

2012 in review



STANFORD MARINE GROUP

The Premium Offshore Service Provider

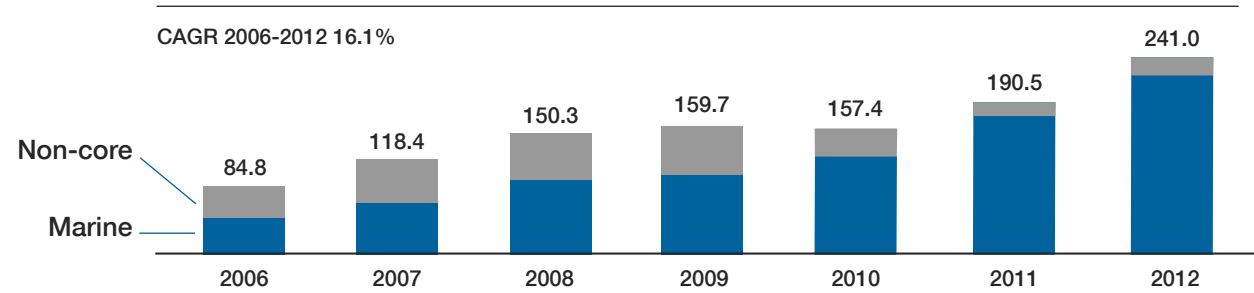


KEY FIGURES

Revenue

USD million

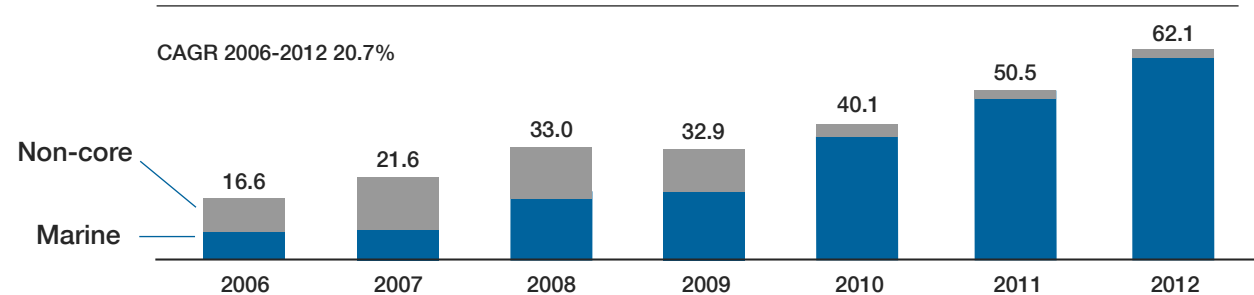
CAGR 2006-2012 16.1%



EBITDA

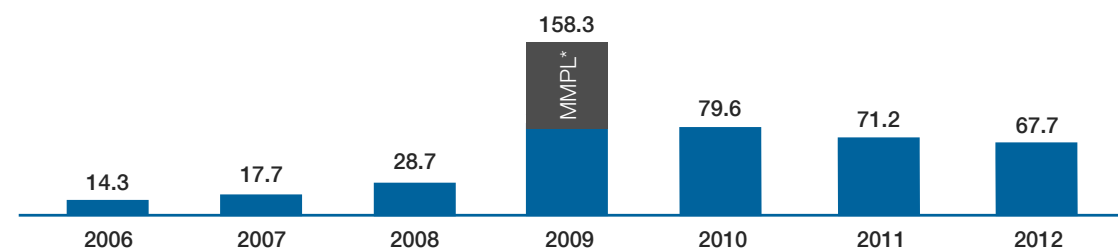
USD million

CAGR 2006-2012 20.7%



CAPEX

USD million



* Acquisition of MMPL

AREAS OF OPERATION



Elias Nassif,
President and CEO
STANFORD MARINE GROUP

MESSAGE FROM THE CEO

As Stanford Marine Group's CEO, I am proud to see the outstanding results achieved this 2012 along with the significant opportunities for further expansion of our Marine businesses. With a remarkable EBITDA of USD 62.1million on revenue of USD 241 million, the Stanford Marine Group once again delivered a notable financial performance that we are all proud of.

Since 2012 has been a successful year with positive sustained growth in our core Marine activities, we are pleased to report an increase of 26% in revenue and 30% in EBITDA. The businesses in The Group be it the Offshore Support Vessel Chartering business or the Ship Building and Repair business, they have all contributed greatly to this development and growth.

