



2Q2011 Results Briefing

Analyst & Investor Update

30 May 2011



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Agenda



- 1. Introduction**
- 2. Focus Section: Update on Asia Offshore Drilling**
- 3. Subsea Business Review**
- 4. Drilling Business Review**
- 5. Financial Review**
- 6. Questions and Answers**



1. Introduction

Denis W. Welch

Chief Executive Officer

Key highlights



- Interim dividend of Thai Baht 0.58 per share was paid on 11 March 2011 in recognition of proceeds from the sale of Mermaid's shareholding interests in the 'KM-1' tender rig build project in Malaysia and Mermaid's shareholding interests in Worldclass Inspiration Sdn. Bhd.
- Appointment of Ms. Joey Horn as member of the Audit Committee
- Received notice from Keppel FELS that the earthquake and resulting natural disasters which hit Japan on 11 March 2011 will lead to a Force Majeure event arising under the construction contracts for AOD's two rigs
- Subsea utilization of 54.1% for 2Q2011 versus 28.3% in 2Q2010 and 51.2% in 1Q2011. Continuing efforts to increase utilization moving forward at rates that meet market demands



Key highlights (...con't)

- Previous contract for MTR-2 ended at the end of March 2011, and she is working on a contract extension pending agreement to extend her future working for 270 days under new and improved contract terms also with Chevron Indonesia
- Submitted listing application for AOD in Oslo Axess on 13 May 2011
- Major shareholder Thoresen Thai Agencies will be providing interim support in managing bank relationships while the company conducts search for replacement CFO



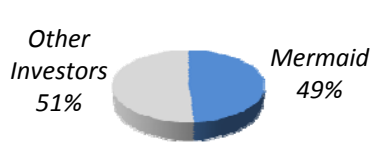
2. Focus Section: Update on Asia Offshore Drilling

Denis Welch

Interim Chief Executive Officer, AOD



Asia Offshore Drilling - Update



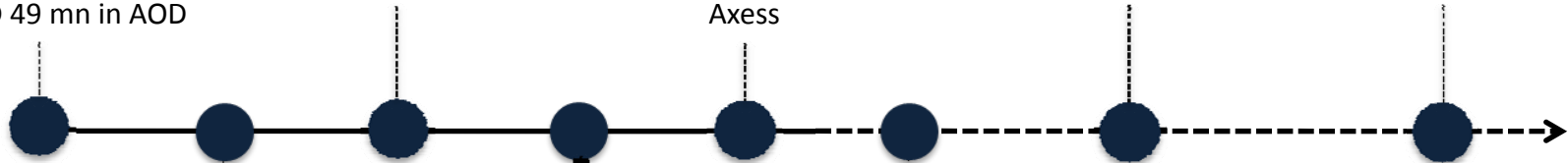
11.11.10
PP successfully completed, Mermaid allocated 49% for ~USD 49 mn in AOD

