



Mermaid Maritime Public Company Limited

บริษัท เมอร์เมต มารีไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

26/28-29, 9th Floor Orakarn Bldg., Soi Chidlom, Ploenchit Road,
Lumpinee, Pathumwan, Bangkok 10330, Thailand.

Tel.: +66 (0) 2-255-3115 ~ 6; Fax: +66 (0) 2-255-1079

ANNOUNCEMENT OF NEWBUILD TENDER RIG ORDER

AND NEWLY INCORPORATED SUBSIDIARY SHAREHOLDERS AGREEMENT

1. Introduction

The Board of Directors of Mermaid Maritime Public Company Limited (“Mermaid”) wishes to announce that its newly incorporated subsidiary, Mermaid Kencana Rig 1 Pte. Ltd. (“MKR1”), has on this Friday, 19 October 2007 issued a letter of award and will be entering into a contract with Kencana HL Sdn. Bhd. (“KNHL”) in Malaysia, a wholly owned subsidiary of Kencana Petroleum Bhd. (“KNPE”) in Malaysia, for KNHL to design, construct, equip and deliver a newbuild tender rig for MKR1 for an aggregate sum of USD 136 million (United States Dollars One Hundred and Thirty Six Million Only) (the “Consideration”) (such transaction hereinafter called the “Transaction”). The contract signing ceremony will be held on Monday, 22 October 2007 in Malaysia.

2. Information and Rationale for the Newbuild Tender Rig and benefits expected

The newbuild tender rig comprises one (1) self erected tender rig (“SETR”) and one (1) derrick equipment set (“DES”) (together, the “Newbuild Tender Rig”). The expected date of delivery of this Newbuild Tender Rig is in the fourth (4th) quarter of 2009. MKR1 is currently in discussions with major regional clients on a long-term drilling contract for the Newbuild Tender Rig and is expected to announce a commitment soon.

The contract also contains clauses for the exercise of options by MKR1 to order up to three (3) additional newbuild tender rigs from KNHL. Mermaid will make announcements each time the option is exercised.

The purchase is undertaken as part of Mermaid’s commitment to expand the size of its rig fleet in order to enhance its offshore oil and gas support services and capabilities as well as to achieve greater economies of scale. The Newbuild Tender Rig will also enhance Mermaid’s market position in terms of the modernization of its fleet. Mermaid currently owns and operates a fleet comprising two (2) tender rigs and four (4) owned and two (2) chartered sub-sea support vessels.



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3. Condition Precedent

The Transaction is conditional upon: (a) MKR1 securing finance for the Transaction; and (b) KNHL issuing payment refund guarantees to MKR1 where required by MKR1 to secure its finance.

4. Consideration

The Consideration comprises USD 91 million (United States Dollars Ninety One Million Only) for the SETR and USD 45 million (United States Dollars Forty Five Million Only) for the DES. The Consideration was arrived based on negotiations on a willing-buyer willing-seller basis with regard to current market conditions and is within fair market value as of 18 October 2007 as assessed by R.S Platou Offshore A.S. as valuers, based on current market comparables between willing buyers and willing sellers, as well as the perceived market levels at the relevant time. It will be paid in cash by MKR1 in stages as set forth below:

Installment	SETR
1	15% on execution of the contract.
2-11	75% during the construction period based on contract milestones.
12	7.5% on delivery of the SETR
13	2.5% on expiry of the warranty period.

Installment	DES
1	15% on execution of the contract.
2-7	75% during the construction period based on contract milestones.
8	5% on delivery of the SETR
9	5% on expiry of the warranty period.

Mermaid intends to fund its portion of the Consideration through a combination of proceeds raised from Mermaid's recent initial public offering and borrowings. Mermaid's portion of the Consideration is limited to 75% based on the equity proportion it owns in MKR1 (see below).



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5. Details of Mermaid Kencana Rig 1 Pte. Ltd.

Mermaid Drilling (Singapore) Pte. Ltd. ("MDS"), a wholly owned subsidiary of Mermaid, has on 19 October 2007 incorporated MKR1 as a wholly owned subsidiary in Singapore with an issued share capital of USD100 (United States Dollars One Hundred Only) comprising 100 shares of USD 1 (United States Dollar One) each. The principal activity of MKR1 is to engage in drilling and drilling related services in the offshore oil and gas industry in its capacity as the owner of the Newbuild Tender Rig. The share capital of MKR1 will subsequently increase over time as installment payments are made through capital contributions by its shareholders.

At the time of incorporation of MKR1, MDS is the sole shareholder holding 100% equity in MKR1. However, pursuant to a shareholders agreement between MDS and Kencana Petroleum Ventures Sdn. Bhd. ("KNPV") in Malaysia, its shareholding structure will change to MDS owning 75% of the equity and KNPV owning 25% of the equity in MKR1.

The share capital of MKR1 will subsequently increase over time in line with the investment required for the ownership of the Newbuild Tender Rig and shall be allotted in accordance to the equity structure in the above proportions. The eventual issued and paid-up share capital of MKR1 is dependent on the source of funding for the Newbuild Tender Rig via equity and/or borrowings. Further capital increases in MKR1 by KNPV will require approval of the shareholders of KNPE. Any guarantees required by third parties from MDS and KNPV will also be provided in proportion to their shareholding structure in MKR1. The board of directors of MKR1 will comprise three (3) directors nominated by MDS and one (1) director nominated by KNPV. Such board will determine from time to time the capital expenditure and working capital requirements of MKR1.

