

**ADSTEAM MARINE LIMITED**

ABN 87 065 888 440

An ISO 9002 Quality Assured Firm

Level 22, Plaza 2, 500 Oxford Street, Bondi Junction NSW 2022 Australia  
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Company Announcements Office  
**Company:** Australian Stock Exchange Sydney

**From:** Dominic Smith  
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**Date:** 6 October 2004

**Number of pages inclusive of header:** 11

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**RE: ADSTEAM MARINE LIMITED (ADZ)  
2004 ANNUAL REPORT, NOTICE OF MEETING AND PROXY FORM**

Please be advised that the Company is in the course of dispatching its 2004 Annual Report, Notice of Meeting and Proxy Form to shareholders.

Please find attached a copy of the Notice of Meeting and Proxy Form.

A copy of the 2004 Annual Report was released to the ASX on Wednesday 22 September 2004.

Yours sincerely  
**ADSTEAM MARINE LIMITED**

**DOMINIC D SMITH  
GENERAL COUNSEL & COMPANY SECRETARY**

att.

# Notice of Annual General Meeting :: 2004



**Adsteam Marine Limited**  
ABN 87 065 888 440

**Registered office**  
Level 22, Plaza 2  
500 Oxford Street  
Bondi Junction NSW 2022

**Postal address**  
PO Box 644  
Bondi Junction NSW 1355

# Notice of Annual General Meeting 2004

NOTICE IS GIVEN that the Annual General Meeting of shareholders of Adsteam Marine Limited will be held at the Banquet Hall of the Masonic Centre, 279 Castlereagh Street, Sydney on Tuesday 9 November 2004 at 10am when the following business will be transacted.

## **Business**

### **Ordinary Business**

1. To lay before the Annual General Meeting the Financial Report and Reports of the Directors and Auditor for the year ended 30 June 2004, for members to receive and consider.
2. To elect Directors:
  - (a) Dr Ken Moss retires by rotation and being eligible offers himself for re-election. Information about Dr Moss is contained on page 16 of the 2004 Annual Report.
  - (b) Mr Achim Drescher retires by rotation and being eligible offers himself for re-election. Information about Mr Drescher is contained on page 16 of the 2004 Annual Report.

The Board reviews Director performance annually, and has done so this financial year. On this basis, the Board (excluding Dr Moss and Mr Drescher on account of their personal interest) unanimously and strongly recommends supporting the re-election of Dr Moss and Mr Drescher.

### **Special Business – Consultancy arrangements with former Director and Chief Operating Officer**

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That authorisation and approval are given, for all purposes, to the Company entering into, and performing its obligations under, the Consultancy Agreement with a corporate entity controlled by Mr Frederick more fully described and explained in the Explanatory Notes to this Notice of Meeting.”

### **Special Business – Renewal of proportional takeover provisions**

4. To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the proportional takeover provisions contained in rule 14 of the Constitution are renewed with effect from 14 November 2004, for a period of three years, with the amendments described in the Explanatory Notes to this Notice of Meeting.”

## **Proxies**

Any member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his or her stead. The person or persons so appointed need not necessarily be members of the Company. Where two proxies are appointed, each proxy should be appointed to represent a specified portion or number of the member's voting rights (failing which each appointee will be entitled to cast half the member's votes).

A Proxy Form is enclosed. To be effective, the Proxy Form and authority (if any) under which it is signed must be deposited at the registered office of the Company, (Level 22, Plaza 2, 500 Oxford Street Bondi Junction NSW 2022), or sent legibly and in its entirety by facsimile to:

- Registries Limited, facsimile (02) 9279 0664
- the Company, facsimile (02) 9369 9288

by no later than 10am Sydney time on Sunday 7 November 2004. Unless the proxy form is validly lodged, the proxy will not be treated as valid. Please refer to the notes appearing on the enclosed Proxy Form.



### Entitlement to vote

For the purposes of the Annual General Meeting being convened by this Notice, shares will be taken to be held by the persons who are the registered holders at 10am Sydney time on 7 November 2004. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Dated this 22nd day of September 2004

By order of the Board

A handwritten signature in black ink, appearing to be 'D D Smith', written in a cursive style.

D D Smith Secretary  
Sydney

# 2004 AGM Explanatory Notes

These notes explain the resolutions set out in the Notice of Meeting for the Company's AGM and should be read in conjunction with the Notice.

