

2008 AIO Tax Statement Guide

Important information to help complete your 2008 Australian income tax return

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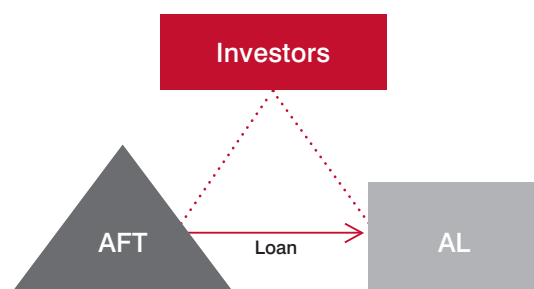
This tax guide is not intended to be personal taxation or finance advice. It contains general information which may not apply to the individual circumstances of an investor. If an investor requires assistance relating to their tax or financial matters, they should consult ATO publications or professional advisers.



Important Information

26 August 2007

AIO is comprised of two entities listed on the Australian Securities Exchange: Asciano Finance Trust ("AFT") and Asciano Limited ("AL"). Securities in the two entities are "stapled" together. This means that the securities cannot be separated and can only be traded together. A summarised structure of AIO is illustrated below.



If you are an individual who was a resident of Australia for income tax purposes during the year ended 30 June 2008, you will need the following to complete your tax return:

- This Guide;
- Your 2008 AIO Tax Statement (you will not need your AIO Distribution Statements);
- A copy of TaxPack 2008 and the TaxPack 2008 supplement, and (where relevant) copies of certain other Australian Taxation Office (ATO) publications (these are referred to in this Guide).

If you disposed of any or all of your AIO securities in the year ended 30 June 2008 year (or entered into a contract on or before 30 June 2008 to do so), you will need to consider the income tax (including capital gains (CGT)) consequences of that disposal. In certain circumstances, the tax-deferred distributions you received during the year to 30 June 2008 may impact your CGT position for the year ended 30 June 2008. Part B of this Guide will provide you with information which you will need for this purpose.

If you were a resident of Australia for income tax purposes during the year ended 30 June 2008 but are NOT an individual, you will need to:

- Reflect distributions from AIO appropriately in your Australian income tax return. Your 2008 AIO Tax Statement should give you the information you need;
- Reflect any relevant gain or loss on disposal of your AIO securities during the year in your 2008 Australian income tax return - Part B of this Guide will give you information which will assist you in computing any CGT result.

If you were NOT a resident of Australia during the year ended 30 June 2008, you will need to decide whether you should lodge an Australian income tax return. You should consult your tax adviser if you are in any doubt. If you do lodge an Australian income tax return, the information in your 2008 AIO Tax Statement and in this Guide will assist you.

You should consult your tax adviser if you require tax advice on any of the above points.

If you need further factual information please contact Jennifer Smith, Investor Relations Manager, on (03) 9284 4000 or email investor_relations@asciano.com.au.

You should keep this Guide and your 2008 AIO Tax Statement with your tax documents, in case the ATO wishes to see them at some time.

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Part A

Australian Resident Individuals - How to complete your 2008 Australian Income Tax Return using your 2008 AIO Tax Statement

The sections you need to follow in this Guide depend on where amounts appear on your 2008 AIO Tax Statement.

If there is an amount next to this item on your 2008 AIO Tax Statement then you need to go to the relevant section of Part A of this Guide.

Number on 2008 AIO Tax Statement	Nature of Item	Guide Reference (Part A)	2008 Tax Return (supplementary section) Item No
(1)	Australian non-primary production income	Section 1	13U
(2)	Tax-deferred amounts	Section 2	
(3)	Tax withheld from trust distributions	Section 3	13R

Part A Section 1

Australian non-primary production income (from AFT AIO)

The total of these amounts is marked with (1) on your 2008 AIO Tax Statement.

Step 1

Go to question 13 on page s2 of the TaxPack 2008 supplement and answer 'YES' to the question on the page.

Step 2

Work through question 13. At Part B of question 13 on page s3, answer 'YES' and then read that part. In Step 2 on page s4, include the total amount marked with (1) on your AIO Tax Statement in the amount to be shown at U, item 13 on page 9 of your 2008 tax return for individuals (supplementary section).

