



ADSTEAM MARINE LIMITED

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An ISO 9002 Quality Assured Firm
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21 July 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

**ADSTEAM MARINE LIMITED –
TAKEOVER BID BY SVITZERWIJSMULLER MARINE PTY LIMITED
– TARGET'S STATEMENT**

We attach, by way of service pursuant to item 14 of subsection 633(1) of the Corporations Act 2001 (Cth), a copy of the Target's Statement of Adsteam Marine Limited (**Adsteam**) in response to the off-market takeover bid by SvitzerWijismuller Marine Pty Limited for all the ordinary shares in Adsteam.

Yours faithfully
ADSTEAM MARINE LIMITED

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

enc

This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Target's Statement



Adsteam Marine Limited
ACN 065 888 440

Off-market takeover bid made by SvitzerWijsmuller Marine Pty Ltd ACN 120 555 375 (a wholly owned subsidiary of SvitzerWijsmuller A/S) for all the ordinary shares in Adsteam Marine Limited.

Your Directors recommend that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived.

Key dates

Date of SvitzerWijsmuller's Offer	[] July 2006
Date of this Target's Statement	21 July 2006
Close of SvitzerWijsmuller's Offer Period (unless extended or withdrawn)	7.00pm AEST on [] September 2006

Adsteam shareholder information

Adsteam has established a shareholder information line that Adsteam shareholders may call if they have any queries in relation to SvitzerWijsmuller's Offer. The telephone number for the Adsteam shareholder information line is 1800 24 23 00 (for calls made from within Australia) or +61 2 9207 3622 (for calls made from outside Australia), between 8.00am and 6.00pm (AEST) Monday to Friday.

Adsteam notifies shareholders that, as required by the Corporations Act, calls to the Adsteam shareholder information line will be recorded, indexed and stored.

Further information relating to SvitzerWijsmuller's Offer can be obtained from Adsteam's website at www.adsteam.com.au.

Important notices

Nature of this document

This document is a Target's Statement issued by Adsteam under Part 6.5 Division 3 of the Corporations Act in response to SvitzerWijsmuller's Bidder's Statement and Offer.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 9 of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

ASIC disclaimer

A copy of this Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for the content of this Target's Statement.

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**ADSTEAM MARINE LIMITED**

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21 July 2006

Dear Adsteam Shareholder,

On 3 July 2006, Adsteam Marine Limited (**Adsteam**) and SvitzerWijsmuller A/S (**SvitzerWijsmuller**) announced SvitzerWijsmuller's conditional takeover offer of \$2.54 cash per Share for all of your Adsteam Shares.

Your Board has carefully considered SvitzerWijsmuller's Offer and recommends that, in the absence of a higher offer, shareholders accept the Offer after the regulatory conditions to the Offer have been satisfied or waived.

This document is the Target's Statement which sets out Adsteam's response to SvitzerWijsmuller's Offer and includes the reasons for your Directors' recommendation and other important information we believe you should consider.

About the Offer

Under the terms of SvitzerWijsmuller's Offer, Adsteam shareholders will receive \$2.54 cash per Share (inclusive of any dividend, if one is declared or paid) for all of your Adsteam Shares. The Board has resolved to defer the decision to pay a dividend while it waits upon the outcome of the Offer.

The SvitzerWijsmuller Offer is subject to a number of conditions as set out in the Bidder's Statement including:

- 90% minimum acceptance;
- competition approvals in the United Kingdom; and
- Foreign Investment Review Board approval.

The terms and conditions of the Offer are described in more detail in this Target's Statement and SvitzerWijsmuller's Bidder's Statement.

Directors' Recommendation

Your Board has carefully considered SvitzerWijsmuller's Offer and believes it represents good value for Adsteam's shareholders, being a 30.6% premium to the volume weighted average share price (**VWAP**) of \$1.94 in the month prior to the announcement of the Offer.

Your Directors unanimously recommend that, in the absence of a higher offer, Adsteam shareholders accept the Offer from SvitzerWijsmuller after the regulatory conditions to the Offer have been satisfied or waived.

The reasons for your Directors' recommendation are set out in section 1.4 of this Target's Statement.

As at the date of this Target's Statement, no other party has announced a higher offer for your Adsteam Shares.



What You Need To Do

You should carefully review this Target's Statement in its entirety before making your decision in relation to the Offer.

Your Directors recommend that you consult your financial or legal adviser regarding the impact that accepting or not accepting SvitzerWijsmuller's Offer may have on your own circumstances.

Details of how to accept SvitzerWijsmuller's Offer are set out in section 1.2 of the Bidder's Statement, a copy of which is included in this mailing. You should be aware that if you accept the SvitzerWijsmuller Offer (even while it is subject to conditions), you will give up your rights to either sell your Adsteam Shares on the stock market or accept any higher offer that might emerge (subject to withdrawal rights described in this Target's Statement). There is no advantage in accepting the Offer early so your Directors recommend that you wait until after the regulatory conditions are satisfied or waived.

The Offer is scheduled to close at 7.00pm (AEST) on [] September 2006 (unless extended). Your Board will keep you informed of any further developments in relation to SvitzerWijsmuller's Offer.

If you have any questions, please call the Adsteam shareholder information line on 1800 24 23 00 from within Australia or +61 2 9207 3622 from outside Australia, between 8.00am and 6.00pm (AEST time) Monday to Friday.