Stanford Marine has expanded in terms of vessel deliveries and penetrating or consolidating new markets in, e.g., South East Asia and East Africa. We successfully managed to have a record-breaking 92% fleet utilization and to secure 55 new contracts throughout the year, a reflection of the high quality service we provide to our clients and of the trust they place in us.

Now operating a diverse fleet of 42 vessels across the Middle East, South East Asia and Africa, Stanford Marine continues to focus on Health and Safety coupled with client satisfaction. This year has seen continued certification to ISM, ISO 9001, 14001 and OHSAS 18001 standards. Another significant milestone has been the completion of three years without an LTI (Lost Time Incident). The company strives to implement new strategies in terms of Health and Safety, one such example of note for 2012 was the 'Eye on Safety' observation cards. This has been appreciated by our clients and thoroughly embraced by our crew members leading to a much improved safety awareness. With a large and modern fleet, professional management team and certified HSEQ management systems, Stanford Marine reconfirms its position as one of the world class providers in the industry. These results would not have been possible without the hard work of our teams both onshore and offshore whom I would like to thank and salute for their exceptional efforts and work ethic.

For **Grandweld**, 2012 has been a year of significant change. The company has completed the construction of its new state-of-the-art shipyard at Dubai Maritime City and has started operating from the new premises. With 50,000sqm this yard is the largest and most modern in DMC, confirming Grandweld's place at the forefront of the industry in the Middle East.

KEY STATISTICS

12 Ships Built And Delivered in 2012

42 Offshore Supply Vessels in Operation End 2012

798 Ship Repair And Maintenance Jobs Performed in 2012

3135 Employees End 2012

The company completed and delivered 12 new vessels to their owners in 2012, such as a 55 meter Dive Support and Maintenance Vessel to ADNOC, 2 units of a 55 ton multipurpose Harbour tug to Abu Dhabi Ports Company, 2 units of Pilot Boats to Kuwaiti Oil Tanker Company, 1 unit Crane Workboat to National Marine Dredging Company, and 1 unit 57 meter platform supply vessel delivered to Moji Group. Continuing its focus on engineering excellence, Grandweld has invested in developing new designs and enhancing existing ones, such as the very successful 42m Aluminum Crew Boat. The Ship Repair and Maintenance business has also had a great year in 2012, consolidating the high growth of the previous year and benefiting from the increase in available space in the new yard.

At SMG we believe that acting responsibly and giving back to society is as important as running our own business. We are happy and proud to be making a positive change and difference on critical issues such as education, health and wellness, economic development and environmental sustainability. Our internal focus on Health and Safety and on environmental efficiency is substantial and is reflected in the incident rates far below industry benchmarks. However it doesn't end here! We also sponsor initiatives outside

our company such as the continued financial and emotional support to the Al Noor Training Centre for Children with Special Needs and the Rashid Paediatric Therapy Centre. Moreover, being a Marine business, we feel it is our responsibility to help protect marine life, which is why we are proud to have participated in the 'Clean Up Arabia' project under the patronage of the United Nations Environment Program (UNEP).

Although 2013, just like the previous years, is exposed to the uncertainty of the Euro-zone crisis, a global slow-down and political instability in the region, I am optimistic for our businesses and the year ahead. We have a strong base of long term chartering contracts and a solid order book for our Shipbuilding business. Our operational capabilities have never been better, with dedicated and well trained teams, new infrastructure and upgraded systems. While constantly keeping a watchful eye on our fast-paced environment we are commencing 2013 with a strong sense of purpose and ambition.

In summary, I would like to thank all of the SMG team for their continued support and hard work in making 2012 a year to be proud of. I would also like to thank our shareholders for their ongoing guidance and cooperation in delivering the full potential of the company.