Part A Section 2

Tax-deferred amounts (from AFT)

During the year ended 30 June 2008, AFT made one tax-deferred distribution, on 28 February 2008 (as advised in your 2008 AIO Tax Statement). This is marked with (2) on your 2008 AIO Tax Statement. This distribution reduced the cost base and reduced cost base of your AFT units. Assuming that you held your AIO securities on capital account for income tax purposes (i.e. not as trading stock or otherwise on revenue account – see Part B of this Guide for further information or consult your tax adviser if you are not sure), this distribution was tax-deferred and should not form part of your assessable income for tax purposes. Consequently it does not have to be reported in your 2008 Australian income tax return for individuals.

For CGT purposes

The tax-deferred component of your distribution reduced the cost base and reduced cost base of your investment in units in AFT. Some or all of a tax-deferred component will itself constitute a capital gain if the cost base is reduced to zero by that tax-deferred distribution or has been reduced to zero by prior tax-deferred distributions.

As the tax-deferred distribution per AFT unit does not exceed the initial cost base of an AFT unit (\$0.62 on 15 June 2007), a capital gain should not arise. However, you should confirm this for yourself.

The tax-deferred distribution made by AFT on 26 August 2008 is not relevant for your 2008 tax return but may be relevant for your 2009 tax return.

Part A Section 3

Tax withheld (from AFT distributions)

The total of these amounts is marked with (3) on your 2008 AIO Tax Statement. This amount represents withholding tax deducted from part of your distributions because you did not provide a Tax File Number (TFN) or, where relevant, an Australian Business Number (ABN) or exemption for your AIO investment.

If there is an amount beside (3) on your AIO Tax Statement, go to question 13, Part E on page s5 of the TaxPack 2008 supplement and work through that part. On the basis that any tax withheld has not yet been refunded to you, the amount beside (3) on your AIO Tax Statement should be included in the amount to be shown at R, item 13 on page 9 of your 2008 tax return for individuals (supplementary section).

Part B

Capital Gains Tax considerations

If you disposed of (or entered into a contract to dispose of) any or all of your AIO securities in the year ended 30 June 2008, you need to consider the tax consequences of that disposal. Tax consequences may also have arisen from the receipt of tax deferred distributions in the year ended 30 June 2008.

As mentioned in Part A, Section 2, it is unlikely that the receipt of tax-deferred distributions would have had CGT consequences in 2008. However you should confirm this in light of your own particular circumstances.

Revenue vs capital account

Although many investors hold investments such as AIO securities on capital account, in certain circumstances, the investment may have been held on revenue account.

If you held your AIO securities on revenue account, you may have a revenue gain or loss which you will need to compute.

If you consider that you held your AIO securities on revenue account, or you are in any doubt, you may wish to consult your tax adviser.

Irrespective of whether or not you held your AIO securities on revenue account, it is necessary to do a CGT calculation. Part B will assist you with this.

Recognition of capital gain or loss

You will need to include in your 2008 Australian income tax return the CGT result of any disposal of any or all of your AIO securities.

For CGT purposes the date of disposal is the date of the contract that gave rise to the disposal (or if no contract exists, the time of the disposal). If you disposed of part or all of your AIO securities in the year ended 30 June 2008 and you are an individual, and/or a taxpayer with a 30 June tax year end, who was a resident of Australia for income tax purposes during the year ended 30 June 2008, you need to include the result in your 2008 Australian income tax return.

Tax-deferred distributions

During the year ended 30 June 2008, AFT made one tax-deferred distribution on 28 February 2008 (as advised in your 2008 AIO Tax Statement).

As mentioned in Part A, Section 2, this distribution reduced the cost base and reduced cost base of your AFT units.

In addition, AFT also made a tax-deferred distribution on 26 August 2008, which, although not relevant for your 2008 tax return, may be relevant for your 2009 tax return.

