



MERMAID MARITIME PUBLIC COMPANY LIMITED

บริษัท เมอร์เมด มาริไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

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MERMAID SUBSCRIBES TO ADDITIONAL EQUITY IN ASIA OFFSHORE DRILLING LIMITED

Additional equity considered sufficient by AOD for its current financial commitments. Mermaid retains equity position and remains optimistic about the market outlook and prospects for AOD's enhanced premium jack-up rigs.

1. Introduction

Mermaid Maritime Public Company Limited ("Mermaid") is pleased to announce that its associate company, Asia Offshore Drilling Limited ("AOD"), has issued 20,000,000 new shares at a subscription price of USD 5.00 per share raising USD 100 million in proceeds. Seadrill Limited ("Seadrill") and Mermaid, the major shareholders in AOD, subscribed pro-rata to the entire share capital issue. Seadrill and Mermaid will own 66.18 percent and 33.76 percent of AOD respectively, post this transaction.

This share capital increase is reported by AOD to be sufficient for AOD's current financial commitments. The proceeds from this share capital increase will be used to fund AOD's new build programs and for general corporate purposes and AOD expects to satisfy the remaining capital requirements by commercial bank debt. On this background, AOD has also resolved to cancel all of its remaining authorized but unissued share capital post this transaction. This will result in a reduction in the authorized number of shares from 97,000,100 to 60,000,100 or a reduction of 37,000,000 shares, with the remaining 60,000,100 being issued and fully paid up (prior to this share capital increase, AOD already had 40,000,100 shares issued and fully paid up and this share capital increase will result in an additional 20,000,000 shares being issued and fully paid up, hence 60,000,100).

With Seadrill and Mermaid having a total ownership percentage of 99.94 of AOD, the AOD Board had, on the recommendation of Seadrill, evaluated the suitability of being listed on the Oslo Stock Exchange ("OSE"). Due to the concentrated shareholding structure of AOD, AOD will in the near future apply for delisting from the OSE.

Given Seadrill's majority position in AOD, Seadrill and Mermaid have also entered into agreement whereby, in relation to AOD, Mermaid shall be entitled to continued boardroom representation, anti-share dilution rights and a reporting routine for Mermaid's decision making and regulatory and audit compliance purposes.

2. Consideration for the Subscription

Mermaid's total consideration (hereinafter referred to as its "Subscription") for its participation in the share capital increase in AOD is **USD 33,781,125 (United States Dollars Thirty Three Million Seven Hundred and Eighty One Thousand One Hundred and Twenty Five)**. This represents a subscription of 6,756,225 additional shares in AOD, at the value of USD 5.00 per share, being the same price in which Seadrill will also subscribe at. The subscription price of USD 5.00 per share was established by AOD having reference to the offer and acceptance price in which Seadrill had acquired its 32.41 percent of additional AOD shares from other AOD shareholders in 2012. All AOD shares, whether existing prior to or issued as a result of this share capital increase, have a par value of USD 1.00. The Subscription by Mermaid will be satisfied in cash and funded from loan facilities secured.

Upon the completion of the Subscription, Mermaid's total shareholding ownership in AOD will be increased to 20,256,425 shares, representing 33.76 percent equity ownership in AOD.

3. About AOD and the Rigs

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 jack-up rigs new building cycle. AOD acts as the investment vehicle for the acquisition and operation of Mod V – B Class new build high-specification jack-up drilling rigs (each a "Rig" and collectively the "Rigs") constructed by Keppel FELS Limited ("Keppel FELS") in Singapore.

Mod V – B Class is understood to be the preferred jack-up rig design by major drilling companies and used by oil companies in all shallow water areas of the world. The Rigs are designed for year around operations in the areas of Gulf of Mexico, South America, West Africa, Indian Ocean, Southern North Sea, Coast of Middle East, Offshore India, Offshore Australia, Offshore New Zealand, and Offshore South East Asia.

'AOD I' has been awarded a drilling contract with Saudi Arabian Oil Company ("Saudi Aramco") for a duration of three years plus a one-year option. Potential revenues for the first three years are expected to be approximately USD 197 million plus a USD 39.5 million mobilization fee. AOD took delivery of 'AOD I' from Keppel FELS on 31 January 2013 and the Rig is currently under mobilization to Saudi Arabia in order to commence work under the said contract in April 2013. According to AOD, the construction of 'AOD II' and 'AOD III' is progressing according to plan with 'AOD II' expected to be delivered in April 2013 and 'AOD III' in July 2013.

4. Rationale for the Subscription

The Subscription represents Mermaid's continued confidence in the long-term success of AOD given the market outlook for high specification jack-up rigs. Seadrill, as manager for AOD and its majority shareholder, is one of the most successful offshore drilling companies

in the world. The strategic investment and management by Seadrill of AOD is expected to be beneficial to Mermaid by providing AOD with a strong platform to develop its business further through Seadrill's strong competitive position in the global offshore drilling industry.

