

**REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE COMPANY.
 COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.**

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
4 - NIRE (Corporate Registry ID) 413.00019886		

01.02 - HEADQUARTERS

1 - ADDRESS Rua Emílio Bertolini, 100		2 - DISTRICT Vila Oficinas		
3 - ZIP CODE 82920-030	4 - CITY Curitiba			5 - STATE PR
6 - AREA CODE 41	7 - TELEPHONE 2141-7369	8 - TELEPHONE 2141-7368	9 - TELEPHONE 2141-7520	10 - TELEX
11 - AREA CODE 41	12 - FAX 2141-7220	13 - FAX -	14 - FAX -	
15 - E-MAIL elainecs@all-logistica.com				

01.03 - INVESTOR RELATIONS OFFICER (Company Mailing Address)

1- NAME Sergio Messias Pedreiro				
2 - ADDRESS Rua Emílio Bertolini, 100			3 - DISTRICT Vila Oficinas	
4 - ZIP CODE 82920-030	5 - CITY Curitiba			6 - STATE PR
7 - AREA CODE 41	8 - TELEPHONE 2141-7369	9 - TELEPHONE 2141-7368	10 - TELEPHONE 2141-7520	11 - TELEX
12 - AREA CODE 41	13 - FAX 2141-7220	14 - FAX -	15 - FAX -	
16 - E-MAIL sergiop@all-logistica.com				

01.04 - ITR REFERENCE AND AUDITOR INFORMATION

CURRENT YEAR		CURRENT QUARTER			PREVIOUS QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
1/1/2006	12/31/2006	2	4/1/2006	6/30/2006	1	1/1/2006	3/31/2006
09 - INDEPENDENT ACCOUNTANT Ernst & Young Auditores Independentes S/S					10 - CVM CODE 00471-5		
11 - TECHNICIAN IN CHARGE Marcos Antonio Quintanilha					12 - TECHNICIAN'S CPF (INDIVIDUAL TAXPAYER'S REGISTER) 006.840.298-80		

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01.05 - CAPITAL STOCK

Number of Shares (in thousands)	1 - CURRENT QUARTER 6/30/2006	2 - PREVIOUS QUARTER 3/31/2006	3 - SAME QUARTER, PREVIOUS YEAR 6/30/2005
Paid-up Capital			
1 – Common	100,177	78,318	77,876
2 – Preferred	184,203	144,769	143,000
3 – Total	284,380	223,087	220,876
Treasury Stock			
4 – Common	0	0	0
5 – Preferred	0	0	0
6 – Total	0	0	0

01.06 - COMPANY PROFILE

1 - TYPE OF COMPANY Commercial, Industry and Other Types of Company
2 - STATUS Operational
3 - NATURE OF OWNERSHIP Domestic Holding Company
4 - ACTIVITY CODE 3140 - Management and Venture Capital Company – Transportation and Logistics Services
5 - MAIN ACTIVITY Venture capital and Management
6 - CONSOLIDATION TYPE Total
7 - TYPE OF REPORT OF INDEPENDENT AUDITORS Qualified

01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ (Corporate Taxpayer's ID)	3 - COMPANY NAME
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01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - TYPE	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
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**FEDERAL PUBLIC SERVICE
CVM - BRAZILIAN SECURITIES COMMISSION
QUARTERLY INFORMATION - ITR
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

June 30, 2006

External Disclosure
Brazilian Corporate Law

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01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF CHANGE	3 - CAPITAL STOCK (in thousands of Reais)	4 - AMOUNT OF CHANGE (in thousands of Reais)	5 - NATURE OF CHANGE	7 - NUMBER OF SHARES ISSUED (Thousands)	8 - SHARE PRICE WHEN ISSUED (in Reais)
01	02/16/2006	689,309	24	Cash Private Subscription	5	5.3987000000
02	03/10/2006	689,346	37	Cash Private Subscription	7	5.5003200000
03	03/10/2006	689,384	38	Cash Private Subscription	3	14.1110800000
04	03/10/2006	689,467	83	Cash Private Subscription	15	5.5003200000
05	03/10/2006	689,619	152	Cash Private Subscription	11	14.1110800000
06	03/10/2006	689,930	311	Cash Private Subscription	37	8.2943000000
07	03/10/2006	690,870	940	Cash Private Subscription	171	5.5003200000
08	03/10/2006	691,099	229	Cash Private Subscription	16	14.1110800000
09	04/10/2006	691,220	121	Cash Private Subscription	15	8.0765600000
10	04/10/2006	691,326	106	Cash Private Subscription	19	5.5003200000
11	04/10/2006	691,363	37	Cash Private Subscription	7	5.5003200000
12	04/10/2006	691,420	57	Cash Private Subscription	4	14.1110800000
13	04/10/2006	691,452	32	Cash Private Subscription	4	8.0765600000
14	04/10/2006	691,503	51	Cash Private Subscription	8	5.5003200000
15	04/10/2006	691,514	11	Assets or Loan Subscription	3	4.3515640000
16	04/10/2006	722,188	30,674	Assets or Loan Subscription	5	6.5374243226
17	06/16/2006	2,127,221	1,405,033	Companies Merger	20,891	4.2200000000
18	06/26/2006	2,127,271	50	Cash Private Subscription	9	5.5143900000
19	06/26/2006	2,127,328	57	Cash Private Subscription	4	13.9816800000
20	06/26/2006	2,127,347	19	Cash Private Subscription	1	13.9816800000
21	06/26/2006	2,127,483	136	Cash Private Subscription	10	14.0000000000
22	06/26/2006	2,127,534	51	Cash Private Subscription	3	17.0029900000
23	06/26/2006	2,127,620	86	Cash Private Subscription	16	5.4739000000
24	06/26/2006	2,127,737	117	Cash Private Subscription	15	7.7901800000
25	06/26/2006	2,127,827	90	Cash Private Subscription	16	5.4739000000
26	06/26/2006	2,127,888	61	Cash Private Subscription	8	8.1806600000

**FEDERAL PUBLIC SERVICE
CVM - BRAZILIAN SECURITIES COMMISSION
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01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF CHANGE	3 - CAPITAL STOCK (in thousands of Reais)	4 - AMOUNT OF CHANGE (in thousands of Reais)	5 - NATURE OF CHANGE	7 - NUMBER OF SHARES ISSUED (Thousands)	8 - SHARE PRICE WHEN ISSUED (in Reais)
27	06/26/2006	2,127,945	57	Cash Private Subscription	4	13.981680000

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE 08/07/2006	2 - SIGNATURE
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02.01 - BALANCE SHEET - ASSETS (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 6/30/2006	4 - 3/31/2006
1	Total Assets	4,144,842	1,522,150
1.01	Current Assets	677,960	279,885
1.01.01	Cash and Cash Equivalents	602,504	190,443
1.01.01.01	Cash and Banks	4,710	12,780
1.01.01.02	Financial Investments	597,794	177,663
1.01.02	Credits	0	0
1.01.03	Inventories	0	0
1.01.04	Other	75,456	89,442
1.01.04.01	Taxes Recoverable	30,759	30,421
1.01.04.02	Prepaid Expenses	1,470	1,291
1.01.04.03	Advances and Other Accounts Receivable	449	11,366
1.01.04.05	Dividends Receivable	42,778	46,364
1.02	Long-Term Assets	439,751	397,293
1.02.01	Sundry Credits	0	0
1.02.02	Credits with Related Parties	40,493	15,936
1.02.02.01	Affiliates	0	0
1.02.02.02	Subsidiaries	40,493	15,936
1.02.02.03	Other Related Parties	0	0
1.02.03	Other	399,258	381,357
1.02.03.01	Prepaid Expenses	3,093	3,574
1.02.03.04	Taxes Recoverable	32,624	28,283
1.02.03.05	Long-term investments	358,536	344,726
1.02.03.06	Other Accounts Receivable	5,005	4,774
1.03	Permanent Assets	3,027,131	844,972
1.03.01	Investments	3,022,805	840,646
1.03.01.01	In Affiliates	67,909	67,517
1.03.01.02	In Subsidiaries	2,954,896	773,129
1.03.01.03	Other Investments	0	0
1.03.02	Fixed Assets	4,326	4,326
1.03.03	Deferred Charges	0	0

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02.02 - BALANCE SHEET - LIABILITIES (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 6/30/2006	4 - 3/31/2006
2	Total Liabilities	4,144,842	1,522,150
2.01	Current Liabilities	1,308,896	60,250
2.01.01	Loans and Financing	704,504	3,978
2.01.02	Debentures	137,850	32,654
2.01.03	Suppliers	0	0
2.01.04	Taxes, Charges and Contributions	1,713	2,006
2.01.05	Dividends Payable	1,450	21,395
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	463,379	217
2.01.08.01	Other Accounts Payable	187	217
2.01.08.02	Provision for Unsecured Liabilities	463,192	0
2.02	Long-Term Liabilities	352,833	495,154
2.02.01	Loans and Financing	660	665
2.02.02	Debentures	335,000	476,822
2.02.03	Provisions	0	0
2.02.04	Debts with Related Parties	1,208	1,516
2.02.05	Other	15,965	16,151
2.02.05.01	Provision for Unrealized Profit	15,965	16,151
2.03	Deferred Income	0	0
2.05	Shareholders' Equity	2,483,113	966,746
2.05.01	Paid-up Capital	2,131,197	690,170
2.05.01.01	Fully Paid Capital	2,127,945	691,099
2.05.01.02	Capital to be paid	(7,116)	(7,918)
2.05.01.03	Advance on Future Capital Increase	10,368	6,989
2.05.02	Capital Reserve	32	32
2.05.02.01	Goodwill on Share Issue	32	32
2.05.03	Revaluation Reserve	0	0
2.05.03.01	Own Assets	0	0
2.05.03.02	Subsidiaries/Affiliates	0	0
2.05.04	Profit Reserves	259,058	259,058
2.05.04.01	Legal	16,833	16,833
2.05.04.02	Statutory	0	0
2.05.04.03	For Contingencies	0	0
2.05.04.04	Realizable Profit	0	0
2.05.04.05	Profit Retention	0	0
2.05.04.06	Special for Non-Distributed Dividends	0	0
2.05.04.07	Other Profit Reserves	242,225	242,225
2.05.05	Retained Earnings/Accrued Losses	92,826	17,486

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03.01 - STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.01	Gross Revenue from Sales and/or Services	5,340	15,056	240	480
3.02	Gross Revenue Deductions	(749)	(2,011)	(22)	(48)
3.03	Net Revenue from Sales and/or Services	4,591	13,045	218	432
3.04	Cost of Goods and/or Services Sold	(61)	(61)	0	0
3.05	Gross Income	4,530	12,984	218	432
3.06	Operating Expenses/Revenue	69,694	83,014	32,993	47,531
3.06.01	Selling	0	0	0	0
3.06.02	General and Administrative	(1,076)	(3,332)	(1,677)	(2,400)
3.06.03	Financial	(3,216)	20,525	(2,914)	(5,212)
3.06.03.01	Financial Income	32,348	60,203	12,232	25,498
3.06.03.02	Financial Expenses	(35,564)	(39,678)	(15,146)	(30,710)
3.06.04	Other Operating Revenues	185	371	186	372
3.06.05	Other Operating Expenses	(6,171)	(7,988)	(1,816)	(3,632)
3.06.05.01	Goodwill Amortization	(1,818)	(3,635)	(1,816)	(3,632)
3.06.05.02	Provision for Unsecured Liabilities	(4,353)	(4,353)	0	0
3.06.06	Equity in the earnings of subsidiary and associated companies	79,972	73,438	39,214	58,403
3.06.06.01	Equity Accounting	79,972	73,438	39,214	58,403
3.07	Operating Income	74,224	95,998	33,211	47,963
3.08	Non-Operating Income	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income Before Tax/Holding	74,224	95,998	33,211	47,963
3.10	Provision for Income Tax and Social Contribution	(353)	(3,846)	0	0
3.11	Deferred Income Tax	1,469	674	977	977

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03.01 - STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.12	Statutory Holding/Contributions	0	0	0	0
3.12.01	Holdings	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.15	Income/Loss for the Period	75,340	92,826	34,188	48,940
	No. SHARES, EX-TREASURY (in thousands)	284,380	284,380	220,876	220,876
	EARNINGS PER SHARE	0.26493	0.32642	0.15478	0.22157
	LOSS PER SHARE				

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

04.01 - EXPLANATORY NOTES

1 Operations

(a) The Company

ALL - América Latina Logística S.A. (the "Company" or "Parent Company") was established on September 30, 1997 and started its operating activities in April 1999, when the shareholders of former Ferrovia Sul-Atlântica S.A. (currently ALL-América Latina Logística do Brasil S.A., ALL Brasil) contributed all of the shares of ALL Brasil in exchange for all of the Company's shares.

The Company's main corporate objectives are:

- . to hold stock ownership in other companies, ventures and consortia, the purpose of which is related to transportation services, including rail transportation;
- . to perform activities relating to transportation services, such as logistics, inter-modal transportation, port operations, movement and storage of goods, operation and administration of storage warehouses and general warehouses;
- . to acquire, lease or lend locomotives, wagons and other rail equipment to third parties;
- . to perform other activities within the Company's structure;
- . to operate multimodal transportation.

Considering the appreciation potential of its assets and with a view to providing its investors and the market with full business transparency, on May 31, 2004 ALL joined the Special Corporate Governance Practices - Level 2 implemented by the São Paulo Stock Exchange (BOVESPA), where its shares are traded. ALL is the first land freight transportation Company to join this special corporate governance level, undertaking to fully comply with the related requirements.