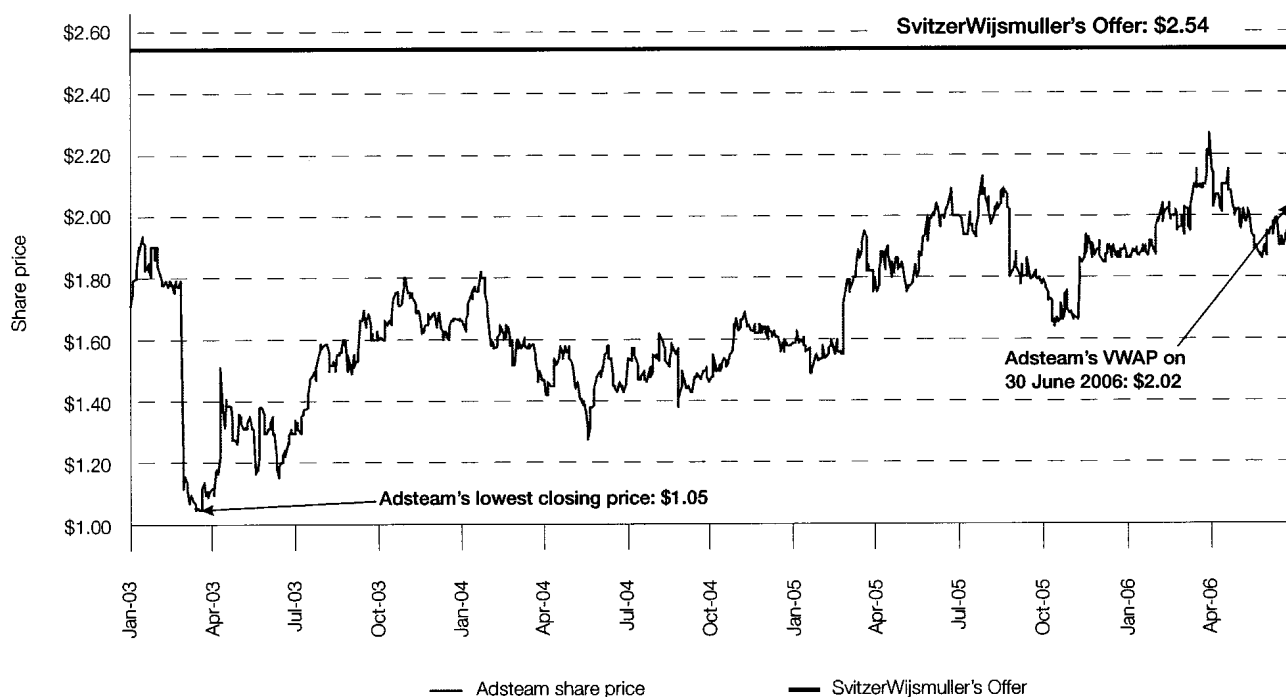
Yours sincerely

Bruce Corlett
Chairman

Why your Directors recommend that you accept SvitzerWijsmuller's Offer

1 The Offer values Adsteam higher than Adsteam has traded in the last three years

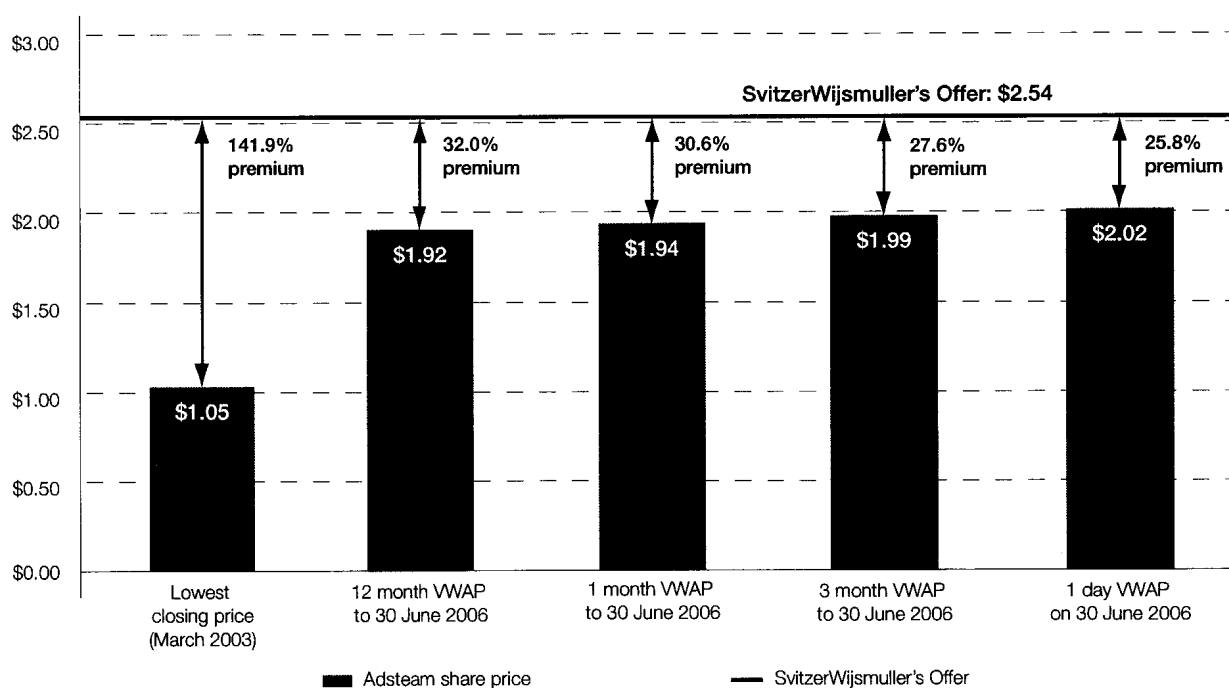
The consideration being offered by SvitzerWijsmuller is \$2.54 cash per Adsteam Share. This is greater than the highest price Adsteam Shares have traded at during the three years preceding the announcement of SvitzerWijsmuller's Offer.



2 The Offer is at a significant premium to recent trading

The SvitzerWijismuller Offer represents:

- a 25.8% premium to Adsteam's one day VWAP of \$2.02 on 30 June 2006, the last trading day prior to the announcement of the Offer;
- a 30.6% premium to Adsteam's VWAP of \$1.94 for the one month ending 30 June 2006; and
- a 27.6% premium to Adsteam's VWAP of \$1.99 for the three months ending 30 June 2006.



3 It is possible that the Adsteam share price might fall below SvitzerWijismuller's offer price if the Offer fails and in the absence of a higher offer

Adsteam's share price has increased significantly in the period following the announcement of the Offer. It is possible that the Adsteam share price may fall below SvitzerWijismuller's offer price if the Offer fails and no higher offer emerges.

The share price as at 7 July 2006, the date the Bidder's Statement was lodged with ASIC, was \$2.58. On 19 July 2006, Adsteam's share price closed at a 0.79% premium to SvitzerWijismuller's offer price of \$2.54 per Share.

4 The Offer consideration will be paid in cash providing certainty of value and removing risks currently borne by shareholders

If all conditions of the Offer are satisfied or waived, shareholders will receive \$2.54 cash per share, providing crystallisation of value.

While Adsteam has made significant progress in its restructuring program and expects to start seeing benefits from operating a more efficient business, there is no guarantee that Adsteam's share price will increase to the price of SvitzerWijsmuller's Offer in the future. It is important to note that there is further labour restructuring required in the United Kingdom. See section 8.3 for further details.

Adsteam is exposed to a number of operating risks, that are detailed in section 8.3. By accepting the Offer, Adsteam shareholders will receive cash for their Shares and will no longer be exposed to the risks inherent to Adsteam that could affect the value of their Adsteam Shares.

The Offer should be compared against the benefits and risks of remaining an Adsteam shareholder, including the likelihood and timing of Adsteam delivering cash flows to you as a shareholder in the form of dividends or other distributions. Shareholders should also refer to section 8.3 for further details on Adsteam operational matters.

5 No alternative offers have been announced

The approach from SvitzerWijsmuller A/S to Adsteam was unsolicited. SvitzerWijsmuller's Offer represents the best offer currently available for all Adsteam Shares.

As at the date of this Target's Statement, the Board is not aware of any higher offers to SvitzerWijsmuller's Offer and is not in a position to provide shareholders with information in relation to the probability of an alternative transaction arising.

Each of your Directors recommends that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived

Frequently asked questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Adsteam shareholders. This section should be read together with all other parts of this Target's Statement.

What is SvitzerWijsmuller's Offer for my Adsteam Shares?	SvitzerWijsmuller is offering \$2.54 cash for each Adsteam Share held by you (inclusive of any dividend, if one is declared or paid).
Who is SvitzerWijsmuller?	SvitzerWijsmuller is a wholly owned subsidiary of SvitzerWijsmuller A/S, a large marine towage company. SvitzerWijsmuller A/S is a wholly owned subsidiary of A.P. Moller – Maersk A/S, a diversified shipping company with more than 110,000 employees and offices in over 125 countries. A.P. Moller – Maersk A/S is headquartered in Denmark and is listed on the Copenhagen Stock Exchange. Further details relating to SvitzerWijsmuller are set out in section 2.1 of the Bidder's Statement.
What options do I have as an Adsteam shareholder?	<p>As an Adsteam shareholder, you have the following choices in respect of your Shares:</p> <ul style="list-style-type: none"> • accept the Offer; • sell your Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 3 of this Target's Statement.</p>
What are the Directors of Adsteam recommending?	Your Directors recommend that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived.
How do I accept the Offer?	Details of how to accept the Offer are set out in section 1.2 of the Bidder's Statement.
How do I reject the Offer?	If you do not wish to accept SvitzerWijsmuller's Offer, you do not need to do anything in respect of the documents sent to you by SvitzerWijsmuller.
When do I have to make a decision?	<p>The Offer is presently scheduled to close at 7.00 pm (AEST) on [] September 2006, but the Offer Period can be extended in certain circumstances.</p> <p>There is no advantage in accepting the Offer early and you have only limited withdrawal rights following acceptance. Your Directors therefore recommend that you wait until after the regulatory conditions are satisfied or waived. Your Directors will notify you when that occurs through an announcement to the ASX.</p> <p>(See section 4.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.)</p>

<p>When will I be sent my consideration if I accept the Offer?</p>	<p>If you accept the Offer, you will have to wait for the Offer to become unconditional before you will be sent your consideration from SvitzerWijsmuller.</p> <p>(See section 4.9 of this Target's Statement for further details on when you will be sent your consideration.)</p>
<p>How will I know when the Offer is unconditional?</p>	<p>SvitzerWijsmuller is required to advise Adsteam and its shareholders if the conditions to the Offer become satisfied or waived. Notices from SvitzerWijsmuller will be available on the ASX website at www.asx.com.au.</p> <p>(See section 4.3 of this Target's Statement for further information.)</p>
<p>What are the conditions to the Offer?</p>	<p>The conditions to the Offer are:</p> <ul style="list-style-type: none"> • a minimum acceptance condition of 90%; • regulatory approvals; • no material adverse change to the Adsteam Group; • no major acquisitions or disposals by the Adsteam Group; • absence of "prescribed occurrences". <p>(See section 4.2 of this Target's Statement for further details.)</p>
<p>Is there a number that I can call if I have further queries in relation to the Offer?</p>	<p>If you have any further queries in relation to the Offer, you can call 1800 24 23 00 (for calls made from inside Australia) or +61 2 9207 3622 (for calls made from outside Australia), between 8.00am and 6.00pm (AEST) Monday to Friday.</p> <p>Shareholders can also call the SvitzerWijsmuller information line on 1300 650 907 (within Australia) or +61 3 9415 4265 (outside Australia), between 9.00am and 5.00pm (AEST) Monday to Friday.</p> <p>As required by the Corporation Act, calls to the Adsteam shareholder information line will be recorded, indexed and stored.</p>

Target's Statement

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1 Directors' recommendation

1.1 Summary of Offer

The consideration being offered by SvitzerWijsmuller Marine Pty Ltd (**SvitzerWijsmuller**) under its takeover bid for all shares in Adsteam Marine Limited (**Adsteam**) is \$2.54 cash for each Adsteam Share.

The Offer is subject to a number of conditions. These conditions are summarised in section 4.2 of this Target's Statement.

1.2 Directors of Adsteam

As at the date of this Target's Statement, the Directors of Adsteam are:

Name	Position
Mr R Bruce Corlett	Chairman
Mr John Moller	Managing Director
Mr Peter Dexter, AM	Non Executive Director
Mr Achim Drescher	Non Executive Director
Mr David A Mortimer, AO	Non Executive Director
Dr Ken Moss	Non Executive Director

1.3 Directors' recommendation

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each of your Directors recommends that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived.

There is no advantage in accepting the Offer early and you have only limited withdrawal rights once you have accepted. Your Directors therefore recommend that you wait until after the regulatory conditions are satisfied or waived before accepting the Offer. Your Directors will advise you when those regulatory conditions are satisfied or waived through an announcement to the ASX.

In considering whether to accept the Offer, your Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternatives noted in section 3 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the tax implications of accepting the Offer.

1.4 Your Directors' reasons for their recommendation

A summary of the reasons for your Directors' recommendation is as follows:

(a) The Offer values Adsteam at a significant premium to recent trading

The Offer represents a 25.8% premium to the one day VWAP of \$2.02 on 30 June 2006 (the last trading day prior to the announcement of the Offer) and a 30.6% premium to the one month VWAP to 30 June 2006 of \$1.94.

The premium attributes value to Adsteam's high quality business and reflects the strategic nature of the asset for SvitzerWijsmuller and the likely availability of synergies to SvitzerWijsmuller.