Elias Nassif,
President and CEO
STANFORD MARINE GROUP



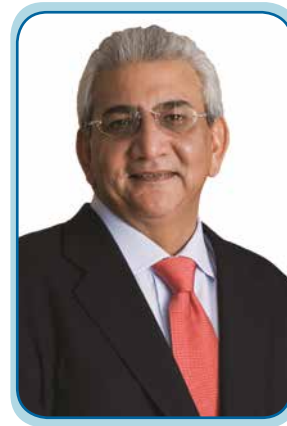
BOARD OF DIRECTORS



Ahmed Badreldin
Senior Partner
Abraaj Capital



Huda Ali Redha Al Lawati
Principal
Abraaj Capital



Waqar Siddique
Senior Partner
Abraaj Capital



Hani Ramadan
Director
Waha Capital



Ibrahim Al Binali
Director
Waha Capital



Darren Reeves
General Manager
Stanford



Jamal Abki
General Manager
Grandweld



Mohd. Samha
General Manager
Gmmostech

SENIOR MANAGEMENT



Elias Nassif
Chief Executive Officer
Stanford Marine Group



N. S. Ramjee
Chief Financial Officer
Stanford Marine Group

OFFSHORE SERVICE VESSELS

For Stanford Marine 2012 has been an excellent year, consolidating the strong growth of 2011, enhancing our operations and expanding into new geographies.



Across our fleet of 42 vessels, of which 36 are owned, average utilization reached a new all-time high of 92%, exceeding the 85% record of 2011. Technical uptime of the fleet also broke records, attaining 97%. These results are all the more impressive considering that during the period we oversaw 13 dry-dockings and vessel modifications to client requirements. Some of which were significant upgrades such as the Stanford Pride which was extensively modified into a DP1 vessel.

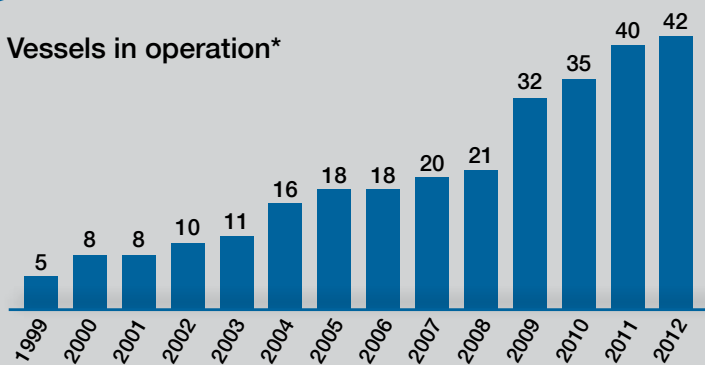
A total of 55 new contracts were secured by Stanford Marine in 2012 with new and existing clients, whilst a significant number of extension options were also exercised. Most of these contracts were in our traditional work arenas of the Middle East with clients such as McDermott, Occidental Petroleum of Qatar, Zadco, Maersk Oil of Qatar and Dubai Petroleum, new markets were explored in Myanmar, Malaysia and the Gulf of Mexico. In addition to this, the success of the MMC 887 DP 2 diesel electric Stanford Buzzard in East Africa has set a benchmark for future remote assignments. 2012 also saw the commencement of a high profile Technical Management contract with Fugro Survey Middle East for a 70m DP 2 offshore support vessel, with a heave compensated drilling rig mounted over a moon-pool.



As a company, Stanford Marine puts tremendous emphasis on ensuring that we not only get the job done, but that we also get it done safely. It is particularly rewarding to see this philosophy illustrated by reaching 10 million man-hours worked without LTI (Lost Time Incident), a milestone we take great pride in. The HSEQ Management system, incorporating the ISO 9001, 14001 and OHSAS 18001 standards and rolled out in 2011 underwent continued evolution in 2012 passing the verification audit by the certifying classification society with zero non conformities and zero observations.