It is reported in AOD's Annual Report for 2012 that the overall demand for jack-up rigs globally has improved recently and the demand for particularly premium jack-up rigs has remained strong in all relevant regions. The number of warm-stacked and cold-stacked jack-up rigs has stabilized after a material decrease in 2011. Having absorbed a significant number of stacked units without any downside effect on the rates, the strong market is now offering increasing day rates and longer term contracts for the rigs in operation. AOD has seen significant increases in day rates for newer jack-up rigs since the second calendar quarter 2012 and increased contract duration as the number of term contracts develops positively. The demand continues to be particularly strong in Asia, West Africa and the Middle East. AOD considers that these positive market developments supported by sustainably high oil prices drive a further positive trend for 2013 in terms of rig demand, utilization rates, contract duration and day rate levels. In this environment, oil companies, if choices are available, continue to show a preference for newer equipment operated by experienced contractors due to their superior technical capabilities and operational efficiency and flexibility.

Based on these developments and observations, both Mermaid and AOD remain optimistic about the market outlook and prospects for AOD's Rigs.

5. Proposed Delisting of AOD

As first mentioned above, AOD will in the near future apply for delisting from the OSE at the request of Seadrill. AOD has a concentrated shareholding structure being 99.94 percent owned by Mermaid and Seadrill post share capital increase. As a result, there is expected to be little third party trading activity remaining and a very small public float (0.06 percent). Furthermore, it is not the intention of the major shareholders to transact or divest their shares on the OSE in the near future but to retain their investments in AOD. Delisting is also expected to save AOD administrative and compliance costs. In any case, should AOD remains listed on the OSE, it may as a result of its dormant status eventually be subject to mandatory delisting by the OSE over time.

One of the primary considerations for listing AOD on the OSE in July 2011 was to increase the chances of success in equity raising to part-finance the construction and delivery of the Rigs by offering investors an element of share liquidity. Given that AOD will be sufficiently capitalized after this share capital increase, the primary consideration of capital raising has been achieved and the two remaining major shareholders have decided to delist AOD for the reasons mentioned above.

Furthermore, the entering into of an agreement between Seadrill and Mermaid whereby, in relation to AOD, Mermaid shall be entitled to continued boardroom representation, anti-share dilution rights and a reporting routine for Mermaid's decision making and regulatory and audit compliance purposes, will allow certain rights and obligations of Mermaid to be preserved, even post AOD delisting.

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 as this test is only applicable to disposal of assets.

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

The latest audited consolidated financial statements of Mermaid for the year ended 30 September 2012 (“FY 2012”) reported a net profit of THB 86.02 million. This is inclusive of pro-rated net losses in AOD of -THB 9.67 million. Accordingly, there are no net profits attributable to the Subscription. Furthermore, the Rigs have not yet commenced operations and therefore there is no past ordinary course of business revenues and profits attributable to this venture for the purposes of this test.

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

The consideration for the Subscription of USD 33,781,125 is equivalent to approximately SGD 41,888,595 (based on the exchange rate of USD 1.00 = SGD 1.24). This represents 14.62% of Mermaid’s market capitalization of SGD 286,432,926.

The market capitalization is computed based on the weighted average price of Mermaid’s shares transacted on 8 March 2013 (SGD 0.365), being the effective date of 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 were issued by Mermaid as consideration.

Having regard to the above, the Subscription constitutes as “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 FY2012 are as follows:

- (a) Assuming that the Subscription had been effected at the end of FY2012, there would have been no impact on the consolidated net tangible assets (“NTA”) of Mermaid for FY2012. This is because the cash outflow by Mermaid for the Subscription, which

will reduce its tangible assets, would have been substituted by a corresponding increase in investment by Mermaid in an associated company, hence increasing tangible assets by the same amount.

- (b) Mermaid's earnings per share ("EPS") as reported in the audited financial statements for FY2012 is THB 0.09, equivalent to SGD 0.0037 based on an exchange rate of SGD 1 = THB 24.63. This takes into account AOD's reported net loss for FY2012 of -USD 918,642 and Mermaid recognizing 33.75 percent of this as its weighted equity interest portion. Assuming that the Subscription had been effected at the beginning of FY2012, in which case Mermaid's equity interest portion would have been increased to 33.76 percent (0.01 percent increase), Mermaid's EPS for FY2012 would not have materially changed. As the Rigs are still under construction and not delivered for commencement of operations, this result does not represent post-delivery ordinary course of business operations for AOD for FY2012 as AOD has yet to be in the position to generate revenue from the Rigs.

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 documents 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
12 March 2013

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