



MERMAID MARITIME PUBLIC COMPANY LIMITED

บริษัท เมอร์เมด มารีไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

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

Mermaid injects USD 14.8 million for an additional 3,700,000 shares in AOD to consolidate its ownership stake at 33.75% and becomes equal equity shareholders with Seadrill Ltd. creating a strong platform for AOD to develop its business further.

1. Introduction

Mermaid Maritime Public Company Limited ("Mermaid") refers to its previous announcement of 1 July 2011 regarding the completion of the USD 80 million private placement of new shares ("Private Placement") by its associate Asia Offshore Drilling Limited ("AOD"). In that announcement, it was also reported that Mermaid has subscribed and been allocated USD 14.8 million worth of shares in AOD, corresponding to a 33.75% equity ownership of AOD following the Private Placement ("Subscription"). Mermaid wishes to announce that the Subscription has been confirmed and hereby provides the following additional disclosure.

2. Subscription Details

Prior to the Private Placement, AOD had a total issued share capital of 20,000,100 common shares in which Mermaid held 9,800,100 common shares in AOD, equivalent to 49% of the total issued share capital in AOD. The Private Placement will result in an allocation of an additional 20,000,000 shares in AOD. This will increase the total issued share capital in AOD to 40,000,100 common shares. Subject to payment by Mermaid, Mermaid will be allocated 3,700,000 of those additional common shares. As a result, Mermaid's total share ownership in AOD following the Private Placement will be 13,500,100 shares, equivalent to 33.75% of the total issued share capital in AOD.

As a new entrant to AOD through the Private Placement, Seadrill Limited ("Seadrill") also subscribed to 13,500,100 shares in AOD, which will see its equity ownership at 33.75% of the total issued share capital in AOD, equal to that of Mermaid. The settlement by Seadrill will take place as soon as the required closing conditions have been handled. This is expected to be completed within reasonable time. Mermaid will make another announcement when this is completed.

3. About AOD

AOD was established on 29 October 2010 as a limited liability company in Bermuda by Mermaid to achieve first mover advantage by entering the jack-up rig business at the start of the now apparent jack-up rig new building cycle. The purpose of its incorporation was to act as an investment vehicle for the acquisition and operation of new build high-specification jack-up drilling rigs under construction by Keppel FELS Limited (“Keppel FELS”).

AOD ordered its first two Mod V – B Class high-specification jack-up drilling rigs from Keppel FELS in December 2010 and recently exercised its first fixed-price option with Keppel FELS for the construction of a third rig of the same design, which shall become effective upon signing of construction contract and certain closing conditions.

Upon the effectiveness of the construction contract, AOD will have a total of three Mod V – B Class high-specification jack-up drilling rigs under construction with Keppel FELS, with deliveries scheduled for the fourth calendar quarter of 2012 (Q4/2012), second calendar quarter of 2013 (Q2/2013), and third calendar quarter of 2013 (Q3/2013), respectively. AOD also has a second fixed-price option with Keppel FELS for the construction of a fourth rig of the same design, exercisable by 30 September 2011.

On 15 June 2011 AOD received approval by the Board of Oslo Børs ASA for listing of its shares on the Oslo Axess, a regulated market operated by Oslo Børs ASA, and expects to be listed no later than 29 July 2011.

4. Rationale for the Subscription

Mermaid had taken the initiative to pursue its jack-up drilling investment in a separate investment vehicle i.e. AOD. The primary reason was because equity capital was available for newbuild jack-up construction based on supply/demand imbalance in that segment of the offshore drilling market. Mermaid was able to position itself as the strategic shareholder in a new enterprise with a specific mandate to invest in a modern drilling fleet with real initial potential scale of up to four units.

By investment in AOD, Mermaid is allowed to have a continuing interest and position in a high-specification jack-up drilling rig business, it reduces Mermaid’s overall risk by allowing other investors to share associated risk and returns and hence benefit from positive developments within the offshore drilling sector, and allows Mermaid to maintain liquidity for its investment through listing of AOD on the Oslo Axess.

This Subscription by Mermaid in AOD brings Mermaid’s total investment in AOD to USD 63.8 million and represents Mermaid’s continuing confidence in the long-term success of AOD given the continuous bifurcation in the jackup market with oil companies showing a preference for high specification jackup rigs.

Mermaid is also pleased that the strategic intent of AOD is recognised by like minded long-term investors, in particular Seadrill, which is one of the most successful drilling companies in the world. The strategic investment by Seadrill will provide AOD with a strong platform to develop its business further through its strong competitive position in the global offshore drilling industry.

This investment in AOD comes at a time where equity market conditions worldwide have been very challenging. However, even with the reduced Subscription price of USD 4 per share for the Private Placement, current new build prices for similar high specification jack-up drilling rigs is about USD 195 million compared with the average price of USD 179 million for the three rigs ordered so far, and investors also benefit from better than market payment terms, earlier delivery schedules, and Seadrill's industry wide contact base, operational expertise and financial strength, all representing a mark-to-market gain for investors in AOD including Mermaid.

5. Consideration

Mermaid's total consideration for the Subscription is **USD 14,800,000 (United States Dollars Forty Nine Million)**. This represents the subscription of 3,700,000 common shares in AOD, at a value of USD 4.00 per share. The subscription price of USD 4.00 per each share was determined on the basis of a book-building in the Private Placement and represents the price in which investors were willing to subscribe to in order to complete the Private Placement, given present challenging capital market conditions and the prevailing share prices of comparable companies to AOD. The Subscription forms part of a total of USD 80 million of funds raised through the Private Placement. The consideration for the Subscription will be satisfied in cash and was funded by proceeds received from previous sale and disposal by Mermaid of its other investments in subsidiaries and associated companies.

The proceeds of the Private Placement will be used by AOD to finance the 20% deposit due to Keppel FELS upon signing of the construction contract for the first fixed-price option. The purchase price payable by AOD to Keppel FELS for this exercise of the first fixed-price option is USD 184 million. Payment terms require a 20% down payment which has to be made following execution of the relevant construction contract and the remaining 80% is to be paid upon its delivery. The remaining funds will be used to increase project management expenses, working capital and selling, general and administrative expenses related to all the rigs under construction.

6. Conditions Precedent

The effectiveness of the Subscription is not subject to any condition precedents. The Private Placement and the Subscription is made on the basis that AOD will in due course list its shares for trading on Oslo Axess.

7. **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 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 14,800,000 is equivalent to approximately SGD 18,159,600 (based on the exchange rate of USD 1.00 = SGD 1.227). This represents 6.75% of Mermaid’s market capitalization of SGD 269,168,476.

The market capitalization is computed based on the weighted average price of Mermaid’s shares transacted on 1 July 2011 (SGD 0.343), being the completion of the Private Placement, 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.

8. **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, there would have been no impact on the consolidated net tangible assets (“NTA”) of Mermaid for FY2010. This is because the cash outflow by Mermaid for the Subscription, which will reduce its tangible assets, will be substituted by an equal increase in investment by Mermaid in an associated company, hence increasing tangible assets by the same amount.

- (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 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.

9. 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.

10. Documents for Inspection

A copy of the agreements related to the Subscription 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
5 July 2011

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