8.12.10
Strike Steel at Keppel FELS for "Hull-B320"

13.05.11
Listing application submitted to Oslo Axess

01.12.12
Delivery of first jack-up rig

15.04.13
Delivery of second jack-up rig



01.12.10
AOD signs construction contracts with Singapore Keppel FELS for 2 jack-up rigs + 2 options

22.02.11
Strike Steel at Keppel FELS for "Hull-B321"



15.06.11
Expected outcome of listing application



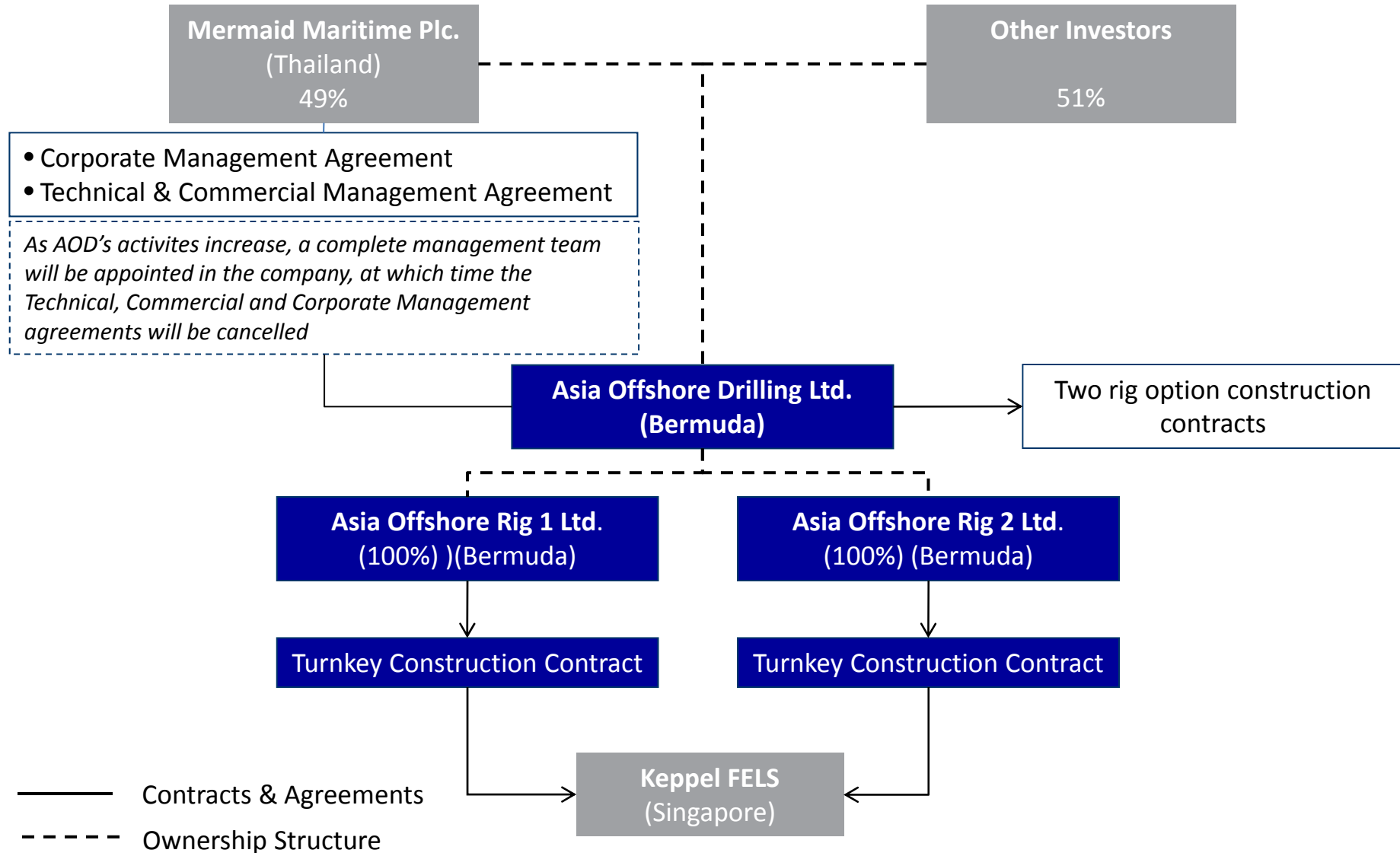
	2x AOD newbuild firm rig orders	2x AOD newbuild options	Current newbuild terms
Rig Price	USD 177m	USD 184m / 187m	USD 195-200m
Payment Terms	20/80	20/80	Less favorable
Delivery Dates	Dec 2012 & Apr 2013	Jun 2013 & Sep 2013	2014 and beyond

Potential exercise of AOD rig options

- AOD has two independent options expiring in June and September 2010 at USD 184m and 187m respectively
- With replacement costs upwards of USD 195m, the options are firmly in the money
- AOD is currently exploring the possibilities to raise capital



Asia Offshore Drilling – Company Structure

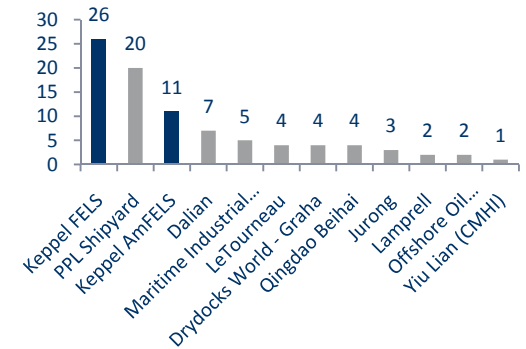




The KFELS MOD V B-Class Design

Proven design and solid track record with wide geographical application. Preferred design by major drilling companies. 24 MOD V B-Class delivered by KFELS since 2006 with zero late deliveries and 14 ahead of schedule

Potential markets for the KFELS MOD V B-Class Rigs





Turnkey contract from Keppel FELS

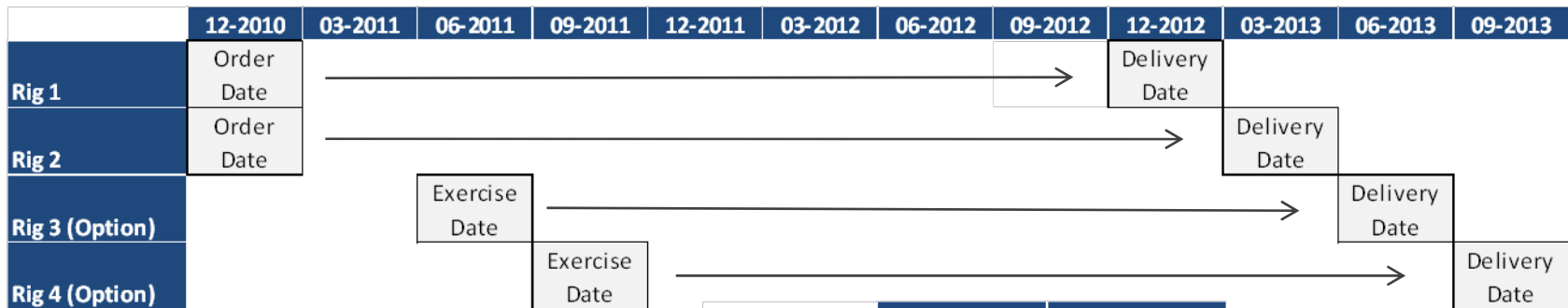
Construction Contract

- Turnkey contract for delivery of two jack-up rigs in December 2012 and March 2013
 - 20% down payment and 80% on delivery
- Keppel FELS to undertake complete EPC responsibility
 - Third party vendors chosen by Keppel FELS from vendor list accepted by Mermaid
- Standard warranty periods to apply for rig and third party equipment

