional investors. These include a non-deal roadshow in Singapore, J.P. Morgan's Logistics Ecosystem Forum, and other equity and investor conferences and forums. We also participated actively in industry conferences such as Marine Money Asia Week and Danish Maritime Forum.

Over the course of the year, we also organised three vessel visits for current and potential unitholders, as well as members of the media to develop a better understanding and appreciation of the assets we own and manage. Over the years, we have hosted a diverse group of stakeholders including industry professionals, analysts, investors, students, and press members. We will continue organising vessel visits, subject to demand and the port call schedule of our vessels. Interested parties can register for vessel visits at ir@rickmers-maritime.com.

Continuing a practice we began in 2008, we produced and distributed quarterly newsletters to unitholders. The newsletters provide updates about events that Rickmers Maritime, its sponsor, and the Trustee-Manager are involved in and also serve as a platform for providing readers with general information, news, as well as interesting facts and developments related to container shipping. An archive of these newsletters is available on the Rickmers Maritime website.

ENDURING COMMITMENT

Moving forward, we will continue to actively engage members of the investment community. Our strong sense of responsibility towards our unitholders in particular is steadfast, and we remain committed to upholding high standards of corporate governance and transparency.

CORPORATE INFORMATION

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 Thomas Preben Hansen
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: <http://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

AUDITORS

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

COMPANY SECRETARIES

Ms Elizabeth Krishnan

Ms Basu Bedashruti Mitra

PRINCIPAL BANKERS

BNP Paribas

Commerzbank AG

DBS Bank Ltd

HSH Nordbank AG

ING Bank N.V.

Sumitomo Mitsui Trust Bank

The Bank of Nova Scotia Asia Limited

The Hongkong and Shanghai Banking Corporation

NOTES TRUSTEE TO MTN PROGRAMME

DB International Trust (Singapore) Limited

FINANCIAL STATEMENTS

CONTENTS

Report of the Trustee-Manager	34
Statement by Trustee-Manager	37
Statement by the Chief Executive Officer of the Trustee-Manager	38
Independent Auditor's Report to the Unitholders of Rickmers Maritime	39
Consolidated Statement of Comprehensive Income	40
Statements of Financial Position	41
Consolidated Statement of Changes in Unitholders' Funds	42
Consolidated Statement of Cash Flows	43
Notes to the Financial Statements	44

REPORT OF THE TRUSTEE-MANAGER

For the financial year ended 31 December 2014

The directors of Rickmers Trust Management Pte. Ltd., the Trustee-Manager of Rickmers Maritime (the "Trust"), are pleased to present their report 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 2014 and the statement of financial position of the Trust as at 31 December 2014.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report 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' INTERESTS IN COMMON UNITS OF THE TRUST

Name of director	Direct Interests		Deemed Interests	
	As at 1 January 2014	As at 31 December 2014	As at 1 January 2014	As at 31 December 2014
Mr Bertram R. C. Rickmers	–	–	280,458,000	280,458,000
Dr Ignace Adolf Julien Van Meenen	–	–	–	–
Mrs Lee Suet Fern	900,000	900,000	–	–
Mr Lim How Teck	1,600,000	1,000,000	200,000	200,000
Mr Raymundo A. Yu Jr.	–	–	–	–

The directors' interests in Common Units as at 21 January 2015 were the same as at 31 December 2014.

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 report.

REPORT OF THE TRUSTEE-MANAGER

For the financial year ended 31 December 2014

OPTIONS

On 6 September 2010, the Trust issued a convertible loan denominated in United States Dollars ("US dollar") with a nominal value of US\$49.0 million to Polaris Shipmanagement Company Limited ("Polaris") as part of the compensation expense to discharge the Group from its obligation to purchase seven vessels. Polaris has the option to convert the outstanding loan amount as at 31 March 2014 into Common Units of the Trust on 1 April 2014. If Polaris does not exercise the option to convert any outstanding amount into Common Units, the remaining outstanding amount will be repayable in ten equal quarterly instalments with the first instalment due and payable on 30 June 2014.

On 20 May 2013, the Trust entered into a Second Supplemental Agreement (to the Settlement and Convertible Loan Agreement dated 9 June 2010) with Polaris to defer the first instalment of the convertible loan from 30 June 2014 to 1 February 2015. Should the Trust be able to meet the conditions to exit from debt restructuring with the consortium of banks, it shall bring forward the first instalment of the convertible loan provided no repayment shall be made earlier than 30 June 2014.

Following the successful completion of the rights issue, the Trust signed a Third Supplemental Agreement with Polaris on 1 July 2013 to formalise adjustments to the convertible loan conversion price from S\$0.482625 to S\$0.399385, and the revised maximum settlement units from 150,000,000 to 181,263,067 in accordance with the Supplemental Agreement dated 28 July 2010 (to the Settlement and Convertible Loan Agreement dated 9 June 2010). The conversion price will be converted into US dollar using the mid spot exchange rate at close of business in Singapore at the latest practicable date before 1 April 2014.

The option does not provide Polaris with any rights to participate in any distributions and/or offers of future securities made by the Trust unless and until the option is exercised.

On 1 April 2014, Polaris did not exercise its conversion right and the rights expired in accordance with the terms and conditions of the Settlement and Convertible Loan Agreement dated 9 June 2010. Therefore, no Common Units were issued pursuant to the arrangement.