According to the commitments taken by parent company ALL - América Latina Logística do Brasil S.A. with the BNDES, the Company should adapt its Bylaws to the rules of the Novo Mercado (New Market) of BOVESPA by February 1, 2004. Management requested and obtained from BNDES on July 12, 2004 the approval of this deadline for February 1, 2006. On January 31, 2006, the parent company requested waiver of the obligation and deadline extension for February 1, 2008, and such request was granted by BNDES on March 7, 2006, therefore, eliminating all the penalties determined (early maturity of the debt and execution of guarantees).

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

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04.01 - EXPLANATORY NOTES

The Company operates rail transportation in Southern Brazil through ALL Brasil, and in the Central-West region and State of São Paulo through the concessionaires Ferroban, Ferronorte and Novoeste, subsidiaries of the companies Brasil Ferrovias and Novoeste Brasil, recently acquired in Argentina, as mentioned in Note 13, through its subsidiary ALL - América Latina Logística – Argentina S.A. (ALL Argentina), holding Company of ALL - América Latina Logística - Central S.A. (ALL Central) and ALL - América Latina Logística - Mesopotámica S.A. (ALL Mesopotámica), and also provides road transportation services in Brazil through ALL - América Latina Logística Intermodal S.A. (ALL Intermodal).

ALL Brasil holds the right to operate part of the Brazilian rail network (Malha Ferroviária Sul - Southern Rail Network), with a total length of 6,586 km, by February 2027, a period that may be renewed by the granting authorities for an additional 30 years, covering the States of Paraná, Santa Catarina and Rio Grande do Sul. The Company also has an agreement to operate, on an exclusive basis, 874 km of rail lines in the State of São Paulo.

Brasil Ferrovias is a publicly-held company and holding of the cargo rail transportation industry, the predominating activity of which being the direct control of the concessionaires Ferronorte and Ferroban and the indirect control of Portofer, Terminal XXXIX, TGG and TERMAG.

Ferroban has the right to operate part of the Brazilian rail network, with an approximate length of 4,186 km by December 2028, a period that may be renewed by the granting authorities for an additional 30 years, covering the entire State of São Paulo.

Ferronorte is a logistics company which links the North and Central-West regions to the South and Southeast regions of Brazil and to Port of Santos. It is the only railroad in the Country recently built with private capital. Its concession agreement was executed on May 19, 1989, between the Federal Government and Ferronorte, by which the concession for the development of a cargo rail system was granted to Ferronorte, comprising the construction, operation, exploration and preservation of the road between Cuiabá (State of Mato Grosso) and Uberlândia, Santa Fé do Sul, Porto Velho and Santarém, for a 90-year period, which may be extended for another 90 years. There are no payment obligations at any amount while the agreement is valid.

The first segment of Ferronorte was inaugurated in 1999, with a length of 421 km, connecting Aparecida do Taboado (State of Mato Grosso do Sul) to Alto Taquari (State of Mato Grosso). In April 2002, another 90-km segment was inaugurated, interconnecting Alto Taquari and Alto Araguaia, both in broad gauge. With the continuity of the expansion project, Ferronorte will reach Rondonópolis (State of Mato Grosso), and afterwards Cuiabá (State of Mato Grosso).

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04.01 - EXPLANATORY NOTES

Portofer is a special purpose company constituted on June 28, 2000 by Ferronorte and by Ferroban, partners which hold 50% of its quotas each. It controls 90 km of railroads in Port of Santos, and its goal is to perform the rail movement of goods in the port, through an agreement executed with CODESP (Companhia Docas do Estado de São Paulo) for a 25-year period, which may be extended by mutual agreement between the parties.

The concession and lease agreements related to the terminals Terminal XXXIX, TGG and TERMAG were executed on August 8, 1997 between Ferronorte and CODESP. The period for the concessions is 25 years, which may be extended under agreement between the parties.

Novoeste Brasil is a closely-held company and holding of the cargo rail transportation industry, resulting from the partial spin-off of Brasil Ferrovias, which occurred on May 13, 2005, and it holds 100% of Ferrovia Novoeste.

Ferrovia Novoeste has the right to operate part of the Brazilian rail network, with an approximate length of 1,600 km by July 2026, a period that may be renewed by the granting authorities for an additional 30 years. The railroad has interconnection with waterway terminals in Porto Esperança and Ladário, both in the State of Mato Grosso do Sul, and it interconnects with Ferroban, in Bauru (State of São Paulo) and the Bolivian Ferrovia Oriental in Corumbá (State of Mato Grosso do Sul).

ALL Central has the right to operate part of the Argentine rail network, in a total length of 5,690 km, the main lines of which extend from Mendoza, on the Chilean border, to Buenos Aires, by August 2023, a period that may be renewed for an additional 10 years. ALL Mesopotámica has the right to operate part of the Argentine rail network, in a total length of 2,704 km, the main lines of which extend from Buenos Aires to Uruguaiana, by October 2023, a period that may also be renewed for an additional 10 years. In Uruguaiana these networks are interconnected to the rail network of ALL in Brazil and the border with Paraguay, in Corrientes.

Boswells S.A. is an investment Company based in Uruguay.

ALL Intermodal provides logistic and road transportation services, mainly by trucks, to the most populated Brazilian regions. This Company also distributes goods in urban areas and provides road freight services.

On December 1, 2001, the Company sold all of its partner rights in ALL Argentina to Logispar Logística e Participações S.A. (Logispar), a Company's jointly-controlled subsidiary, for R\$256,201. At that time, this amount was equivalent to the amount paid in May 1999 by ALL Argentina for the acquisition of ALL Central and ALL Mesopotámica, plus irrevocable advances for capital increases made up to that date,

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04.01 - EXPLANATORY NOTES

approximating its market value according to the valuation report prepared by independent appraisers. The initial maturity date was three (3) years as from the date of the transaction, not subject to interest, as established in the agreement for the assignment of rights and other covenants, and payment was based on the expected return on the investment, and the payment term could be extended in relation to the initial period. On December 31, 2003, the Company acquired all the shares of Logispar at market value.

Based on the Extraordinary General Meeting held on March 29, 2006, the right of enjoyment over ALL Argentina's shares was transferred from Logispar to the Company, by means of Capital Stock reduction, and its purpose was to directly concentrate the rights and obligations over issuance shares and rights over AFAC's (advances on future capital increase) made in ALL Argentina at the Company.

The Company's activities are focused on the control and planning of operational, commercial and strategy activities of the subsidiaries, in addition to the supply of financial resources to enable the subsidiaries' operations.

(b) Limitations and conditions to operate the concession granted to ALL Brasil, Ferroban and Novoeste

The Companies are subject to complying with specific conditions established in the privatizations offer and in the concession agreements for the operation of Malhas Ferroviárias.

The concession agreement signed by this subsidiary may be terminated in view of the following events: expiration of the contractual term; expropriation; forfeiture; termination; annulment and bankruptcy; or extinguishment of the concessionaire.

The main impacts of the concession termination would be as follows:

- all rights and privileges transferred to the Companies will return to the Federal Government, together with leased assets and those resulting from investments that are considered reversible by the Federal Government for being necessary to the continuous rendering of services under the concession.
- the assets considered reversible will be indemnified by the Federal Government at the residual cost value, calculated in accordance with the accounting records of the Companies, net of depreciation; this cost will be subject to technical and financial analyses by the Federal Government. Any and all improvements made to the permanent track superstructure will not be considered as investments for indemnification purposes.

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04.01 - EXPLANATORY NOTES

2 Significant accounting practices - Parent Company and consolidated

(a) Presentation and preparation of the quarterly information

The accounting principles adopted in Brazil for the recording of operations and the preparation of the quarterly information are those laid down by Brazil's Corporation Law in conjunction with the rules and regulations of IBRACON and the Securities and Exchange Commission of Brazil - CVM. For companies ALL Argentina (direct subsidiary), ALL Central (indirect subsidiary), ALL Mesopotámica (indirect subsidiary), headquartered in Argentina and Boswells S.A. (indirect subsidiary), headquartered in Uruguay, the accounting principles adopted in Argentina, Uruguay, and Brazil were analyzed accordingly, where they do not present adjustments, except for the indirect subsidiaries ALL Central and ALL Mesopotámica, which amortize the organization expenditures and pre-operating costs under the item deferred permanent assets for periods which differ from the criteria used in the balance sheets in compliance with Brazilian rules, which were adapted.

Additionally, the respective balance sheets ended on June 30, 2006 were consolidated, as well as the income statement for June 2006, in view of the acquisition of rights of partners of Brasil Ferrovias and Novoeste Brasil, as mentioned in Note 13. Thus, the consolidated Balance Sheets and Income statement are not comparable.

The conversion rate used in the balance sheets and income statements for the period ended June 30, 2006 was R\$0.70167 to P\$ 1.00 (Argentine peso) (March 31, 2006 - R\$0.704981 and June 30, 2005 – R\$0.8147 to P\$ 1,00) for the companies headquartered in Argentina and on June 30, 2006, it was R\$2.1643 to US\$1.00 (US dollar) (R\$2.1724 to US\$1.00 on March 31, 2006 and R\$2.3504 to US\$1.00 on June 30, 2005).

(b) Current and long-term assets

These are stated at cost or realization value, including, when applicable, income earned by the balance sheets dates.

The allowance for doubtful accounts is established in an amount considered sufficient by management to cover possible losses on the realization of credits, considering the client portfolio profile, the economic scenario and specific risks.

The supply items are evaluated by their average acquisition costs, which do not exceed the realization amounts.

Lease and concession prepaid amounts are recorded at cost and allocated to result according to the remaining concession term.

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(c) Permanent assets

These are stated at cost, considering the following aspects:

- . significant investments in subsidiaries and affiliated companies were appraised by the equity method of accounting, as shown in Note 13; goodwill recorded upon the acquisition of subsidiaries based on expectation of future profitability is amortized on a straight-line basis over the remaining concession term based on the curve of future economic benefits generation;
- . depreciation of the fixed assets is recognized on the straight-line basis, considering the estimated economic useful lives of the assets at the annual rates described in Note 14;
- . the portions of lease and concession cost, corresponding the pre-operating phase of Brazilian operations were deferred and have been amortized also over the concession term, as described in Note 15. For various pre-operating expenditures and studies and projects, within a five-year term, as from the occasion in which the benefits started to be generated.

(d) Current and long-term liabilities

These are stated at known or estimated amounts, including the related accrued financial charges, when applicable.

(e) Determination of net income

Net income is determined by the accrual method. The revenues from services rendered are recorded as services are rendered.

(f) Advances for future capital increase

The Company records the amounts related to advances for future capital increase, received from participants of the Stock Option Plan described in Note 22, in shareholders' equity account, considering the control and expectation that the Company has for resolution on conversion of advances in capital increase.

(g) Statements of cash flow

The statements of cash flow are being presented as supplementary information, pursuant to NPC20 – Statements of cash flow issued by IBRACON - Institute of Independent Auditors of Brazil.

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(h) Income tax and social contribution on net income

Current taxes

These are recorded by the Company and some subsidiaries, based on the taxable income, pursuant to the prevailing laws and rates, 15% for income tax plus 10% additional over profits exceeding the limit established; and 9% for social contribution. Certain subsidiaries record the provision for income tax and social contribution on net income, adopting the taxation regime by taxable income computed based on a percentage of gross sales or the taxation rules of the countries where these are located.

Deferred Taxes

Deferred income tax and social contribution credits were calculated based on the effective rate of such taxes and recorded at current assets and long-term assets, in view of temporary differences considered upon the calculation of these taxes, as well as over balances of tax losses and social contribution negative basis carryforward upon the calculation of such taxes.

In subsidiaries and affiliated companies for which there is no estimate of future taxable income generation, such tax credits were not recognized.

3 Consolidated financial statements

The consolidated financial statements have been prepared based on the technical criteria of consolidation set forth in CVM Instruction no. 247/96.

Except for the investment in Santa Fé Vagões S.A., ownership of which is shared with other shareholder, in which assets, liabilities and income are proportionally consolidated to its interest in the Capital Stock of that investee (40%), for the direct and indirect companies controlled by the Company, the totality of their assets, liabilities and income was consolidated, separating, when applicable, the minority interest in the shareholders' equity and in the year results of subsidiaries. The consolidation eliminated investments in subsidiaries, unrealized profits and the related shareholders' equity amounts, as well as the balance of assets, liabilities and revenues and expenses arising from transactions carried out between the consolidated companies, as indicated in Notes 12 and 13.

The financial statements of the indirect Argentine subsidiaries, used for consolidation purposes, fully consider inflationary effects in that country up to August 31, 1995 and from January 1, 2002 to February 28, 2003.

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4 Argentine subsidiaries - relationship with the granting authorities

(a) Renegotiation of the concession agreement

From July 1997 to March 2001, through Decree 605/97, the Argentine Executive Power ordered the Transportation Secretariat to renegotiate all concession agreements for freight rail transportation services, and there were various discussions and analysis resulting in the proposal of an addendum, which was null and void.

With the enactment of Law 25,561, a new turning point for the renegotiation of concession agreements was introduced, and on April 10, 2002, a presentation was delivered to the Argentine Minister of Economy through which the process was reinitiated.

In 2003, the Executive Power issued Decree 311, creating a special committee for the renegotiation of all concession agreements. This committee reports simultaneously to the Ministry of Economy and to the Ministry of Federal Planning, Public Investments and Services. The change in the management of Argentine Government in May 2003 suspended the process for a few months and in September 2003, the concessionaires were once again required to update data and to attend various meetings with government officers and advisers of the Ministry of Federal Planning.