(b) It is possible that the Adsteam share price might fall below SvitzerWijsmuller's offer price if the Offer fails and in the absence of a higher offer

Adsteam's share price has increased significantly in the period following the announcement of the Offer. The share price as at 7 July 2006, the date the Bidder's Statement was lodged with ASIC, was \$2.58. It is possible that the Adsteam share price may fall below SvitzerWijsmuller's offer price if the SvitzerWijsmuller Offer fails and no higher offer emerges.

(c) Your consideration will be paid in cash providing certainty of value

If all conditions are satisfied or waived, you will receive your consideration in cash, providing a crystallisation of value.

(d) No higher offers have been announced

The approach from SvitzerWijsmuller A/S to Adsteam was unsolicited. As at the date of this Target's Statement, the Board is not aware of any higher offers to SvitzerWijsmuller's Offer and is not in a position to provide shareholders with information in relation to the probability of an alternative transaction arising. The Adsteam Board reminds shareholders that its recommendation is in the absence of a higher offer.

Each of your Directors recommends that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived.

1.5 Intentions of your Directors in relation to the Offer

Each Director of Adsteam who has a relevant interest in Adsteam Shares presently intends to accept the Offer in relation to those Shares in the absence of a higher offer and after the regulatory conditions have been satisfied or waived.

Details of the relevant interests of each Adsteam Director in Adsteam Shares are set out in section 6.1 of this Target's Statement.

1.6 No shop and break fee arrangement with SvitzerWijsmuller

Adsteam has agreed not to approach or solicit competing transactions during the exclusivity period as set out in section 8.4(b) of this Target's Statement.

If Adsteam is approached by a person regarding a competing transaction, it must give SvitzerWijsmuller A/S details of the contact or proposal before the Board recommends approval or acceptance of the competing transaction by Adsteam shareholders. However, the obligation to notify SvitzerWijsmuller A/S of competing transactions does not apply to the extent that it restricts Adsteam or the Board from taking or refusing to take any action, provided that Adsteam's Board has determined, in good faith and acting reasonably after advice from its advisers, that the competing transaction is superior to the Offer and that failing to respond to the competing transaction would constitute a breach of the Board's fiduciary or statutory obligations.

The Board has also agreed that if any Director changes their recommendation because of an alternative takeover or similar transaction, Adsteam will pay to SvitzerWijsmuller A/S a "break fee" of \$6.9 million to compensate SvitzerWijsmuller A/S for its reasonable costs, including opportunity costs, associated with the Offer. The break fee represents 1% of the total value of SvitzerWijsmuller's Offer (and is equivalent to 2.53 cents per Share). Your Directors agreed to the break fee in order to secure the Offer, after consideration of the alternatives available to Adsteam shareholders.

Further information regarding the no shop and break fee obligations are set out in section 8.4 of this Target's Statement.

2 Important matters for Adsteam shareholders to consider

2.1 The SvitzerWijsmuller Offer

Adsteam and SvitzerWijsmuller A/S jointly announced SvitzerWijsmuller's intention to make its takeover bid for Adsteam on 3 July 2006. A copy of the announcement was released to the ASX and is available at www.asx.com.au. A summary of the Offer is contained in section 4 of this Target's Statement.

SvitzerWijsmuller's Offer is open for acceptance until 7.00 pm (AEST) on [] September 2006, unless it is extended or withdrawn (sections 4.5 and 4.6 of this Target's Statement describe the circumstances in which SvitzerWijsmuller can extend or withdraw its Offer).

2.2 Current business activities of Adsteam

Adsteam is a leading international provider of harbour towage and related services. Its principal operations are located in Australia and the United Kingdom and cover major container, bulk and general cargo ports in Australia, the South Pacific and the United Kingdom. With activities including ship assist, line running/mooring, fuel bunkering, workboat and offshore services, vessel management, salvage, emergency response and ships' agency, Adsteam is a leading international provider of maritime services.

The company serves a global customer base with a fleet of approximately 150 tug boats plus barges, workboats and launches.

The company has three operating divisions, Adsteam Australasia, Adsteam UK and Adsteam Agency, and provides emergency marine response services through United Salvage.

(a) Adsteam Australasia

Adsteam Australasia is the leading provider of towage related services across Australia, Papua New Guinea, Fiji and New Zealand. These services include towage, lines and mooring, offshore crewing and management, barging, salvage, emergency response, fuel bunkering and terminal activities. Adsteam Australasia is Australia's largest towage provider with operations in 36 Australian ports.

(b) Adsteam UK

Adsteam UK is a harbour towage company active in many ports in the United Kingdom, providing services at the major ports of Felixstowe, the Humber, Southampton, Liverpool, London and the Medway. The ports cover a range of services, facilities and berths for container shipping, oil terminals and refineries, bulk terminals, cruise terminals and ferries. Adsteam UK also manages a tug stationed in the Falkland Islands on contract to the United Kingdom Ministry of Defence. A subsidiary of Adsteam UK, Felixarc Marine, provides marine services including towage, salvage, diving, dredging support and marine contracting throughout the United Kingdom and Europe from its base in Felixstowe.

(c) Adsteam Agency

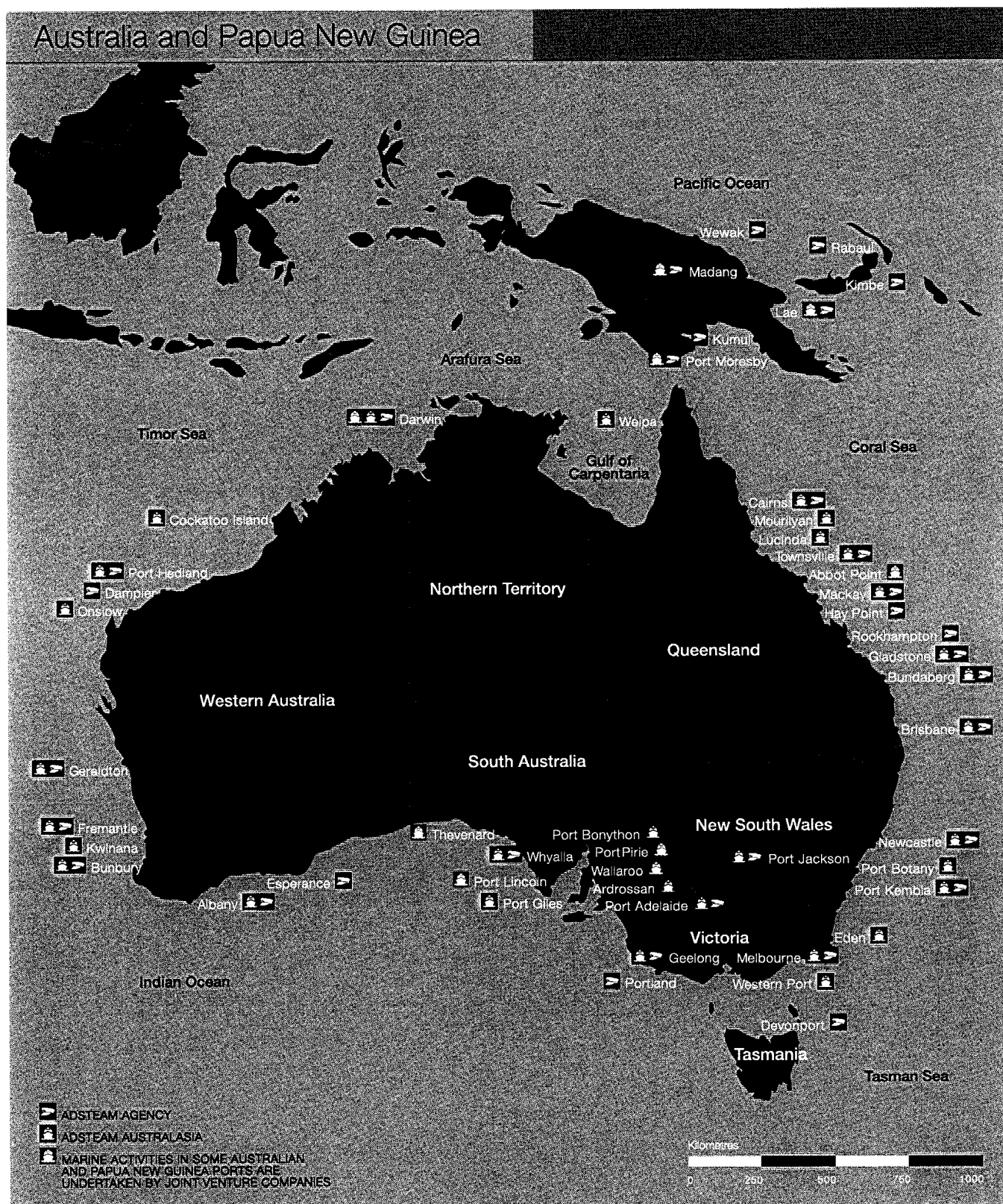
Adsteam Agency and its joint venture partners in Australia and Fiji offer port agency and logistics services to charterer clients of wet bulk, dry bulk and specialist carrier tonnage and provides a full range of liner, tramp, cruise and port agency services in more than 80 ports in Oceania spanning Australia, New Zealand, Fiji, Papua New Guinea, India and the Pacific Islands.