On 30 May 2014, the convertible loan was fully settled.

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

REPORT OF THE TRUSTEE-MANAGER

For the financial year ended 31 December 2014

- the statement of financial position and statement of comprehensive income of the Trustee-Manager for the financial year ended 31 December 2014 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 2014 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.

INDEPENDENT AUDITOR

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

On behalf of the directors



Mr Lim How Teck
Director



Dr Ignace Adolf Julien Van Meenen
Director

Singapore
26 February 2015

STATEMENT BY TRUSTEE-MANAGER

For the financial year ended 31 December 2014

In our opinion,

- (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 state of affairs of the Trust and of the Group as at 31 December 2014 and of the results of the business, changes in unitholders' funds and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors



Mr Lim How Teck
Director



Dr Ignace Adolf Julien Van Meenen
Director

Singapore
26 February 2015

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Singapore Business Trusts Act, 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.



Thomas Preben Hansen
Chief Executive Officer

Singapore
26 February 2015

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 2014, 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 management determines 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 management, 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 2014, 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.

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
26 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

		Group	
	Note	2014 US\$'000	2013 US\$'000
Revenue		130,325	143,490
Other income	5	7,060	6,393
Gain on settlement of convertible loan	20	11,361	–
Other gains - net	6	3,315	259
		152,061	150,142
Expenses			
– Depreciation	14	(36,761)	(37,544)
– Provision for vessel impairment	14	(44,446)	(2,371)
– Amortisation of favourable charter contracts	15	(84)	(520)
– Impairment of goodwill	15	(18,554)	(18,386)
– Vessel operating expenses		(37,784)	(36,083)
– Trustee-Manager fee		(3,096)	(3,145)
– Other trust expenses		(624)	(620)
– Transaction fees		(27)	(503)
– Finance expenses	7	(26,645)	(27,490)
Total expenses		(168,021)	(126,662)
(Loss)/profit before income tax		(15,960)	23,480
Income tax expense	8	–	–
Total (loss)/profit		(15,960)	23,480
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
– Fair value gains/(losses)		1,464	(768)
– Transfer to finance expenses		10,398	13,012
Other comprehensive income, net of tax		11,862	12,244
Total comprehensive (loss)/income		(4,098)	35,724
(Loss)/earnings per Common Unit based on the weighted average number of Common Units issued (US cents)			
Basic	9	(1.88)	3.30
Diluted	9	(1.88)	2.80

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

		Group		Trust	
	Note	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	60,008	61,565	29,621	26,166
Trade and other receivables	11	891	881	81	74
Inventories		2,259	2,229	149	149
Prepayments		390	34	14	14
		63,548	64,709	29,865	26,403
Non-current assets					
Investments in subsidiaries	12	–	–	160	160
Loans to subsidiaries	13	–	–	898,441	898,441
Vessels	14	882,572	960,392	–	–
Intangible assets	15	4,943	23,581	–	–
		887,515	983,973	898,601	898,601
Total assets		951,063	1,048,682	928,466	925,004
LIABILITIES					
Current liabilities					
Trade and other payables	16	2,915	2,182	377,400	341,574
Derivative financial instruments	17	5,112	538	–	52
Advanced charter hire received		2,468	3,926	–	–
Secured bank loans	19	47,020	48,293	24,000	24,000
Medium-term notes	21	821	–	821	–
		58,336	54,939	402,221	365,626
Non-current liabilities					
Deferred income from charter contracts	18	3,646	9,985	–	–
Secured bank loans	19	316,551	394,297	203,565	246,145
Medium-term notes	21	74,391	–	74,391	–
Convertible loan	20	–	50,522	–	50,522
Derivative financial instruments	17	–	16,366	–	–
		394,588	471,170	277,956	296,667
Total liabilities		452,924	526,109	680,177	662,293
NET ASSETS		498,139	522,573	248,289	262,711
UNITHOLDERS' FUNDS					
Common Units in issue	22	512,086	512,086	512,086	512,086
Unit issuance costs		(12,024)	(12,024)	(12,024)	(12,024)
Hedging reserve		(4,472)	(16,334)	–	–
Distributable income/(accumulated losses)		2,549	38,845	(251,773)	(237,351)
Total unitholders' funds		498,139	522,573	248,289	262,711

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 2014

Group	Note	Attributable to unitholders of Trust				
		Common Units in issue US\$'000	Unit issuance costs US\$'000	Hedging reserve US\$'000	Distributable income US\$'000	Total US\$'000
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	23	–	–	–	(20,336)	(20,336)
End of financial year		512,086	(12,024)	(4,472)	2,549	498,139
2013						
Beginning of financial year		431,435	(10,122)	(28,578)	30,617	423,352
Common Units issued	22	80,651	–	–	–	80,651
Unit issuance costs	22	–	(1,902)	–	–	(1,902)
Total comprehensive income for the year		–	–	12,244	23,480	35,724
Distribution to unitholders	23	–	–	–	(15,252)	(15,252)
End of financial year		512,086	(12,024)	(16,334)	38,845	522,573