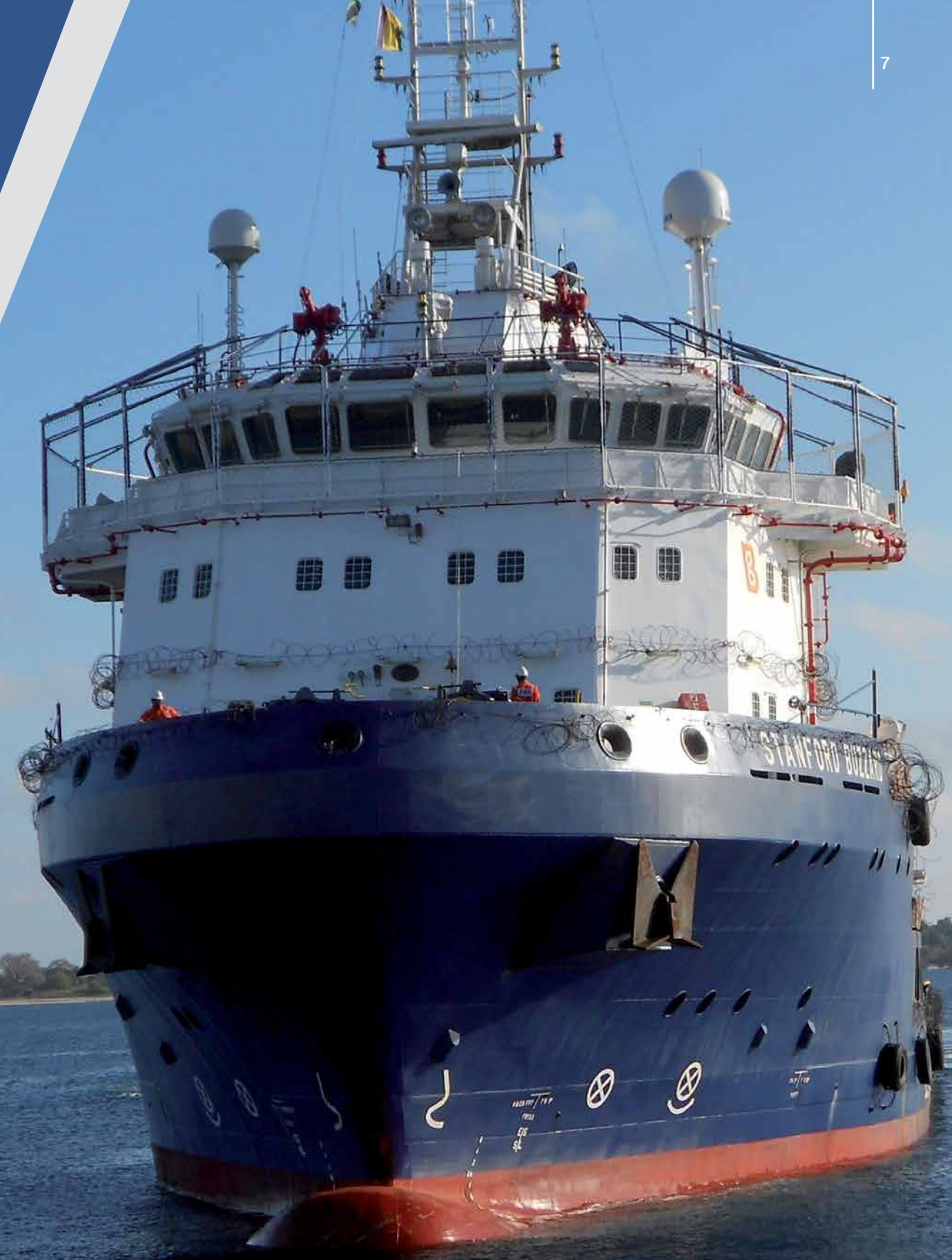
The year has also seen a revamp of how the vessels are managed. The total fleet was divided into six sub-fleets dependent upon geographical area, with each of these assigned dedicated technical, purchase and crewing personnel under the command of a Port Captain and coordinated at headquarters. The model has been a significant success in terms of maximising our operational effectiveness, our growth being supported by personnel added to our Qatar, Abu Dhabi, Saudi, Singapore and Dubai based teams and by continued IT infrastructure upgrades such as the roll out of new crewing and purchasing systems. Stanford Marine also attained a crew retention rate of 75% in 2012, clearly above the industry average and achieved by striving to give our personnel working conditions that are the industry's best.

Vessels in operation*



*incl. vessels under management

2013 promises to be an exciting year as Stanford Marine expects to maintain the momentum and to grow its fleet by double digits.



OFFSHORE SERVICE VESSELS

Stanford Marine Fleet

PLATFORM SUPPLY VESSELS

Name	Built	Length (m)	DWT	Specifications
Stanford Hobby	2012	87	5145	DP2, FiFi 1
Stanford Buzzard	2011	87	5145	DP2, FiFi 1
Stanford Hudhud	2011	58	1350	DP1, FiFi 1
Stanford Goshawk	2011	58	1350	DP1, FiFi 1
Stanford Caracara	2011	58	1350	DP1, FiFi 1
Stanford Osprey	2011	58	1350	DP1, FiFi 1
Stanford Condor	2011	58	1350	DP1, FiFi 1
Stanford Kite	2010	58	1350	DP1, FiFi 1
Merlin	2010	70	2750	DP2, FiFi 1
Stanford Gold	2000	56	960	-



