



MERMAID MARITIME PUBLIC COMPANY LIMITED

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MERMAID'S SUBSCRIPTION TO 49% OF SHARES IN ASIA OFFSHORE DRILLING LIMITED CONFIRMED

Mermaid-led joint venture Asia Offshore Drilling Limited raises NOK 587 million (approximately USD 100 million) from private placement to fund construction of two (2) newbuild jack-up rigs.

1. Introduction

Reference is made to the announcement by Mermaid Maritime Public Company Limited ("Mermaid") on 22 October 2010, 2 November 2010 and 11 November 2010 regarding the proposed construction of two (2) newbuild jack-up rigs to be undertaken by Asia Offshore Drilling Limited ("AOD"), the private placement for AOD ("Private Placement") and Mermaid's application to subscribe to 49% of the placement shares therein ("Subscription"). Mermaid is pleased to advise that the conditions precedent as disclosed in its announcements of 2 November 2010 and 11 November 2010 with respect to the Private Placement have been fulfilled and the Private Placement has become effective and the Subscription confirmed.

2. About AOD

Asia Offshore Drilling Limited ("AOD") is a private limited company incorporated on 29 October 2010 in Bermuda. The purpose of its incorporation is to, among other things, act as a special investment vehicle for the acquisition and operation of two (2) newbuild high-specification jack-up rigs to be constructed by Keppel Offshore & Marine Limited's subsidiary Singapore Keppel FELS Limited ("Keppel"). AOD also holds options to construct an additional two (2) more high-specification jack-up rigs at Keppel.

AOD has two wholly owned subsidiaries, Asia Offshore Rig 1 Limited ("AOR1") and Asia Offshore Rig 2 Limited ("AOR2"). Both these entities are also private limited companies incorporated in Bermuda on 29 October 2010 and will each become the designated buyer and owner of the two jack-up rigs ("2x Keppel Rigs") respectively.

3. Rationale for the Subscription

Although day-rates for all categories of rigs have declined from the peak levels seen during the last couple of years especially after the financial crisis in 2008, industry trends point to an encouraging increase in demand for new drilling assets. Contract awards continue to be for relatively short

periods with a large number of fixtures supporting high utilisation rates. An especially positive development is the return of the smaller independent oil companies. These companies are an attractive alternative source of demand and with the easing of the credit markets have been resuming their E&P activities.

As oil prices continue to stabilise and the global economic recovery continues, Mermaid expects to see additional requirements for drilling assets. Mermaid also believes that both day rates and utilisation have stabilised and will be on an uptrend moving forward.

Given the general anticipation of an improvement in demand and supply conditions in the next twelve to eighteen months, Mermaid believes that any new investment made during this period will cost less than in the future. Mermaid further observes an increasing number of contract tenders, particularly with clients showing a strong preference for newer equipment and more recently, various drilling companies ordering new build rigs without secured client contracts in advance of committing to these new build rigs.

It is the long-term strategic intent of Mermaid to grow its investments in the offshore drilling business in a manner that allows Mermaid to share the associated risks and returns with like-minded co-investors to benefit from the positive developments within the offshore drilling sector at a time where new-build prices for high-specification rigs appear to be rising, as evident in recent transactions for similar type rigs at prices ranging between USD 180 – 190 million.

Based on the rationale above, Mermaid announced on 22 October 2010 that it had entered into a Letter of Intent with Keppel to build the 2x Keppel Rigs with options for another two (2) for a new Mermaid-led joint-venture, AOD. The 2x Keppel Rigs are scheduled for delivery on 1 December 2012 and 1 March 2013, respectively and will be built based on Keppel's proprietary design, the Mod V-B Class. These premium jack-up rigs will be capable of operating in waters of 350 feet and will be equipped with offline handling features and accommodation for 150 personnel.

In connection with the contemplated order, a Private Placement to raise up to NOK 587 million, (or approximately USD 100 million), was made through an issue by AOD of 20 million new ordinary shares.

4. Consideration

Mermaid's total consideration for the Subscription is **USD 49,000,000 (United States Dollars Forty Nine Million)**, equivalent to NOK 287,630,000. This represents the subscription of 9,800,000 shares (equivalent to 49%) in AOD, at a value of USD 5.00 per share, equivalent to NOK 29.35 per share. The Subscription forms part of a total of NOK 587,000,000, or approximately USD 100 million, of funds raised through the Private Placement.