Options

- Independent options for two additional units each at fixed price
 - Same EPC contract and payment terms as first two rigs
- Options expire at the end of June 2011 and September 2011, respectively

Timeline

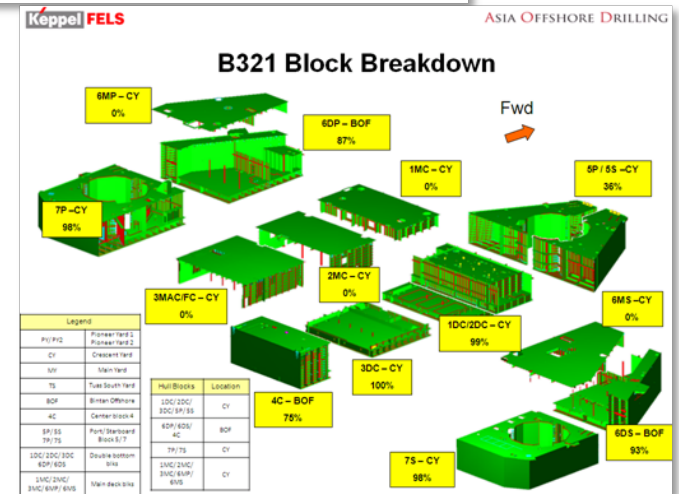
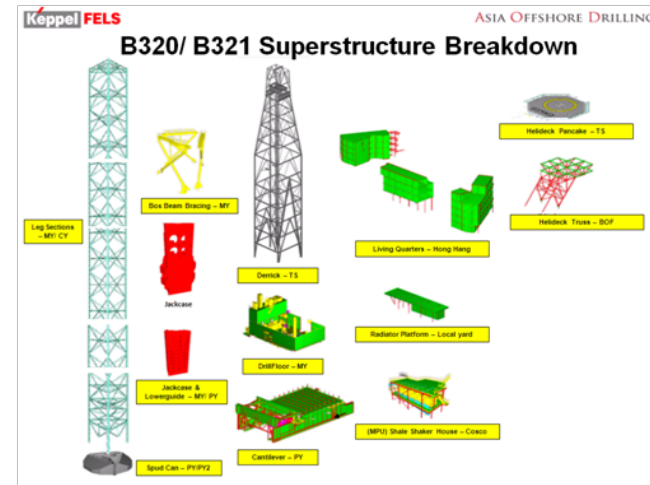


	Price	Delivery Date
Rig 1	\$ 177.0	12/2012
Rig 2	177.0	03/2013
Rig 3 (Option)	184.0	06/2013
Rig 4 (Option)	187.0	09/2013



Construction Progress

- Steel cutting for the first rig started on 8 December 2010, and progress is on schedule
- All critical equipment for the first jack-up has been ordered and on schedule for delivery by the end of 2011, including:
 - Drilling packages
 - Jacking systems
 - Generators
 - Cranes
- Steel cutting for the second rig commenced on 22 February 2011, and progress is on schedule
- Keel laying for both rigs targeted for Oct 2011

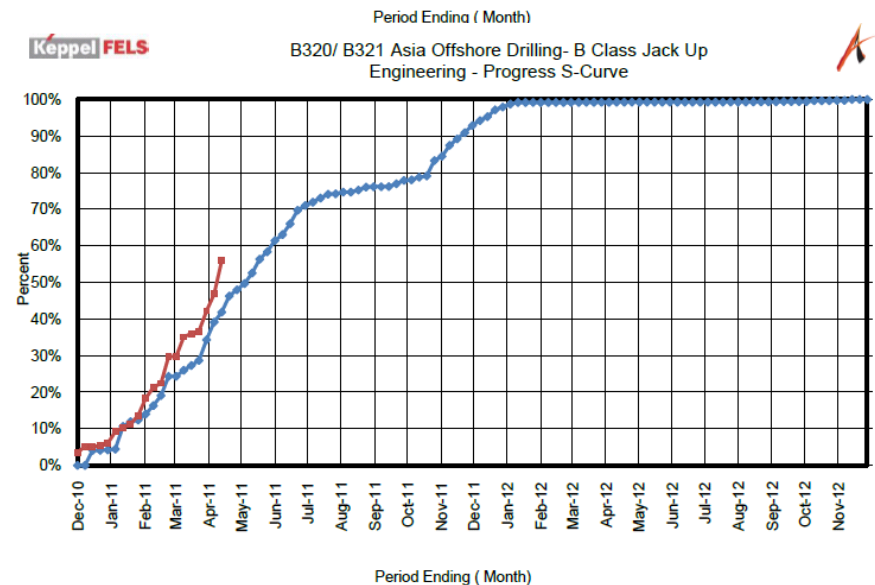
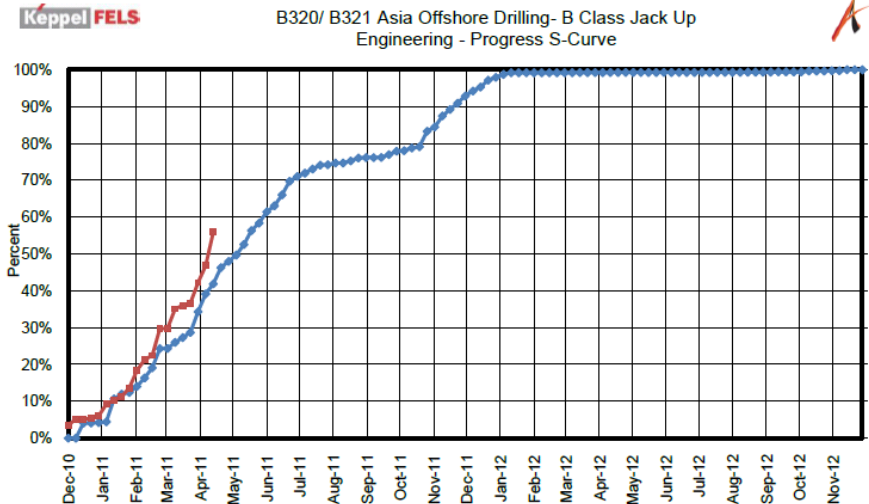