(d) United Salvage

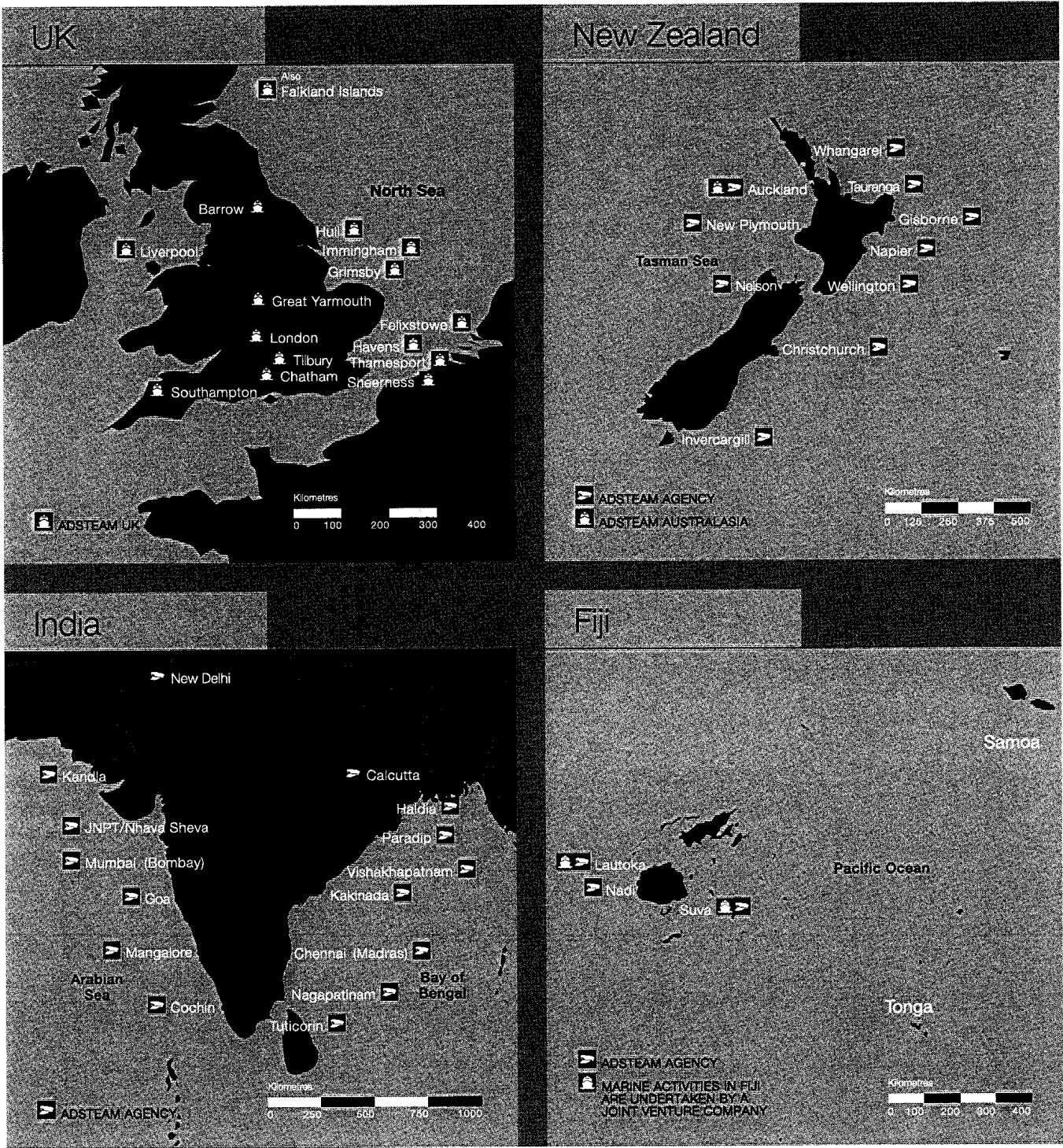
United Salvage is a wholly owned subsidiary of Adsteam. United Salvage provides comprehensive inshore and offshore emergency marine response services throughout Australasia, the South Pacific, the United Kingdom, Europe and the Atlantic. United Salvage assists shipping casualties and with maritime environmental incidents. Its successful track record has been established over the last few decades.

2.3 Geographic presence

Adsteam has operations in Australia, New Zealand, Papua New Guinea, Fiji, India, the Atlantic and Europe. Adsteam's corporate office is located in Sydney, Australia.



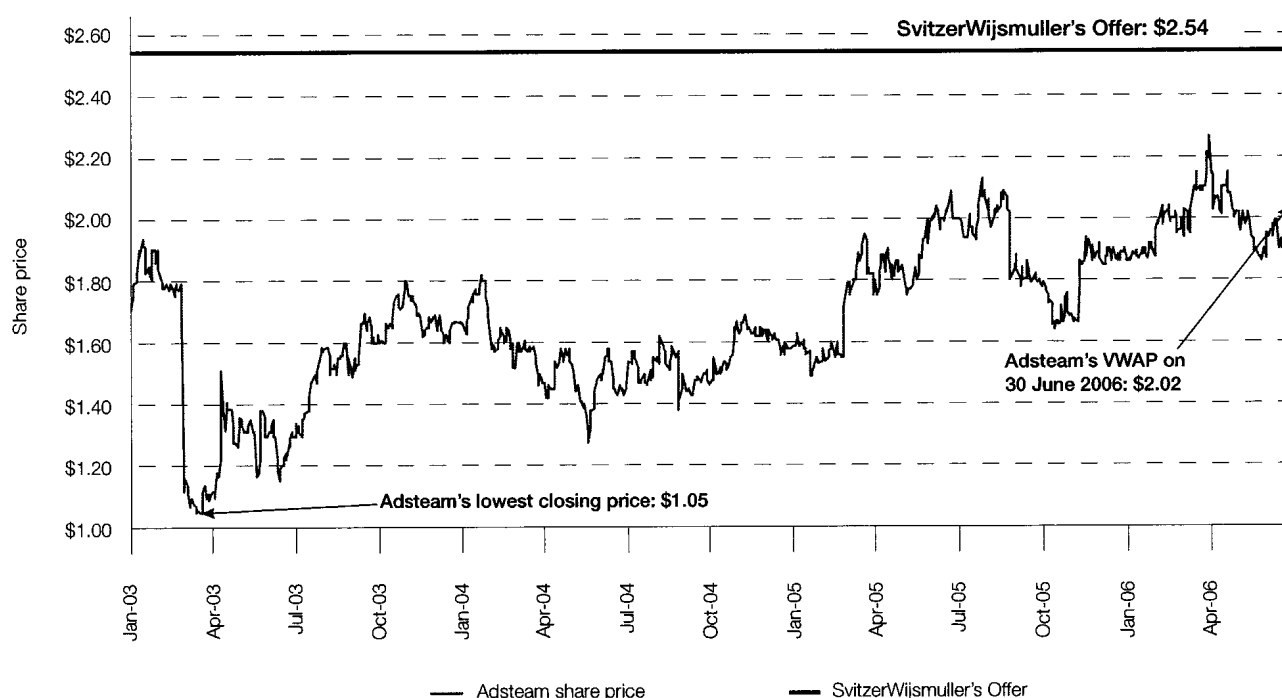
2 Important matters for Adsteam shareholders to consider (continued)



2.4 Value of SvitzerWijismuller's Offer

The consideration being offered by SvitzerWijismuller is \$2.54 cash per Adsteam Share. This is greater than the highest price Adsteam Shares have traded at during the three years preceding the announcement of SvitzerWijismuller's Offer.

The graph below shows Adsteam's share price history since 1 January 2003, relative to the Offer.

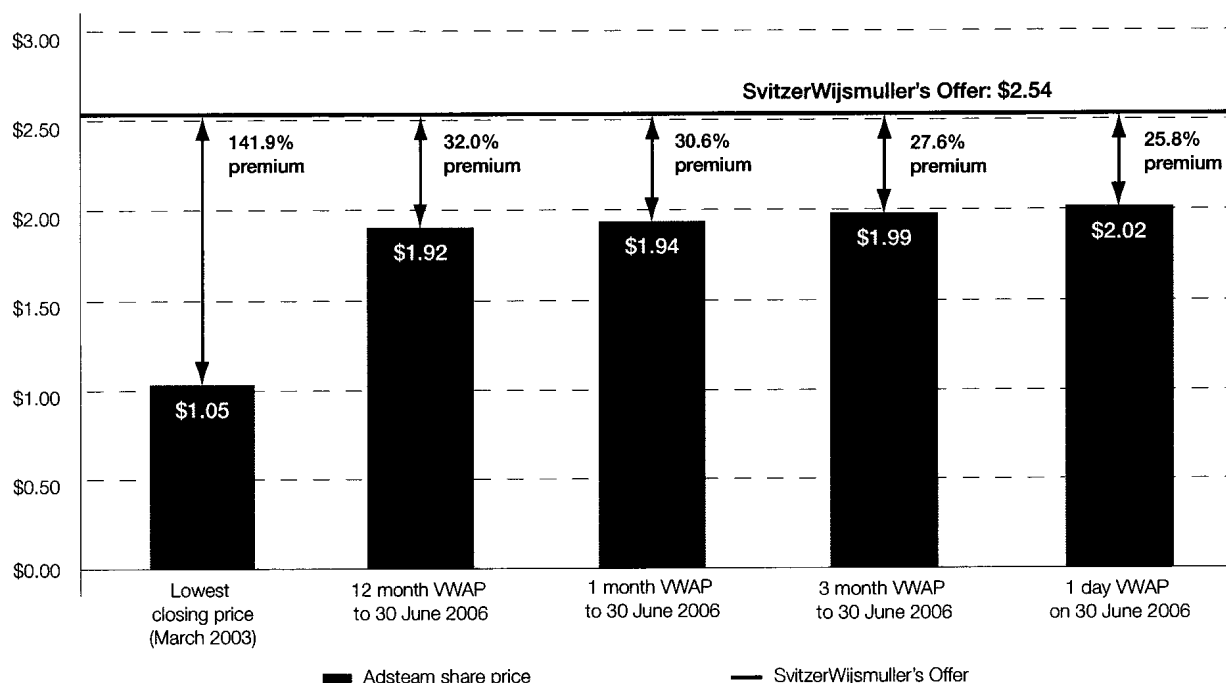


SvitzerWijismuller's Offer of \$2.54 cash per Share represents a significant premium to the prices at which Adsteam Shares have traded during Adsteam's three year restructuring program.

