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TT-Line Company Pty Ltd

ABN 39 061 996 174

Re: Sea Freight Rate – 1 July 2012

The information provided herewith is provided by way of information to ensure you remain informed on the very important aspect of sea freight rates across Bass Strait.

Over the next 4 months sea freight rates, passenger fares and passenger vehicle fares will be reviewed to take into account the introduction of significant legislation by both the Federal and State (Victorian) Government.

Carbon Tax - The Federal Government of Australia have legislated the introduction of a carbon tax. This tax will become effective from 1 July 2012. This new tax will have an impact on sea freight rates and will be applied from 1 July 2012. Whilst the quantum is still being researched an announcement will be made by TT-Line Company Pty Ltd (TT-Line) in April/May for application from 1 July 2012.

Port License Fee - The State Government of Victoria is expected to soon pass legislation for the introduction of a Port License Fee. The legislation requires the Port of Melbourne Corporation to pay an annual Port License Fee to the Victorian Government at a starting rate of \$75 million in 2012-13 which will increase annually by the Consumer Price Index in subsequent years. The new legislation will impact Port of Melbourne Corporation pricing structure from the 1 July 2012. TT-Line should be in a position to announce what will be the impact on sea freight rates in May/June 2012. Details on the Port License Fee are available from the Port of Melbourne Corporation website <http://www.portofmelbourne.com/shipping/tariffsandcharges>.

General Rate Increase - As part of its annual review process TT-Line will conduct its assessment of its sea freight rates in 2012. TT-Line will be seeking to recover the increased cost of operation.

With the possibility that sea freight rates being dramatically impacted upon, TT-Line believed it would be irresponsible to not have our clients appropriately informed. The magnitude of the sea freight rate increase could result in a double digit percentage increase. It is quite possible, should the Port License Fee proceed, that TT-Line may be required to bring forward its sea freight rate review to 1 July 2012 to streamline the process and for ease of communication across the Bass Strait freight industry. These three imposts will also have an impact on passenger and passenger vehicle fares.

A review of passenger fares and passenger vehicle fares will also take into account the impact of the introduction of this legislation.

At this stage TT-Line has limited information but we will provide you with updates as they come to hand.

Whilst the contents of this correspondence will be difficult to accept; we trust you will appreciate the advance notification so that you can properly assess and take action as deemed appropriate for your organisation.

If you wish to discuss these matters further please do not hesitate to contact me, your account manager or your local port representative.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Guarino'.

Patrick M Guarino
Chief Operating Officer