Force Majeure Event

- On 11th Mar 2011, an 8.8 magnitude earthquake hit Japan, northeast of Tokyo, and set off a tsunami. These set of unfortunate events caused damage to Japan's infrastructure (transportation and public facilities)
- Steel materials for Legs' rack, cord, bracings pipes, Jackcase, Cantilever, Drillfloor and cantilever claws has been procured from various facilities across Japan.
- Keppel FELS has declared force majeure and are still looking at steel material deliveries for leg rack, cord, bracings etc out of Japan, and will advise further.
- Keppel FELS are still showing the look ahead on schedule, and power outages were their major concern for steel deliveries, as the factories are in the South

Actual construction is ahead of planned schedule for both existing units



The Management & Commercial Agreements



● Corporate Management Agreement

- Mermaid will provide management and administrative services, such as accounting and human resources to AOD for USD 2,000 per day (lump sum of USD 300,000 was pre-paid to start up AOD)
- Mermaid's experienced management will oversee the corporate management of AOD

● Technical and Commercial Management Agreements

- Mermaid will perform complete pre-delivery services for both rigs at USD 7 million per rig payable in equal monthly installments over the construction period (24 months for rig 1 and 27 months for rig 2)
- Operational readiness services is set at USD 3,000 per day from June 2012 for rig 1 and at USD 3,000 per day from September 2012 for rig 2 until respective delivery dates
- Post delivery services for rig 1 is set at USD 12,000 per day, which will be reduced to USD 10,000 per day when rig 2 is delivered, and post delivery services for rig 2 is set at USD 10,000 per day

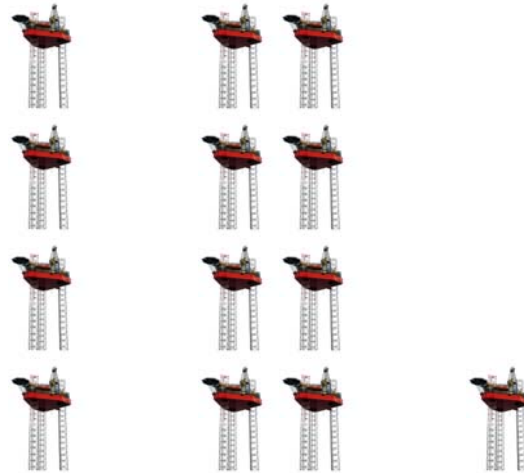
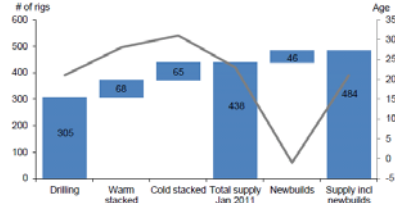
The Management Agreements are entered into on an arms length basis, and corresponds with prevailing market rates. The agreements will expire once permanent management is installed in AOD, most of whom will come from Mermaid Drilling.

Strong demand despite recent new-build orders



Firm rig deliveries ex Keppel & PPL (2011-2014)

Total supply January 2011 (incl. age profile)



2011

2012

2013

2014

2020

Dayrate Overview

	YE 2010 Estimate	Current \$/day	-6 mths. \$/day	-1 year \$/day
High Spec JU ¹⁾	125	120	135	150
250 feet JU USGoM	45	45	45	60
5G harsh ²⁾	450	525	525	550
5G International ³⁾	450	500	510	550
3G Norway ⁴⁾	325	350	350	450
Standard semis UK	250	250	250	350

1) 300 feet+ IC jack-ups less than 5 yrs old
 2) Includes Norway, UK and Canada, limited number of units currently working in this segment
 3) High spec, 5th gen, International (USGoM, West Africa etc.)
 4) Rates for 4th Gen units - \$/day 50% higher

2008-2020E supply demand balance

Year	Effective supply*	Demand	Deficit (-), surplus (+)
August 2008	411	391	20
2011	373	330	43
2015E	258	400	-142
2020E	164	400	-236

* Effective supply adjustments:
 2011 (ex. cold stacked)
 2015 (incl. new builds, ex. 2011 cold/warm stacked and 94 oldest working units)
 2020 (incl. new builds, ex. all the older units)

- 68 cold stacked jack-ups projected to never enter the market again. Another ~170 jack-ups projected to be obsolete in 2015. Rest of the 1980 built jack-ups will be inactive units in 2020.
- Clear trend that new rigs will get work and replace older units as oil companies prefer newer assets.



