



MERMAID MARITIME PUBLIC COMPANY LIMITED

บริษัท เมอร์เมต มารีไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

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MERMAID DISPOSES OF INVESTMENT IN ALLIED MARINE & EQUIPMENT SDN. BHD.

Expected gain from disposal is approximately USD 12 million with transaction completion scheduled for mid-September 2010.

1. Introduction:

The Board of Directors of Mermaid Maritime Public Company Limited (“Mermaid”) wishes to announce that it had entered into a Share Sale Agreement (“Agreement”) dated 09 July 2010 for the sale of its twenty five percent (25%) shareholding (“Proposed Transaction”) in Worldclass Inspiration Sdn. Bhd. (“WCI”). WCI is an investment holding company whose sole asset is ninety percent (90%) of the shares in Allied Marine & Equipment Sdn. Bhd. (“AME”), a Petronas licensed provider of subsea engineering services to the offshore oil and gas industry incorporated in Malaysia. Upon completion of the Proposed Transaction, WCI (and AME) will cease to be associated companies of Mermaid.

2. Particulars of the Purchaser:

The purchaser is Georgia Attraction Sdn. Bhd. (“Purchaser”), the other shareholder of WCI. The Purchaser is an investment holding company representing a consortium of investors. The Purchaser is presently the registered owner of seventy five percent (75%) of WCI. Upon completion of the Proposed Transaction, the Purchaser shall become the registered owner of one hundred percent (100%) of WCI.

3. Particulars of WCI:

WCI is a company incorporated on 18 April 2007 in Malaysia. It has an authorized share capital of RM 50,000,000 comprising 50,000,000 ordinary shares at RM 1.00 each. It has an issued share capital of RM 36,029,629 ordinary shares of RM 1.00 each.

Mermaid is the registered owner of 9,007,407 ordinary shares of RM 1.00 each, representing twenty five percent (25%) of the issued share capital in WCI (“Sale Shares”).

The historical acquisition of the Sale Shares is as follows:

Date	Number of Shares	Consideration Paid (RM)
06 December 2007	8,162,963	33,511,111
11 February 2008	844,444	3,466,667
Total	9,007,407	36,977,778

4. Rationale for the Proposed Transaction:

The Board of Directors of Mermaid had undertaken a strategic review of its businesses to improve overall profitability and longer term shareholder returns. Due to the intention of the Purchaser to increase its shareholdings in WCI, the ongoing execution risk associated with Mermaid's limited control over this investment, and an opportunity to exit through an offer by the Purchaser to purchase the Sale Shares from Mermaid at this juncture, the Board of Directors ("Board") is of the opinion that the Proposed Transaction is consistent with Mermaid's strategic objectives and is therefore in the best interests of Mermaid. The proceeds from the sale are expected to be received by 15 September 2010 and can be subsequently utilized by Mermaid to pursue other business opportunities.

5. Aggregate Value of the Consideration:

The aggregate value of the consideration for the Sale Shares is **RM 75,537,524.00 (Ringgit Malaysia Seventy Five Million Five Hundred and Thirty Seven Thousand Five Hundred and Twenty Four)** ("Purchase Consideration").

For illustrative purposes, this is equivalent to **approximately USD 23,444,297 (United States Dollars Twenty Three Million Four Hundred and Forty Four Thousand Two Hundred and Ninety Seven)**, assuming an exchange rate of RM 3.222 = USD 1.00.

The Purchase Consideration was determined on an arm's length willing-buyer and willing-seller basis after taking into consideration Mermaid's interest in the net asset value of AME and the future potential earnings of AME. The Board is of the opinion that the Purchase Consideration represents fair value for this investment. There was no external valuation performed on the Sale Shares. The Purchase Consideration shall be made in cash, subject to the fulfillment of certain terms and conditions in the Agreement.

6. Terms of Payment:

The mode of payment of the Purchase Consideration is to be satisfied in the following manner:

Upon the date of the Agreement (09 July 2010)	RM 5,000,000.00
Upon the date of completion (scheduled for 15 September 2010)	RM 70,537,524.00
Total	RM 75,537,524.00

7. Amount of gain or loss from Transaction and Use of Proceeds:

The amount of gain from the Proposed Transaction is approximately **RM 38,388,453.00**. This amount is derived from deducting the Purchase Consideration from the original subscription price of RM 36,977,778 and deducting RM 171,293.00 of outstanding interest receivable from WCI on inter-company loans (principal amount fully repaid) which is to be cancelled at completion (as it has already been taken into account as part of the Purchase Consideration).

For illustrative purposes, this is equivalent to **approximately USD 11,914,480 (United States Dollars Eleven Million Nine Hundred and Fourteen Thousand Four Hundred and Eighty)**, assuming an exchange rate of RM 3.222 = USD 1.00.

It is the intention of the Board that the receipt of the Purchase Consideration can be subsequently utilized by Mermaid to pursue other business opportunities.

8. Net Profits Attributable to the Proposed Transaction:

Based on Mermaid's audited consolidated financial statements for the financial year ended 30 September 2009, its reported net profit was Baht 747,378,000. The audited consolidated net profit of WCI as at 30 September 2009 was RM 682,000, equivalent to Baht 6,837,596, using an exchange rate of Baht 10.0258 = RM 1.00. The consolidating interest of Mermaid is equivalent to twenty five percent (25%) of the said audited net profits of WCI, which is equivalent to Baht 1,709,399. Therefore, the net profit attributable to the investment in WCI as at 30 September 2009 compared with Mermaid's net profit as at 30 September 2009 is 0.23%.