The SvitzerWijismuller Offer represents:

- a 25.8% premium to Adsteam's one day VWAP of \$2.02 on 30 June 2006, the last trading day prior to the announcement of the Offer;
- a 30.6% premium to Adsteam's VWAP of \$1.94 for the one month ending 30 June 2006; and
- a 27.6% premium to Adsteam's VWAP of \$1.99 for the three months ending 30 June 2006.

2 Important matters for Adsteam shareholders to consider (continued)



2.5 Minority ownership consequences

SvitzerWijsmuller's Offer is presently subject to a 90% Minimum Acceptance Condition which, if fulfilled (and all the other conditions are satisfied or waived), will entitle it to compulsorily acquire all outstanding Adsteam Shares.

It is SvitzerWijsmuller's current intention not to waive the 90% Minimum Acceptance Condition. SvitzerWijsmuller does, however, reserve the right to do so in accordance with the Corporations Act.

If SvitzerWijsmuller frees the Offer from the 90% Minimum Acceptance Condition and acquires more than 50% but less than 90% of Adsteam Shares then, assuming all other conditions to the Offer are satisfied or waived, SvitzerWijsmuller will acquire a majority shareholding in Adsteam.

Accordingly, shareholders who do not accept the Offer will in such circumstances become minority shareholders in Adsteam. This has a number of possible implications, including:

- SvitzerWijsmuller will be in a position to cast the majority of votes at a general meeting of Adsteam. This will enable SvitzerWijsmuller to control the composition of Adsteam's Board of Directors and senior management, Adsteam's dividend policy and control the strategic direction of the businesses of the Adsteam Group;
- the Adsteam share price may fall immediately following the end of the Offer Period and it is unlikely that Adsteam's share price will contain any takeover premium;
- liquidity of Adsteam Shares may be lower than at present, and there is a risk that Adsteam could be fully or partially removed from certain S&P/ASX market indices due to a lack of free float and/or liquidity;
- if the number of Adsteam shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then SvitzerWijsmuller may seek to have Adsteam removed from the official list of the ASX. If this occurs, Adsteam Shares will not be able to be bought or sold on the ASX;

- future Adsteam dividend policy under the management of SvitzerWijsmuller will vary significantly from Adsteam's current dividend policy as SvitzerWijsmuller has indicated that it has no current intention to procure Adsteam to continue to pay dividends;
- as stated in section 4.4 of the Bidder's Statement, SvitzerWijsmuller's ability to integrate Adsteam's business with its business will be restricted if it acquires less than 100% of Adsteam Shares. As a result, some or all of the potential efficiencies following the general review of the Merged Group, as referred to by SvitzerWijsmuller in the Bidder's Statement, may not be achieved; and
- if SvitzerWijsmuller acquires 75% or more of the Adsteam Shares, it will have sufficient voting power to pass a special resolution at a meeting of Adsteam shareholders. This will enable SvitzerWijsmuller to, among other things, change Adsteam's constitution.

2.6 Dividend issues for Adsteam shareholders

Under the terms of SvitzerWijsmuller's Offer, Adsteam shareholders will receive \$2.54 cash per Share. In the event that the Adsteam Board declares or pays a dividend, SvitzerWijsmuller's Offer per Share will be reduced by the amount of the dividend. The Adsteam Board has resolved to defer the decision to pay a dividend while it waits upon the outcome of SvitzerWijsmuller's Offer.

2.7 Other alternatives to the Offer

At this stage, the Board is not aware of any higher offers to SvitzerWijsmuller's Offer and is not in a position to provide shareholders with information in relation to the probability of an alternative transaction arising. The Board will keep shareholders informed of any material developments. In this regard, your Board will update you no more than 14 days and no less than 7 days before the end of the Offer Period through an announcement to the ASX.

2.8 Adsteam share price absent the Offer

While there are many factors that influence the market price of Adsteam Shares, your Directors anticipate that, following the close of the Offer, the market price of Adsteam Shares may fall if:

- SvitzerWijsmuller's Offer fails, in the absence of a higher offer, particularly as Adsteam's share price has increased significantly in the period following the announcement of the Offer;
- SvitzerWijsmuller acquires more than 50% (but less than 90%) of the Adsteam Shares; or
- the takeover is otherwise unsuccessful.

3 Your choices as an Adsteam shareholder

Your Directors recommend that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived.

However, as an Adsteam shareholder you have three choices currently available to you:

3.1 Accept the Offer

Adsteam shareholders may elect to accept the Offer. Details of the consideration that will be received by Adsteam shareholders who accept the Offer are set out in section 4.1 of this Target's Statement and in the Bidder's Statement. The Directors recommend that, in the absence of a higher offer, you accept the Offer after the regulatory conditions have been satisfied or waived.

There is no advantage in accepting the Offer early, and you have only limited withdrawal rights once you have accepted. If you wish to accept the Offer, your Directors recommend that you wait until after the regulatory conditions are satisfied or waived before accepting the Offer. Your Directors will notify you when that occurs through an announcement to the ASX.

Shareholders who accept the Offer may be liable for CGT on the disposal of their Shares (see section 7 of this Target's Statement). However, they will not incur any brokerage charge.

The Bidder's Statement contains details of how to accept the Offer in section 4 of appendix 1.

3.2 Sell your Shares on market

During a takeover, shareholders of a target company who have not already accepted the bidder's offer can still sell their shares on market for cash.

On 19 July 2006 Adsteam's share price closed at a 0.79% premium to SvitzerWijsmuller's offer price of \$2.54 per Share. The latest price for Adsteam Shares may be obtained from the ASX website www.asx.com.au.

Shareholders who sell their Shares on market may be liable for CGT on the disposal of their Shares in the same way as shareholders who accept the Offer (see section 7 of this Target's Statement). Shareholders who sell their Shares on market may also incur a brokerage charge.

Adsteam shareholders who wish to sell their Shares on market should contact their broker for information on how to effect that sale.

3.3 Do not accept the Offer or sell your Shares on market

Shareholders who do not wish to accept the Offer or sell their Adsteam Shares on market should do nothing.

Shareholders should note that if SvitzerWijsmuller and its associates have a relevant interest in at least 90% of the Adsteam Shares during or at the end of the Offer Period, SvitzerWijsmuller will be entitled to compulsorily acquire the Adsteam Shares that it does not already own (see section 4.12 for further details).

4 Key features of SvitzerWijismuller's Offer

4.1 Consideration payable to shareholders who accept the Offer

The consideration being offered by SvitzerWijismuller is \$2.54 cash for each Adsteam Share.

4.2 Conditions to the Offer

SvitzerWijismuller's Offer is subject to a number of conditions. Those conditions are set out in full in appendix 2 of the Bidder's Statement.

By way of broad overview, the outstanding conditions to the Offer as at the date of this Target's Statement are:

- (1) **90% Minimum Acceptance Condition:** During or at the end of the Offer Period, the number of Adsteam Shares in which SvitzerWijismuller and its associates together have relevant interests is at least 90% of all the Adsteam Shares.
- (2) **FIRB Condition:** Before the end of the Offer Period:
 - SvitzerWijismuller receives unconditional notice from or on behalf of the Australian Treasurer stating that there are no objections under the Australian government's foreign investment policy to the acquisition by SvitzerWijismuller of Adsteam Shares under the Offer;
 - the period under the Foreign Acquisitions and Takeovers Act 1975 (Cth) during which the Australian Treasurer may make an order prohibiting the acquisition of Adsteam Shares by SvitzerWijismuller under the Offer has expired without an order being made; or
 - if an interim order is made to prohibit for a period of time the acquisition of Adsteam Shares by SvitzerWijismuller under the Offer, that subsequent period for making a final order has elapsed, without a final order being made.
- (3) **United Kingdom competition approval:** Before the end of the Offer Period the United Kingdom Office of Fair Trading decides not to refer the acquisition of Adsteam Shares under the Offer to the United Kingdom Competition Commission and the period during which an application may be made to the United Kingdom Competition Appeal Tribunal for review of that decision has expired without an application having been made.
- (4) **No material adverse change:** There are no events or occurrences which individually or in aggregate could reasonably be expected to:
 - have an adverse effect on the consolidated assets or liabilities of the Adsteam Group exceeding \$20 million; or
 - have an adverse effect on the consolidated net profits after tax of the Adsteam Group that exceeds \$5 million per annum,
 that occur, are announced or otherwise become known to SvitzerWijismuller between the Announcement Date and the end of the Offer Period (other than matters already known by SvitzerWijismuller before the Announcement Date).