- Evidence for day rates reflecting capabilities of the rigs
- Operators are already securing 2011 capacity, longer-term contracts starting to return
- Day rates and asset values for premium equipment expected to continue to increase



- 150-200 new jack-up rigs needed by 2020



3. Subsea Business Review

Tom Springall

Director



Subsea Key Highlights

- 54.1% utilization achieved in 2Q2011 despite this being the worst performing season historically in line with our strategy to increase utilisation through competitive pricing
- Order book increased over the first half of FY2011, and several of our vessels now have contracts in place for much of FY2011, with utilization improving over the same period from last year
- Losses continues for MOS this quarter primarily due to depreciation especially with delivery of new vessels (more than 95% of depreciation was related to four subsea vessels)



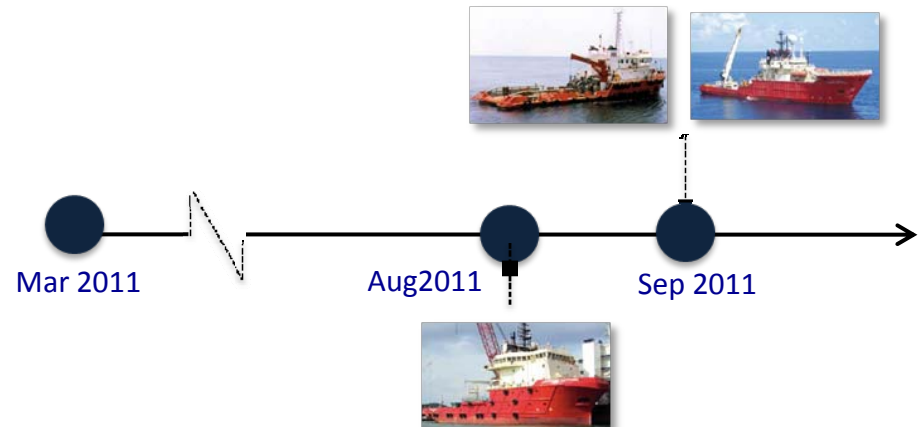
Subsea Tender Update

**Current bids in progress
~ USD 300 mil ^[1]**

**Current work in progress
valued at USD 68 mil**

**Order book at
USD 56.5 mil for
FY2012/13**

- **Improved fleet utilisation at the prevailing market rates**
- **Contracts won during 2Q2011 worth ~ USD 50 mil primarily in key markets of Asia Pacific & Middle East**
- **Utilisation for subsea fleet to continue to improve for remainder of the year and achieve above 60% utilisation based on contracted work**



[1] This is an estimate that takes into consideration where Mermaid is of the view that the opportunity is real



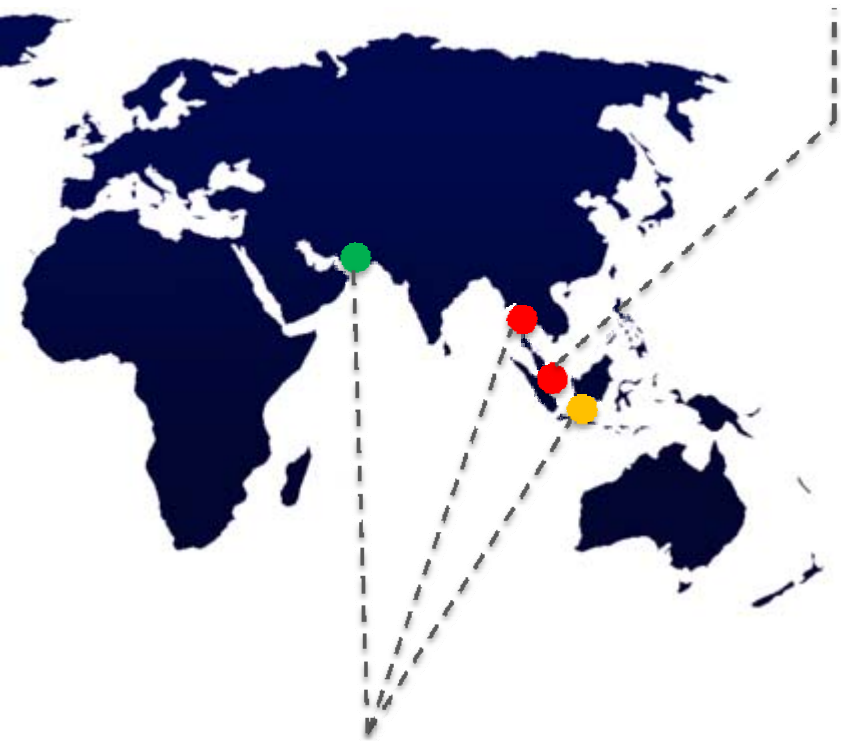
Subsea Business Strategy

● *Mermaid Offshore Services*

● *Seascope*

● *Subtech*

High profile market presence from Singapore



Leverage presence in Thailand, Middle East & Indonesia

2011

- Improve utilization
- Improve soft systems
- Pragmatically take revenue

2012

- Increase added value services
- Reduce overhead costs
- Reduce charters

2013

- Leverage key clients
- Expand services
- Capture more value

Lean Enterprise through:

- *Competent management in key position*
- *Effective systems*
- *Cost reduction*



4. Drilling Business Review

Steve Lenz

Executive Director, Mermaid Drilling Limited



Drilling Operations Update

MTR-1



Location: Thailand

Status: Waiting next contract award

Client: NA



MTR-2



Location: Indonesia

Status: Active in drilling operations

Client: Chevron Indonesia

- *MTR-1: Currently awaiting a decision on proposals on a contract for her to be employed as an accommodation barge by Chevron Indonesia*
- *MTR-2: Previous contract for MTR-2 ended at the end of March 2011, and she is working on a contract extension pending agreement to extend her future working for 270 days under new and improved contract terms also with Chevron Indonesia*
- *MDL continues to enjoy outstanding safety performance which will serve as strong reference for future tenders*



5. Financial Review

Howard Woon
Investor Relations



Financial Highlights 2Q2011

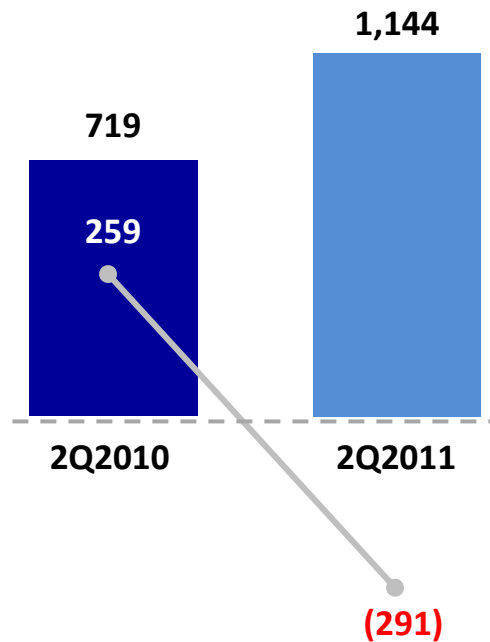
Year on Year Comparison

2Q2011 Revenue (in THB millions)

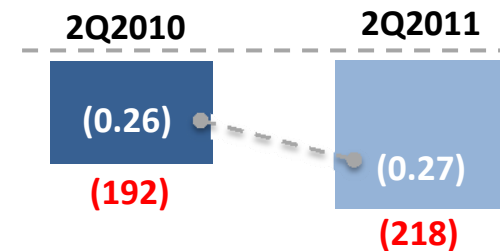
Operating Cash Flow (in THB millions)

2Q2011 Net Profit (Loss) (in THB millions)

Basic and Diluted EPS




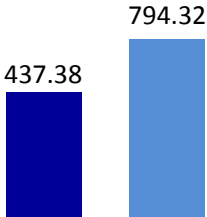
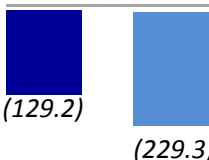
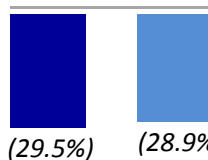
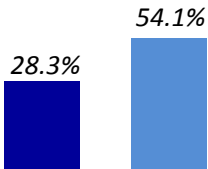

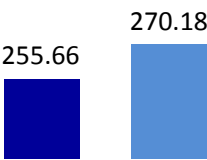
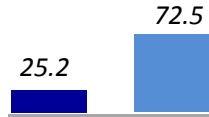
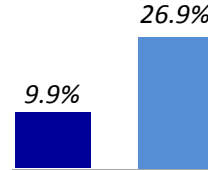
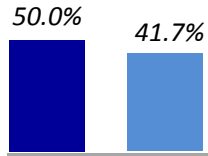
Revenue Growth/Decline & Operating Cash Flow



Net Profit (Loss) Growth/Decline & Basic and Diluted EPS

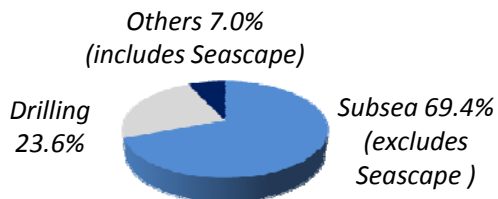
2Q2011 Sector Breakdown



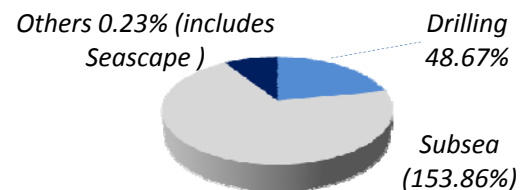
	Description	Service Income	Operating Profit/Loss	Operating Margin	Utilization Rate
Subsea Services 	Inspection, repair and maintenance; Infrastructure installation; Deepwater ROV support; Emergency call out services; Salvage				
Drilling Services 	Floating rigs, Accommodation rigs				