On July 18, 2005, Provisions 18/2005 and 19/2005 of the Unit for Renegotiation and Analysis of Public Services Agreements were published on the Official Bulletin of the Argentine Government, relative to the Letter of Understanding resulting from renegotiations for commitments to the concession agreement between ALL Central and ALL Mesopotâmica with the Argentine Government. The effects and commitments arising from this concession are reflected in the Financial Statement, even considering that the referred Letter would be analyzed and previously approved in a public hearing on August 12, 2005, and then it would be analyzed in the Argentine National Congress and subsequently it should be sanctioned by the President of the Republic of Argentina. However, the aforementioned hearing has been canceled, and another date has not been set yet. The referred Letter represents the first substantial step in the renegotiation process for the concession, and it mainly establishes the following:

(i) Annual investment plan

As of January 2005, the concessionaires must carry out annual investments in an amount equivalent to 9.5% of revenues from rail freights, net of taxes, complying with the minimum investment limits at the approximate amount of P\$9,500 for ALL Central and P\$3,300 for ALL Mesopotâmica. In 2005 these companies made investments at the amount of R\$15,122 and R\$4,571, respectively. In first half of 2006, these companies made investments at the amount of R\$11,412 and R\$3,006 respectively.

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(ii) Concession fee (“canon”)

As of January 1, 2005, the amount corresponding to 3% of total net revenues of ALL Central and ALL Mesopotâmica referring to the previous year will be considered as the amount of the concession fee (“canon”). During the first half of 2006 these companies recorded expenses of R\$1,576 and R\$589, respectively, having as counter-entry the leasing and concession payable account.

As described in note 4 (c), discussions with the Argentine Government on concession tariffs relating to the previous three-year period will continue to be in progress.

(iii) Investment commitments not complied with

With relation to investment commitments which have not been complied with by concessionaries until December 31, 2004, in view of the renegotiation process, the Letter of Understanding establishes that the investment liabilities in the approximate amount of R\$44,000 of ALL Central and R\$16,000 of ALL Mesopotâmica must be annually realized as of 2005, by means of right of way infrastructure investment, by an amount corresponding to 2.95% of revenues from rail freights, net of taxes, for ALL Central and to 3.05% for ALL Mesopotâmica, complying with the annual minimum limits of approximately R\$2,280 for ALL Central and R\$898 for ALL Mesopotâmica, until reaching the amounts of the liabilities previously mentioned.

(b) Approval for transfer of shares

On May 26, 1999, the indirect subsidiary ALL Argentina entered into an agreement with Poconé Participações S.A., Judori Administração, Empreendimentos e Participações S.A., Interférrea S.A. - Serviços Ferroviários e Intermodais, GP Capital Partners II L.P. and Emerging Markets Capital Investments (“the 5 shareholders”) for the purchase and sale agreement for 73.55% of shares of ALL Central and 70.56% of shares of ALL Mesopotâmica. The amount of the transaction, equivalent to US\$ 33,900 thousand was settled by means of offset against credits the subsidiary held with 5 shareholders. Pursuant to the terms of the concession agreement, this transfer of shares is subject to the approval by the Argentine Government, and on April 26, 2004 that Government approved the share transfer, which is now in progress.

Additionally, ALL Argentina holds partner rights in ALL Central and ALL Mesopotâmica, by means of a usufruct agreement entered into with the 5 shareholders in May 1999. Under the terms of the usufruct agreement, ALL Argentina undertakes the rights (both economic and political) and responsibilities as the shareholder of ALL Central and ALL Mesopotâmica. The term of the usufruct agreement shall expire upon the effective transfer of shares of ALL Central and ALL Mesopotâmica to ALL Argentina.

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Also in May 1999, the Company entered into a purchase agreement with the 5 shareholders for the total number of shares of ALL Argentina and a usufruct agreement over the rights (both economic and political) over shares of ALL Argentina. The term of the usufruct agreement is 20 years, automatically renewable if, up to the expiration of the agreement, the Argentine Government does not express an opinion with regard to the approval for the transaction. Should authorization be denied by the Government, the 5 shareholders irrevocably undertake to exercise the voting right over shares of ALL Argentina, in accordance with the company's instructions.

Subsequently, as described in Notes 1(a) and 2, the Company sold all its partner rights in ALL Argentina to Logispar, and reacquired these rights on December 31, 2003. On December 31, 2005, the 5 shareholders are those recorded of ALL Central and ALL Mesopotámica, considering that in view of the agreements mentioned above it holds economic and voting rights over these companies' shares.

On March 29, 2006, the Company reacquired the usufruct right and obligations over ALL Argentina's shares, as well as, the right over irrevocable advances for future capital increase ("aportes irrevocables"), outlined in Note 4 (d), recorded in that investee, by means of capital stock reduction in Logispar (assignor of such rights and obligations). This transaction was supported by Appraisal Report issued by independent experts and approved in Annual General Meeting held on the date mentioned above.

(c) Discussion about concession rights ("canon")

The indirect subsidiary ALL Central is still discussing the concession rights ("canon"), estimated at R\$18,141 on June 30, 2006 (March 31, 2006 - R\$18,227), with the Argentine Ministry of Economy. ALL Central's management, supported by opinion of its legal advisors who understand that these amounts are not due, in view of the economic and financial unbalance shown by the concession, decided not to record the amount for considering it contingent and of remote risk. The Letter of Understanding, mentioned in Note 4 (a), favors renegotiation in the sense of reaching greater legal stability with respect to this subject.

Additionally, the Letter of Understanding described above establishes that the referred liabilities resulting from the concession rights ("canon") of ALL Central, referring to previous three-year periods, should they not be exempted from payment, will be included in the agreement which provides for the compliance with the investment schedule during the remaining term of the concession or even payment may be required.

On the other hand, said subsidiary has also been collecting under the administrative scope, amounts derived from toll revenues receivable from "*Unidad Ejecutora del Programa Ferroviário Provincial*" ("U.E.P.F.P.") at the amount of R\$3,341 thousand, the chances of success in the realization of such asset were classified as probable by our

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legal advisors, however, they are not recorded, in view that the referred entity does not recognize service rendering. As outlined in Note 6, for those amounts resulting from toll revenue, the chances of losses of which were classified as probable, provisions for doubtful accounts were made. As mentioned in Note 4 (d), the Company consistently maintains its commitment to convert the *aportes irrevocables* into capital stock in ALL Argentina.

(d) Advances for future capital increase (“aportes irrevocables”)

Considering the Resolutions of *Inspección General de Justicia* (“I.G.J”) 25/2004 and 1/2005, the direct subsidiary ALL - América Latina Logística Argentina S.A. should have destined the advances for future capital increase (“*aportes irrevocables*”), which are maintained recorded in their shareholders’ equity at the amount of R\$83,277 on March 31, 2006, for a term, which expired on February 21, 2006 and which was not extended. Such decision should imply the conversion of “*aportes irrevocables*” into capital stock or reclassify them to a liability account.

Pursuant to Administrative Resolution applicable to the subsidiary, alterations in its capital stock shall be previously approved by the Argentine Government. Accordingly, the compliance with the conversion of “*aportes irrevocables*” into capital stock depends on said approval, which until this present moment did not occur. The subsidiary’s management issued a request of waiver to the application of said Resolutions to I.G.J., in view of current regulatory impediment in carrying out the conversion of said advances, and until the issue date of this Report, no answer was obtained.

5 Financial investments - parent company and consolidated

These are substantially represented by long-term Bank Deposit Certificates (CDB) with rates linked to the variation of the Interbank Deposit Certificate – CDI (99% to 103% rates) and with daily liquidity. The investment funds are also measured through the Variation of the Interbank Deposit Certificate – CDI, however, its financial results is post-fixed, occurring only on the redemption date. The investment linked to the Austrian Notes is yielded at 83.5% of the CDI variation and is due on August 3, 2008, redeemable at any moment according to the company’s decision, with fiscal benefit of Income Tax exemption and daily liquidity. The balance of financial investments is set forth as follows:

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Institution	Type of investment	% CDI	Maturity	Amount	
				June 30, 2006	March 31, 2006
Parent Company					
	Investment				
FAQ/FIF Exclusivo Paranaguá	Fund			80,910	56,518
Banco Alfa S.A.	CDB X CDI	102.00	05/28/2007	1,150	7,561
Banco Brascan S.A.	CDB X CDI	102.20	10/30/2006	6,607	6,130
Banco Itaú BBA S.A.	CDB X CDI	101.00	08/04/2007	4,910	9,222
Banco J Safra S.A.	CDB X CDI	102.00	08/29/2007	1,464	5,402
Banco Modal S.A.	CDB X CDI	100.00	08/21/2006	129	123
Banco Pactual S.A.	CDB X CDI	101.00	08/28/2007	53,280	5,841
Banco Panamericano S.A.	CDB X CDI	103.00	10/29/2006	61	56
Banco Safra S.A.	CDB X CDI	102.00	08/01/2008	108,556	16,206
Banco Santander S.A.	CDB X CDI	100.80	04/08/2008		20,120
UNIBANCO - União de Bancos Brasileiros S.A	CDB X CDI	100.25	05/09/2005	7,716	9,935
Banco Votorantim S.A.	CDB X CDI	102.20	08/22/2008	109,836	27,014
Banco do Brasil S.A..	CDB X CDI	100.00	09/06/2007	34,052	2,836
Credit Suisse First Boston S.A.	CDB X CDI	101.00	09/06/2007	112,594	10,699
Banco Bradesco S.A.	CDB X CDI	101.00	10/15/2008	45,329	
HSBC Bank Brasil S.A.	CDB X CDI	101.00	04/15/2007	31,200	
				597,794	177,663
Direct Subsidiary – ALL Brasil					
	Investment				
FAQ/FIF Exclusivo Paranaguá	Fund			55,971	41,267
Fundo Mellon Brascan	CDB X CDI	102.50	01/07/2008		5,667
Banco ABC Brasil S.A.	CDB X CDI	101.00	06/22/2007	6,778	6,380
Banco ABN Amro Bank	CDB X CDI	100.78	05/16/2008	95	53,301
Banco Alfa S.A	CDB X CDI	101.60	02/23/2009	13,363	12,584
Banco BMG S.A	CDB X CDI	103.00	10/22/2007	682	647
Banco Bradesco S.A	CDB X CDI	100.20	03/16/2009	29,998	31,508
Banco Caixa Econômica Federal	CDB X CDI	100.00	12/18/2008	166	159
Banco do Brasil S.A.	CDB X CDI	100.00	09/24/2009	27,702	62,117
Banco Fibra S.A.	CDB X CDI	103.00	08/15/2008	130	
Banco Itaú BBA S.A.	CDB X CDI	100.50	09/14/2007	31,272	30,169
Banco J. Safra S.A.	CDB X CDI	100.25	02/28/2008	19,232	18,327
Banco Modal S.A.	CDB X CDI	100.00	08/21/2006	444	420
Banco Pactual S.A.	CDB X CDI	101.00	11/09/2007	46,016	46,894
Paraná Banco S.A.	CDB X CDI	103.00	05/12/2007	5,085	109
Banco Safra S.A.	CDB X CDI	102.00	07/07/2008	40,458	38,225
Banco Santander S.A.	CDB X CDI	100.78	05/16/2008	30,870	32,507
Banco Votorantim S.A.	CDB X CDI	102.20	07/09/2008	29,177	27,517
Credit Suisse First Boston	CDB X CDI	101.05	11/02/2006	24,915	23,498
HSBC Bank Brasil S.A.	CDB X CDI	100.30	03/16/2009	120,924	50,024
UNIBANCO – União de Bancos Brasileiros S.A.	CDB X CDI	100.09	01/21/2008	127,230	70,793
Banco Del Istmo Internacional Ltda.	TD – US\$				2,730
	Austrian				
Credit Suisse First Boston S.A.	Notes			289,774	290,416
				900,282	845,259

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Institution	Type of investment	% CDI	Maturity	Amount	
				June 30, 2006	March 31, 2006
Direct Subsidiary – Logispar					
Banco Itaú BBA S.A.	CDB X CDI	100.17	11/22/2007	24,832	9,453
Direct Subsidiary – ALL Intermodal					
Banco ABN Amro Bank	CDB X CDI	100.50	09/25/2008	6	5
Banco do Brasil S.A.	CDB X CDI	100.00	05/17/2009	7,539	
Banco Caixa Econômica Federal S.A.	CDB X CDI	100.00	01/18/2008		41
HSBC Bank Brasil S.A.	CDB X CDI	100.50	02/20/2009		2,523
UNIBANCO – União de Bancos Brasileiros S.A.	CDB X CDI	100.06	06/16/2006	13,350	122
				20,895	2,691
Indirect Subsidiary– ALL Armazéns Gerais					
Banco ABN Amro Bank	CDB X CDI	100.50	11/15/2007	3,140	3,842
Indirect Subsidiary– ALL Equipamentos					
Banco do Brasil S.A.	CDB X CDI	100.00	11/06/2007		1,243
Indirect Subsidiary – Boswells					
Banco Itaú BBA S.A.	CDB X CDI				2,826
Shared Control – Santa Fé Vagões					
Banco do Brasil S.A.	Investment Fund			124	
Indirect Subsidiary - Ferronorte					
Banco Safra S.A	CDB X CDI	100.00	04/30/2007	450	
Indirect Subsidiary – Ferroban					
Banco Rural S.A.				12	
Indirect Subsidiary – Terminal XXXIX					
UNIBANCO –União de Bancos Brasileiros	CDB X CDI	100.00		1,767	
Indirect Subsidiary – Ferronorte Locadora de Vagões					
UNIBANCO –União de Bancos Brasileiros	CDB X CDI	100.00	04/07/2009	985	
Ferrovia Novoeste					
Banco do Brasil S.A.	CDB X CDI	100.00	05/15/2011	11,756	
					Amount
Institution	Type of investment	% CDI	Maturity	June 30, 2006	March 31, 2006
Direct Subsidiary – ALL Argentina				247	
Indirect Subsidiary - ALL Central				4,211	

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Indirect Subsidiary – ALL Mesopotâmica	1,122	
Subsidiaries	<u>969,823</u>	<u>865,314</u>
Consolidated	<u>1,567,617</u>	<u>1,042,977</u>

6 Trade accounts receivable - consolidated

<u>Subsidiaries</u>	<u>June 30, 2006</u>	<u>March 31, 2006</u>
Trade accounts receivable		
ALL Brasil	54,062	43,360
ALL Intermodal	16,844	19,142
ALL Armazéns Gerais	209	88
ALL Tecnologia	77	85
Santa Fé	18	
Ferrobán	35,086	
Ferronorte	23,702	
Novoeste	9,903	
ALL Central	26,706	27,437
ALL Mesopotâmica	6,524	7,093
	<u>173,131</u>	<u>97,205</u>
(-) Allowance for doubtful accounts		
ALL Brasil	(2,374)	(1,756)
ALL Intermodal	(762)	(205)
ALL Tecnologia		(7)
Ferrobán	(11,530)	
Ferronorte	(6,283)	
Novoeste	(433)	
ALL Central	(14,633)	(14,858)
ALL Mesopotâmica	(1,063)	(1,058)
	<u>(37,078)</u>	<u>(17,884)</u>
Consolidated	<u>136,053</u>	<u>79,321</u>

ALL Central and ALL Mesopotâmica recognized provision on amounts receivable referring to toll revenue at the amount of R\$13,750 (R\$13,815 on March 31, 2006), which, considering the write-offs, there is still a remaining provision of R\$10,409 on June 30, 2006 (R\$10,458 on March 31, 2006).