## **Resolution 3 – Consultancy arrangements with former Director and Chief Operating Officer**

### **a. Background**

Resolution 3 relates to the authorisation and approval by shareholders to the Company entering into, and performing its obligations (including giving financial benefits) under a proposed Consultancy Agreement between the Company and a corporate entity controlled by Mr Frederick (the Contractor).

Mr Frederick held the office of Director of the Company from 26 August 1994 concurrently with the executive role of Chief Operating Officer. Mr Frederick resigned from both the office of Director and the role of Chief Operating Officer effective 17 September 2004.

The Board will enter into the Consultancy Agreement conditional upon it being approved by shareholders (for reasons including the fact that approval of the Consultancy Agreement is a condition precedent in the agreement itself, and to the extent relevant, for the purposes of the termination payments provisions in Division 2 of Part 2D.2 of the Corporations Act 2001 and the related party transaction provisions in Chapter 2E of the Corporations Act 2001). If Resolution 3 is not passed, the Consultancy Agreement will not be entered into.

### **b. Recommendation**

The Directors unanimously recommend that shareholders vote in favour of Resolution 3 for the following reasons:

- Mr Frederick's involvement with the Company over a long period of time, including involvement prior to its float in 1997, has given him an understanding of the operations and relationships of the Company which he will be able to continue to impart to existing and new Company management under this consultancy role;
- the industry experience and knowledge that Mr Frederick will be able to provide to the Company through the Contractor are likely to be of significant assistance to certain aspects of the ongoing operations of the Company;
- the payments that may be made under the Consultancy Agreement also amount to reasonable compensation for the restraint obligations imposed on the Contractor and Mr Frederick under the Consultancy Agreement; and
- if the Consultancy Agreement is entered into, the Company will receive the benefit of the restraint provisions described below.

The Directors will also vote shares held by them in favour of Resolution 3.

None of the Directors has an interest in the outcome of the Resolution 3.



### **c. Summary of the material terms of the proposed Consultancy Agreement**

Under the proposed Consultancy Agreement, the Contractor will make Mr Frederick available for a minimum of 100 days per year to perform the services at such times and places as the Company may reasonably require during the term.

Mr Frederick will be employed by the Contractor. The “services” will be all services required of the Contractor during the term, at the absolute discretion of the Company’s Board, provided that the services are reasonably commensurate with Mr Frederick’s skills, experience and industry standing. The Consultancy Agreement has a term of two years commencing from the later of the day after the 2004 AGM and the date it is executed by the parties (the Commencement Date), subject to early termination.

The Contractor will receive:

- fees of \$125,000 per annum (payable quarterly) in respect of the first 100 days (or any part of that first 100 days) in each year of the term on which services are provided;
- fees of \$1,500 for every full additional day after the first 100 that the Contractor and the Company agree services are to be provided;
- an aggregated payment of \$200,000 on the Commencement Date; and
- an additional aggregated payment of \$200,000 on the second anniversary of the Commencement Date provided the Consultancy Agreement has not been terminated early.

The Company must also reimburse the Contractor for any travel, accommodation or similar expenses reasonably incurred by the Contractor in providing the services. The Contractor will be entitled to the use of the fully-maintained vehicle (other than fuel costs) used by Mr Frederick immediately prior to his cessation as an employee of the Company.

The Consultancy Agreement contains restraint obligations which restrain certain activities of the Contractor and Mr Frederick in (at its geographical broadest) Australia, the Pacific region and the United Kingdom, for a period of (at its longest) two years after the Commencement Date.

In essence, the Contractor must not and must ensure that Mr Frederick does not, without the prior written consent of the Company, carry on or otherwise be involved with or interested in any activity or conduct that competes directly or indirectly with all or any part of the Company’s activities or conduct at any time during the term (whether in a senior or managerial capacity, as an employee, principal, agent, shareholder, unit holder or in any other capacity).

The Contractor must also not, and ensure that Mr Frederick does not:

- canvass or solicit (or attempt to canvass or solicit) or endeavour to entice away from the Company any person that is or was a client or potential client of the Company; or
- solicit or interfere with or endeavour to entice away from the Company any person who is or was a director, manager, contractor or employee of the Company, or anyone who is likely to be in possession of any defined confidential information; or
- accept from any person that is or was a client or potential client of the Company, any business of the kind ordinarily forming part of the business of the Company;

in (at its geographical broadest) Australia, the Pacific region and the United Kingdom for a period of (at its longest) two years after the Commencement Date.