FY2011

Revenue Breakdown



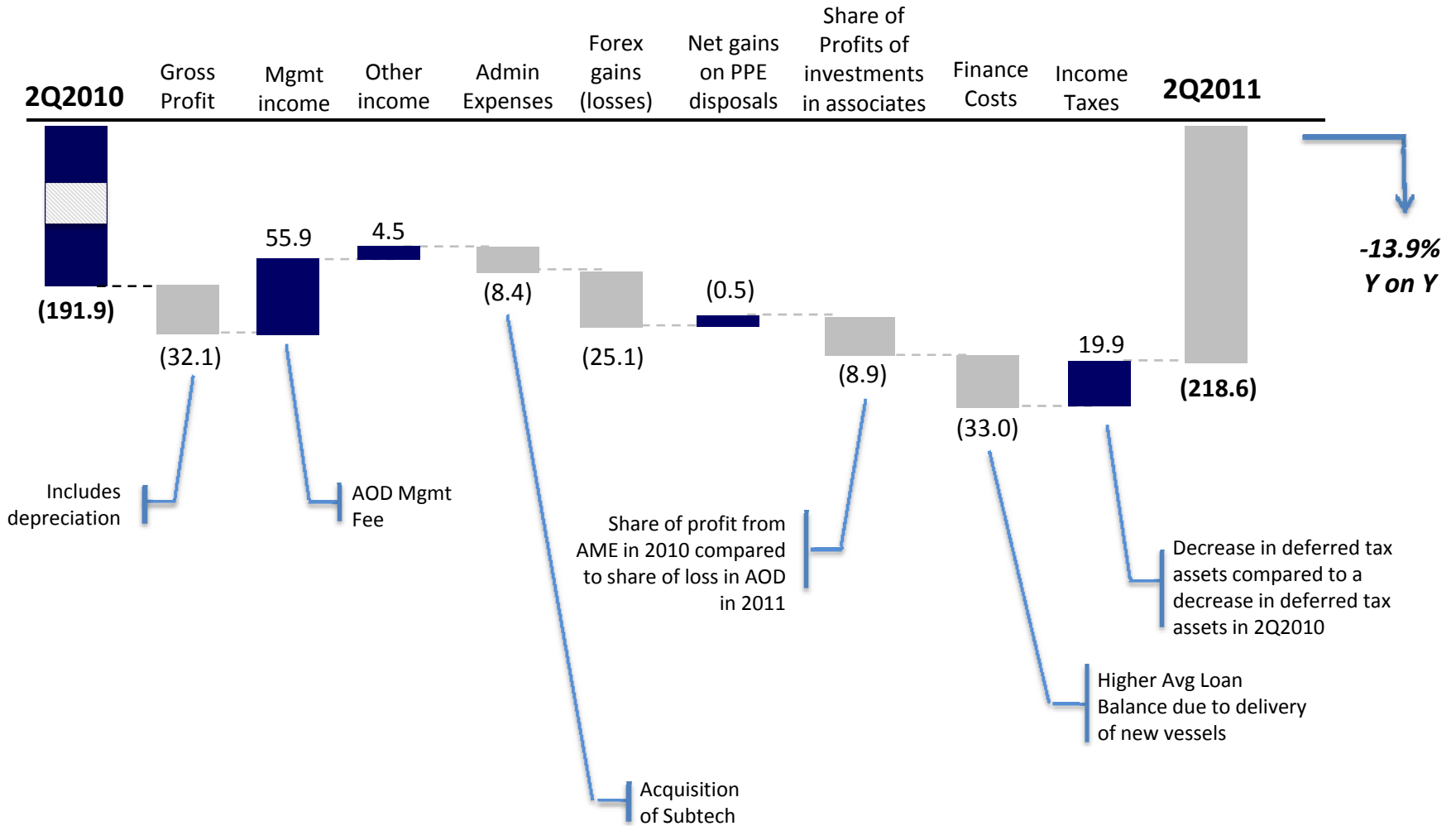
Operating Loss Breakdown





2Q2011 Profits & Losses

All units in THB millions

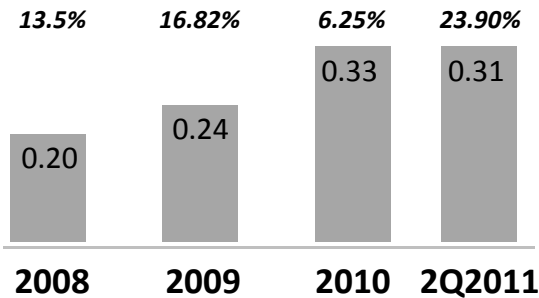


Not to scale. For illustrative purpose only



Debt structure

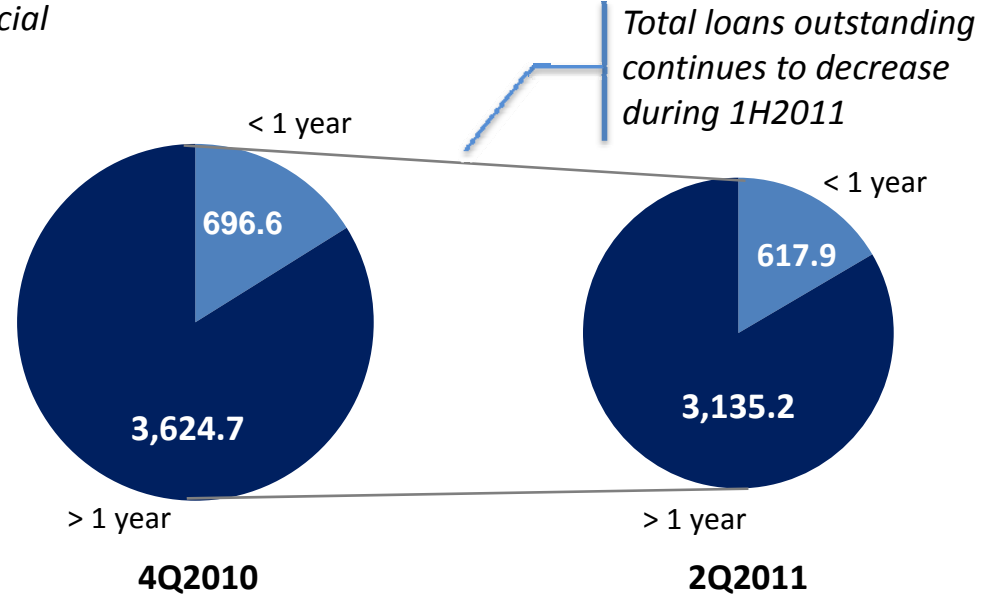
Net D/E (Times)
Net gearing (%)



