

SAILING with Stanford

Issue 6 - Dec. 2012



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ONBOARD THIS QUARTER...

STANFORD MARINE'S GM, MR. DARREN REEVES, GIVES US AN OVERVIEW OF STANFORD MARINE'S ACCOMPLISHMENTS FOR THIS QUARTER AND YEAR.



Darren Reeves
Stanford Marine's GM

As the end of year approaches, it is customary to cast one's eye back over the year which has passed. Whilst there have been challenges, 2012 has been a hugely successful year for Stanford Marine and I offer my sincere gratitude to all employees ashore and afloat for their contribution to this achievement. Indeed our success is very much the result of concerted team efforts within our numerous offices and our crew on the various vessels.

So much has changed, but so much has remained the same in terms of the continued momentum of the Company. This time last year, I was in Tanzania awaiting the arrival of the Stanford Buzzard for her commencement with BG. This was our first step into Africa as a Company and I am happy to report that she has not let us down. We have also this year seen entry into other new markets; namely Malaysia with the Alpha and Myanmar with the Mermaid, thus strengthening our presence in Southeast Asia.

Our traditional arenas of the UAE, Qatar and Saudi also continue to thrive and we have achieved an average utilization of 92% for our 41 operated vessels throughout the year. This is a highly commendable figure and credit must go to our chartering team for their efforts in keeping our fleet so busy.

Of course getting the charter is only the beginning, it is the quality of the service we provide in terms of our crew, our vessels and how we operate which enables us to achieve our goal of keeping our clients satisfied.

And, it is not just getting the job done, but getting the job done safely that is our major achievement. Our HSEQ team have successfully rolled out an improved management system in 2012 and plans are firmly on course for a new revision next year. The introduction of the HSEQ observation cards has also encouraged a continued focus on safety in how our crews conduct their daily business. New award programmes have been implemented to reward selected personnel for their efforts in this area. The major achievement though, in terms of HSEQ in 2012, was the retention of our ISM and ISO accreditations with zero non-conformities or observations! A sound testament to our performance.

In terms of operations, the vessels continue to do well in their work locations. I am personally pleased to see more DP operations within the Company. The Hudhud and Osprey of the 58m series have both worked well on DP contracts in 2012 and the Merlin continues to do well, in addition to the cross-chartered DP 2 vessels in Qatar. We can look forward to more DP vessels joining the fleet next year, with one 87m and two 75m's scheduled for delivery. Vessels like the Service and Swift have quietly gotten on with their business. Others such as the Maya, Tigris, Harrier, Challenger, Puma, Condor and Provider have also had excellent years. A key factor in this success has been the re-division of the complete fleet into six sub-fleets based on geographical area.

ONBOARD THIS QUARTER...

This has resulted in a more efficient operating model for the Company globally, with each fleet having specialist support service in the form of a dedicated operations, technical, crewing and purchase point of contact. Also of note in terms of operations, has been the award of a technical management contract for the Fugro Adventurer. How much of a bigger appreciation of our operating standard can there be than another owner asking us to operate their vessel for them?

Achieving operational excellence requires technically sound vessels, excellent crew and an efficient purchase process, and it is up to the members of each of these departments to ensure that this takes place.

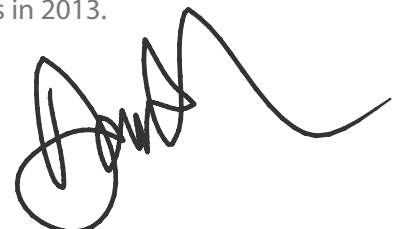
The Technical department has overseen the dry-dockings of 13 vessels this year, and has managed to maintain a commendable uptime of 97% across the various fleets. This has largely resulted from an expansion and upgrade in our support workshop personnel and facilities in Dubai, along with additional training of personnel onboard where applicable. There has also been an increase in the amount of critical spares onboard and in our satellite offices. Outside of the UAE, the teams in Singapore, Saudi, Qatar and Tanzania are also worthy of praise for their efforts in this regard. There have also been significant modifications required to get vessels ready for new client charters. Of particular note were the Caracara and Goshawk earlier this year and the current ongoing project of installation of a DP system and a rebuild notation on the Pride. This latter project has not been without challenges, but I am happy to say that it seems the end is in sight.