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

Note	Group	
	2014 US\$'000	2013 US\$'000
Cash flows from operating activities:		
Cash receipts from customers	129,393	143,388
Cash paid to suppliers and Trustee-Manager	(41,668)	(39,536)
Net cash provided by operating activities	87,725	103,852
Cash flows from investing activities:		
Vessel improvement	(1,110)	(83)
Dry-docking cost paid	(1,196)	(3,771)
Interest received	128	114
Net cash used in investing activities	(2,178)	(3,740)
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)	–
Proceeds from issuance of Common Units	–	80,651
Unit issuance costs paid	–	(2,031)
Transaction fees paid	(323)	(208)
Repayment of secured bank loans	(79,290)	(126,084)
Repayment of convertible loan	(39,200)	–
Other fees paid	(51)	(51)
Interest paid on secured bank loans	(8,294)	(10,562)
Interest paid on medium-term notes	(3,299)	–
Interest paid on interest rate swaps	(12,157)	(18,569)
Interest paid on convertible loan	(535)	(893)
Debt processing fee paid	(880)	(1,800)
Loan restructuring fee paid	–	(892)
Decrease in restricted cash	–	892
Distribution to unitholders	(20,336)	(15,252)
Net cash used in financing activities	(85,947)	(94,799)
Net (decrease)/increase in cash and cash equivalents	(400)	5,313
Cash and cash equivalents at beginning of financial year	10 61,565	56,276
Effects of exchange rate changes on cash and cash equivalents	(1,157)	(24)
Cash and cash equivalents at end of financial year	10 60,008	61,565

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 long-term, 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 GmbH & Cie. KG (Note 27).

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"). 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 New or revised accounting standards and interpretations

(a) *Interpretations and amendments to published standards effective in 2014*

The Group has adopted the following new and amended IFRS as of 1 January 2014:

Amendment to IAS 32 *Financial Instruments: Presentation*

This amendment clarifies that the right of set-off must not be contingent on a future event, and must also be legally enforceable for all counterparties in the normal course of business.

The amendment did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

Amendment to IAS 36 *Impairment of assets*

This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 with the issuance of IFRS 13 *Fair Value Measurements*.

Amendment to IAS 39 *Financial Instruments: Recognition and measurement*

This amendment considers legislative changes to "over-the-counter" derivative and the establishment of certain counterparties.

The amendment 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 2014 are not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 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*

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 2017)

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 2017. It is not expected to have a material impact on the financial statements.

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.

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.

2.3 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) *Rendering of services*

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 2.14).

- (b) *Interest income*

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

- (c) *Dividend income*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 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 2.6(a) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are 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 2.7 for the accounting policy on investments in subsidiaries in the financial statements of the Trust.

2.5 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Vessels (continued)

(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.

2.6 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.

(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.

2.7 Investments in subsidiaries

Investments in subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 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.

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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Loans and receivables (continued)

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.

2.10 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.

(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.

2.11 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Derivative financial instruments and hedging activities

The Group uses 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.

Cash flow hedge – Interest rate swaps

The Group has entered 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.

2.13 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.

2.14 Leases

As lessor:

The Group owns containerships and charters them to leading container liner companies mainly under long-term, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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.

2.16 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.

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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 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.

2.19 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.

2.20 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.

2.21 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 2.8(a). The recoverable amounts of CGUs have been determined based on fair value less cost to sell calculations. The carrying amount of goodwill as at 31 December 2014 was US\$4.9 million (2013: US\$23.5 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 2.8(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 2014 was US\$882.6 million (2013: US\$960.4 million). Details of the estimates used to calculate the recoverable amounts are given in Note 14.

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 26.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5. OTHER INCOME

Amortisation of deferred income from charter contracts
Interest income from financial institutions
Other income

Group	
2014	2013
US\$'000	US\$'000
6,340	5,745
148	113
572	535
7,060	6,393

6. OTHER GAINS - NET

Exchange loss on cash and cash equivalents
Exchange gain on medium-term notes
Gain on fair value of derivative component of convertible loan
Others

Group	
2014	2013
US\$'000	US\$'000
(1,163)	–
4,424	–
52	279
2	(20)
3,315	259

7. FINANCE EXPENSES

Interest expense on secured bank loans
Fair value losses on effective portion of interest rate swaps transferred from other comprehensive income
– Interest paid
– Changes in derivative financial liability
Interest on secured bank loans, net of effect of hedging

Fair value losses on ineffective portion of interest rate swaps
– Interest paid
– Changes in derivative financial liability

Interest on convertible loan (Note 20)
Interest on medium-term notes (Note 21)
Debt processing fee
Other fees

Group	
2014	2013
US\$'000	US\$'000
(8,457)	(10,719)
(10,398)	(13,307)
–	295
(18,855)	(23,731)
(1,759)	(5,262)
(121)	5,173
(1,880)	(89)
(566)	(1,820)
(4,414)	–
(880)	(1,800)
(50)	(50)
(26,645)	(27,490)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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	
	2014 US\$'000	2013 US\$'000
(Loss)/profit before tax	(15,960)	23,480
Tax calculated at tax rate of 17% (2013: 17%)	(2,713)	3,992
Effects of:		
– tax exemption	2,713	(3,992)
Tax charge	–	–

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

9. (LOSS)/EARNINGS PER COMMON UNIT

(a) Basic (loss)/earnings per Common Unit

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

	Group	
	2014	2013
Net (loss)/profit after tax attributable to unitholders of the Trust (US\$'000)	(15,960)	23,480
Weighted average number of Common Units outstanding ('000)	847,350	711,402
Basic (loss)/earnings per Common Unit (US cents)	(1.88)	3.30