The rationale for entering into the shareholders agreement with KNPV is to benefit from the reputation and goodwill of the KNPE group in the offshore oil and gas industry, to encourage mutual benefit in the construction and successful delivery of newbuild tender rigs, to develop synergies between the parties to better serve clients in drilling and drilling related services in the offshore oil and gas industry, and to have access to capital from the KNPE group. The shareholders' agreement is also scheduled to be signed at the signing ceremony on Monday, 22 October 2007 in Malaysia.

MKR1 will be the second company partially owned by KNPV. The other company is Kencana Mermaid Drilling Sdn. Bhd. ("KMD") in Malaysia. KMD was incorporated on 26 September 2007 and will provide services as a licensed and marketing company for drilling and drilling related services to the offshore oil and gas industry in Malaysia. KMD is also co-owned by MDS and KNPV.



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6. Details of Mermaid Drilling (Singapore) Pte. Ltd., Kencana Petroleum Ventures Sdn. Bhd. and Kencana HL Sdn. Bhd.

MDS was incorporated in Singapore on 27 February 2007 and is a wholly owned subsidiary of Mermaid. Its principal activity is to provide drilling and drilling related services to the offshore oil and gas industry. MDS will act as the holding company for Mermaid's foreign partnerships and investments in drilling and drilling related services in the offshore oil and gas industry.

KNPV was incorporated in Malaysia on 5 September 2007 as a wholly owned subsidiary of Kencana Petroleum Berhad ("KNPE") and will act as the holding company for KNPE's partnerships and investments in drilling and drilling related services in the offshore oil and gas industry.

KNHL was incorporated in Malaysia on 9 April 1982 and is a wholly owned subsidiary of KNPE. KNHL's principal activities are engineering and fabrication of offshore and onshore facilities in the oil and gas industry. KNPE through its wholly owned subsidiary KNHL, is one of seven (7) holders of offshore major fabrication licenses issued by Petroliam Nasional Berhad ("Petronas"). The KNPE group of companies has become one of the fastest growing integrated engineering and fabrication solution providers for oil and gas companies in Malaysia. KNPE is listed on the Bursa Malaysia.

7. Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")

The relative figures as computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

(a) Net Asset Value Test (Rule 1006(a))

The net asset value test is not applicable to the Transaction.

(b) Net Profits Test (Rule 1006(b))

There are no net profits attributable to the Newbuild Tender Rig because it has yet to be constructed.

(c) Market Capitalization Test (Rule 1006(c))

Mermaid's 75% share of the Consideration being USD 102 million (United States Dollars One Hundred and Two Million Only) is equivalent to approximately 13.26% of Mermaid's market capitalization of approximately US\$769.6 million (United States Dollars Seven Hundred and Sixty Nine Million Six Hundred Thousand Only) (based



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on the exchange rate of USD 1.00 = SGD 1.47). The market capitalization is computed based on the weighted average price of Mermaid's shares transacted on 19 October 2007 (SGD 2.1622), being the market day preceding the date of the contract signing, multiplied by the number of shares in issue (523,205,340 shares).

(d) Equity Securities Test (Rule 1006(d))

The equity securities test is not applicable to the Transaction as no equity securities are being issued as consideration for the Transaction.

Having regard to the above, the Transaction is a "Disclosable Transaction" under Rule 1010 of the Listing Manual.

8. Financial Effects

For illustrative purposes only, the financial effects based on the latest audited consolidated financial statements for the Mermaid Group for the year ended 30 September 2006 ("FY2006") are as follows:

- (a) Assuming that the Transaction had been effected at the end of FY2006, the pro forma effects on the consolidated net tangible assets ("NTA") of Mermaid for FY2006 are as follows:

	Before Transaction	After Transaction
NTA (THB'000) [a]	2,474,039	4,805,759 [b]
NTA per share (THB) [c]	4.73	9.19
NTA per share (SGD) [d]	0.20	0.39

Note:

[a] NTA is calculated based on Thai Generally Accepted Accounting Principles (GAAP) and for the purpose of this illustration is total assets minus total liabilities since Mermaid has minimal intangible assets.

[b] based on an exchange rate of USD 1.00 = THB 34.29 and assumption of debt to equity financing of 50/50.

[c] based on 523,205,340 issued and paid-up ordinary shares of the Company post IPO as this would adjust for the difference arising from the IPO, such that the effect is attributed solely to the Transaction.

[d] based on an exchange rate of SGD 1.00 = THB 23.45.



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- (b) Assuming that the Transaction had been effected at the beginning of FY2006, there will be no impact on Mermaid's earnings per share for FY2006. As the Newbuild Tender Rig is yet to be constructed, there is therefore no past performance records to measure their profitability for FY2006.

9. Interest of Directors and Controlling Shareholders

None of the directors or controlling shareholders of Mermaid has any interest, direct or indirect, in the Transaction. There are also no new directors proposed to be appointed to Mermaid in connection with the transaction.

10. Documents for Inspection

A copy of the said contracts and the valuation report may be inspected at the registered office of Mermaid at 26/28-29, Orakarn Building 9th Floor, Soi Chidlom, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Vincent Siaw
Company Secretary
19 October 2007

Macquarie Securities (Singapore) Pte Limited is the Sole Global Coordinator, Bookrunner and Underwriter for, and Macquarie Securities (Asia) Pte Limited is the Issue Manager for, the initial public offering of Mermaid. This announcement has been prepared and released by Mermaid.