4 Key features of SvitzerWijismuller's Offer (continued)

(5) No major acquisitions or disposals: Outside the ordinary course of business or as otherwise agreed in writing between SvitzerWijismuller and Adsteam, there is no:

- purchase or other acquisition, sale or other disposal of, or offer or agreement to purchase, acquire, sell or dispose of, any property or assets (or any right, title or interest in them) the total consideration for which, or value of which, exceeds or would exceed \$20 million in aggregate;
- entry into, or offer or agreement to enter into, an agreement, arrangement or commitment requiring expenditure or foregoing of revenue which exceeds \$20 million in aggregate; or
- declaration of a dividend,

by Adsteam or a subsidiary of Adsteam which occurs, is announced or otherwise becomes known to SvitzerWijismuller between the Announcement Date and the end of the Offer Period.

(6) No prescribed occurrences: None of the events prescribed in section 652C of the Corporations Act happens in relation to Adsteam or a subsidiary of Adsteam during the period beginning on the date the Bidder's Statement is given to Adsteam and ending at the end of the Offer Period.

As at the date of this Target's Statement, Adsteam is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer being triggered.

4.3 Notice of Status of Conditions

Section 6.6 of appendix 1 of the Bidder's Statement indicates SvitzerWijismuller will give a Notice of Status of Conditions to the ASX and Adsteam on [] September 2006.

SvitzerWijismuller is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as SvitzerWijismuller knows, any of the conditions have been fulfilled; and
- SvitzerWijismuller's voting power in Adsteam.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, SvitzerWijismuller is required, as soon as practicable after the extension, to give a notice to the ASX and Adsteam that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, SvitzerWijismuller must, as soon as practicable, give the ASX and Adsteam a notice that states that the particular condition has been fulfilled. SvitzerWijismuller gave notice on 19 July 2006 that the ACCC approval condition has been fulfilled.

4.4 Offer Period

Unless SvitzerWijismuller's Offer is extended or withdrawn, it is open for acceptance from [] July 2006 until 7.00pm (AEST) on [] September 2006.

The circumstances in which SvitzerWijismuller may extend or withdraw its Offer are set out in section 4.5 and section 4.6 respectively of this Target's Statement.

4.5 Extension of the Offer Period

SvitzerWijismuller may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 4.3) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are satisfied or waived), SvitzerWijismuller may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- SvitzerWijismuller improves the consideration offered under the Offer; or
- SvitzerWijismuller's voting power in Adsteam increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

4.6 Withdrawal of Offer

SvitzerWijismuller may not withdraw the Offer if you have already accepted it. Before you accept the Offer, SvitzerWijismuller may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

4.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 7 of appendix 1 of the Bidder's Statement. Adsteam shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Shares and the representations and warranties which they give by accepting the Offer.

4.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if:

- SvitzerWijismuller's FIRB Condition has not, at the time of your purported withdrawal, been fulfilled; or
- SvitzerWijismuller varies the Offer in a way that postpones, for more than one month, the time when SvitzerWijismuller needs to meet its obligations under the Offer. This will occur if SvitzerWijismuller extends the Offer Period by more than one month and the Offer is still subject to conditions.

4.9 When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the later of:

- one month after the date the Offer becomes or is declared unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of your consideration. Full details of when you will be issued your consideration are set out in section 5 of appendix 1 of the Bidder's Statement.

4 Key features of SvitzerWijismuller's Offer (continued)

4.10 Effect of an improvement in consideration on shareholders who have already accepted the Offer

If SvitzerWijismuller improves the consideration offered under its takeover bid, all Adsteam shareholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

4.11 Lapse of Offer

The Offer will lapse if the Offer conditions are not satisfied or waived by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Adsteam Shares as you see fit.

4.12 Compulsory acquisition

SvitzerWijismuller has indicated in section 4.3 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Adsteam Shares.

SvitzerWijismuller will be entitled to compulsorily acquire any Adsteam Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, SvitzerWijismuller and its associates have a relevant interest in at least 90% (by number) of Adsteam Shares.

If this threshold is met, SvitzerWijismuller will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Adsteam shareholders who have not accepted the Offer. Adsteam shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Adsteam Shares. If compulsory acquisition occurs, Adsteam shareholders who have their Adsteam Shares compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

5 Financial information and related matters

Adsteam has released its financial reports for the full year ended 30 June 2005 and for the 6 months ended 31 December 2005, the latter being announced to the ASX on 23 February 2006.

In its February 2006 ASX release, Adsteam highlighted the following:

- fully franked interim dividend of 3.9 cents per Share;
- revenue of \$159 million and EBITDA of \$48.7 million;
- improved Australasian earnings with EBITDA of \$30.2 million (before one-off and non-core items), up 12% on the previous year on a like-for-like basis;
- EBITDA for the United Kingdom (before one-off and non-core items) of \$15.4 million, down \$3.1 million on a like-for-like basis;
- net profit before tax of \$23.4 million, up 14% on last year;
- net profit after tax of \$21.2 million, up 5% on last year;
- earnings per Share increased 4% to 7.9 cents;
- disposal of non-core businesses completed with the Northland sale finalised in September 2005;
- solid balance sheet and continued strong cash flows with the core business now fitter and more resilient;
- refinancing of its syndicated debt with a new 5 year syndicated debt facility; and
- the dividend policy going forward is to pay approximately 50% of NPAT.

Adsteam stated in this ASX announcement that in the second half of FY2006, it expects to benefit from revenues associated with the Darwin and Medway LNG contracts, continued good trading conditions in Australia and cost savings relating to the recent Gravesend restructuring.

While its FY2006 results are currently being finalised and subject to audit, Adsteam still expects to deliver a full year net profit after tax for the year ended 30 June 2006 at the lower end of the range between \$42 million and \$46 million (before any costs associated with the Offer). The FY2006 results are expected to be announced on or around 24 August 2006. The results can be obtained on the ASX website at www.asx.com.au and on Adsteam's website at www.adsteam.com.au.

On 28 June 2006 Adsteam announced it had been awarded the contract for the provision of emergency towage services around much of the Australian coast by the Federal Government. The five year contract is effective from 1 July 2006, and is worth \$15 million in revenue over the five year term of the contract.

Since Adsteam published its financial statements for the six months ended 31 December 2005, the Adsteam Board has not become aware of any material issues in relation to Adsteam's financial position that would require disclosure except as disclosed in this Target's Statement and in any announcement made by Adsteam to the ASX.

6 Information relating to your Directors

6.1 Interests and dealings in Adsteam securities

(a) Interests in Adsteam Shares and Share Acquisition Rights

As at the date of this Target's Statement, your Directors had the following relevant interests in Shares:

Director	Number of Adsteam Shares
Mr R Bruce Corlett	20,624
Uvira Holdings (Employee Superannuation Fund of which Mr Corlett is a beneficiary)	265,554
Mr John Moller	46,088
Lawncage Pty Ltd (a family company of which Mr Moller is a director)	6,104
Mr Peter Dexter, AM	Nil
Invia Custodian Fund Pty Ltd (a superannuation fund of Mr Dexter's)	30,000
Mr Achim Drescher	32,291
Mr David A Mortimer, AO	101,194
Tendwine Pty Ltd (a company associated with Mr Mortimer)	71,841
Dr Ken Moss	19,604
Total	593,300

In addition, as at the date of this Target's Statement, Mr Moller has 784,673 Share Acquisition Rights (**SARs**) as set out in the table below:

Description	Grant	Vesting Date if performance criteria met	SARs lapsed since grant (effective date of lapse)	Number of SARs held
SARs granted on appointment on 13 January 2003	300,000	150,000 with effect from 1 July 2005 150,000 with effect from 1 July 2006	150,000 (1 July 2005)	150,000 ¹
SARs granted effective 1 July 2004	200,000	100,000 with effect from 1 July 2006 100,000 with effect from 1 July 2007	–	200,000 ¹
SARs granted effective 1 July 2005	208,542	104,271 with effect from 1 July 2007 104,207 with effect from 1 July 2008	–	208,542
SARs granted effective 1 July 2006	226,131	113,066 with effect from 1 July 2008 113,065 with effect from 1 July 2009	–	226,131

¹ With effect from 1 July 2006, some of the Share Acquisition Rights will vest or lapse. The vesting or lapsing of Share Acquisition Rights is a decision for the Adsteam Board following the recommendation of the Remuneration Committee having regard to certain performance criteria and the final results for the financial year ended 30 June 2006. The Adsteam Board and the Remuneration Committee are expected to consider these matters at a meeting scheduled in August 2006.

(b) Dealings in Adsteam Shares

No Director of Adsteam has acquired or disposed of a relevant interest in any Shares in the 4 month period ending on the date immediately before the date of this Target's Statement, other than as set out below.

On 6 April 2006 the following Shares were acquired by Adsteam Directors as a result of Adsteam's Dividend Reinvestment Plan:

- Mr R Bruce Corlett acquired 409 Adsteam Shares;
- Uvira Holdings (an Employee Superannuation Fund of which Mr Corlett is a beneficiary) acquired 5,261 Adsteam Shares;
- Mr John Moller acquired 913 Adsteam Shares;
- Mr Achim Drescher acquired 639 Adsteam Shares; and
- Dr Ken Moss acquired 388 Adsteam Shares.

6.2 Interests and dealings in SvitzerWijsmuller securities

(a) Interests in SvitzerWijsmuller securities

As at the date immediately before the date of this Target's Statement, no Adsteam Director had a relevant interest in any SvitzerWijsmuller securities.

(b) Dealings in SvitzerWijsmuller securities

No Director of Adsteam acquired or disposed of a relevant interest in any SvitzerWijsmuller securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

6.3 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Adsteam or related body corporate of Adsteam.