(b) Diluted (loss)/earnings per Common Unit

For the purpose of calculating diluted (loss)/earnings per Common Unit, net (loss)/profit 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 2014, the Common Units assumed to have been converted from the convertible loan up till 1 April 2014 are anti-dilutive, and hence, are not included in the calculation of the diluted loss per Common Unit.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. (LOSS)/EARNINGS PER COMMON UNIT (continued)

(b) Diluted (loss)/earnings per Common Unit (continued)

For the financial year ended 31 December 2013, the convertible loan is assumed to have been converted into Common Units at issuance and the net profit is adjusted to exclude the interest expense and other related changes in income/expense as follows:

	Group	
	2014	2013
Net (loss)/profit after tax attributable to unitholders of the Trust (US\$'000)	(15,960)	23,480
Interest expense on convertible loan (US\$'000)	*	1,820
Gain on fair value of derivative component of convertible loan (US\$'000)	*	(279)
Net (loss)/profit after tax used to determine diluted earnings per Common Unit (US\$'000)	(15,960)	25,021
Weighted average number of Common Units outstanding ('000)	847,350	711,402
Adjustments for convertible loan ('000)	*	181,263
	847,350	892,665
Diluted (loss)/earnings per Common Unit (US cents)	(1.88)	2.80

* Convertible loan is anti-dilutive and hence not included in computation.

10. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank	35,801	54,537	5,414	19,138
Short-term bank deposits	24,207	7,028	24,207	7,028
	60,008	61,565	29,621	26,166

Cash and cash equivalents include an amount of US\$25.0 million which is not available for distribution to unitholders nor to service interest payments on the convertible loan or the medium-term notes. This amount can be used by the Group for operational purposes.

11. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables from non-related parties	13	611	–	–
Other receivables from Ship Manager	–	12	–	–
Other receivables from non-related parties	878	258	81	74
	891	881	81	74

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of subsidiary ^(a)	Country of incorporation	Vessel name	Principal activities	Equity holding	
				2014 %	2013 %
Kaethe Navigation Limited	Marshall Islands	Kaethe C. Rickmers	Ship owning and operating	100	100
Richard II Navigation Limited	Marshall Islands	Richard Rickmers ^(b)	Ship owning and operating	100	100
Henry II Navigation Limited	Marshall Islands	Henry Rickmers ^(c)	Ship owning and operating	100	100
Moni II Navigation Limited	Marshall Islands	Moni Rickmers ^(d)	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	ANL Windarra	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	ANL Warrain	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 ITAL Festosa

^(c) Formerly ITAL Fastosa

^(d) Formerly ITAL Fiducia

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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\$227.7 million (2013: US\$270.4 million) which bear interest at a rate of 2.01% (2013: 2.00%) per annum at the end of the financial year.

14. VESSELS

	Group	
	2014	2013
	US\$'000	US\$'000
Cost		
Beginning of financial year	1,183,292	1,182,743
Additions	3,387	3,129
Write-off of fully depreciated dry-docking component	(1,290)	(2,580)
End of financial year	1,185,389	1,183,292
Accumulated depreciation and impairment losses		
Beginning of financial year	(222,900)	(185,565)
Depreciation charge	(36,761)	(37,544)
Provision for vessel impairment	(44,446)	(2,371)
Write-off of fully depreciated dry-docking component	1,290	2,580
End of financial year	(302,817)	(222,900)
Net book value at end of financial year	882,572	960,392

The Group owns 16 containerships which are chartered out under time charter agreements. As at 31 December 2014, the average remaining charter period is 1.5 years (2013: 2.2 years).

The Group recognised an impairment of US\$44.4 million for six vessels (2013: US\$2.4 million for one vessel) 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 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% (2013: 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% (2013: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. VESSELS (continued)

If the discount rate applied to the discounted cash flows had been 5.0% (2013: 5.0%) higher than management's estimates (for example, 7.28% instead of 6.93%), the Group would have recognised a further impairment of US\$12.8 million (2013: US\$3.9 million).

If the cash flows after the contracted period had been 5.0% (2013: 5.0%) lower than management's estimates, the Group would have recognised a further impairment of US\$42.4 million (2013: US\$18.1 million).

If the estimated annual growth rate of cash outflows was increased from 2.0% to 2.5% and 3.5% to 4.0% (2013: 3.5% to 4.0%), the Group would have recognised a further impairment of US\$14.3 million (2013: US\$3.0 million).

15. INTANGIBLE ASSETS

Group			
2014	Goodwill US\$'000	Favourable charter contracts US\$'000	Total US\$'000
<i>Cost</i>			
Beginning and end of financial year	48,050	3,500	51,550
<i>Accumulated amortisation and impairment losses</i>			
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
Group			
2013	Goodwill US\$'000	Favourable charter contracts US\$'000	Total US\$'000
<i>Cost</i>			
Beginning and end of financial year	48,050	3,500	51,550
<i>Accumulated amortisation and impairment losses</i>			
Beginning of financial year	(6,167)	(2,896)	(9,063)
Amortisation charge	–	(520)	(520)
Impairment charge	(18,386)	–	(18,386)
End of financial year	(24,553)	(3,416)	(27,969)
Net book value at 31 December 2013	23,497	84	23,581

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. INTANGIBLE ASSETS (continued)

Impairment test for goodwill

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

An impairment loss of US\$18.6 million (2013: US\$18.4 million) was charged for goodwill allocated to eight vessel owning subsidiaries (2013: three 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 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 25(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% (2013: 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 2014, the discount rate used on the cash flows was based on the WACC of 6.93% (2013: 6.93%). The cost of the equity component of the WACC was derived using the capital asset pricing model.