FAST SUPPORT INTERVENTION VESSELS

Name	Built	Length (m)	BHP
Stanford Puma	2009	41	4200
Stanford Dove	2009	41	4200
Stanford Nile	2009	41	4200
Stanford Tyne	2009	41	4200
Stanford Tigris	2009	41	4200
Stanford Rhine	2009	41	4200
Stanford Swan	2008	41	4050
Firebird-1	2007	36	4050
Firecrest	2007	36	4050
Maya	2011	42	4350



ANCHOR HANDLING TUG SUPPLY

Name	Built	Length (m)	BHP	Specifications
Stanford Alpha	2008	59.25	5150	65T BP, FiFi 1
Stanford Challenger	2005	58.7	4750	64T BP, FiFi 1
Stanford Mariner 2	2002	56	4000	53T BP, FiFi 1
Ark Oslo	2008	58.7	5150	65T BP, FiFi 1, DP1



ANCHOR HANDLING TUG

Name	Built	Length (m)	BHP	Specifications
Stanford Mermaid	2007	49	5150	71T BP, FiFi 1
Stanford Energy	2000	37	3150	45T BP
Stanford Pride	2000 Rebuilt 2012	37.44	5400	55T BP 47T BP, DP1



CREW / UTILITY SUPPLY VESSELS

Name	Built	Length (m)	BHP
Stanford Swift	2004	33.5	2100
Stanford Falcon	1992	39.63	1762
Stanford Harrier	1991	39.63	2040
Stanford Pelican	1991	39.63	2040
Blue Jay	1989	33.5	1575
Sea Robin	1989	39.63	2040
Stanford Provider	2008	48	2400
Stanford Service	1991	35	1520
Stanford Explorer	1979	32	1200



In addition to its own fleet, Stanford Marine manages a number of vessels for other Owners.

SHIP BUILDING & REPAIR



2012 was a significant growth year for our Shipbuilding and Repair business marking a 14% increase compared to 2011 while Grandweld Shipyards ended the year on a high note moving to their new state-of-the-art 55,000sqm premises in Dubai Maritime City.

During 2012, Grandweld's Shipbuilding team delivered 12 vessels to new and existing clients, including a 55 meter Dive Support and Maintenance Vessel to ADNOC, 2 units of a 55 ton Harbour Escort tug to Abu Dhabi Ports Company, 2 units of Pilot Boats to Kuwaiti Oil Tanker Company, 1 unit Crane Workboat to National Marine Dredging Company, and 1 unit 57 meter platform supply vessel delivered to Mojil Group.

Our Ship Repair and Maintenance business has consolidated the high growth of the previous year, again delivering growth in 2012. We carried out major conversions in 2012 such as the conversion of the DLB Nand Gaurav into a subsea pipe lay barge, one of the first projects of this type to be carried out anywhere in the Middle East. In addition, Grandweld is currently undertaking the conversion of two platform support vessels into dive support vessels with four point mooring system for Zamil Offshore.

Grandweld Shipyards' new facility in Dubai Maritime City (DMC) is now fully operational, having been officially inaugurated in October 2012 by H.H Sheikh Ahmed Bin Saeed Al Maktoum, Chairman of Dubai World and CEO and Chairman of The Emirates Group. Strategically located in the heart of Dubai, Grandweld's new state-of-the-art facility spreads over 55,000sqm, and offers a modern shipbuilding infrastructure; featuring 13,500sqm covered and insulated Shipbuilding yard with overhead cranes, 28,000sqm open yard, 4,000sqm modern offices, CNC and piping workshops, and 5,000sqm storage area. Grandweld estimates that the



move has increased its shipbuilding capacity by approximately 60%, while also allowing larger vessels to be built and serviced.

The facility was conceived from the ground up to save energy, diminish our impact on the environment and reduce operation and maintenance costs. It is, for example, equipped with an LV solar panel distribution system that provides environment-friendly energy. Hence, the shipyard received an environmental Leed Gold certification verified by the Green Building rating system established by the USGBC – the United States Green Building Council, which is a milestone achievement for Grandweld making it the first marine company in the MENA region to receive this certificate.

SMG's Shipbuilding and Repair business starts 2013 in a position of strength, with an ultra modern shipyard and a substantial order book including, e.g., 6 units of 54 meter Hybrid Propulsion Seismic Support Vessels and 5 units of the 42 meter Aluminum Crew Boat, thus reconfirming its leading position in the Middle East.