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7 Supplies - consolidated

	<u>June 30, 2006</u>	<u>March 31, 2006</u>
Maintenance supplies	34,711	27,577
Raw material (railcars)	4,868	
Finished products (railcars)	2,991	
Fuel	7,149	3,502
Advances to suppliers	6,781	3,925
Materials in transit and others	<u>5,866</u>	<u>3,336</u>
	<u>62,366</u>	<u>38,340</u>
Provision for inventory adjustment	<u>(6,112)</u>	
	<u>56,254</u>	<u>38,340</u>

8 Lease and concession - consolidated

	<u>June 30, 2006</u>		<u>March 31, 2006</u>	
	<u>Current assets</u>	<u>Long-term assets</u>	<u>Current assets</u>	<u>Long-term assets</u>
Lease				
ALL Brasil	2,734	53,777	2,734	54,460
ALL Intermodal	824		3,296	
Ferroban	1,760	37,835		
Novoeste	166	3,147		
Prepaid right of way				
ALL Brasil	1,262	25,621	1,261	25,936
Concession				
ALL Brasil	150	2,956	150	2,994
Ferroban	97	2,091		
Novoeste	<u>13</u>	<u>259</u>		
	<u>7,006</u>	<u>125,686</u>	<u>7,441</u>	<u>83,390</u>

The lease of RFFSA's assets, for a 30-year period, was contracted by ALL Brasil on February 27, 1997, for R\$202,112, R\$82,032 of which was paid in cash. The remaining R\$120,080 has been paid since January 15, 1999 in 112 quarterly installments including interest of 12% per annum, restated by the General Price Index – Internal Availability (IGP-DI). The provision for this liability is described in Note 18.

The long-term lease agreement of ALL Intermodal, relating to rolling stock owned by Delara Brasil Ltda., and other accessory assets of this rolling stock have as counterpart the payment of fixed amounts in cash and shares of the Company. The lease has been amortized on a straight-line basis for a contractual 60-month period since June 2001.

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The lease of RFFSA's assets, for a 30-year period, was contracted by Ferrobán – Ferrovias Bandeirantes S.A. – on December 30, 1998 for R\$230,160, R\$52,793 of which was paid in cash. The balance of R\$177,367 is being paid as from December 15, 2000, in 112 quarterly installments including interest of 12% per annum, restated by the General Price Index – Internal Availability (IGP-DI). The Company provisions such liability as described in Note 18.

The lease of RFFSA's assets, for a 30-year period, was contracted by Ferrovia Novoeste S/A on June 26, 1996 for R\$56,440, R\$4,969 of which was paid in cash. The balance of R\$51,471 is being paid as from January 15, 1998, in 112 quarterly installments including interest of 12% per annum, restated by the General Price Index – Internal Availability (IGP-DI). The Company provisions such liability as described in Note 18.

Prepaid right of way refers to the amount paid by ALL Brasil to Ferrovia Bandeirantes S.A. as a consideration for the use of the lines from Presidente Epitácio to Rubião Júnior and from Pinhalzinho/Apiaí to Iperó (SP), in accordance with the agreement to operate these lines for 30 years, which is also the accounting amortization period.

The 30-year concession for rail freight transportation services was obtained by ALL Brasil for R\$10,830, R\$4,510 of which was paid in cash. The remaining R\$6,320 has been paid since January 15, 1999, in 112 quarterly installments including interest of 12% per annum, restated by the IGP-DI. The Company also provisions such liability as described in Note 18.

The 30-year concession for rail freight transportation services was obtained by Ferrobán – Ferrovias Bandeirantes S.A., for R\$12,252, R\$2,917 of which was paid in cash. The remaining R\$9,335 has been paid since December 15, 2000, in 112 quarterly installments including interest of 12% per annum, restated by the IGP-DI. The Company also provisions such liability as described in Note 18.

The 30-year concession for rail freight transportation services was obtained by Ferrovia Novoeste S/A, for R\$3,118, R\$409 of which was paid in cash. The remaining R\$2,709 has been paid since January 15, 1998, in 112 quarterly installments including interest of 12% per annum, restated by the IGP-DI. The Company also provisions such liability as described in Note 18.

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9 Recoverable taxes

	June 30, 2006		March 31, 2006	
	Current assets	Long-term assets	Current assets	Long-term assets
Parent Company				
Withholding income tax - IRRF	16,942		14,244	
Recoverable IR and CS - prepayment	5,395		4,882	
Recoverable Pis and Cofins	4,874		4,874	
Deferred Income Tax (IR) (Note 23(b))	2,609	23,990	4,721	20,796
Deferred Social Contribution (CS) (Note 23(b))	939	8,634	1,700	7,487
	<u>30,759</u>	<u>32,624</u>	<u>30,421</u>	<u>28,283</u>
Subsidiaries				
Value-added Tax on Goods and Services – ICMS	29,443	25,565	9,782	10,691
Tax on Value Added – IVA	2,168		1,947	
Withholding income tax - IRRF	24,980	10,002	9,877	
Deferred Income Tax (IR) (Note 23(b))	10,500	27,375	10,897	29,139
Deferred Social Contribution (CS) (Note 23(b))	3,925	5,090	3,923	4,727
Recoverable IR and CS - prepayment	4,703		1,849	
Federal Tax Credits to offset	62,627		62,029	
Other	9,980	1,084	8,551	769
	<u>148,326</u>	<u>69,116</u>	<u>108,855</u>	<u>45,326</u>
Consolidated	<u>179,085</u>	<u>101,740</u>	<u>139,276</u>	<u>73,609</u>

A ALL Brasil and ALL Intermodal acquired federal credits to offset with debts of other federal taxes, such as : PIS, COFINS, IRRF and CSL. Such credits derive from lawsuits filed by third parties, with *res judicata* and without the possibility of filing an action to overrule a final judgment on the part of the federal government. The amount offset by both companies until June 30, 2006 amounted to R\$52,115.

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10 Court deposits and provision for contingencies - consolidated

	Court deposits		Contingencies			
	June 30, 2006	March 31, 2006	Probable		Possible and remote	
			June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
Labor claims						
ALL Brasil	11,652	11,334	7,969	6,004	40,568	35,000
ALL Intermodal	2,974	2,939	2,695	913	3,000	4,000
ALL Central			4,495	3,964		
ALL Mesopotámica			961	826		
Brasil Ferrovias	157				945	
Ferroban	14,262		42,197		53,887	
Novoeste	216		956		1,970	
Ferronorte	205		713		6,126	
Civil and regulatory actions						
ALL Brasil			3,217	2,945	50,500	15,500
ALL Intermodal			783	783	10,000	10,000
Brasil Ferrovias	6,500		4,307		11,198	
Ferroban	260,918		25,541		603,850	
Novoeste	11,104		5,208		455,988	
Ferronorte	3,865		3,946		36,641	
Tax claims						
ALL Brasil	8,350	11,876			53,907	53,907
Brasil Ferrovias			4,076			
Ferroban			8,234		6,779	
Novoeste			24,665			
Ferronorte			9,309		13,180	
	<u>320,203</u>	<u>26,149</u>	<u>149,272</u>	<u>15,435</u>	<u>1,348,539</u>	<u>118,407</u>

The subsidiaries are involved in various proceedings incurred in the normal course of its businesses. The company's management believes that the solution of such issues shall not produce an effect significantly different from the amount provisioned, which corresponds to the amounts of shares considered "probable".

Labor contingencies

The subsidiaries discuss various labor claims, and on June 30, 2006 the Company recorded a provision of R\$59,986, in consolidated, to deal with those cases in which its attorneys deem as probable losses.

Among the subject-matters of the labor claims, we mention: salary parity, overtime, additional payment for hazardous conditions, additional payment for unhealthy conditions, transfer additional, among others.

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Civil and regulatory contingencies

The subsidiaries are parties in various civil actions involving petitions, action for damages in general: such as collisions in level crossings, rail running over, traffic accident, possessory actions in general, execution suit of extrajudicial bonds and others. Based on the opinion of its legal advisers and the courts standing, they keep records for the probable losses at the amount of R\$18,629.

ALL Brasil's civil liabilities are estimated at R\$53,700, and ALL Intermodal's civil liabilities are estimated at R\$11,300. Among the relevant actions, although with a remote chance of loss, on behalf of ALL Brasil, there is an indemnification action being handled in the State of Rio de Janeiro, under the number 2003.51.01.023238-1, in which RFFSA pleads abandonment of public property and rail segments, requiring the restoration of various stations and the maintenance of the right of way. It is worth pointing out that ALL, in strict compliance with the Concession and Lease Agreements, is performing the maintenance of many rail segments and also the restoration of stations which are being delivered to RFFSA in perfect condition of conservation and use.

Tax contingencies

Main tax issues under discussion are those derived from lawsuits having as plaintiff or defendant, ALL group and to which chances of losses are deemed as possible or remote. Therefore, no provision was made for such issues.

- In April 2005, ALL Brasil obtained a favorable decision at the Regional Court of 4th Region in relation to the tax deficiency notice of Rio Grande do Sul State Department, which charged the Company as a result of use of ICMS credit over the acquisition of assets and equipment destined to the recovery and renovation of fixed assets. The assessment amount under discussion is approximately R\$16,800, and ALL has already collected the amount of R\$11,192 to the State of Rio Grande do Sul's public coffers, and it interrupted the payment of the remaining balance of R\$5,670, due to a favorable decision of the Regional Court of the 4th Region. The Company's chances of loss in the proceeding under discussion are remote, according to understanding already rendered by the courts (annulment action 110660892). In addition, the Supplementary Law 87/96, authorized the full use of right to the credit in the acquisition of assets destined to the permanent assets.
- ALL Brasil filed writ of mandamus discussing the increase of COFINS rate, from 2% to 3%, as well as the possibility of offsetting the amount of 1% of COFINS, in subsequent periods, with CSLL due. This proceeding is at the Federal Regional Court of 3rd Region and ALL Brasil obtained a favorable decision. The amount under discussion is R\$15,000. According to the Company's legal advisors, the chances of loss are remote.
- The State Treasury Department of Paraná and São Paulo drawn up tax deficiency notices against ALL Brasil, current amounts of which amount to

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approximately R\$38,000, due to non-payment of ICMS referring to the rendering of goods freight transportation services destined to exports and use of ICMS credits supposedly not authorized by laws. ALL already has favorable decisions as the matter under discussion and courts already positioned about the non-levy of ICMS over goods exports. In April 2006, ALL Brasil obtained a favorable decision at the Taxpayers Council, confirmed by the Public Finance Court of the State of Paraná in relation to the tax assessments existing in the State of Paraná (administrative proceedings 6146502-2 and 6146495-6), establishing that in operations destined to exports there is immunity, as mentioned in Article 155, Paragraph 2, X, “a” of CF/88. In view of this, there was a decrease in liabilities exposed to risk related to ICMS – exports at approximately R\$18,000, recorded as extemporaneous credits under the item “taxes recoverable”.

- ALL Brasil has approximately R\$6,500 in IPTU (building and territorial urban tax) debts in relation to the real properties over which rail passes through, owned by the federal government, which, in view of concession granted, are under the possession of the federal government for the execution of rail transportation public services. Nevertheless, the Brazilian Federal Constitution provides that there is no levy of taxes over assets owned by the federal government; reason that the possibility of loss in such proceedings is remote.