If the discount rate applied to the discounted cash flows had been 5.0% (2013: 5.0%) higher than management's estimates (for example, 7.28% instead of 6.93%), the Group would have recognised a further impairment loss on goodwill of US\$4.1 million (2013: US\$4.7 million).

If the cash flows after the contracted period had been 5.0% (2013: 5.0%) lower than management's estimates, the Group would have recognised a further impairment loss on goodwill of US\$4.9 million (2013: US\$4.7 million).

If the estimated annual growth rate of cash outflows was increased from 2.0% to 2.5% and 3.5% to 4.0% (2013: 3.5% to 4.0%), the Group would have recognised a further impairment loss on goodwill of US\$3.9 million (2013: US\$4.5 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. TRADE AND OTHER PAYABLES

	Group		Trust	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Trade payables to non-related parties	236	221	–	–
Other payables (non-trade)				
– Non-related party	17	221	17	188
– Ship Manager	321	–	–	–
– Affiliated company	–	3	–	–
– Subsidiaries	–	–	377,182	340,929
	338	224	377,199	341,117
Accrual for dry-docking costs	1,022	53	–	–
Other accruals for operating expenses	1,319	1,684	201	457
	2,915	2,182	377,400	341,574

All non-trade related party payables are 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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Group		Trust	
	Contract notional amount US\$'000	Fair value liability US\$'000	Contract notional amount US\$'000	Fair value liability US\$'000
2013				
Derivative component of convertible loan (Note 20)		52		52
<i>Cash flow hedges</i>				
– Interest rate swaps	242,000	16,366	–	–
<i>Non-hedging instruments</i>				
– Interest rate swaps	20,000	486	–	–
		16,904		52
Less: Current portion		(538)		(52)
Total non-current portion		16,366		–

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

Interest rate swaps are entered into to hedge floating quarterly interest payments on borrowings. As at 31 December 2014, the interest rate swaps bear fixed interest at a rate of 4.99% (2013: 3.50% to 4.99%) per annum and the main floating rate is 3-month US\$ LIBOR (London Interbank Offer Rate). The interest rates swaps will mature before 1 July 2015.

The fair value of interest rate swaps, which is measured at Level 2 (31 December 2013: Level 2) of the fair value measurement hierarchy (as defined in Note 25(e)) is obtained from financial institutions and is calculated as the present value of the estimated future cash flows.

18. DEFERRED INCOME FROM CHARTER CONTRACTS

	Group	
	2014 US\$'000	2013 US\$'000
<i>Cost</i>		
Beginning and end of financial year	61,750	61,750
<i>Accumulated amortisation</i>		
Beginning of financial year	(51,765)	(46,020)
Amortisation	(6,339)	(5,745)
End of financial year	(58,104)	(51,765)
Net book value at end of financial year	3,646	9,985

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. SECURED BANK LOANS

	Group		Trust	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Current	47,020	48,293	24,000	24,000
Non-current	316,551	394,297	203,565	246,145
Total	363,571	442,590	227,565	270,145

The Trustee-Manager, acting on behalf of the Trust, had entered into various credit facilities with financial institutions 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 schedules

Group

US\$ floating rate loans

Nominal interest rate	Year of maturity	Face value	Unamortised debt issuance costs	Carrying amount
		US\$'000	US\$'000	US\$'000
(i) 3-month US\$ LIBOR + 1.75%	2017	227,728	(163)	227,565
(ii) 3-month US\$ LIBOR + 1.75%	2018	114,901	(647)	114,254
(iii) 3-month US\$ LIBOR + 1.75%	2021	21,913	(161)	21,752
		364,542	(971)	363,571

Trust

US\$ floating rate loans

Nominal interest rate	Year of maturity	Face value	Unamortised debt issuance costs	Carrying amount
		US\$'000	US\$'000	US\$'000
3-month US\$ LIBOR + 1.75%	2017	227,728	(163)	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 2014, the effective interest rates of the bank loans were between 1.98% to 2.01% (2013: 1.99% to 2.00%) per annum. The loans are re-priced every three months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. 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 restricted cash balance (Note 10) and value-to-loan ("VTL") ratios.

During the financial year ended 31 December 2013, the Group obtained written in-principle agreement from the consortium of banks for the extension of the waiver to comply with the VTL covenant from up to 14 May 2014 to 29 December 2014.

During the financial year ended 31 December 2014, the Group successfully obtained an extension of the VTL covenant waiver up to 31 December 2015.

The Group was in compliance with all the covenants during the financial years ended 31 December 2014 and 2013.

20. CONVERTIBLE LOAN

The convertible loan denominated in US dollar is held by Polaris. Polaris is an entity controlled by Rickmers Holding GmbH & Cie. KG (Note 27). Polaris has the option to convert the loan into Common Units of the Trust on 1 April 2014 or receive repayments from the Trust in ten equal quarterly instalments with the first instalment due and payable on 30 June 2014.