Technically, the receipt of a tax deferred distribution is a 'CGT event' known as 'CGT Event E4'. If you are an Australian resident individual, you only need to answer 'Yes' to having a capital gains tax event at G, item 18 on page 10 of your 2008 Australian tax return (supplementary section) if you had a capital gain or loss in respect of a CGT event (refer to the instructions for this question which are on page s16 of the TaxPack 2008 supplement). This means that if you are an individual taxpayer and did not have any other CGT events during the year ended 30 June 2008 (other than the receipt of the AFT tax-deferred distribution amount), you will only need to answer 'YES' to having a CGT event if your tax-deferred distribution amount exceeded the cost base of your units in AFT.

As the tax-deferred distribution per AFT unit does not exceed the initial cost base of an AFT unit (\$0.62 on 15 June 2007), a capital gain should not arise. However, you should confirm this for yourself.

Eligible investors should be entitled to the CGT discount concession for any capital gains which arose in this way (assuming relevant requirements are met).

Splitting your acquisition cost and sales proceeds

a Splitting your acquisition cost

Appendices 1 and 2 may help you to split your AIO security acquisition cost between a unit in AFT and a share in AL. Appendix 1 contains relevant information if you acquired your AIO securities as part of the demerger from Toll Holdings.

If you acquired your AIO securities by purchase on the Australian Securities Exchange, you will need to decide how much of your purchase price for each AIO security related to a unit in AFT and how much related to a share in AL. This needs to be on a reasonable basis. One possible method of doing so is the relative net assets of each entity.

The Responsible Entity of AFT and AL are of the view that an allocation of value between the entities on demerger and each reporting date up to 30 June 2008, implied by the traded prices on the Australian Securities Exchange, was as detailed in Appendix 2. To determine the acquisition cost of your AIO securities between AFT and AL, you may wish to refer to the relevant percentage split for the period in which you acquired your AIO securities.

b Splitting your sales proceeds

Irrespective of how you acquired your AIO securities, you will also need to split the sales proceeds between the part referable to AFT and AL. This split needs to be done on a reasonable basis. Using the same basis as in the previous paragraph. The Responsible Entity of AFT and AL are of the view that the allocation of value between the entities on demerger and each reporting period up to 30 June 2008 was as detailed in Appendix 2. To determine the split of the sales proceeds of your AIO securities between AFT and AL, you may wish to refer to the relevant percentage split for the period in which you disposed of your AIO securities.

Tax-deferred distributions

Parts of the distribution made by AFT were tax-deferred and reduced the cost base and the reduced cost base for CGT purposes of your units in AFT.

Please refer to Appendix 3 which sets out the tax-deferred amounts distributed by AFT up to 30 June 2008. Please also note that AL has never made any tax-deferred distributions.

Inclusions in cost base

Incidental costs of acquisition and disposal (such as broker fees and stamp duty) should be included in the cost base and reduced cost base of your units and shares.

Other

General comments

If you are an individual

If you are an individual and in the year ended 30 June 2008 you sold, or entered into a contract to sell, your AIO securities, then your CGT result in respect of that sale should generally be as follows in respect of your units in AFT and your shares in AL:

- If you held your units or shares¹ for less than 12 months²: your CGT gain or loss is the difference between your sales proceeds and your cost base or reduced cost base (as reduced by the receipt of any tax-deferred amounts); or
- If you held your units or shares¹ for 12 months² or more, and your sales proceeds were less than your reduced cost base (as reduced by the receipt of any tax-deferred amounts): your CGT loss is the difference between the two amounts; or
- If you held your units or shares¹ for 12 months² or more, and your sales proceeds exceeded your cost base (as reduced by the receipt of any tax-deferred amounts): your CGT gain is computed using the discount method.

The Discount Method

Under the discount method, your CGT gain is called a "discount capital gain". Provided you have no CGT losses, the CGT gain will be equal to half of the excess of your sales proceeds over your cost base (as reduced by the receipt of any tax deferred amounts).

Completing your 2008 Australian income tax return

If you are an individual, you will need the TaxPack 2008 supplement. Question 18 on page s16 in the TaxPack 2008 supplement assists you to complete your 2008 Australian income tax return for individuals in relation to CGT.