Environmental contingencies

ALL Brasil is exposed to an environmental liability at the amount of approximately R\$2,817 as of June 30, 2006. These assessments derive from accidents in Malha Sul, as a result of leakage of diesel oil and other agricultural commodities, burning of forests, etc. In 2005, ALL Brasil managed to reduce its environmental liability at approximately R\$7,000 by means of the signature of Instrument of Conduct Adjustment before environmental agencies and the adoption of all measures necessary to recover the environment. For the year 2006, ALL Brasil aims at signing the Instrument of Conduct Adjustment before the environmental agencies in which still there are assessments under discussion. It is worth mentioning that for all existing environmental assessments, ALL Brasil already adopted the compensatory measures necessary for the environment recovery, strictly observing the criteria set forth by the environmental agencies and prevailing laws. In addition, the company’s management understands that the discussions in progress shall substantially result in commitments of investments in assets or services to the community and therefore, no provision was deemed as necessary on June 30, 2006.

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11 Long-term investments

Debentures - Parent Company

On June 17 2005, the Company acquired 27,459 registered debentures, non-convertible into book-entry shares, at unit par value of R\$10, of subordinated type, relative to 1st tranche of 2nd issuance, through the private issue of ALL – América Latina Logística do Brasil S.A.

Tranche	Issue date	Amount	Final maturity	Annual Yield	Long-term assets	
					June 31, 2006	March 31, 2006
1 st issue (1 st and 2 nd tranches)	6/17/2005	274,590	6/01/2015	CDI + 4%	344,726	308,222

On February 6, 2006, the Company adhered to the 2nd tranche of debentures issued by ALL – América Latina Logística do Brasil S.A. at the amount of R\$6,010.

Consolidated

On June 21, 2004, the subsidiary Logispar Logística e Participações S.A. and the indirect subsidiary ALL – América Latina Logística – Argentina S.A., swapped with “GEEMF II Latin, America LLC”, the totality of shares held thereby issued by its subsidiary ALL – América Latina Logística S.A. for subscription warrants at the amounts of R\$17,642 and P\$198, respectively, with long-term maturity date.

The indirect subsidiary Ferrovia Novoeste holds LFT’s (financial treasury bills), with compensatory interest of 100% of CDI linked to banking surety rendering agreement at the fixed amount of R\$147,572. Such surety is destined to the guarantee of the amounts of overdue installments related to concession and lease due by Ferrovia Novoeste S.A to RFFSA – in settlement and the Federal Government. On November 28, 2005, they were redeemed and replaced by other 63,100 LFT’s, and on January 19, 2006, other 1,917 LFT’s held in custody with Banco do Brasil S.A. were acquired at the amount of R\$175,013 and R\$5,345, respectively, with maturity on December 16, 2009, classified as “long-term investments” in the consolidated balance sheet.

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12 Related parties

	Long-term assets		Long-term liabilities		Parent Company Revenues from services	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
	ALL Argentina		74			
ALL Central						
ALL Brasil	12,458	12,844			480	480
ALL Intermodal	11,024	1,499				
ALL Equipamentos						
ALL Tecnologia	53					
Santa Fé Vagões S.A.	16,124	1,274				
Caianda Participações S.A.	267	244				
Portofer	566					
Geodex Communications do Brasil S.A.	1	1				
Logispar			1,208	1,516		
	<u>40,493</u>	<u>15,936</u>	<u>1,208</u>	<u>1,516</u>	<u>480</u>	<u>480</u>

The related-party transactions are performed under usual market conditions. There is no interest-bearing in related parties transactions, which reflect, besides the regular operations above, financial coverage operations. The parent company's service rendering revenues against the subsidiary ALL Brasil at the amount of R\$480 refers to consulting services rendered.

	Consolidated Long-term Assets	
	June 30, 2006	March 31, 2005
Santa Fé Vagões S.A.	9,996	555
Caianda Participações S.A.	289	244
Geodex Communications do Brasil S.A.	1	1
	<u>10,286</u>	<u>800</u>

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Direct Subsidiaries

Brasil Ferrovias	(452,064)	(1,633)	100,00	(1,633)	(452,064)
Novoeste Brasil	(11,128)	(2,720)	100,00	(2,720)	(11,128)
				<u>(4,353)</u>	<u>(463,192)</u>

The following indirect subsidiaries have also been included in the consolidation:

		June 30, 2006	March 31, 2006
	Interest in total capital stock (%)	Shareholders' Equity (unsecured liability)	Shareholders' Equity (unsecured liability)
		Income(Loss) for the period	
Intermodal's investee			
ALL-América Latina Logística Armazéns Gerais Ltda.	100.00	15,893	15,149
Armazéns Gerais's investee			
PGT Grains Terminal S.A.	100.00	240	240
Logispar's investees			
ALL-América Latina Logística Equipamentos Ltda.	100.00	35,547	10,302
Boswells S.A.	100.00	(5,984)	(3,849)
Brasil Ferrovias' investees			
Nova Ferroban	80.00	(587,356)	(219,041)
Ferronorte	97.55	(217,401)	(250,558)
Ferroban	30.52	(845,100)	(332,525)
Nova Ferroban's investees			
Ferroban	66.42	(845,100)	(332,525)
Ferroban's investee			
Portofer	50.00	(9,722)	(12,384)
Ferronorte's investees			
Portofer	50.00	(9,722)	(12,384)
Terminal XXXIX	50.00	14,906	810
Ferronorte Locadora de Vagões	100.00	(622)	4
Tenorte	100.00	535	(1)
Novoeste Brasil's investees			
Ferrovia Novoeste	100.00	(10,368)	(55,079)
ALL Argentina's investees			
ALL-América Latina Logística Central S.A.	73.55	(24,300)	(2,942)
ALL-América Latina Logística Mesopotámica S.A.	70.56	(41,146)	(190)

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ALL Central and ALL Argentina had the following minority interest structure on December 31, 2005:

	<u>Interest %</u>	
	<u>ALL Central</u>	<u>ALL Mesopotámica</u>
Railroad Development Corporation	6.45	2.74
Alesia S.A.		3.64
Petersen, Thiele Y Cruz S.A.		3.06
Ministerio de Economía y Obras y Servicios Públicos de la Nación	16.00	16.00
Others – Individuals	4.00	4.00

Proceeding with the transaction mentioned in Note 4 (a) ALL Argentina is negotiating with its minority shareholder Railroad Development Corporation the acquisition of its shareholding of 6.45% and 2.74% in ALL Central and ALL Mesopotámica. Consequently, Railroad Development Corporation shall waive to the option of adding its shareholding in ALL Central and ALL Mesopotámica at 1.55% and 0.76%.

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Changes in investments in subsidiaries and affiliated Company - parent company

Description	ALL Brasil	ALL Intermodal	ALL Overseas	ALL Tecnologia	ALL Centro Oeste	Logispar	ALL Argentina	Santa Fé	Geodex	Brasil Ferrovias	Novoeste Brasil	Total
Balance on December 31, 2004	216,101	48,454	1,697	5,095		364,271			66,283			701,901
Equity accounting	141,086	49,895	(571)	3,082	9,525	(17,380)			1,120			186,757
Interest on own capital	(35,900)											(35,900)
Proposed dividends	(289)	(11,187)		(6,270)								(17,746)
Increase in investments	17,179	12,600	1,660		500	500		100				32,539
Goodwill recording								50				50
Goodwill amortization						(7,264)						(7,264)
Balance on December 31, 2005	338,177	99,762	2,786	1,907	10,025	340,127		150	67,403			860,337
Equity accounting	56,395	13,432	(231)	979	1,418	7,336	(6,697)	300	506			73,438
Interest on own capital/dividends	(6,000)			(1,906)	(9,525)							(17,431)
Increase(decrease) in investments			1,085			(138,025)	138,025					1,085
Goodwill recording (decrease)						(127,732)	127,732			1,991,137	117,874	2,109,011
Goodwill amortization							(3,632)	(3)				(3,635)
Balance on June 30, 2006	<u>388,572</u>	<u>113,194</u>	<u>3,640</u>	<u>980</u>	<u>1,918</u>	<u>81,706</u>	<u>255,428</u>	<u>447</u>	<u>67,909</u>	<u>1,991,137</u>	<u>117,874</u>	<u>3,022,805</u>

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ALL Overseas: a wholly-owned subsidiary acquired in December 1999, and its corporate purpose is to perform any activities that comply with Bahamian legislation.

Logispar: acquired in 2003. The main purpose of this transaction was to integrate the operating, accounting and corporate activities performed in Brazil by the Company and its subsidiaries with those performed in Argentina by Logispar and its subsidiaries. Together with the alignment of the Company's Bylaws with the rules introduced by BOVESPA's Novo Mercado (New Market), associated with the arrival of the new shareholder, Latin Freight Company, the aforementioned integration is one of the crucial measures adopted by the Company in preparation of launching of its Initial Public Offering - IPO. The acquisition of Logispar considered the improvements verified in connection with the restructuring of the Argentine rail concessionaires controlled by Logispar, under the context of the economic reorganization process in that country, as well as the advances in the negotiations for the resolution of regulatory matters with the Argentine Government.

In order to define its acquisition value, considering the investees ALL Central and ALL Mesopotâmica, ALL Argentina had its shareholders' equity appraised at market value, at the amount of R\$355,888, by local independent experts based on the expectation of future profitability. This amount was settled with credits the company had against Logispar at the amount of R\$282,930 recorded under the item "Accounts receivable – sale of subsidiaries" and loan receivable from such related party. Goodwill verified at the amount of R\$142,260 has been amortized on a straight-line basis over the remaining concession period, and R\$3,632 of which has been amortized in the half ended June 30, 2006.

As shown in Note 4 (b), Logispar no longer has the right of usufruct over ALL Argentina's shares, and its current business purpose is to hold interests in other partnerships.

Geodex: the company has a 3.28% interest in the voting capital and a 43.69% interest in the total capital of Geodex Communications do Brasil S.A. (Geodex), whose main activity is to provide telecommunication services in connection with the network and specialized circuits.

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In the consolidated balance sheet, investments are comprised as follows:

	Consolidated	
	Book value of investments	
	June 30, 2006	June 30, 2006
Appraised by the equity accounting method		
Geodex Communications do Brasil S.A.	67,909	67,517
Rhall Terminais Ltda.	1,121	986
Other	6,002	131
Goodwill		
ALL Argentina	124,100	125,916
ALL Central/ Mesopotámica	33,616	34,266
Brasil Ferrovias	1,991,137	
Novoeste Brasil	117,874	
Santa Fé Vagões S.A.	47	50
	<u>2,341,806</u>	<u>228,866</u>

ALL Argentina: goodwill in ALL Argentina is based on the future profitability at the time the shares of ALL Central and ALL Mesopotámica were acquired on May 26, 1999, and has been amortized on a straight-line basis over the concession period.

On December 27, 2005, the subsidiary ALL Brasil sold its 25% interest in the capital stock of Ferropar Ferrovia Paraná S.A., with capital gain of R\$1,061.

On August 11, 2005, the Company and Millinium Investimentos Ltda. (“Millinium”), subsidiary of the Indian Company Besco Engineering and Services Private Limited, entered into agreements aiming at the incorporation of Santa Fé Vagões S/A. Its corporate purpose is manufacture, maintain, commercialize, and trade items and services related to rolling stocks, rail systems, traction equipment, trails, signaling on rail vehicles, and mechanical equipment related to rail activities, in addition to its parts and components, as well as the import, export, purchase, sale, distribution, leasing, rental and loan of railcars, machinery, equipment and inputs related to rail activities.

According to the agreements mentioned above, Millinium has undertaken to provide Santa Fé Vagões with complete technical support and the know-how necessary for railcar manufacturing. The Company, on its turn, will grant Santa Fé Vagões a loan for use of an area located in the city of Santa Maria, state of Rio Grande do Sul, including part of the equipment to be used by Santa Fé Vagões for the fulfillment of its corporate purpose, for the performance of its industrial, commercial and administrative activities.

On November 1, 2004, the company incorporated, with minority shareholders, the Company ALL - América Latina Logística Centro-Oeste Ltda. The Company’s corporate purpose is the rendering of services related to contracting of freight road transportation under the local, interstate and international scope, combined with rail and water transportation of cargo, in addition to other activities related to freight transportation such as logistics, port operations, handling and storage of commodities and containers, cargo agency, operation and management of warehouses, purchase, sale

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and lease of containers, association with other logistic carriers, alternatively being able to become involved in other similar, related or ancillary activities, or activities that use the Company's structure.

On May 9, 2006, PREVI, FUNCEF, JP Morgan, BRP FERRONORTE, GABORONE and ALL executed two Investment Agreements, besides other ancillary and correlative agreements, which establish the terms and conditions of the merger, by ALL, of all shares issued by Brasil Ferrovias and by Novoeste. On May 10, 2006, BNDESPAR, which originally had the tag-along right in a shareholders' agreement executed with PREVI and FUNCEF, exercised the referred right and adhered to the Investment Agreement and Other Covenants related to the merger of Brasil Ferrovias' shares.

The conclusion of the operation was conditioned to the compliance with a series of suspensive conditions, among which the following can be pointed out:

- obtainment of authorization by ANTT (Brazilian Land Transportation Agency), necessary to the improvement of the operation, which was obtained on May 31, 2006, by means of the Resolution ANNT no. 1.471/2006;
- conversion of debentures of the 1st issue of Brasil Ferrovias, held by BNDESPAR, occurred on June 16, 2006, and the conversion of the debentures convertible into shares issued by the Company in accordance with the Deed of Issue of Debentures Convertible into Shares Issued by the Company, on January 7, 2003, which also occurred on June 16, 2006;
- termination of the Shareholders' Agreement of Brasil Ferrovias executed on May 23, 2005 among PREVI, FUNCEF and BNDESPAR, formalized on June 16, 2006; and
- obtainment of all the corporate authorizations required for the accomplishment of all corporate acts related to the operations of merger of shares and the execution and elaboration of all related documents, including appraisal reports, prepared by independent appraisers, pursuant to the law, which was also concluded on June 16, 2006.