The Purchase department plays a fundamental part in ensuring the ship's crews get what they need; from food and drink to complex spare parts. It is not an easy process, particularly with vessels operating in evermore remote areas, but overwhelmingly the team has managed to ensure that what is needed gets to where it is needed, and in a timely manner.

In 2012 a tailor made purchase software has been under development and over the last month or so, this has come into service. It is very much hoped and expected that this software will streamline the purchase process both in Dubai and beyond. As part of a long-term plan, this software will be exported to our various satellite offices and some of our larger vessels.

The Crewing department has also had a good year, evidenced in managing crew retention of above 75%. This is no easy feat and part of the credit must go to our Payroll and Accounts Dept for ensuring that all our crew are paid each month end as per the conditions of their contracts. Other measures which have contributed to this has been the new retention scheme, which offers crew quicker rewards than were previously available for demonstrating their commitment to the Company. There are plans in 2013 for expanding our cadet programme and we will be taking two interns into our Singapore office from the Singapore Maritime Academy, demonstrating our commitment to the future of the industry. Over the second half of 2012, the Crewing Department has been refining their own software and this is just starting to 'go-live'. Like the purchase software, this will contribute to continued improvements.

At the start of this piece I mentioned that there had been challenges over the year. This is of course a normal part of our business; indeed if it were easy then everybody would be doing it! However with jokes aside, we have had a couple of high-potential incidents in the last couple of months and in both cases the underlying causes were complacency on the part of the crew members involved. This is something which we all need to work on and overcome in whatever role or function we perform for the Company. To continue this excellent progress requires the attention, commitment and dedication of every single one of you. Whether ashore or afloat, I would take this opportunity to wish all the very best for you and your families in 2013.



CHARTERING DESK

STANFORD PRIDE, STANFORD NILE, STANFORD OSPREY AND MANY MORE VESSELS ALL ON CHARTER WITH DIFFERENT CLIENTS.

The year 2012 was an exceptional one for Stanford Marine. It was a robust one achieving all time high utilization of 92% for the fleet taking the advantage of increased offshore activities. 55 new contracts were secured from new and existing clients and an equal number of extensions to the existing contracts. The strong performance reflects the dedication and team work of all the departments and maintaining the vessels to the highest standards.

Stanford Marine continued to expand its presence in year 2012 and entered into Malaysia, Myanmar and Gulf of Mexico with medium and long term charters. We are aiming to enter more countries in East/West Africa and SEA in the year 2013, as part of our continuous expansion plan. Our clientele, in our home base, also increased by adding major E&P companies and high profile EPIC contractors into the ever expanding list.

The fourth quarter got off to a solid start with considerable activity in both exploration and construction creating a healthy demand for vessels.

The highlight of the last quarter is the prestigious 5 year contract award from Maersk Oil Qatar (MOQ) for the provision of a "Platform Utility Vessel".



Agreement between **SMG**, Mr. Elias Nassif, and **MAC Offshore**, Mr. Mark Reeves.

A 50M DP2 Platform Utility Vessel (PUV) will be built for Maersk Oil Qatar to suit their requirement.

For this purpose Stanford Marine has contracted MAC Offshore to oversee the construction process and to ensure timely delivery of the vessel.

The 60T bollard pull PUV can accommodate up to 22 offshore personnel and will have good under-deck capacities.

The Stanford Pride will work as front runner until the new vessel is delivered. She has undergone extensive refurbishment specifically for this project to comply with client's requirements, being upgraded to DP1 and granted rebuilt notation by ABS.



Stanford Energy 37M Anchor Handling Tug

Dubai Petroleum awarded a 2 year contract for "Stanford Energy", a 2000 built 45T BP AHT. The Stanford Nile, 41m Fast Crew Boat, secured a short term charter from Dubai Petroleum supporting the operations in Fateh field after getting released from her long term charter in Abu Dhabi. She's now back in Abu Dhabi with a long term contract from Leighton Contracting supporting their project in offshore Abu Dhabi.