The Company may terminate the Consultancy Agreement by written notice, if:

- the Contractor breaches the Consultancy Agreement or, in the opinion of the Company, engages in wrongful or improper conduct and does not remedy the breach or cease such conduct within 7 days from the day the Company gives notice requiring a remedy or cessation, or the Contractor or Mr Frederick, refuses, or fails to carry out, any reasonable direction given by the Company's Board in relation to the services, or the Contractor or Mr Frederick, makes any personal profit at the expense of the Company to which the Contractor or Mr Frederick is not legally entitled;
- the Contractor is wound-up; or
- the Contractor or Mr Frederick engages in conduct that amounts to a repudiation of the Consultancy Agreement (including engaging in dishonesty, fraud, misconduct or gross negligence in the provision of the services); or
- Mr Frederick dies, ceases to be employed by the Contractor, becomes or takes any step toward bankruptcy, or becomes incapacitated from supplying the services for a period exceeding 40 days.

A full copy of the proposed Consultancy Agreement is available for inspection by members at the registered office of the Company.

**d. Other relevant matters**

Making payments and providing benefits under the Consultancy Agreement will result in funds being diverted from other uses, although given the limited amount of all potential payments, the fact that the fees that would be payable are not significantly more than the equivalent amounts Mr Frederick would have been entitled to before his departure, had he only worked the days envisaged under the Consultancy Agreement, and the significant benefits that will be derived from the services to be provided, it is anticipated that making the payments and providing the benefits will have an insignificant financial impact on the Company.

**e. Voting exclusion statement**

The Company will disregard any votes cast on resolution 3 by or on behalf of the Contractor or Mr Frederick or their associates, except where any such vote is cast by the Contractor or Mr Frederick or an associate as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

**Resolution 4 – Renewal of proportional takeover provisions**

Under the Corporations Act 2001, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by shareholders.

The Constitution currently includes a rule (rule 14) requiring shareholder approval of a proportional takeover bid. This rule was included in the Constitution adopted on 14 November 2001 and will cease to have effect on 14 November 2004 unless renewed by shareholders. The Directors consider it in the interests of shareholders to renew the rule for a further term of three years.

**a. Proportional takeover bid**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

**b. Effect of proportional takeover provisions**

If a proportional takeover bid is made, the Directors must ensure that a resolution of shareholders to approve the takeover bid is voted on, in general, more than 14 days before the last day of the bid period.



The vote is decided on a simple majority and each person (other than the bidder and their associates) who, as at the end of the day on which the 1st offer under the bid was made, held bid class securities, is entitled to vote. The bidder and its associates are not allowed to vote. If the resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn. If the resolution is not voted on, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), the transfers must be registered (provided they comply with other provisions of the Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply until three years after the date of renewal. The provisions may be renewed again, but only by a special resolution of shareholders.

**c. Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without shareholders having the opportunity to dispose of all their shares. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium.

These provisions allow shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

**d. Knowledge of any acquisition proposals**

As at the date this Notice of Meeting was prepared, no Director of the Company is aware of any proposal by any person to acquire or to increase a substantial interest in the Company.

**e. Potential advantages and disadvantages**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them, they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages for shareholders of the proportional takeover provisions include:

- shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- they may help shareholders to avoid being locked in as a minority;
- they increase shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for shareholders include:

- proportional takeover bids for shares in the Company may be discouraged;
- shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover succeeding may be reduced.



While the existing proportional takeover provisions have been in effect there have been no full or proportional takeover bids for the Company. Therefore there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and shareholders respectively, however, the Directors are not aware of any potential takeover bid that was discouraged by rule 14.

The Directors do not believe the potential disadvantages outweigh the potential advantages of renewing the proportional takeover provisions for a further three years.

**f. Amendments to rule 14**

If resolution 4 is passed, the new proportional takeover provisions will also be amended to ensure they are fully consistent with the Corporations Act 2001 and current corporate practice. The proposed amendments are as follows:

- rule 14.1(d) – replace “or such lesser period which the Australian Securities and Investments Commission may allow” with “during which the offers under the proportional takeover bid remain open or a later day allowed by the Australian Securities and Investments Commission”;
- rule 14.3(b) – replace “so far as they can and with such changes as are necessary” with “with such modification as the circumstances require”;
- rule 14.3(b) – after “pursuant to rule 14.3(a)”, add “, as if that meeting were a general meeting of the company”;
- rule 14.3(d) – delete “and, for the purposes of so voting, is entitled to 1 vote for each such security held at that time”; and
- rule 14.3(e) – after “An approving resolution”, add “that has been voted on”.