As disclosed in Adsteam's 2005 Annual Report, a description of retirement benefits payable to Directors on retirement is set out below:

- | | |
|---------------------------|-----------|
| • Mr R Bruce Corlett | \$360,000 |
| • Mr Achim Drescher | \$165,000 |
| • Mr David A Mortimer, AO | \$165,000 |
| • Dr Ken Moss | \$165,000 |

No retirement benefit will be paid to Mr Peter Dexter, AM. This is in accordance with the company's policy which is not to pay new directors retirement benefits. Mr Dexter was appointed as a Director on 12 May 2006.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any Director of Adsteam and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Shares.

6 Information relating to your Directors (continued)

(c) Benefits from SvitzerWijsmuller

None of the Directors of Adsteam has agreed to receive, or is entitled to receive, any benefit from SvitzerWijsmuller which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Shares. Although there is no agreement with SvitzerWijsmuller, if the Offer is successful, John Moller may continue to be employed by Adsteam to assist with integration, but his current service contract may be terminated.

(d) Interests of Directors in contracts with SvitzerWijsmuller

None of the Directors of Adsteam has any interest in any contract entered into by SvitzerWijsmuller.

7 Taxation consequences

A general outline of the tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement.

Holders of employee shares (see section 8.7 of this Target's Statement) and Share Acquisition Rights should note that they may be taxed differently than described in section 7 of the Bidder's Statement.

The following clarifies the comments in section 7 of the Bidder's Statement in the event that SvitserWijsmuller adjusts the cash payment for your Shares to take into account a dividend declared or paid by Adsteam. If a dividend is declared or paid, it will be at the sole discretion of, and funded by, Adsteam. As such, only the cash payment you receive from SvitserWijsmuller to acquire your Adsteam Shares should be treated as consideration for the disposal of your Adsteam Shares for tax purposes. Any dividend paid by Adsteam should be separately taxed as dividend income.

All shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.

8 Other material information

8.1 Effect of the takeover on Adsteam's material contracts

Some of Adsteam's contracts have change of control provisions that may be triggered if SvitzerWijsmuller obtains control of Adsteam. If SvitzerWijsmuller obtains control, but does not acquire 90% of the Shares, minority Adsteam shareholders may be disadvantaged if the counter party to the contract does not consent to the change of control.

Adsteam has not yet approached the counter parties to the various contracts which have change of control clauses as it is too premature to do so. However, Adsteam is not aware of a reason for the counter parties to refuse consent for any change of control.

8.2 Litigation

As disclosed in the half year accounts for the 6 months ended 31 December 2005, a subsidiary company of Adsteam was joined as a party to a New Zealand litigation dispute regarding a vessel named *Jody F Millennium*. Further details of that claim are set out in the contingent liability note of those half year accounts. Since the release of those accounts, Adsteam has sought to strike out the claim by initiating strike out proceedings. The Judge issued an interim decision on the strike out application requiring the claimant to file an amended statement of claim. Adsteam has now received the amended statement of claim and is considering whether it wishes to continue with the strike out application. Adsteam is seeking further and better particulars in relation to the amended statement of claim to assist it to consider whether to pursue the strike out application.

8.3 Operational matters

There are a number of risk factors, both specific to Adsteam and relating to the general business environment, which may impact the operating performance, cashflow and financial position of Adsteam. The significant issues include:

- Following significant labour restructuring by Adsteam UK, including 4 to 3 person crewing and changes at Gravesend, further incremental labour reform will be required at a number of United Kingdom ports over the next 12 months to enhance the competitive position of Adsteam's business in the United Kingdom. This will involve further restructuring and redundancy costs. The details and quantum of these costs are still to be finalised.
- Pensions law in the United Kingdom requires pension scheme trustees and the sponsoring employer to agree a period within which the scheme deficit will be funded. The Pensions Regulator has stated that the trustees should aim to eliminate any deficit as quickly as the employer can reasonably afford, and that what is reasonable will depend on the trustees' assessment of the employer's covenant. In order to address this, Adsteam UK is currently developing a medium term plan to fund the pension deficits and reform future pension arrangements, prior to commencing discussions with the pension scheme trustees and Adsteam employees.
- The 'anti-avoidance' powers of the United Kingdom Pensions Regulator enable it to require (i) employers that sponsor defined benefit pension schemes, (ii) (in some cases) the directors of those employers, and (iii) any companies that are associated with those employers, either to fund fully, or to guarantee the funding of, those pension schemes on the 'buy out basis'. The anti-avoidance powers can only be used in certain legally prescribed circumstances, and it is possible in any event to apply to the Pensions Regulator for clearance that it would not use these powers against any person in respect of a particular transaction. Clearance will normally be given however only once a forward plan has been agreed with the pension scheme trustees regarding, in particular, the funding of any deficit in their scheme.
- A substantial increase/decrease in trade volumes in Australia and/or the United Kingdom, resulting in an increase/decrease in the number of ships calling to Australian and/or the United Kingdom's ports.

- The maritime industry in Australia and the United Kingdom has and continues to employ a highly unionised workforce. Industrial disputation resulting in a work stoppage in a specific port or at a national level could have a material impact on Adsteam's business. It is likely that the management of Adsteam would negotiate with its employees in accordance with guidelines in workplace agreements in relation to site specific issues before a dispute would escalate to a work stoppage.
- On 1 July 2006, Adsteam UK exited from United Kingdom tonnage tax in accordance with the Finance Act 2005. Adsteam UK is now subject to normal United Kingdom Corporations Tax. As presently allowed by the Finance Act 2005, the tax value of Adsteam UK's assets can be written up to their market value as of 1 July 2006. This assessment of market value has not yet been undertaken. As previously recognised, all tax regimes may be repealed or amended at a future time and the European Union (EU) has the right to request Member States to change domestic financial policies and rules to ensure they comply with EU free market competition requests.
- Towage markets in which Adsteam operates are open to varying degrees of competition and it is possible that new entrants may enter into the market.
- The terms of trade for Adsteam's harbour towage activities are based on the United Kingdom towage conditions. These conditions relate to, among other things, liability for consequences of towage, including collisions. Any changes to those conditions could change Adsteam's risk profile.
- A number of ports require towage operators to tender for a licence to provide towage services in the port. Recently, Adsteam has won tenders for licences in Weipa and Fremantle. If Adsteam fails to win a tender in a port in which it is the incumbent operator, this will have a negative impact on the profitability of Adsteam.
- From time to time, Adsteam tenders for new business in Australia, the United Kingdom and elsewhere. Adsteam is currently in the early stages of one large tender. If this tender is successful, it could be funded by debt and therefore change Adsteam's debt profile.
- While appropriate hedging strategies are used to manage interest rate and foreign exchange risks, significant increases in interest rates or a significant variance in the Australian dollar could have a negative impact on Adsteam.
- The economic outlook in Australia, the United Kingdom and internationally.
- Investor perceptions and stock market conditions.
- Changes in fiscal, taxation, monetary and regulatory policies in Australia, the United Kingdom and the European Union.
- Developments in the maritime industry generally.

8.4 Negotiations with SvitzerWijismuller A/S

Adsteam was approached by SvitzerWijismuller A/S and agreed to enter into discussions regarding a possible takeover bid, subject to due diligence and discussion between advisers. The making of the Offer, and the recommendation of the Adsteam Directors, followed negotiations between Adsteam and SvitzerWijismuller A/S.

(a) Due diligence

As part of the due diligence process, Adsteam gave SvitzerWijismuller A/S and its advisers access to certain historical, financial and operating information that would confirm publicly available information. Adsteam did not disclose information that would be sensitive to Adsteam's position as SvitzerWijismuller A/S's competitor.

(b) Exclusivity arrangement

Adsteam agreed to provide SvitzerWijismuller A/S an exclusivity period where it will not approach or solicit bids. Under the terms of that agreement, during the exclusivity period Adsteam must ensure that neither it nor any of its

8 Other material information (continued)

related bodies corporate or representatives approaches or solicits enquiries from, or initiates discussions with, any person in relation to a proposal for a takeover bid, scheme of arrangement, capital reduction, purchase from a main undertaking or similar reorganisation in relation to Adsteam involving anyone other than SvitzerWijsmuller A/S (a **Competing Transaction**).

The exclusivity period will end on the later of:

- 31 July 2006;
- the end of the initial Offer Period, namely, [] September 2006; or
- such later date agreed to in writing by SvitzerWijsmuller A/S and Adsteam

unless the confidentiality and exclusivity agreement is terminated earlier in accordance with its terms.

If Adsteam is approached by a person regarding a Competing Transaction during the exclusivity period it must give SvitzerWijsmuller A/S details of the contact or proposal before the Board recommends approval or acceptance of the Competing Transaction by Adsteam shareholders. If Adsteam is subject to confidentiality obligations, it must use its best endeavours to be released from those obligations to enable it to disclose the information to SvitzerWijsmuller A/S.

The obligations to notify SvitzerWijsmuller A/S of Competing Transactions, and to do so before the Board makes a recommendation, do not apply to the extent that they restrict Adsteam or the Board from taking or refusing to take any action with respect to a Competing Transaction, provided that the Board has determined, in good faith and acting reasonably after:

- consulting with its financial advisers that the Competing Transaction was a proposal superior to the Offer; and
- receiving written legal advice from external legal advisers that failing to respond to the Competing Transaction would constitute a breach of the Board's fiduciary or statutory obligations.

(c) Break fee

Adsteam has agreed to pay a break fee to SvitzerWijsmuller A/S on the terms set out below.