Stanford Tyne 41M Crew Boat

Stanford Tyne and Stanford Tigris, 41 m crew boats entered into long term charters in Saudi Arabia and Abu Dhabi, soon after getting released from their long term charters in Qatar.

The Stanford Osprey, 2010 built, DP1 MPSV entered into a medium term charter with Maersk Oil in as DP infield shuttling vessel. Supply Vessel "Stanford Gold" was released from her long term charter in KSA in September 2012.



Stanford Osprey 58M Platform Supply Vessel

After completing her dry dock she worked as a seismic support vessel on a project with Qatar Shell GTL on a short term basis and moved on to a medium term charter with McDermott supporting their hook up project in Saudi Arabia.

The old ladies of the fleet "Stanford Explorer" and "Blue Jay" continue to work hard and keep themselves busy on spot and short term charters in UAE and Qatar.

The Explorer was released by Dubai Petroleum in November 2012 after tirelessly working with them for 15 years since 1997. Blue Jay is committed for sale as part of fleet rejuvenation and will be delivered to the new owner by end December 2012, upon release from her short term charter in UAE.

We also managed to secure various contracts for cross chartered vessels. Ocean Opal, working with us for the past few months, was released from her contract in Qatar and moved to The Red Sea on a medium term charter with a survey company. Hamad Glory was chartered in for a short term charter with one of our major clients. Wesal V recently began a medium term charter supporting a project in Offshore Dubai.

To add up to our achievements this year, we are proud to announce that Stanford Marine is now a BIMCO member.



BIMCO

We are entering the New Year with a solid portfolio of projects as well as the ability to grow with our clients as the Oil & Gas industry continues to expand strongly with major projects on the pipeline across the globe.

As we bid farewell to 2012, taking this opportunity to express gratitude towards everyone involved for their contributions, support and unyielding faith in Stanford Marine over the past year. Together, we will continue to move forward to another year of success.

MAJOR MODIFICATIONS

STANFORD MARINE'S VESSEL, STANFORD PRIDE, AND THE MAJOR MODIFICATIONS IT WENT THROUGH.



Stanford Pride - Before

Stanford Pride was completely refurbished/ upgraded to be utilized as a front runner for a long term contract awarded by Maersk Oil Qatar. The vessel was upgraded to DP1 and obtained rebuilt notation from ABS.

The vessel is equipped with Kongsberg CPos DP System. In order to obtain DP1 notation, all the machineries were recertified by ABS and the Bow thruster was replaced with a new one. In addition a new deck generator with a capacity of 480 kW that was installed to bring in redundancy for the DP system.

Moreover, to meet the client's requirement the air draft of the vessel was reduced from 25 mtrs to 13 mtrs by removing the old mast and relocating engine funnels, fire monitors and antennas to Monkey Island. A new aluminum foldable hydraulically operated mast was installed, which can be raised or lowered from the bridge. Hydraulic power packs and cylinders were installed for hoisting and lowering system. Mast head lights are relocated to comply with COLREGS.

The navigation equipments on bridge were renewed and additional equipments were installed, including two new multi function (ECDIS + ARPA) fitted by Kelvin Hughes on Forward and Aft console, bridge Navigation Watch Keeping Alarm system, Single Side Band Radio with Narrow Band Direct Printing capability, Speed Log, GPS, Public address system, 8 new wipers and Echo Sounder (IMO Approved). SOLAS approved sun screens were fitted on each bridge window. A new PC based program used for Tank Sounding and calculating stability of the vessel was installed on the Bridge's computer.



Stanford Pride - After

A new HVAC (Heating, Ventilation and Air Condition) system was installed on the vessel for automotive environment comfort and has been connected with the H2S alarm.

In the event that the H2S alarm is activated the HVAC system shuts down automatically and goes onto recirculation. Two new cassette type Split A/C units were installed on the Bridge.

The vessel is equipped with a 15 men FRC with quick launch/recovery davit. Additional LSA is provided for the infield shuttling passengers.

The Ship's hull, internal bulkheads and steel plates were renewed as per ABS new build rules. New tugger winch was installed and crash rails were modified to make 9 Meter diameter circle for personal basket lowering / hoisting. Bulwarks were cut to make 3 Meter Rescue Zones on Port and STBD side. All wooden sheathing on main deck was also renewed. The mess room and recreation room on main deck were modified to accommodate 25 passengers. The complete accommodation interior was refurbished, cupboards in the galley were renewed with steel cupboards and modern equipment such as an incinerator.