On 20 May 2013, the Trust entered into a Second Supplemental Agreement (to the Settlement and Convertible Loan Agreement dated 9 June 2010) with Polaris to defer the first instalment of the convertible loan from 30 June 2014 to 1 February 2015. Should the Trust be able to meet the conditions to exit from debt restructuring with the consortium of banks, it shall bring forward the first instalment of the convertible loan provided no repayment shall be made earlier than 30 June 2014.

Following the successful completion of the rights issue, the Trust signed a Third Supplemental Agreement with Polaris on 1 July 2013 to formalise adjustments to the convertible loan conversion price from S\$0.482625 to S\$0.399385, and the revised maximum settlement units from 150,000,000 to 181,263,067.

The convertible loan bears interest at a rate of 3-month US\$ LIBOR plus a margin 1.25% per annum. From 1 April 2014, the loan will bear interest at a rate of 3-month US\$ LIBOR plus a margin of 3.00% per annum and the margin will increase by 0.25% per quarter until it reaches a maximum rate of 4.50% per annum.

The conversion option of the loan was a derivative financial liability and was measured at fair value on initial recognition and subsequent measurement.

The Group engaged an external, independent and qualified valuation expert to determine the fair value of the option, which was derived using an industry-accepted option pricing model. As the inputs into the option pricing model were generally unobservable from the market, the fair value of the options was classified within Level 3 of the fair value measurement hierarchy (as defined in Note 25(e)) as at 31 December 2013. Any reasonable change in the significant inputs is not expected to have a significant impact on the fair value of the option.

On 1 April 2014, Polaris did not exercise the conversion option and the option expired in accordance with the terms and conditions of the Settlement and Convertible Loan Agreement dated 9 June 2010. Correspondingly, the fair value as at 31 December 2014 was nil (2013: US\$52,000) (Note 17).

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 amounting to US\$11.4 million was recognised as a gain on settlement of convertible loan in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. CONVERTIBLE LOAN (continued)

The carrying amount of the liability component of the convertible loan at the end of the financial year was as follows:

	Group and Trust	
	2014 US\$'000	2013 US\$'000
Liability component at beginning of financial year	50,522	49,595
Interest expense (Note 7)	566	1,820
Interest paid	(535)	(893)
Settlement of liability	(39,200)	–
Gain on settlement of liability	(11,361)	–
Other	8	–
Liability component at end of financial year	–	50,522

21. MEDIUM-TERM NOTES

	Group and Trust	
	2014 US\$'000	2013 US\$'000
Current	821	–
Non-current	74,391	–
Total	75,212	–

On 15 May 2014, the Trust successfully issued S\$100 million (US\$80 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 fair value of the Series 1 Notes is determined from the quoted price in the market as at 31 December 2014. 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 25(e)). As at 31 December 2014, the fair value of the Series 1 Notes amounted to US\$74.9 million.

22. COMMON UNITS IN ISSUE

	No. of Common Units '000	Amount of Common Units US\$'000
2014		
At beginning and end of financial year	847,350	512,086
2013		
At beginning of financial year	423,675	431,435
Units issued	423,675	80,651
At end of financial year	847,350	512,086

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

In May 2013, the Trust issued 423,675,000 units under a non-underwritten renounceable rights issue exercise. The gross proceeds amounted to S\$101,682,000 or US\$80,651,000 equivalent. Issuance costs of US\$1,902,000 was recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. DISTRIBUTION TO UNITHOLDERS

	Group and Trust	
	2014	2013
	US\$'000	US\$'000
Exempt distribution paid in respect of the current financial year are as follows:		
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	–
For the period from 1 October 2012 to 31 December 2012:		
– Distribution of 0.60 US cents per unit	–	2,542
For the period from 1 January 2013 to 31 March 2013:		
– Distribution of 0.60 US cents per unit	–	2,542
For the period from 1 April 2013 to 30 June 2013:		
– Distribution of 0.60 US cents per unit	–	5,084
For the period from 1 July 2013 to 30 September 2013:		
– Distribution of 0.60 US cents per unit	–	5,084
	20,336	15,252

A final cash distribution of 0.60 US cents per unit amounting to US\$5,084,100 was recommended for Common Units issued as at 31 December 2014 in respect of the financial period from 1 October 2014 to 31 December 2014. The recommended distribution has not been provided for in these financial statements and will be accounted for in the Consolidated Statement of Changes in Unitholders' Funds in the first quarter of 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24. COMMITMENTS

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

The Group charts out its vessels mainly under long-term 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	
	2014	2013
	US\$'000	US\$'000
Not later than one year	85,741	127,639
Between one and five years	134,383	231,762
Later than five years	–	1,665
	220,124	361,066

25. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

(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.

The Group's business is exposed to currency risk arising from currency exposures primarily with respect to Singapore dollar. The Group manages this risk by entering into currency spot contracts, transacted with financial institutions, when the need arises.

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
<u>At 31 December 2014</u>			
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) → 2014	
	Loss after tax US\$'000	Other comprehensive loss US\$'000
<u>Group and Trust</u>		
SGD against USD		
– Strengthened	(2,871)	(2,871)
– Weakened	2,871	2,871

As at 31 December 2013, currency exposure is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. 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 and convertible loan. 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.