- The break fee is \$6.9 million (representing 1% of the total value of the Offer), which is based on an estimate of, and in reimbursement for, SvitzerWijsmuller A/S's reasonable costs, including opportunity costs, associated with the Offer if a break fee becomes payable.
- The break fee will be paid to SvitzerWijsmuller A/S only in the event that any Director changes their recommendation in relation to the Offer because Adsteam or a third party announces or proposes a takeover bid, scheme of arrangement, capital reconstruction, sale of main undertaking or other similar reorganisation for or in relation to Adsteam before the end of the Offer Period. If the Directors change their recommendation for other reasons (such as a refusal or delay in receiving competition approvals), or do not change their recommendation at all, no break fee will be payable.

Your Directors agreed to the break fee in order to secure the Offer, after consideration of the alternatives available to Adsteam shareholders.

8.5 Issued capital

As at the date of this Target's Statement, Adsteam's issued capital consisted of 272,776,738 fully paid ordinary shares. See section 8.7 below for an outline of Share Acquisition Rights issued to senior executives.

8.6 Substantial holders

As at 19 July 2006, Adsteam's register of substantial shareholders is as follows:

Substantial Holder	Number of Shares	% of issued capital
Investors Mutual Limited	37,368,163	14
Perennial Value Management Ltd	27,136,655	10
Schroder Investment Management Australia Limited	24,130,661	9
Maple-Brown Abbot Limited	21,367,476	8
Promina Group Limited	14,533,802	5
Commonwealth Bank of Australia Limited	14,066,921	5

8.7 Effect of Offer on employee share schemes

(a) Adsteam Senior Executive Long Term Incentive Plan

The Adsteam Senior Executive Long Term Incentive Plan permits the grant of rights over Adsteam Shares to senior executives. Each Share Acquisition Right provides the holder with the right to be transferred one fully paid Adsteam ordinary share following the satisfaction of certain performance criteria. A Share Acquisition Right does not carry a right to vote nor to dividends or to participate in other corporate actions (such as rights or bonus issues).

(i) Number of Share Acquisition Rights

There were 1,890,669 Share Acquisition Rights on issue at 30 June 2006.

The Adsteam Board has approved the issue of a further 730,742 Share Acquisition Rights subject to a waiver from the ASX. SvitserWijsmuller has confirmed, on the basis that the issue is in the ordinary course of business and consistent with past practice, it does not object to the issue of these additional Share Acquisition Rights.

With effect from 1 July 2006, some of the Share Acquisition Rights will vest or lapse. The vesting or lapsing of Share Acquisition Rights is a decision for the Adsteam Board following the recommendation of the Remuneration Committee having regard to certain performance criteria and the final results for the financial year 30 June 2006. The Adsteam Board and the Remuneration Committee are expected to consider these matters at a meeting scheduled in August 2006.

(ii) Effect of Offer on Share Acquisition Rights

The Senior Executive Long Term Incentive Plan Rules provide that in the event of a change of control, the number of Share Acquisition Rights granted to each executive or employee in the preceding three years that have not already vested or otherwise lapsed, will immediately vest.

Change of control is defined as a person obtaining at least 30% of voting rights attached to Adsteam Shares as result of a bid to acquire all or a portion of Adsteam Shares. Such vesting will therefore occur if SvitserWijsmuller's Offer becomes unconditional and SvitserWijsmuller obtains acceptances in relation to 30% of the Shares.

To satisfy any vesting obligations during the Offer, subject to final accounting and tax advice, the Adsteam Board is likely to either:

- cancel the relevant Share Acquisition Rights in consideration for the payment of an equivalent cash amount; or
- acquire Shares on-market and transfer those Shares to the holder of the Share Acquisition Rights.

8 Other material information (continued)

(b) Effect of Offer on 1997 Loan Based Plan

Under the 1997 Loan Based Plan, Adsteam Employee Share Plan Pty Ltd (**Trustee**) holds 863,419 Shares on behalf of eligible employees. Details of the plan are included in Adsteam's 2005 Annual Report.

Following the recommendation of the Directors, and in accordance with the rules of the 1997 Loan Based Plan, the Trustee will accept the Offer in respect of the Shares held under the plan in the absence of a higher offer after the regulatory conditions have been satisfied or waived. The net proceeds of the disposal of the Shares will first be applied to repay each employee's loan, with any excess over the loan balance to be paid to the employee.

No Director is a beneficiary of the 1997 Loan Based Plan.

(c) Effect of Offer on General Employee Share Plan

Under the General Employee Share Plan, the Trustee holds 9,476 Shares on behalf of eligible employees. Details of the plan are included in Adsteam's 2005 Annual Report.

If holders of Shares under this plan choose to accept the Offer, the Trustee will dispose of their Shares and pay the proceeds to the holders.

No Director is a beneficiary of the General Employee Share Plan.

(d) Effect of Offer on Salary Sacrifice Plan

Under the Salary Sacrifice Plan, the Trustee also holds 13,116 Shares on behalf of employees who made a salary sacrifice in 2000 for Adsteam Shares. Details of the plan are included in Adsteam's 2005 Annual Report.

If holders of Shares under this plan choose to accept the Offer, the Trustee will dispose of their Shares and pay the proceeds to the holders.

No Director is a beneficiary of the Salary Sacrifice Plan.

8.8 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by, SvitzerWijsmuller, SvitzerWijsmuller A/S, ABN AMRO and Freehills. Each of SvitzerWijsmuller, SvitzerWijsmuller A/S, ABN AMRO and Freehills has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

In addition, as permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged by SvitzerWijsmuller with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by SvitzerWijsmuller. Pursuant to the Class Order, the consent of SvitzerWijsmuller is not required for the inclusion of such statements in this Target's Statement. Any Adsteam shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Adsteam shareholder information line on 1800 24 23 00 (for calls made from within Australia) or +61 2 9207 3622 (for calls made from outside Australia) between 8.00am and 6.00pm (AEST) Monday to Friday. Any telephone calls to these numbers will, as required by the Corporations Act, be recorded, indexed and stored.

In addition, as permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

8.9 ASX Listing Rule waivers

ASX has granted a waiver of Listing Rule 7.9 to allow the issue of Share Acquisition Rights effective as at 1 July 2006.

8.10 No other material information

This Target's Statement is required to include all the information that Adsteam shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director of Adsteam.

Your Directors are of the opinion that the information that Adsteam shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Adsteam's releases to the ASX, and in the documents lodged by Adsteam with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Shares;
- the matters that shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers; and
- the time available to Adsteam to prepare this Target's Statement.

9 Glossary and interpretation

9.1 Glossary

In this Target's Statement defined terms have the meanings set out below:

Term	Meaning
\$, A\$ or AUD	Australian dollar.
90% Minimum Acceptance Condition	the condition contained in section 1 of appendix 2 of the Bidder's Statement (and summarised in section 4.2 of this Target's Statement).
ACCC	Australian Competition and Consumer Commission.
Adsteam	Adsteam Marine Limited (ACN 065 888 440).
Adsteam Group	Adsteam and its subsidiaries.
Adsteam Shares or Shares	fully paid ordinary shares of Adsteam.
AEST	Australian Eastern Standard Time.
Announcement Date	the date of announcement of the Offer, being 3 July 2006.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited.
Bidder's Statement	Bidder's Statement of SvitzerWijsmuller dated 7 July 2006.
Board	the board of Directors of Adsteam.
CGT	capital gains tax.
CHESS Holding	a number of Shares which are registered on Adsteam's share register being a register administered by ASX Settlement and Transfer Corporation Pty Limited and which records uncertificated holdings of Shares.
Corporations Act	the Corporations Act 2001 (Cth) (as modified or varied by ASIC).
FIRB	Foreign Investment Review Board.
FIRB Condition	the condition contained in section 2 of appendix 2 of the Bidder's Statement (and summarised in section 4.2 of this Target's Statement).
Merged Group	the SvitzerWijsmuller Group and the Adsteam Group, following SvitzerWijsmuller's acquisition of 100% of Adsteam Shares.
Notice of Status of Conditions	SvitzerWijsmuller's notice disclosing the status of the conditions to the Offer which is required to be given by subsection 630(3) of the Corporations Act.
Offer or SvitzerWijsmuller's Offer	the offer by SvitzerWijsmuller for all Adsteam Shares, which offer is contained in appendix 1 of the Bidder's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 3 of appendix 1 of the Bidder's Statement.
Share Acquisition Rights	the rights over Adsteam Shares granted or to be granted to senior executives under the Adsteam Senior Executive Long Term Incentive Plan.
SvitzerWijsmuller	SvitzerWijsmuller Marine Pty Ltd (ACN 120 555 375).

SvitzerWijsmuller A/S	SvitzerWijsmuller A/S (Company CVR No. 43 26 60 12), a company incorporated in Denmark.
Target's Statement	this document, being the statement of Adsteam under Part 6.5 Division 3 of the Corporations Act.
VWAP	volume weighted average price.

9.2 Interpretation

In this Target's Statement:

- (a) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (b) Words of any gender include all gender.
- (c) Words importing the singular include the plural and vice versa.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) A reference to a section, clause, annexure and schedule is a reference to a section of, clause of and an annexure and schedule to this Target's Statement as relevant.
- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) A reference to time is a reference to AEST.
- (i) A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

10 Authorisation

This Target's Statement has been approved by a resolution passed by the Directors of Adsteam.
All Adsteam Directors voted in favour of that resolution.

Signed for and on behalf of
Adsteam Marine Limited



Bruce Corlett
Chairman

Sydney, 21 July 2006

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