In accordance with Protocols for Merger of Shares and Justifications, entered into on May 31, 2006, the operation was structured based on Article 252 of the Corporation Law, through the merger of all shares issued by Brasil Ferrovias and by Novoeste, with all rights inherent to them, including those related to dividends, recorded or not, bonuses, and any other forms of profit sharing. With the conclusion of the operation and, therefore, the effective corporate reorganization resulting from the merger of shares, ALL became holder of the totality of Brasil Ferrovias' and Novoeste's capital stock and, as a result, it also became holder, indirectly, of the share control of rail concessionaries Ferrobán, Ferronorte and Ferrovias Novoeste.

The merger of shares of Brasil Ferrovias and of Novoeste caused an increase in ALL's capital stock, through the conference of all shares held by shareholders of those corporations which do not perform their right to withdrawal, in accordance with the economic values verified in the appraisal reports of Brasil Ferrovias and of Novoeste.

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The increase in ALL's capital, realized on June 16, 2006, was approximately R\$1.4 billion.

On June 16, 2006, the General Shareholders' Meetings of the Company, of Brasil Ferrovias and of Novoeste approved the merger of shares, as well as further related acts necessary to the implementation of the referred acquisition. As part of the transaction, PREVI, FUNCEF and BNDESPAR adhered to the Issuer's block of control, becoming a party of the Shareholders' Agreement.

The term for the exercise of the withdrawal right expired on July 24, 2006 for the dissenting shareholders of the Company and on July 26 for the dissenting shareholders of Brasil Ferrovias and of Novoeste. After the term expiration and since the merger of shares is confirmed pursuant to Article 137, Paragraph 3, of the Corporation Law, the former shareholders of Brasil Ferrovias and of Novoeste became shareholders of the Company, which became holder of all shares issued by Brasil Ferrovias and by Novoeste.

The documents related to the merger of shares were presented to the authorities of Competition Defense Brazilian System on May 29, 2006, and are currently under a process of analysis by the proper authorities.

Considering that the shares of Brasil Ferrovias and Novoeste, subject-matter of the merger of shares, were merged by ALL observing the proportion of their respective values, which are higher than the respective book values of shareholders' equity, ALL, after the operation, became the owner of investments in the referred companies, and the investment in each of them was split into unsecured liability amount of the acquired corporation and goodwill referring to such investment.

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04.01 - EXPLANATORY NOTES

14 Fixed Assets

	June 30, 2006			March, 31, 2006	Depreciation Annual Weighted Average Rates (%)
	Cost	Accumulated depreciation	Net	Net	
Improvements in third parties' assets					
Locomotives	271,529	(105,994)	165,535	88,409	4.49
Railcars	130,414	(46,495)	83,919	25,944	10 and 20
Track	557,670	(90,052)	467,618	206,752	4 and 12.5
Other	45,236	(13,836)	31,400	38,475	10
	<u>1,004,849</u>	<u>(256,377)</u>	<u>748,472</u>	<u>359,580</u>	
Own fixed assets in use					
Tracks	952,820	(95,698)	857,122		
Locomotives	414,123	(108,617)	305,506	151,825	4.49
Railcars	263,952	(59,002)	204,950	68,226	10
Assets in use supplies	28,277		28,277	17,087	
Land	15,241		15,241	828	
Buildings	57,756	(14,670)	43,086	9,195	3.33 and 4
Furniture and fixtures	22,258	(9,699)	12,589	345	10 and 20
Road vehicles	38,447	(18,527)	19,920	19,632	10 and 20
Data processing equipment, systems and applications	52,447	(34,678)	17,769	13,577	20
Telecommunications and signaling equipment	30,371	(17,087)	13,284	3,318	10
Equipment for maintenance track and rail transportation	59,224	(14,273)	44,951	17,066	10 and 12
Other	57,267	(17,244)	40,023	14,869	miscellaneous
	<u>1,992,183</u>	<u>(389,495)</u>	<u>1,602,718</u>	<u>315,968</u>	
Construction in progress					
Locomotives	160,127		160,127	118,897	
Railcars	19,240		19,240	25,961	
Track	38,388		38,388	58,954	
Systems and applications	4,177		4,177	3,508	
Road vehicles	511		511	1,922	
Other	197,673		197,673	26,218	
	<u>420,116</u>		<u>420,116</u>	<u>235,460</u>	
	<u>3,417,148</u>	<u>(645,872)</u>	<u>2,771,306</u>	<u>911,008</u>	

On June 30, 2006, the balance of construction in progress includes R\$21,720 (on March 31, 2006 – R\$17,074) relating to ALL Central, which were invested in the

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reconstruction of the embankments affected by flooding in Laguna La Picasa - Argentina. Considering that under the concession agreement this investment would be the responsibility of the Argentine Government, the subsidiary Company requested a partial reimbursement of R\$898 (on March 31, 2006 - R\$1,854). Additionally, on August 29, 2000, an administrative claim was filed requesting immediate reimbursement for a total amount of R\$8,365 (on March 31, 2006 - R\$8,588) relating to the second and third stages of the work performed. Said credits, as these are considered contingent, were not recognized in the financial statements.

The subsidiary ALL do Brasil approved the study of useful economic life of its locomotives, by means of a technical report prepared by independent experts, with a view to observing NBC T 19.5 approved by resolution CFC 1,027/05 as of April 15, 2005.

Based on technical report, the subsidiary obtained the residual balance of its locomotives on the reference date as of December 31, 2004 and applied new estimate of useful economic life, altering the depreciation rate of 10% p.a. to an average of 4.49% p.a. Such change of estimate caused a reduction in depreciation expense in the first half of 2006.

Aiming at the improvement of individual controls, the indirect subsidiaries Ferroban, Ferronorte and Novoeste are carrying out a physical finding of the assets (own and in the improvements in third parties' assets). The conclusion of the works is expected for December 2006.

15 Deferred charges

	Consolidated		
		June 30, 2006	March 31, 2006
	Cost	Accumulated amortization	Net
Subsidiaries			Net
Concession and lease - ALL Brasil	24,736	(4,423)	20,313
Pre-operating expenses			
ALL Central	19,746	(8,328)	11,418
ALL Mesopotâmica	4,532	(1,904)	2,628
Santa Fé Vagões S.A.	574	(409)	165
PGT Ltda.	138		138
Ferronorte	645,296	(330,482)	314,814
Terminal XXXIX	468	(374)	94
Expenditures with studies and projects			
ALL Equipamentos	3,776	(189)	3,587
ALL Brasil	4,171	(53)	4,118
Consolidated	703,437	(346,162)	357,275
			39,969

The subsidiary ALL Brasil adopts as a basic criterion to amortize concession and lease expenses on the straight-line basis over the remaining term of the agreement. However, based on an operational study of installed capacity for transportation in tons per

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kilometer useful- RTK, concluded in December 1998, management reviewed the estimate of such amortization absorption until the subsidiary reaches its operational break-even. From 1998 through mid December 2001, amortization of concession and lease amounts was calculated considering the proportion between the RTK transported volume and the volume projected to reach operational break-even, estimated at 14 billion RTK. With the attainment of the operational break-even, deferred concession and lease expenses have been amortized on a straight-line basis over the remaining concession and lease term, and the amount of R\$492 was recorded for the periods ended on June 30, 2006 and 2005.

Pre-operating expenses refer to disbursements in the Argentine rail companies ALL Central and ALL Mesopotâmica in connection with feasibility studies for the concession acquisition, which are amortized over the remaining concession period.

The indirect subsidiary Ferronorte activated expenditures incurred in the pre-operational phase net of financial expenses and income.

They comprise implementation expenditures incurred in the pre-operational phase of the indirect subsidiary Ferronorte since 1988, net of financial expenses and income. The expenditures come from Phase I, comprising the segment of 403 km between the roadrail bridge on Paraná River and Alto Taquari (MT), ended on March 2001 and expenditures coming from Phase II, which comprised the segment 1, of 96 Km between Alto Taquari (MT) and Alto Araguaia (MT), ended in March 2003.

On December 31, 2005 the direct subsidiary ALL do Brasil and the indirect subsidiary ALL Equipamentos activated costs with studies and projects to import locomotives, subject to future revenues at the amount of R\$1,069 and R\$3,776 respectively.

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16 Loans and financing

	Annual charges	Maturity	June 30, 2006	March 31, 2006
Parent Company				
Domestic currency				
CCB *	15.10% p.a.	September 2006	142,928	
Promissory notes *	CDI + 0.70% p.a.	September 2006	378,872	
			521,800	
In foreign currency (exchange variation linked to the US\$)				
Financing of locomotives	10% (with swap to CDI) 2% p.a. (with swap to CDI)	December 2007	4,669	4,643
Resolution 2770 *		August 2006	193,988	
			198,657	4,643
Swap transactions			(15,293)	
Total Parent Company			<u>705,164</u>	<u>4,643</u>
Subsidiaries				
Domestic currency				
• ALL Brasil				
Commercial banks	116% of CDI	November 2007	27,410	30,980
CCB	106.3% of CDI	August 2008	316,829	305,195
		Quarterly and Monthly from January 2000 up to April 2010	28,093	32,161
BNDES investments	TJLP + 5.25%	Quarterly and Monthly from May 1998 up to April 2008	79,191	83,977
NCC	TJLP + 5.25% 107.0% of CDI	March 2013	207,944	200,259
• ALL Intermodal				
BNDES Investments				
		Quarterly and Monthly from January 2002 up to December 2009	12,374	13,426
- FINAME	TJLP + 3% to 4.7%			
• Brasil Ferrovias				
BNDES Investments				
		Quarterly and Monthly from April 2006 up to January 2016	806,292	
Official Programs	TJLP + 1.5% p.a.	Quarterly and Monthly from April 2006 up to January 2018	188,490	
	TJLP + 1.5% p.a.			
	TJLP + 3%	Quarterly and Monthly from April 2006 up to January 2016	173,484	

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		Quarterly and Monthly from April 2003 up to January 2007		
	TJLP + 4.50%		7,001	
FINAME	TJLP + 4%	Quarterly and Monthly from April 1999 up to January 2009	45,867	
Commercial Banks	CDI + 4% p.a.	From August 2007 up to March 2011	66,109	
			<u>1,959,084</u>	<u>665,998</u>
Foreign currency (exchange variation linked to the US\$)				
• ALL Brasil				
IFC Loan	LIBOR + 7.1% (with swap to CDI)	December 2008	27,772	34,464
Financing of Locomotives	10% (with swap to CDI)	December 2007	9,337	9,280
Swap transactions			45,212	49,201
• Brasil Ferrovias				
Leasing	9% p.a.	September 2011	39,484	
			<u>121,805</u>	<u>92,945</u>
Foreign currency (exchange variation linked to the Argentine Peso - P\$)				
• ALL Argentina				
Commercial Banks	8.4%	December 2006	9,056	8,849
	13.50%	January 2007		1,595
	10.75%	May 2006		2,838
	12.25%	May 2006		2,156
	13.00%	June 2006		2,843
	13.50%	December 2008	3,997	4,592
	13.50%	May 2011	25,095	
• ALL Mesopotámica				
Commercial Banks	15%	April 2006		350
• ALL Central				
Commercial Banks	CER + 8%	December 2008	1,960	2,113
	11%	April 2006		939
	13%	February 2007	2,825	2,747
	15.47%	April 2006		1,047
			<u>42,933</u>	<u>30,069</u>
Total subsidiaries			<u>2,123,822</u>	<u>789,012</u>
Total consolidated			<u>2,828,986</u>	<u>793,655</u>
Portion in the current liabilities			<u>(985,323)</u>	<u>(163,657)</u>
Portion in the long-term liabilities			<u>1,843,663</u>	<u>629,998</u>

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Composition by maturity year of long-term liabilities:

	June 30, 2006	March, 31, 2006
2007	129,918	42,380
2008	486,854	341,772
2009	183,396	13,426
As from 2010	1,043,495	232,420
	1,843,663	629,998

Abbreviations:

BNDES	- National Bank for Economic and Social Development
CCB	- Bank Credit Note
CDI	- Interbank Deposit Certificate
CER	- Reference Stabilization Ratio
FINAME	- Government Agency for Equipment and Machinery Financing
LIBOR	- London Interbank Offered Rate
TJLP	- Long-Term Interest Rate
IFC	- International Finance Corporation
NCC	- Commercial Credit Note

Loans and financing are guaranteed by promissory notes for the total financed amount considering the same agreed terms and conditions, except in the case of BNDES, which is guaranteed by collateral account ensuring liquidity of payment, and in the case of the financing of locomotives, which guarantee the financing.

Cash and cash equivalents and financial investments include collateral accounts in the subsidiary ALL Brasil amounting to R\$19,606 on June 30, 2006 (March 31, 2006 – R\$42,509).

For foreign currency financing contracted in Brazil, there are swaps protecting the Brazilian real against the US dollar, being translated at rates of 85% to 105% of CDI.

The loans obtained from BNDES and IFC, as above, are intended for investments and depend upon the compliance with certain financial liquidity ratios related to the net debt; shareholders' equity; earnings before taxes, financial results, depreciation and amortization (EBITDA); debt service; short-term debt, among others, which have been complied with by the Company.

(*) The parent company raised R\$700,000 recorded in current liabilities as bridge to the 6th issuance of debentures, which have already been settled on July 31, 2006 as described in note 28.