It is AOD's intention that the gross proceeds of the Private Placement will be used to finance: (i) the initial contract payments on the acquisition of the 2x Keppel Rigs; (ii) project management; and (iii) working capital and selling, general and administrative expenses. The contract payments for the acquisition of the 2x Keppel Rigs were negotiated on an arms-length basis and are observed to be within comparable values to recent announcement of orders placed by third parties with Keppel for similar rigs, and is on that basis within fair market value as assessed by Mermaid.

The consideration for the Subscription was funded by proceeds received from the rights issue of Mermaid in 2009. The Private Placement and the Subscription is made on the basis that AOD will in due course seek approval for listing of its shares on the Oslo Stock Exchange (“Oslo Axess”).

5. Conditions Precedent

The conditions precedent to the Subscription included among other things: (i) AOD resolving to complete the Private Placement; (ii) replacement of the Letter of Intent with Keppel for turnkey construction contracts for two (2) x 350 ft. MOD V-B class jack-ups and option contracts for another two (2) jack-ups; (iii) execution of a corporate management agreement and technical and commercial management agreements with Mermaid; (iv) registration of AOD’s shares in the Norwegian Electronic Securities Register (“VPS”) for the purpose of facilitating trading of the shares in Norway; (v) receipt of exemption from prospectus requirements from the Bermuda Ministry of Finance (“BMA”) and (vi) BMA clearance of new investors.

As at the date of this announcement, all conditions precedent to the Private Placement has been satisfied and the Private Placement has therefore been given effect and the Subscription confirmed.

6. Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”)

In order to determine the classification of the Subscription, 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 Subscription.

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

There are no net profits attributable to the Subscription because the 2x Keppel Rigs have not yet been constructed and delivered and therefore there are no past revenues attributable to this venture for the purposes of this test.

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

The consideration of USD 49,000,000 is equivalent to approximately SGD 64,239,000 (based on the exchange rate of USD 1.00 = SGD 1.311). This represents 17.3% of Mermaid’s market capitalization of SGD 372,088,142. The market capitalization is computed based on the weighted average price of Mermaid’s shares transacted on 11 November 2010 (SGD 0.47415), being the closing date for the Subscription, multiplied by the number of shares in issue (784,747,743 shares).

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

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

Having regard to the above, the Subscription constitutes a “discloseable transaction” under Rule 1010 of the Listing Manual.

7. Financial Effects

For illustrative purposes only, the financial effects based on the latest audited consolidated financial statements of Mermaid for the year ended 30 September 2010 (“FY2010”) are as follows:

- (a) Assuming that the Subscription had been effected at the end of FY2010, the pro forma effects on the consolidated net tangible assets (“NTA”) of Mermaid for FY2010 are as follows:

	Before the Subscription	After the Subscription
NTA (THB'000) [a] [b]	17,490,097	17,490,097
NTA per share (THB) [c]	22.29	22.29
NTA per share (SGD) [d]	0.97	0.97

Note:

[a] NTA as at 30 September 2010 is calculated based on Thai Generally Accepted Accounting Principles (GAAP) and for the purpose of this illustration is total assets minus goodwill and intangible assets.

[b] based on an exchange rate as at 30 September 2010 of USD 1.00 = THB 30.2741.

[c] based on 784,747,743 issued and paid-up ordinary shares of the Company as at 30 September 2010.

[d] based on an exchange rate as at 30 September 2010 of SGD 1.00 = THB 22.8683.

- (b) Assuming that the Subscription had been effected at the beginning of FY2010, there would have been no impact on Mermaid’s earnings per share (“EPS”) for FY2010 because the 2x Keppel Rigs have yet to be constructed and delivered for commencement of operations. There is therefore no past performance records to measure their profitability for FY2010.

8. Interest of Directors and Controlling Shareholders

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

9. Documents for Inspection

A copy of the Subscription Agreement 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.

Please be informed accordingly.

Vincent Siaw
Company Secretary
02 December 2010

For more information about Mermaid, please visit: www.mermaid-maritime.com