Low D/E ratio
allows financial
flexibility

Loan Maturity

Units in THB millions



Repayment amount	Loan Repayment Schedule (USD Million)								
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	11.1	21.7	17.5	16.9	12.4	12.1	8.6	26.1	3.7

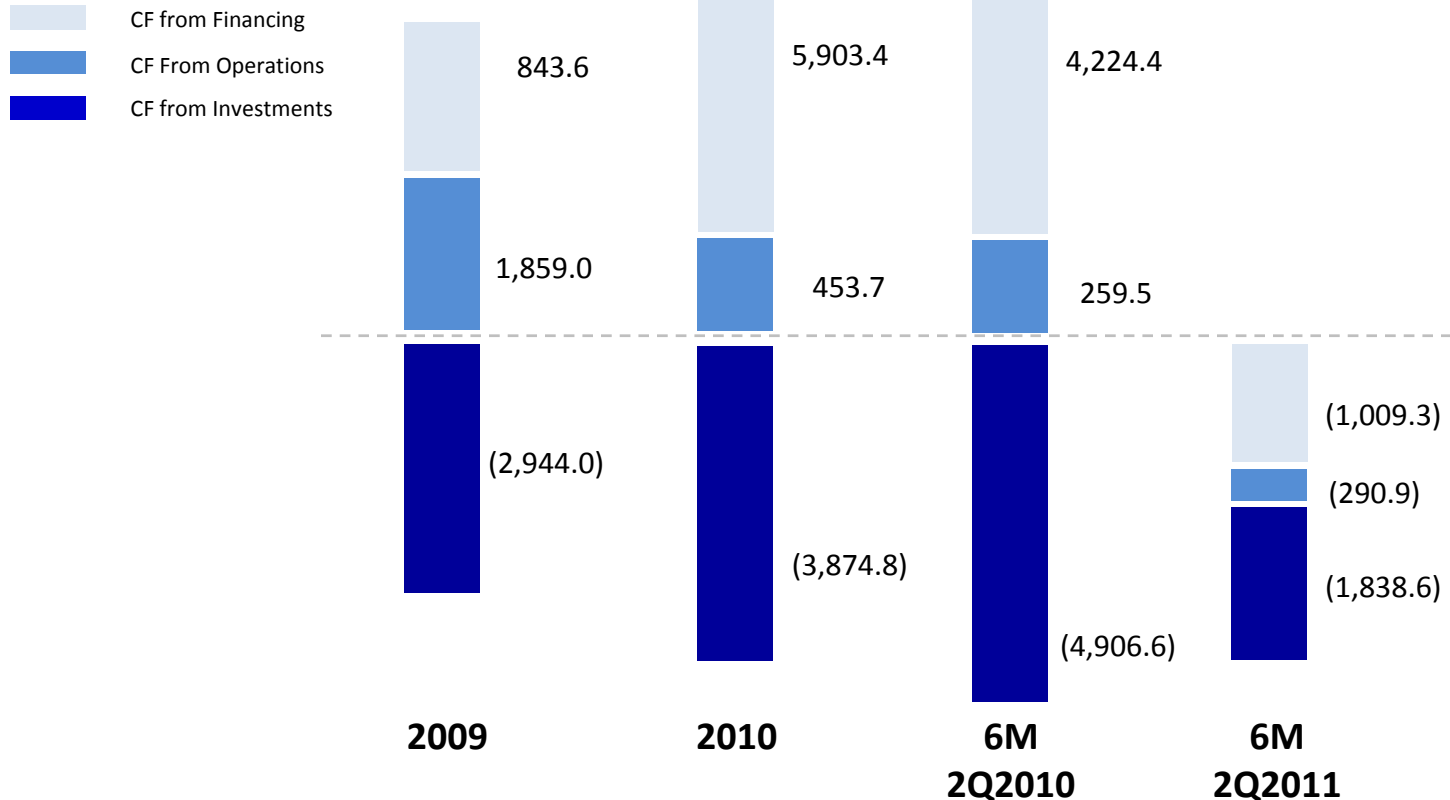


Cash flow

Cash & Cash Equivalents	1,450.5	3,742.9	1,019.1	573.2
Short-Term Investments (fixed deposits)	334.2	606.3	644.9	905.9

Total cash in hand has decreased mainly due to dividend payment, debt repayment and investment in AOD

All units in THB millions



One-off dividend and repayment of LT debt

Investment in AOD



6. Questions & Answers