STANFORD MARINE GROUP HSE

One of the highest priorities at Stanford Marine Group is to provide a safe, healthy and incident free workplace.

It is the intention of our Group to operate effective and structured Safety Management Systems that are fully capable of meeting all statutory obligations and company safety objectives in regard to the health and safety of its employees, customers, the environment, general public, visitors and contractors. This is demonstrated by Stanford Marine successfully maintaining its ISO 9001, 14001, OHSAS 18001 and ISM certification in 2012. Grandweld have been working towards ISO 14001 certification during 2012, to add to their existing OHSAS 18001 certification with a view to implementing a fully integrated system.



The key focus is ensuring the job gets done safely; with this approach we serve our company, our clients and our hard working staff.

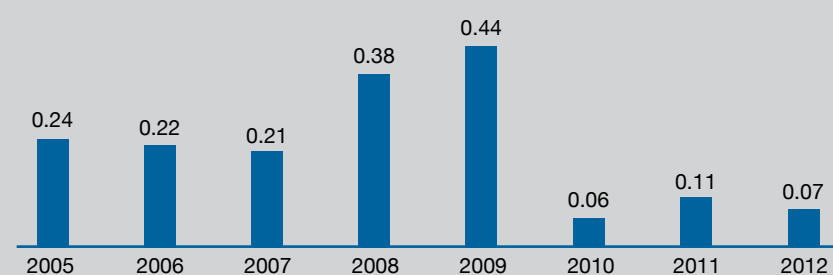
Safety performance in 2012 has once again seen our efforts rewarded with Stanford Marine having successfully completed three years LTI free (over 10 million man-hours worked), which is a formidable achievement given our ever increasing fleet. The introduction of a proactive behavior based safety program in 2012 has been instrumental in maintaining and improving our overall safety performance. This awareness of safety requirements ensures we are constantly thinking and working safely. Grandweld has made significant progress in 2012 towards its zero target for LTI's, with no LTI's recorded



in the 3rd or 4th quarter and a drop of 67% in TRI, 0.22 for 2012 compared to an industry benchmark of 2.8 for the Shipbuilders Council of America representing 50 companies that own and operate over 120 shipyards in the US. In 2012 Grandweld moved to their new state-of-the-art facility in Dubai Maritime City, which has received the Leed Gold Certificate from the US Green Building Council, making us the first marine company in the MENA region to receive this certificate. We are convinced that Green building practices can substantially reduce or eliminate negative environmental impacts through high performance, market-leading design, construction and operations practices. As an added benefit, green operations increase productivity and reduce potential risks resulting from indoor air quality problems.

At Stanford Marine Group we encourage all our employees to take individual responsibility for their health and safety and to exhibit and promote safe work behaviors. These values drive our shore based teams and those working on our vessels to achieve high standards and maintain them.

TRIR* for Stanford Marine



* Total Recordable Incident Rate per 100,000 manhours

CORPORATE SOCIAL RESPONSIBILITY

Giving back to our society is embedded in how we do business. Our passion for involvement in the local community drives us to constantly seek new avenues for generating CSR awareness and support. We strive to operate our business in a more enlightened way, taking responsibility for our impact on society and the environment. As part of the Marine industry we are committed to the protection of marine life and habitat, however our aim is to also have an impact in our community through: education, health and wellness, economic development and environmental sustainability.

Corporate social responsibility drives many aspects of our activities, ultimately improving the lives of people within our community. SMG has a clear understanding of the global issues and aims to act as conscientiously as possible whether it is through recycling at the office, volunteering and offering financial support to the Rashid Pediatric Therapy Centre and also to the Al Noor Training Centre for Children with Special Needs, for what is now the 14th consecutive year, or involvement with the 'Clean Up Arabia' program, a yearly even taking place across the UAE to clean up dive sites and beaches. 'Clean Up Arabia' is part of the 'Clean Up the World' program promoted and managed by the United Nations Environment Program (UNEP).

Grandweld's new shipyard facility was designed to produce reductions of 21% in energy use and 43% in water use with CO2 emissions being reduced by around 100 tons annually, outstanding reductions which led to the Leed Gold certificate. SMG's carbon footprint will be further reduced with the inclusion of cutting edge hybrid propulsion systems in the vessel build program.

The projects we have chosen to support reflect our goals and values. We are proud of the initiatives implemented within the group and of our staff's continuing contribution in 2012.



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