For the subsidiaries of Brasil Ferrovias, in guarantees of loans and financing the following items were granted: (i) Pledge of the total shares issued of Ferronorte held by

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the parent company Brasil Ferrovias, (ii) Pledge of revenue on the product of the fee collection for the provision of the rail transportation services resulting from the work project of Ferronorte, (iii) Linkage of the revenue of service agreements, (iv) Promissory notes.

Some agreements have restrictive covenants establishing financial limits quarterly determined in each publication of the consolidated financial statements of the Issuer as follows:

- (a) the index corresponding to the division of the Consolidated Net Debt by the Consolidated EBITDA of the last 4 (four) quarters, in the maximum limit of:

Year	2006	2007	2008	2009	2010
Consolidated Net Debt / Consolidated EBITDA	4.0	3.5	3.0	2.5	2.5

minimum limit of 1.3 times for the index corresponding to the division of the Consolidated EBITDA of the last 4 (four) quarters of the Issuer by its Consolidated Net Financial Expense.

17 Debentures

Parent Company

On February 1, 2003, the company issued 5,500 debentures convertible into shares at unit par value of R\$10 each (2nd issue).

On June 1, 2004, the company issued 12,000 debentures non-convertible into shares at unit par value of R\$10 each (3rd issue).

On October 1, 2004, the company issued 13,500 debentures non-convertible into shares at unit par value of R\$10 each (4th issue).

On September 1, 2005, the company issued 20,000 debentures non-convertible into shares at unit par value of R\$10 (5th issue).

Subsidiary Brasil Ferrovias

On June 29, 2001, the company issued 1,680 debentures convertible into shares at unit par value of R\$10 (2nd issue).

Indirect Subsidiary – Ferronorte

On July 1, 1997, the company issued 10,00 debentures convertible into shares at unit par value of R\$10 (1st issue)

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On February 16, 2002, the company issued 60,000,000 debentures convertible into shares at unit par value of R\$1.00 (2nd issue)

On December 26, 2001, the company issued 40,000,000 debentures convertible into shares at unit par value of R\$1.00 (3rd issue)

On December 3, 2003, the company issued 18,000 debentures non-convertible into shares at unit par value of R\$10 (5th issue)

The issued series are as follows:

Series	Date	Issue value	Final maturity	Annual yield	June 30, 2006		March 31, 2006	
					Current liabilities	Long-term liabilities	Current liabilities	Long-term liabilities
Parent Company								
1 st issue	02/01/03	55,000	02/16/09	TJLP+6.25%			9,955	21,822
3 rd issue	06/01/04	120,000	06/01/07	110% of CDI	121,608		7,384	120,000
4 th issue	10/01/04	135,000	10/01/09	108% of CDI	5,235	135,000	12,363	135,000
5 th issue	09/01/05	200,000	09/01/12	CDI + 1.30%	11,007	200,000	2,952	200,000
					137,850	335,000	32,654	476,822
Subsidiary – Brasil Ferrovias								
2 nd issue	10/31/01	7,170	06/20/05	105% of CDI	17,511			
Indirect subsidiary – Ferronorte								
1 st issue	07/01/97	100,000	06/30/06	TJLP + 1.5%		292,844		
2 nd issue	04/10/00	60,000	04/10/07	TJLP + 4%		138,212		
3 rd issue	01/14/02	40,000	01/14/09	TJLP + 4%		73,666		
5 th issue	12/03/03	60,000	12/03/09	CDI + 5%	37,569	29,227		
					37,569	533,949		
Subsidiaries					55,080	533,949		
Consolidated					192,930	868,949	32,654	476,822

Events in the Parent Company:

- Payment of interest of second issue debentures on February 1, 2005, at the amount of R\$3,735;
- Payment of interest of second issue debentures on March 22, 2005, at the amount of R\$491;
- Conversion of 2,750 second issue debentures into common and/or preferred shares issued by ALL – América Latina Logística S.A. on March 23, 2005, at the amount of R\$30,119;
- Payment of interest of fourth issue debentures on April 1, 2005, at the amount of R\$ 2,188;
- Payment of interest of third issue debentures on June 1, 2005, at the amount of R\$11,687;
- Payment of interest of second issue debentures on August 1, 2005, at the amount of R\$1,879;

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- Payment of interest of fourth issue debentures on October 1, 2005, at the amount of R\$13,918;
- Payment of interest of third issue debentures on December 1, 2005, at the amount of R\$12,428;
- Payment of interest of fifth issue debentures on March 1, 2006 at the amount of R\$18,583;
- Payment of interest of fourth issue debentures on April 1, 2006, at the amount of R\$12,460;
- Payment of interest of third issue debentures on June 1, 2006, at the amount of R\$10,863;
- Conversion of 2,750 second issue debentures on June 16, 2006, at the amount of R\$30,674.

Events in the subsidiary – ALL do Brasil:

- On February 25, 2005 - the 1st series of the debentures issued on February 25, 2006 were settled. Accordingly, all the costs corresponding to the publications and registrations of the Debenture were amortized, which were recorded in the assets, in the prepaid expenses item.

Events in the subsidiary – Brasil Ferrovias:

- On June 16, 2006 – conversion into shares of Brasil Ferrovias of 10,000 debentures of the first issuance at the amount of R\$330,916.

18 Lease and concession payable – consolidated

	June 30, 2006		March 31, 2006	
	Current liabilities	Long-term liabilities	Current liabilities	Long-term liabilities
Lease				
ALL Brasil	8,909	40,634	9,183	49,276
ALL Intermodal	9,006		8,754	
Ferroban		310,772		
Novoeste		216,802		
Concession				
ALL Brasil	478	2,329	492	2,723
ALL Argentina	6,418		5,366	
Ferroban		4,160		
Novoeste		8,220		
	<u>24,811</u>	<u>582,917</u>	<u>23,795</u>	<u>51,999</u>

ALL Brasil

Lease and concession amounts of the subsidiary ALL do Brasil are appropriated on a straight-line basis under liabilities and results over the period of the respective agreements, accrued of IGP-DI variation and interest at agreed rates. Amounts relating

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to the grace period (1997 to 1999) have been restated and paid over the remaining concession period.

ALL Intermodal

As per the addendum to the lease agreement between ALL Intermodal and Delara, the parties accepted and agreed on the settlement of amounts due in monthly installments, the last one falling due in June 2004. However, the company is negotiating the settlement over the next 12 months.

Ferroban

Partial spin-off to FCA

On August 29, 2005, the partial spin-off between Ferroban and Ferrovia Centro Atlântica S.A. (FCA) was carried out, and FCA started being responsible for 35.6% of the total concession and lease amounts.

Payments of the concession and lease agreements

The indirect subsidiary Ferroban cancelled the payment of the amounts related to the lease agreement to RFFSA - in settlement, judicially protected, by an injunction granted on April 7, 2005 and subsequently postponed on July 8, 2005. On September 28, 2005, these injunctions were cancelled by judicial decision pronounced by the Federal Regional Court (TRF) of Rio de Janeiro, becoming not postponable, thus, that Ferroban made the judicial deposit of the outstanding lease amounts, as a way to guarantee the Court and ensure the continuity of the judicial discussion, as well as the regularity and payment of its concession before ANTT and before the National Treasury Secretariat (STN).

The payments are being made by means of judicial deposits at the amount of the overdue debt.

Considering that Ferronorte depends on Ferroban's lines, to the continuity of its transportation operations, started in the States of Mato Grosso and Mato Grosso do Sul and ended in Santos (SP), Ferronorte entered with Ferroban, on January 10, 2006, into a Private Instrument of Guarantee Agreement, by which it made the judicial deposit in favor of Ferroban, at the amount of R\$22,177.

Considering that Brasil Ferrovias holds 83.66% of Ferroban's capital, directly and indirectly, Brasil Ferrovias entered, on January 10, 2006, into a Private Instrument of Guarantee Agreement, by which it made the judicial deposit in favor of Ferroban, at the amount of R\$184,517.

Thus the quarterly installments are being paid by means of judicial deposits made by Ferronorte and comprised by the Private Instruments of Guarantee Agreement with Ferroban.

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The term of the guarantee rendered both by Brasil Ferrovias and Ferronorte in favor of Ferroban started on the date on which the judicial deposit was made and will be ended on the date on which the Federal Court decides its destination. For the rendering of this guarantee, Ferroban will pay Brasil Ferrovias and Ferronorte the equivalent to the positive difference between the 100% CDI rate and the 100% TR rate.

In case the judicial decision determines the conversion into income of the Federal Government, total or partial, of the judicial deposit, Ferroban will become, as from this date, debtor of Brasil Ferrovias and Ferronorte, respectively, of the exact amount of the judicial deposit, with all the additions it receives. Ferroban must pay its overdue debits to Brasil Ferrovias and Ferronorte, in the maximum term of 90 days, counted from the finding of the judicial deposits, Ferronorte may use, also, any time, and as long as resolved at the Extraordinary General Meeting of the Companies, the guarantee amount for capital payment in Ferroban, or give it away so that its parent company, Brasil Ferrovias, does it. Thus, Brasil Ferrovias may use the amounts rather as capital payment in Ferroban.

Desincorporation of the operations of the Bauru-Mairinque segment

To comply with the Investment Agreement, entered into on May 5, 2005, which aims at the conduction of the restructuring, the desincorporation of the operations of the Bauru-Mairinque segment was set forth in the 2005 and 2006 Business Plan, and this operation starts being made by Novoeste as from October 1, 2005, in view of the Memorandum of Understanding dated September 23, 2005.

ANTT approved the desincorporation of the operations by means of Resolution #1,010, published in the Official Gazette of the Federal Government on July 28, 2005. The final implementation of this operation will be ratified by ANTT.

Ferronorte

On May 19, 1989 the indirect subsidiary Ferronorte entered with the Federal Government into a Concession Agreement for the establishment of a cargo rail transportation system, comprising the construction, operation, exploration and conservation of a railroad between Cuiabá (MT) and: a) Uberaba/Uberlândia (MG), b) Santa Fé do Sul (SP), c) Porto Velho (RO) and d) Santarém (PA). The term of this concession lasts 90 years, renewable for the same period and 10 years may be granted before the end of the contractual term.

The Agreement does not provide for payment obligations on the account of the Concession, however, it sets forth certain responsibilities on the account of the Company, such as: a) not to make sub-concession, b) to submit to the permanent inspection of the Federal Government, c) compliance with rules, technical specifications and national standards of the Ministry of Transportation and d) to comply with all the legal provisions applicable to the granted services, specially those related to environment protection.

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The concession extinguishment and the consequent termination of the Concession Agreement may take place due to the following factors: a) amicable covenant of the parties, antedated of negotiations and financial adjustments due by one party to another; b) end of the contractual term; c) expropriation or redemption, by public interest in connection with the Concession, by means of the proper indemnification; d) annulment for illegality of the Concession or agreement; e) severe and continued infractions made by one of the parties, which cause damages to the quality and efficiency of the services; f) by expropriation by the Federal Government of the granted services or by a Law that makes the agreement, formally or materially, impossible. In the event of expropriation the Company's shareholders will be indemnified by the fair amount of the assets linked to the concession, determined at the time of the expropriation.

Novoeste

Due to a judicial discussion, the Company cancelled the concession and lease payment.

As described in note 11 the indirect subsidiary acquired Treasury Financial Bills (LFTs) and National Treasury Bills (LNTs) as guarantee to pledge the concession and lease amounts due to RFFSA – in settlement and to the Federal Government, resulting from a judicial pleading related to the economic unbalance process of Novoeste which is under judicial discussion. Thus, the amounts referring to the quarterly installments of the concession and lease agreements new additional LFTs are being acquired at the amount sufficient for the coverage of those amounts.

Bauru-Mairinque Segment

To comply with the Investment Agreement, entered into on May 5, 2005, which aims at the conduction of the restructuring, the desincorporation of the operations of the Bauru-Mairinque segment of Ferrobán was set forth in the 2005 and 2006 Business Plan, and this operation starts being made by Novoeste as from October 1, 2005. Fact which happened, by means of the Memorandum of Understanding dated September 23, 2005.

ANTT approved the desincorporation of the operations by means of Resolution #1,010, published in the Official Gazette of the Federal Government on July 28, 2005, an is being complemented by the Private Instrument of Legal and Financial Regulation of Assets, Rights, Obligations and Other Covenants.

The final implementation of this operation will still be ratified by ANTT.

19 Provision for unrealized profit - parent company

On September 30, 2001, the parent company sold to the subsidiary ALL Brasil the right to use the lines from Presidente Epitácio to Rubião Junior and from Pinhalzinho/Apiáí to Iperó at the market value of R\$22,387, supported by an appraisal report prepared by independent experts as of that date. On December 31, 2001, the parent company established a provision of R\$19,312 for unrealized profit from this operation, recorded in long-term liabilities, the related tax credit being recognized in the consolidated

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statements. In the periods ended June 30, 2006 and 2005, the amount of R\$372 was realized.

20 Deferred income - consolidated

	<u>June 30, 2006</u>	<u>March 31, 2006</u>
Subsidiaries		
ALL Brasil	7,830	7,925
ALL Intermodal	656	665
Ferroban	<u>22,571</u>	<u> </u>
	<u>31,057</u>	<u>8,590</u>

ALL Brasil: this refers to an assignment agreement of the right of way for optical fibers alongside the track granted in the form of capital contribution to the associated company Geodex Communications do Brasil S.A., at the contractual amount of R\$10,000, which is being appropriated to results on a straight-line basis over the remaining term of the assignment of rights.

ALL Intermodal: this refers to the deferred revenue originated in the capital stock payment by means of land granted under loan for use by ALL Intermodal to Rhall Terminais Ltda., appropriated on a straight-line basis over the remaining concession period.