9. Material Terms of the Proposed Transaction:

The Proposed Transaction is conditional on Malayan Banking Berhad ("MBB") discharging a corporate guarantee issued to it on 13 October 2008 by Mermaid Offshore Services Ltd. ("MOS"), a wholly owned subsidiary of Mermaid, as security for a loan granted by MBB to AME.

The said condition is to be fulfilled by 30 August 2010 unless otherwise extended by the parties. Upon fulfillment of the said condition, the parties shall proceed to closing which is scheduled for 15 September 2010, unless otherwise extended by the parties.

10. Financial Effects of the Proposed Transaction on Mermaid:

The proforma financial effects of the Proposed Transaction on Mermaid are set out below. The objective of proforma financial effects is to illustrate what the historical financial information of Mermaid might have been had the Proposed Transaction been completed at an earlier date. Given that the proforma financial effects set out below are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of Mermaid's operations after the completion of the Proposed Transaction and are not indicative of future financial position and earnings of Mermaid.

For the purpose of illustration and based on the audited consolidated financial statements of Mermaid for the financial year ended 30 September 2009, the financial effects of the Proposed Transaction are set out below:

(a) Net Tangible Assets (“NTA”):

Assuming that the Proposed Transaction had been completed on 30 September 2009 and based on the Mermaid’s audited consolidated financial statements for the financial year ended 30 September 2009, the financial effects of the Proposed Transaction on the consolidated NTA of Mermaid for the financial year ended 30 September 2009 would be as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (Baht ‘000)	14,273,097 [a]	14,638,242 [b]
NTA per share (Baht) [c]	18.19	18.65
NTA per share (SGD) [d]	0.78	0.80

Note:

[a] The NTA of Mermaid is calculated based on Thai Generally Accepted Accounting Principles (GAAP).

[b] Increase in NTA is from the disposal of the Sale Shares.

[c] Based on 784,747,743 issued and paid-up ordinary shares of Mermaid post right issue as this would adjust for the difference arising from the right issue, such that the effect is attributed solely to the Proposed Transaction.

[d] Based on an exchange rate of SGD 1.00 = Baht 23.2327.

(b) Earnings Per Share:

Assuming that the Proposed Transaction had been completed on 01 October 2008 and based on Mermaid’s audited consolidated financial statements for the financial year ended 30 September 2009, the financial impact on the consolidated earnings of Mermaid would be as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Net profit (Baht ‘000)	747,378 [a]	1,112,523 [b]
EPS per share (Baht) [c]	0.95	1.42
EPS per share (SGD) [d]	0.04	0.06

Note:

[a] Net profit is calculated based on Thai Generally Accepted Accounting Principles (GAAP).

[b] Based on an exchange rate of RM 1.00 = Baht 10.0258.

[c] Based on 784,747,743 issued and paid-up ordinary shares of Mermaid post right issue as this would adjust for the difference arising from the right issue, such that the effect is attributed solely to the Proposed Transaction.

[d] Based on an exchange rate of SGD 1.00 = Baht 23.2327.

11. Listing Manual Computation:

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) are as follows:

		(A) SGD	(B) SGD	Relative Figures (A)/(B) in %
Rule 1006(a)	Net asset value of the Sale Shares as compared with Mermaid’s net asset value as at 30 September 2009.	8,556,002	430,312,663	1.99
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with Mermaid’s net profits as at 30 September 2009.	73,577	32,169,227	0.23
Rule 1006(c)	The aggregate value of the Purchase Consideration (A) compared with the market capitalization (B).	32,574,722	363,966,003	8.95
Rule 1006(d)	The basis prescribed under this rule is not applicable to the Proposed Transaction as there is no issue of Mermaid’s shares in connection with the Proposed Transaction.	n/a	n/a	n/a

The Proposed Transaction constitutes a “discloseable transaction” as defined in Chapter 10 of the Listing Manual of the SGX-ST.

Notes:

1. The date of the Agreement is 09 July 2010.
2. The weighted average price of the shares of Mermaid transacted on the market day preceding the date of the Agreement on 08 July 2010 was 0.46380. The number of shares in issue is 784,747,743.
3. Market capitalization is determined by taking the weighted average price of 0.46380 multiplied by 784,747,743 shares in issue.
4. Foreign exchange rates used in this announcement:

Baht 23.2327	= SGD 1.00
Baht 32.3065	= USD 1.00
Baht 10.0258	= RM 1.00
SGD 1.391	= USD 1.00
RM 3.222	= USD 1.00
SGD 2.3189	= RM 1.00

12. Service Contracts:

No person will be appointed to the Board of Mermaid in connection with the Proposed Transaction and no service contracts in relation thereto will be entered into by Mermaid.

13. Directors and Controlling Shareholders' Interests:

None of the Directors or controlling shareholders of Mermaid has any interest, direct or indirect, in the Proposed Transaction.

14. Documents Available for Inspection:

A copy of the Agreement is available for inspection during normal business hours at the registered office of Mermaid at 26/28-29, 9th Floor, Orakarn Building, Soi Chidlom, Ploenchit Road, Lumpinee, Pathumwan, Bangkok 10330, Thailand for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Vincent Siaw
Company Secretary
12 July 2010