The CGT provisions are complex. You may wish to read the ATO's publications, which are available on its website (including *Guide to capital gains tax 2008* (NAT 4151-6.2008) and *Personal investors guide to capital gains tax 2007* (NAT 4152-6.2008)), and/or obtain professional assistance to ensure you deal with the CGT issues correctly in your 2008 Australian income tax return.

If you are not an individual

If you are not an individual and if you disposed, or entered into a contract to dispose, of your investment in AIO securities in the year ended 30 June 2008, the ATO publications mentioned above may assist you. Alternatively, you may choose to have your tax agent complete your return. The ATO website can assist you in finding a tax agent. Please bear in mind that, while unlikely, it is possible that some investors had capital gains in the year ended 30 June 2008 from the receipt of tax-deferred distributions from AFT, even though they may not have disposed of their AIO securities. This is explained under "Tax-deferred distributions" on Part A, Section 2 of this Guide.

Part B Appendix 1

AIO Issue Prices

The ATO has issued a Class Ruling (CR 2008/32) confirming the tax treatment for AIO security holders who acquired their AIO securities as part of the demerger from Toll Holdings on 15 June 2007. Summary details are as follows:

AFT

The cost base of a unit in AFT was \$0.62. The date of acquisition was 15 June 2007.

AL

The cost base and acquisition date will depend on whether or not you elected to claim "demerger relief" on the demerger of AL from Toll Holdings

(i) No demerger relief claimed

The cost base of an AL share will depend upon the original cost of acquisition of your Toll Holding shares. The Toll website contains a section advising Toll shareholders how to determine the cost base of their Toll Holding and AL shares. Security holders should refer to the Fact Sheet "General Guide on the Taxation Implications for Individual Toll Shareholders as a Result of the Restructure" and the calculator available from the Toll website <http://www.toll.com.au/media/2007/472062.pdf>.

The date of acquisition of your AL shares will be the date you acquired your relevant Toll Holding shares.

(ii) Demerger relief claimed

The cost base of an AL share will depend upon the original cost of acquisition of your Toll Holding shares. The Toll website contains a section advising Toll shareholders how to determine the cost base of their Toll Holding and AL shares. Security holders should refer to the Fact Sheet "General Guide on the Taxation Implications for Individual Toll Shareholders as a Result of the Restructure" and the calculator available from the Toll website <http://www.toll.com.au/media/2007/472062.pdf>.

The date of acquisition of your AL shares will be the date you acquired your relevant Toll Holding shares.

AL shareholders should keep a record of how their cost base was arrived at.

Part B

Appendix 2

AIO allocation of trade prices to 30 June 2008

(as estimated by the Responsible Entity of AFT and the Manager of AL).

Percentage of a value of an AIO security which related to	A unit in AFT	A share in AL
15 June 2007 (demerger)	5.6%	94.4%
31 December 2007	9.5%	90.5%
30 June 2008	14.1%	85.9%

Part B

Appendix 3

Tax-deferred distributions

Tax-deferred distributions made by AFT (up to 30 June 2008)

Distribution calculation date	Distribution payment date	Tax-deferred amount of distribution per unit
31 December 2007	28 February 2008	18.2642 cents
30 June 2008	26 August 2008	18.5017 cents

Tax-deferred distributions made by AL (up to 30 June 2008)