The Group's and Trust's borrowings are denominated in US dollar. If the interest rates increase/decrease by 100 (2013: 100) basis points during the current financial year with all other variables being held constant, the loss after tax (2013: profit after tax) will be higher/lower (2013: lower/higher) by US\$1.5 million (2013: US\$1.9 million) as a result of higher/lower interest expense on the portion of borrowings where interest rate swap contracts were not entered into.

The Group's interest rate swaps are denominated in US dollar. If the interest rates increase/decrease by 100 (2013: 100) basis points during the current financial year with all other variables being held constant, the hedging reserve will decrease/increase by US\$0.5 million/US\$0.1 million (2013: US\$3.6 million/US\$1.3 million). There is no significant impact to loss after tax for the financial year ended 31 December 2014. For the financial year ended 31 December 2013, the profit after tax will be higher/lower by US\$0.1 million.

(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 six customers (2013: five 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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 2014 and 31 December 2013, none of the Group's trade receivables are past due.

(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
<u>Group</u>				
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	–
<u>Trust</u>				
At 31 December 2014				
Trade and other payables	377,400	–	–	–
Secured bank loans and interest payable	28,324	27,836	180,610	–
Medium-term notes and interest payable	6,379	6,397	78,656	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	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
<u>Group</u>				
At 31 December 2013				
Trade and other payables	2,182	–	–	–
Net-settled interest rate swaps				
– cash flow hedges	11,485	4,908	–	–
– non-hedging instruments	488	–	–	–
Secured bank loans and interest payable	56,830	54,244	347,738	12,061
Convertible loan and interest payable	1,492	26,129	25,384	–
<u>Trust</u>				
At 31 December 2013				
Trade and other payables	341,575	–	–	–
Secured bank loans and interest payable	29,290	28,804	227,702	–
Convertible loan and interest payable	1,492	26,129	25,384	–

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

(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	
	2014	2013
Gearing ratio	47%	49%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

(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).

The following financial liabilities are measured at Level 3 of the fair value measurement hierarchy:

	Group		Trust	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Derivative component of convertible loan	–	52	–	52

There are no transfers between the levels during the year.

The fair value of the derivative component of the convertible loan is obtained as disclosed in Note 20.

The following table presents the changes in Level 3 instruments:

<u>Group and Trust</u> 2014	Derivative component of convertible loan US\$'000
Beginning of financial year	52
Gain recognised in profit or loss	(52)
End of financial year	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

<u>Group</u>	Interest rate swaps US\$'000	Derivative component of convertible loan US\$'000	Total US\$'000
2013			
Beginning of financial year	34,565	331	34,896
Transfers to Level 2	(34,565)	–	(34,565)
Gain recognised in profit or loss	–	(279)	(279)
End of financial year	–	52	52

<u>Trust</u>	Interest rate swaps US\$'000	Derivative component of convertible loan US\$'000	Total US\$'000
2013			
Beginning of financial year	–	331	331
Gain recognised in profit or loss	–	(279)	(279)
End of financial year	–	52	52

Gains were recognised within “Others gains – net” in the Consolidated Statement of Comprehensive Income.

(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:

	<u>Group</u>		<u>Trust</u>	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Loans and receivables	60,899	62,446	29,702	26,240
Financial liabilities at amortised cost	441,698	495,294	680,177	662,241

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26. 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	
	2014	2013
	US\$'000	US\$'000
Interest paid on convertible loan to Polaris (Note 20)	535	893
Settlement of convertible loan to Polaris (Note 20)	39,200	–
Management fees paid to Trustee-Manager	3,096	3,145
Management fees paid to Ship Manager	2,014	1,974
Vessel fixed operating costs paid to Ship Manager	30,813	29,441
Cable, victual and entertainment expenses paid to Ship Manager	519	535
Commission paid to an affiliated company*	28	31
Insurance premium paid to an affiliated company*	–	20
Legal fees to a company which is controlled by a director of the Trustee-Manager	30	320
Issuance of Common Units to Rickmers Second Invest GmbH	–	14,096
Issuance of Common Units to Polaris	–	12,598

* Affiliated companies are entities controlled by Rickmers Holding GmbH & Cie. KG (Note 27).

(b) Key management personnel compensation

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

27. PARENT OF THE TRUST

The Trust is determined to be a subsidiary of Rickmers Holding GmbH & Cie. KG ("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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. 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**	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Australia*	25,926	27,372	-	-
Italy*	12,491	28,239	-	-
France*	28,690	28,727	-	-
Japan*	47,994	47,395	-	-
Korea*	9,070	9,430	-	-
Singapore	-	-	4,943	23,581
Denmark*	3,998	-	-	-
Others	2,156	2,327	-	-
Total	130,325	143,490	4,943	23,581

* 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.

29. 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 26 February 2015.

