

INDEPENDENT AUDITORS' REPORT

To
The Management and Shareholders of
ALL – América Latina Logística S.A.

1. We have audited the balance sheets of ALL – América Latina Logística S.A. and the consolidated balance sheets of ALL – América Latina Logística S.A. and subsidiaries on December 31, 2007 and 2006 and the related statements of income, changes in shareholders' equity and in financial position for the periods then ended, prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. Our audits were conducted in accordance with the auditing standards applicable in Brazil and comprised: a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control system of the Company; b) checking, on a test basis, the evidences and records that support the amounts and accounting information disclosed, and c) evaluating the most significant accounting practices and estimates adopted by the Company's management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, based on our examinations, the financial statements referred to above fairly represent, in all material aspects, the equity and financial position of ALL – América Latina Logística S.A. and the consolidated equity and financial position of ALL – América Latina Logística S.A. and subsidiaries as of December 31, 2007 and 2006, and the results of its operations, the changes in its shareholders' equity, and the changes in its financial position for the years then ended, in conformity with the Brazilian accounting practices.
4. As mentioned in Note 4 (a), the indirect subsidiaries América Latina Logística Central S.A. ("ALL Central") and América Latina Logística – Mesopotámica S.A. ("ALL Mesopotámica"), are currently in a renegotiation process of the concession agreements with the Argentine Government. On May 29, 2007, the subsidiaries executed the "Acta Acuerdo de Negociación Contractual" with the "Unidad de Renegociacion y Analisis de Contratos de Servicios Publicos", which establishes a proposal for the renegotiation of the concession agreements based on the following assumptions: (i) To commit to recognizing liabilities of concession fees (canon) as from January 2006, up to the end of the concession; (ii) To assume investment commitments for ALL Central and ALL Mesopotámica as from January 1, 2006, up to the end of the concession; (iii) To recognize mutual claims between the Argentine Government and the subsidiaries, the balance of which, in favor of the said government, shall be converted into investment commitments, which have been complied with by the subsidiaries since January 2006, and shall continue until the end of the concession. The said Letter of Understanding must also be approved by Decree of that country's President of the Republic, and therefore must also be subject to changes and possible loss of effectiveness. Additionally, in the last year the Company incurred losses and the Management prepared a business plan which

supports the value of its assets. The recovery of the permanent assets and tax credits accounted for on December 31, 2007, by R\$174,490 and R\$10,874, respectively, depends on the improvement of the renegotiation and the successful implementation of the business plan. The financial statements described in paragraph 1 do not contemplate the effects of possible adjustments or reclassifications that could come as a result of the final solution of such situations.

5. As mentioned in Note 4 (c), considering the Resolutions of the Inspección General de Justicia (“I.G.J”) 25/2004 and 1/2005, the direct subsidiary ALL - América Latina Logística Argentina S.A. should have decided on the appropriation of advances for future capital increase (“aportes irrevocables”), which were then recorded in its shareholders’ equity within a term of 180 days. Even though this term has been extended several times, it expired on February 21, 2006, not having been extended again so far. In the event a specific authorization is not obtained by the I.G.J., such advances must be converted into capital stock or reclassified to a liability account. Pursuant to the Administrative Resolution applicable to the subsidiary, changes in its capital stock must be previously approved by the Argentine National State. Consequently, the execution of the conversion of the “aportes irrevocables” into capital stock depends on said approval, which has not occurred yet. On December 31, 2007, this subsidiary’s balance of “aportes irrevocables” totals approximately R\$65,572 thousand (R\$83,000 on December 31, 2006). Based on the opinion of its legal advisors, the Company’s Management opted to consider it as a shareholders’ equity account of the subsidiary, for purposes of registering the investment, for since it holds the right of usufruct of its shares it continues with the intention to convert these advances into capital in the future, when there are no regulatory restrictions to prevent it. In view of the current regulatory impediment to carry out the conversion of the advances, the subsidiary’s Management issued a request of waiver to the application of said Resolutions to the I.G.J., and up to the date of this Report no reply had been obtained. The financial statements described in paragraph 1 do not include possible effects that might derive from the conclusion of this matter.
6. As described in Note 6, the indirect subsidiary ALL Central has interrupted the recognition of revenues linked to tolls of “Unidad Ejecutora del Programa Ferroviario Provincial (U.E.P.F.P.)” as from January 2002. This decision is basically founded on the lack of recognition of services rendered by said Unit. In 2004, ALL Central started a demand with the Federal Contentious Administrative Court of the province of Buenos Aires, requiring the payment of toll values referring to the period between 1993 and 1995. Despite the Management’s opinion, supported by its legal advisors, that the collection suit of the amounts filed against U.F.P.F.P. has a relatively high probability of success, the estimated amount receivable of approximately R\$2,678 thousand (P\$4,762 thousand) is not accounted for. Due to the agreements executed with the previous shareholders, ALL Argentina records a liability of similar value, due to the obligation of reimbursing 50% of the recovered amounts, referring to tolls incurred in the periods preceding the acquisition date of ALL Central and ALL Mesopotámica. The financial statements described in paragraph 1 do not contemplate possible adjustments or reclassifications that could arise as a result of these discussions.

7. Our audit report as of February 26, 2007, contained an emphasis paragraph, pointing out to the fact that the financial statements closed on December 31, 2006 did not contain potential effects deriving from the fact that the direct subsidiary ALL Argentina does not recognize in its financial statements the possible minority interest over advances for capital increase, granted to its subsidiaries ALL Central and ALL Mesopotámica, legally required by a non-controlling shareholder, based on the opinion of its legal advisors. As described in Note 4 (c), decisions made by the shareholders' meetings during 2007 resulted in the capitalization of said advances without diluting certain minority shareholders. Losses of R\$17,204 thousand deriving from this decision were recorded as losses in investments in the statement of income for the year ended on December 31, 2007, and therefore the said emphasis is no longer necessary.

8. Our examinations have been conducted with the purpose of issuing a report on the financial statements mentioned in the first paragraph, taken as a whole. The cash flow statements referring to the years ended on December 31, 2007 and 2006, presented in order to provide complementary information about the entity, as per Note 31, are not required as an integral part of the basic financial statements, pursuant to the accounting practices adopted in Brazil. The cash flow statements were submitted to the same auditing procedures described in the second paragraph and, in our opinion, are properly presented, in all material aspects, in the financial statements as a whole.

Curitiba, February 27, 2008.

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