AL did not make any tax-deferred distributions up to 30 June 2008

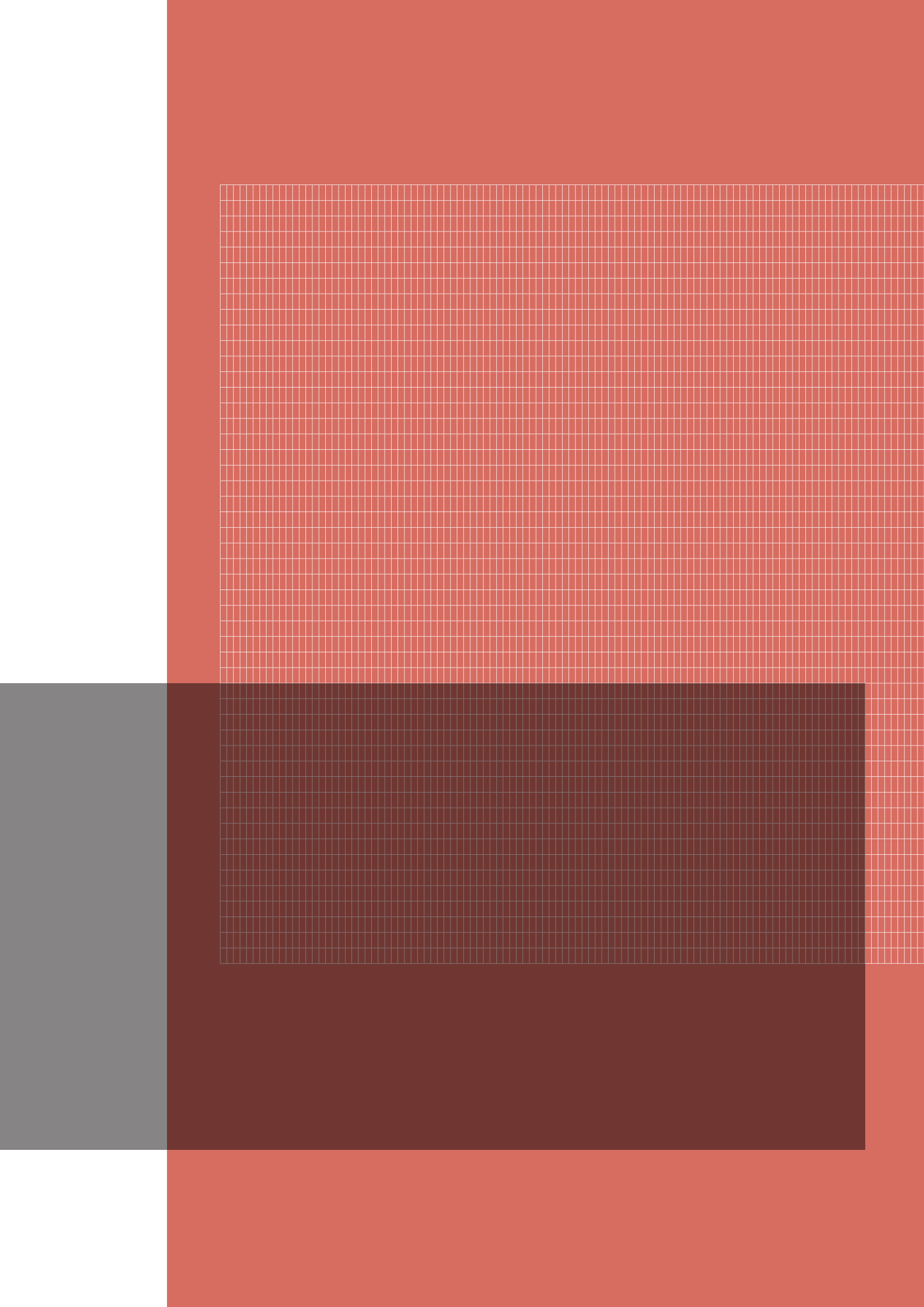
History of AIO

Distributions to date per AIO security

Record Date	Payment Date	Cents per Stapled Security	% of Total Distribution
31 Dec 2007	28 Feb 2008		
AFT: Taxable		4.7358	20.6
Tax-deferred		<u>18.2642</u>	<u>79.4</u>
Total distribution		<u>23.0000</u>	<u>100.0</u>
No distribution by AL			
30 June 2008	26 August 2008		
AFT: Taxable Tax-deferred		4.4983	19.6
		<u>18.5017</u>	<u>80.4</u>
Total distribution		<u>23.0000</u>	<u>100.0</u>
No distribution by AL			

Note for custodians and other intermediaries

Part of the above distributions consists of Australian sourced interest income, which when paid to a non-resident of Australia for tax purposes is subject to interest withholding tax at 10%. None of the above distributions are a fund payment for the purposes of Subdivision 12-H of Schedule 1 to the Taxation Administration Act 1953.





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