**g. Directors recommendation**

The Directors unanimously recommend that shareholders vote in favour of resolution 4.



# Proxy Form

**Adsteam Marine Limited**

ABN 87 065 888 440

Level 22, Plaza 2

500 Oxford Street

Bondi Junction NSW 2022 Australia

PO Box 644

Bondi Junction NSW 1355 Australia

Telephone +61 2 9369 9200

Facsimile +61 2 9369 9288

The Annual General Meeting will be held on  
Tuesday 9 November 2004 at 10am at the Banquet Hall,  
Masonic Centre 279 Castlereagh Street Sydney.

**If you will be attending the Annual General Meeting, please bring this form with you.**

**If you will not be attending, complete and return this form to appoint a proxy to vote on your behalf.**

I/We being a member of Adsteam Marine Limited hereby appoint

INSERT NAME OF INDIVIDUAL OR BODY CORPORATE

or failing that person

INSERT NAME OF INDIVIDUAL OR BODY CORPORATE

or failing that person (or if no person is named), the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 9 November 2004, and at any adjournment.

If you desire to direct your proxy to vote, please complete the following section of this form by inserting a mark in the appropriate boxes. If in respect of any matter you do not direct your proxy how to vote or you give directions which are inconsistent, your proxy may vote or abstain from voting as such proxy thinks fit.

If two proxies are being appointed, the proportion or number of the member's voting rights which this proxy is appointed to represent is

% or votes

I/We instruct our proxy to vote as indicated below in respect of

**Business** For Against Abstain\*

Election of Directors

- |                     |  |  |  |
|---------------------|--|--|--|
| • Dr Ken Moss       |  |  |  |
| • Mr Achim Drescher |  |  |  |

Consultancy arrangements  
with former Director

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Renewal of proportional  
takeover provisions

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\* If you mark the Abstain box you are directing your proxy not to vote on this item on a show of hands or on a poll and that your votes are not to be counted in computing the required majority on a poll.

Your Board (excluding Dr Moss and Mr Drescher on account of their personal interest) recommends that you vote 'For' the election of Dr Moss and Mr Drescher. Your Board recommends you vote 'For' the consultancy arrangements and renewal of proportional takeover provisions. The Chairman intends to vote undirected proxies in accordance with these recommendations.

## Signature of shareholder (if an individual)

SHAREHOLDER SIGNATURE

## Signature of shareholder (if a company)

DIRECTOR

DIRECTOR/SECRETARY (DELETE ONE)

SOLE DIRECTOR AND SOLE SECRETARY

AFFIX COMPANY SEAL IF REQUIRED

## Date

/ / 2004

DAY

MONTH

YEAR

Refer over for signing instructions and notes.

## Notes

1. Any instrument appointing a proxy in which the name of the appointee is not filled in is regarded as given in favour of the Chairman of the Meeting.
2. A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote instead of the member. Where two proxies are appointed, each proxy should be appointed to represent a specified proportion or number of the member's voting rights (failing which each appointee will be entitled to cast half the member's votes). An additional Proxy Form will be supplied by the Company on request.
3. A proxy need not necessarily be a member of the Company.
4. A proxy can either be an individual or a body corporate. If a body corporate is appointed, the full name of the body corporate must be set out. In addition, the body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at the Meeting in accordance with section 250D of the Corporations Act 2001; and
  - provides satisfactory evidence of that appointment before the Meeting commences. If this does not occur, the body corporate will not be entitled to act as a proxy.
5. Proxy Forms must be signed by a member or the member's attorney or, if the member is a corporation, must be signed by a director and another director or company secretary, or if the company has a sole director who is sole company secretary or no company secretary, that person may sign. If the Proxy Form is signed by a person who is not the registered holder of shares in the Company, then the relevant authority must either have been exhibited previously to the Company or a certified copy be enclosed with the Proxy Form.
6. The Proxy Form and authority (if any) under which it is signed must be deposited at the registered office of the Company, (Level 22, Plaza 2, 500 Oxford Street Bondi Junction NSW 2022) not less than 48 hours before the time for holding the meeting. The Proxy Form may also be properly deposited by sending a copy of the Proxy Form by facsimile to
  - Registries Limited, facsimile (02) 9279 0664 or
  - the Company, facsimile (02) 9369 9288.

Unless the Proxy Form is properly deposited, the proxy will not be treated as valid.