The machineries onboard were overhauled as per OEM recommendations and ABS new build guidelines. Surveillance CCTV Cameras were installed in BT compartment, Steering compartment and Monkey deck with monitor screens at Engine Control Room and Bridge.

Last but not least, ATHELCO Cathodic protection was installed for preventing marine growth & antifouling in the sea water system of the vessel.

HEALTH, SAFETY and ENVIRONMENT

A QUICK REVIEW ON HSEQ'S PROGRESS AND HAPPENINGS THIS QUARTER.



Driving Safety



HSEQ Focus on road safety. Over the last ten years over 2134 people have been killed in road accidents in Dubai and over 23082 have been injured. As a company with many of our staff using Dubai roads on a daily basis we recently began a defensive driving program, in September all staff driving company vehicles were given defensive driving training. In 2013 we intend to provide this training to all our staff using cars on a daily basis.

As we come to the end of 2012, we are happy to report that we are coming to the end of our third consecutive LTI free year.

This is a major achievement and we are delighted to have been able to provide a safe working environment to all our staff for another year. This figure is down the hard work of all the crews on our vessels and especially the hard work of our Captains to provide clear and safe management to their crews! Well done to all. The job of safety is never done, we must continue our hard work and aim to improve even further in 2013.

LEADERSHIP TRAINING

In November almost 40 managers from SMG were given leadership training in communication and conflict resolution. This training was provided by Mubadala GE Capital as part of their MGEC Advantage program, this program provides leadership development training for key clients. The training was designed to develop and focus our company's Vision and Mission.



Some of SMG's employees at the Mubadala leadership training

FORMULA 1

Besides the hard work and efforts, Stanford Marine's employees had a festive quarter full of activities and celebrations.

The fun started with a Formula 1 weekend; it was filled with entertainment, excitement and of course lots and lots of networking.



Formula 1

BOWLING

Continuing the enjoyment we had a bowling outing planned by our HR & HSEQ Advisor Kat Manning, it was an evening accompanied with so much energy, happy spirits, competition, and winners!



Bowling

CELEBRATIONS

Stanford Marine likes to participate and celebrate all religious occasions; employees at Stanford Marine celebrated the Indian festival of lights "Diwali" on November 10, 2012. The celebrations included Indian cuisine lunch, Indian sweets served all day, and all employees wore different traditional Indian costumes to enhance the feel of the occasion.



Diwali Celebrations

Stanford Marine also celebrated Christmas on December 20, 2013. The celebration first started with the opening of gifts that resulted from a Secret Santa between the office employees, followed by Lunch. It was a great way to end the year, it helped the employees gain positive energy and attitude towards the beginning of the New Year.



Christmas Celebrations

A big Thank You from Stanford Marine's employees to Stanford Marine's Management for keeping the enjoyment and positive attitude around the office.

CSR

SMG'S CSR INITIATIVES AND ACCOMPLISHMENTS.



Clean Up Arabia



Our fun and enjoyment wouldn't be complete without giving back to society and doing some good; on November 23 & 24, 2012 Clean Up Arabia took place in Le Méridien Al Aqah, Fujairah. SMG was the Gold Sponsor for this humanitarian annual event that aims to clean up the dive sites and beaches of the UAE and surrounding regions, striving to keep a clean and healthy environment for the marine life and humans.

Clean Up Arabia is organized by Emirates Diving Association and it is part of the Clean Up the World program that is promoted and managed by the United Nations Environment Program (UNEP).



Wrapathon



Moreover, with the spirit of Christmas, SM employees were volunteers at the Angel Appeal wrapathon that took place on December 8, 2012 in Dubai Festival City. They managed to wrap thousands of gifts that would be distributed to the seafarers at Christmas. Angel Appeal's mission is to care for the seafarers as a token of appreciation for all the sacrifices they do; not seeing their families for months, not being able to celebrate holidays with their loved ones, etc... We at Stanford Marine find it very important to support such an organization that aims on giving back to unfortunate seafarers.



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