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:

	2014	2013
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\$75,500¹) each)

Name of interested person	Transactions not conducted under unitholders' mandate pursuant to Rule 920		Transactions conducted under unitholders' mandate pursuant to Rule 920	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Polaris Shipmanagement Company Limited				
– Interest paid on convertible loan [^]	–	–	535	894
– Settlement of convertible loan [*]	–	–	39,200	–
Rickmers Shipmanagement (Singapore) Pte. Ltd.				
– Management fee	–	–	2,014	1,974
– Fixed operating fee	–	–	30,813	29,441
– Cable, victual and entertainment expenses ²	519	535	–	–
Rickmers Trust Management Pte. Ltd.				
– Management fee	–	–	3,096	3,145
Harper Petersen & Co. (GmbH & Cie. KG)				
– Brokerage commission	28	31	–	–
Morgan Lewis Stamford LLC (formerly Stamford Law Corporation)				
– Legal fees	30	320	–	–

Note:

¹ Exchange rate as at 31 December 2014.

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 Lim How Teck
Director

Singapore
26 February 2015



Dr Ignace Adolf Julien Van Meenen
Director

STATISTICS OF UNITHOLDINGS

As at 11 March 2015

Class of Units	No. of Units	Voting Rights
Common Units	847,350,000	One vote for each unit

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	6	0.08	45	0.00
100 - 1,000	831	11.36	829,998	0.10
1,001 - 10,000	2,629	35.93	13,020,006	1.54
10,001 - 1,000,000	3,796	51.89	298,329,078	35.20
1,000,001 and above	54	0.74	535,170,873	63.16
TOTAL	7,316	100.00	847,350,000	100.00

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders)

Name of Substantial Unitholder	Direct Interests	%	Deemed Interests	%
Rickmers Holding GmbH & Cie. KG ("Rickmers Holding")	–	–	280,458,000 ⁽¹⁾	33.10
Bertram R. C. Rickmers	–	–	280,458,000 ⁽²⁾	33.10
Polaris Shipmanagement Company Limited ("Polaris")	132,364,000	15.62	–	–
Rickmers Second Invest GmbH ("Rickmers Second")	148,094,000	17.48	132,364,000 ⁽³⁾	15.62
The Capital Group Companies, Inc.	–	–	54,840,000 ⁽⁴⁾	6.47

Notes:

⁽¹⁾ Rickmers Holding 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. 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.

⁽⁴⁾ The Capital Group Companies, Inc. is deemed to be interested in the units held by one or more of its affiliates.

STATISTICS OF UNITHOLDINGS

As at 11 March 2015

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	No. of Units	%
1.	Rickmers Second Invest GmbH	148,094,000	17.48
2.	Polaris Shipmanagement Company Limited	132,164,000	15.60
3.	Citibank Nominees Singapore Pte Ltd	74,737,842	8.82
4.	Raffles Nominees (Pte) Limited	19,095,600	2.25
5.	DBSN Services Pte. Ltd.	17,415,000	2.06
6.	DBS Nominees (Private) Limited	16,194,387	1.91
7.	Tee Tuan Hoon @ Tay Tuan Hoon	10,420,600	1.23
8.	United Overseas Bank Nominees (Private) Limited	10,074,000	1.19
9.	OCBC Securities Private Limited	9,763,000	1.15
10.	Wirtz Jochen	5,987,000	0.71
11.	Yim Wing Cheong	5,515,000	0.65
12.	UOB Kay Hian Private Limited	5,274,000	0.62
13.	Evergreen Group Pte Ltd	5,140,000	0.61
14.	HSBC (Singapore) Nominees Pte Ltd	4,850,500	0.57
15.	Ting Kong Sin	4,700,000	0.55
16.	Phillip Securities Pte Ltd	3,948,874	0.47
17.	Lee Chee Kiat	3,827,000	0.45
18.	Maybank Kim Eng Securities Pte. Ltd.	3,568,400	0.42
19.	OCBC Nominees Singapore Private Limited	3,233,500	0.38
20.	Seah Mui Gek Irene	2,621,000	0.31
Total		486,623,703	57.43

PERCENTAGE OF UNITHOLDING IN PUBLIC'S HANDS

Approximately, 60.17% 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 SGX-ST.

ADDITIONAL INFORMATION

	Total Volume (‘000)	Highest Price (\$)	Lowest Price (\$)
Unit Performance in FY2014	237,498	0.31	0.28

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 SGX Auditorium, 2 Shenton Way, SGX Centre 1, Level 2, Singapore 068804 on Friday, 24 April 2015 at 2.30 p.m. for the following purposes:

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of the Trust for the year ended 31 December 2014 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 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 Singapore Exchange Securities Trading Limited (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;

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

- (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

Elizabeth Krishnan
Company Secretary

Singapore
9 April 2015

NOTICE OF ANNUAL GENERAL MEETING OF THE UNITHOLDERS

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 Trustee-Manager (or its agents) for the purpose of the processing and administration by the Trustee-Manager (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 Trustee-Manager (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 Trustee-Manager (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 Trustee-Manager (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 Trustee-Manager 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 SGX Auditorium, 2 Shenton Way, SGX Centre 1, Level 2, Singapore 068804 on Friday, 24 April 2015 at 2.30 p.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	Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of the Trust for the year ended 31 December 2014		
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 [x] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Signature of Unitholder(s)

or, Common Seal of Corporate Unitholder

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

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 130A of the Companies Act, Chapter 50 of Singapore), 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 of the Unitholders dated 9 April 2015.

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.

RICKMERS MARITIME

Registration Number: 2007003

Managed by:

Rickmers Trust Management Pte. Ltd.

Company Registration Number: 200616499G

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