Ferroban: this results from agreements entered into with communication companies (including the consortium named Railnet), whose purpose is the assignment of the right of way of the track for the passage of optical fiber cables for the effectiveness period of the Concession Agreement of the Public Service of Cargo Rail Transportation (until 2028), linearly appropriated to the result for the remaining term of the assignment of right.

21 Shareholders' equity

(a) Capital Stock

The parent company's subscribed and paid-up capital stock is represented as follows:

	<u>June 30, 2006</u>	<u>March 31, 2006</u>
Common	100,176,844	78,318,332
Preferred	<u>184,203,066</u>	<u>144,769,018</u>
	<u>284,379,910</u>	<u>223,087,350</u>

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The alterations in subscribed capital stock in 2005 and 2006 are as follows:

Date of Alteration	Corporate Act	Amount	Number of shares		
			Common Shares	Preferred Shares	Total
03/10/2005	AGE	-	61,535,192	111,260,512	172,795,704
02/28/2005	RCA	811	-	96,000	96,000
03/23/2005	RCA	29,595	938,418	3,753,672	4,692,090
04/28/2005	RCA	340	9,560	38,250	47,810
05/24/2005	RCA	106	4,150	16,600	20,750
06/09/2005	RCA	171	4,782	19,128	23,910
06/13/2005	RCA	10	150	600	750
09/14/2005	RCA	133	3,047	12,188	15,235
09/20/2005	RCA	302	9,081	36,324	45,405
09/27/2005	RCA	2,018	57,392	229,568	286,960
10/03/2005	RCA	820	30,541	122,164	152,705
11/03/2005	RCA	728	23,165	92,660	115,825
11/17/2005	RCA	1,977	65,703	262,812	328,515
12/01/2005	RCA	4,191	87,222	348,888	436,110
12/05/2005	RCA	433	13,200	52,800	66,000
12/14/2005	RCA	2,020	49,077	196,308	245,385
12/21/2005	RCA	1,038	29,787	119,148	148,935
01/12/2006	RCA	227	8,400	33,600	42,000
01/16/2006	RCA	113	4,200	16,800	21,000
01/25/2006	RCA	163	8,590	34,360	42,950
02/16/2006	RCA	24	900	3,600	4,500
03/10/2006	RCA	1,790	51,977	207,908	259,885
04/10/2006	RCA	403	11,506	46,240	11,560
04/28/2006	RCA	11	500	2,000	2,500
06/16/2006	RCA	30,674	938,418	3,753,672	4,692,090
06/16/2006	AGE	1,405,033	20,890,846	35,563,384	56,454,230
06/26/2006	RCA	724	17,188	68,752	85,940

The Extraordinary General Meeting as of March 10, 2005, approved the splitting of the total shares issued by the Company, so that each share, regardless of type, was split into 5 shares of the same type, and the Company's capital stock was divided into 216,090,630 shares, of which 76,918,990 are common shares and 139,171,640 are preferred shares, all non-par registered book-entry shares.

At the Company's Board of Directors' meeting as of March 10, 2005 and according to the Notice to Shareholders published on March 11, 2005, the option, during the period between March 16, 2005 and May 12, 2005 ("Conversion Period"), to convert preferred shares issued by the Company into common shares and vice versa and/or to issue Units, was attributed to all the Company's shareholders, in compliance with the provision in the Company's Bylaws and other conditions published.

Units are deposit certificates which represent four preferred shares and one common share issued by the Company.

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The Company's authorized capital is R\$900,000,000, and the Board of Directors is the appropriate body to resolve on the Capital increase within the referred limit, and there are not other limitations or conditions to make the capital increase within the authorized capital limit.

All the Company's shareholders have a preemptive right, in equal conditions, to the subscription of new shares issued by the Company, except for the issuance of shares in paragraph 3 of Article 171 of Law 6,404/76.

RCA – Board of Directors Meeting
AGE – Extraordinary General Meeting

(b) Distribution of dividends

Shareholders are assured a minimum compulsory dividend of 25% of net income for the year adjusted in accordance with Article 202 of the Law 6,404/76. The calculation basis for the dividends, according to the current legislation, is as follows:

As a result of commitments undertaken pursuant to financing agreements, the parent company may not distribute dividends in excess of the minimum compulsory up to 2011.

(c) Profit reserves

Pursuant to Brazil's corporate law, the legal reserve is established at 5% of net income for the year, prior to any other appropriations, and shall not exceed 20% of capital stock.

The investment reserve is based on statutory provisions and pursuant to Article 194 of Law 6,404/76, which determines that this reserve shall not exceed subscribed capital stock, in an amount not less than twenty-five percent (25%) and not exceeding seventy-five per cent (75%) of the net income for the year adjusted in accordance with Article 202 of Law 6,404/76, with a view to financing the expansion of the company's and its subsidiaries' activities, also through the subscription of capital increases or the development of new ventures.

(d) Advances for Future Capital Increase

The amounts received as advances for future capital increase, resulting from contributions to the Stock Option Plan, described in note 22, are presented in a Shareholders' Equity account.

(e) Managers' Compensation

In the minutes of a General Meeting held on March 27, 2006, the amount of R\$4,000.00 (four thousand reais) was determined as individual monthly compensation for the members of the Fiscal Council, and as annual global amount for the Managers'

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Compensation R\$15,000,000.00 (fifteen million reais), these compensation are valid until the next Annual General Meeting.

22 Stock option plan

At an Extraordinary General Meeting held on April 1, 1999, the shareholders approved the Company's Stock Option Plan ("Plan"), targeted at board members, executive officers, top managers and outsourced service providers of the Company ("Beneficiaries"). The plan is managed by the Company's Board of Directors, or at its discretion, by a Committee specially made up for this purpose, which may, periodically, create stock option programs defined by a pre-determined period, as well as to set forth, within the qualified individuals, those to whom options will be granted.

The Plan sets forth the conditions for the grant of the stock option of preferred and common shares, in order to enable the Beneficiary the receipt of a multiple number of shares for the formation of share deposit certificates composed of 1 common share and 4 preferred shares issued by the Company ("UNITS"). The number of stock options is limited, in the grant year of these acquisitions, to 8% of the shares representing the Company's capital stock.

The Plan, established under an individual agreement between the Company and the Beneficiary, has as applicable conditions the payment of 10% of the share amount, at the moment of the execution of the agreement and exercise of the option, acquiring, consequently, the right to make every year acquisitions of 18% of the total share number, where the Beneficiary has exercised his/her right, and restated by the IGP-M (General Market Price Index), up to the end of the fifth year.

The shares will be delivered to the Beneficiary only after the course of the terms and contributions set forth in the agreement. The following conditions are exceptions for the delivery of the shares: withdrawal of the Beneficiary from the Company "without cause"; retirement, decease or permanent disability, and it is at the Company's discretion the delivery of the shares or reimbursement of the contributions made.

On March 7, 2005, the Plan's Committee created by the Board of Directors approved the creation of its fifth program, which is different from the others in two aspects: a) it sets forth the use of the Beneficiaries in each fiscal year of at least 50% of the amounts received by means of the variable compensation program, net of taxes and social charges, for the payment of the contributions for the acquisition of shares, under penalty of reduction proportional to the number of shares, and b) possibility of early issue of shares as from the second reference date of the contributions, in the events where the Beneficiary has already made the payment of 30% of his/her contributions. The Company does not have the obligation to buyback, at any moment, the shares acquired in the referred Plan.

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On March 1, 2006, the Plan Management Committee approved the creation of the 2006 Stock Option Program (“2006 Program”) and established that (i) the number of shares integrating the 2006 Program is 4,500,000 shares: 900,000 common shares and 3,600,000 preferred shares, corresponding to 2.0% of the Company’s capital stock, and (ii) the price per share is R\$23.00. The 2006 Program comprises two groups of beneficiaries, with different types of agreement, referred herein as “Agreement A” and “Agreement B”. The Agreement A has the same characteristics established for the 2005 Program. The Agreement B is different from the Agreement A in two aspects:

(i) the acquisition of the right to make the contributions for the acquisition of shares changes from 18% per year, as in the Agreement A, to 5% in the first year, 10% in the second, 15% in the third, 25% in the fourth and 35% in the fifth and last year. In case the beneficiary of the Agreement B is fired, the Plan Management Committee may, at its discretion, change the acquisition schedule of the right to make contributions for the acquisition of shares, to 18% per year, such as the schedule of the Agreement A.

(ii) the right to make contributions for the acquisition of shares is conditioned to the decision of the beneficiary as to the sale of shares resulting from the Stock Option Programs of the previous years. In case on March 1, 2006 the beneficiary has, among merged and non-merged shares referring to the Programs of previous years, a number of shares higher than the one attributed to him/her, the beneficiary may sell a number of shares equivalent to the difference between (a) the balance of the shares related to the previous Programs and (b) the total shares whose acquisition option was granted to the beneficiary within the scope of the 2006 Program, without losing the right to the exercise of making contributions for acquisition of shares of the 2006 Program. For each share sold beyond the limit indicated above, the beneficiary will lose the right to make the contribution for acquisition of 1 (one) share related to the 2006 Program. In case on March 1, 2006 the beneficiary has, among merged and non-merged shares referring to previous Programs, a number of shares lower or equal to the one attributed to him/her in the 2006 Program, for each share sold related to previous Programs, the beneficiary will lose the right to make the contribution for the acquisition of 1 (one) share related to the 2006 Program.

The conditions, nature, amounts and prices shown below are in compliance with CVM Deliberation 371/2000.

The summary of the movement of the stock options for the period ended March 31, 2005 is shown as follows:

	<u>Number of Shares</u>
Shares to be exercised on December 31, 2005	5,987,160
Grants on March 1, 2006	4,500,000
Grants cancelled in the period	(490,222)
Grants exercised in the period	<u>(503,825)</u>

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Shares to be exercised on June 30, 2006 9,493,113

Weighted average price per share to be exercised 15.96

The Company accounts for the contributions, based on the individual controls of each beneficiary, as advance for future capital increase, composing the shareholders' equity and after the duly deliberation at a General Meeting, the due amount is recorded as capital stock.

For the specific case of contributions of 30% made for the acquisition of options, the Company accounts for the capital increase as from the second reference date, in compliance with Law 6404/76.

23 Income tax (IR) losses, social contribution (CS) negative bases, temporary differences and tax credits

Parent Company

Income tax and social contribution – IR and CS

(a) Determination of the amounts for the year

	Income Tax		Social Contribution	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Earnings before income tax and social contribution on income	95,998	47,963	95,998	47,963
(+) Additions				
· Interest on Own Capital	6,000	7,000	6,000	7,000
· Goodwill amortization in subsidiary	3,635	3,632	3,635	3,632
	9,635	10,632	9,635	10,632
(-) Exclusions				
· Interest on Own Capital				
· Equity accounting	(69,085)	(58,403)	(69,085)	(58,403)
· Other	(20,336)	(1,403)	(20,336)	(1,403)
	(89,421)	(59,806)	(89,421)	(59,806)
Calculation basis for purposes of IR and CS	16,212	(1,211)	16,212	(1,211)
Tax losses and offset negative bases	(4,864)		(4,864)	
Final calculation basis	11,348		11,348	
Rate	25%		9%	
Charges over the period	2,825		1,021	

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(b) Tax losses, social contribution negative bases, temporary differences and tax credits

	<u>June 30, 2006</u>	<u>March 31, 2006</u>
Accumulated tax losses	87,561	88,017
Social contribution negative bases	87,534	97,991
Temporary differences	18,835	21,917

Deferred income tax and social contribution credits are shown as follows:

	<u>June 30, 2006</u>		<u>March 31, 2006</u>	
	<u>Current assets</u>	<u>Long-term assets</u>	<u>Current assets</u>	<u>Long-term assets</u>
Income tax credits				
On tax losses	1,396	20,493	3,510	17,667
On temporary differences	1,213	3,497	1,211	3,129
	<u>2,609</u>	<u>23,990</u>	<u>4,721</u>	<u>20,796</u>
Social contribution tax credits				
On negative bases	503	7,377	1,240	6,360
On temporary differences	436	1,257	460	1,127
	<u>939</u>	<u>8,634</u>	<u>1,700</u>	<u>7,487</u>
	<u><u>3,548</u></u>	<u><u>32,624</u></u>	<u><u>6,421</u></u>	<u><u>28,283</u></u>

Due to the expectation of future tax results, as well as in compliance with the conditions set forth by the accounting practices in Brazil, the parent company recorded Deferred IR and CS credit.

The expectation of generation of future taxable income is basically founded on the occurrence of future events, which will be materialized in a closer period.

The Company will also be using its funds in the operation of Multimodal transportation service operation by virtue of the registration #0121-0905 obtained with ANTT (National Agency of Land Transportation).

Tax losses, negative bases and temporary differences of Brazil and Argentina operations are shown as follows:

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	Consolidated			
	June 30, 2006		March 31, 2006	
	IR	CS	IR	CS
Tax losses and negative bases				
ALL – América Latina Logística S.A.	87,561	87,534	88,017	87,991
ALL – América Latina Logística Intermodal S.A.	8,091	8,091	7,467	7,467
Logispar Logística e Participações S.A.	28,992	28,992	29,005	29,005
Brasil Ferrovias	1,115,054	1,115,753		
Ferrobán	1,033,225	1,032,957		
Ferronorte	947,451	947,451		
Novoeste	302,486	305,975		
Temporary differences				
ALL – América Latina Logística S.A.	35,599	35,599	25,376	25,376
ALL – América Latina Logística do Brasil S.A.	62,833	60,267	56,533	56,533
ALL – América Latina Logística Intermodal S.A.	4,328	4,328	2,551	2,551
ALL – Argentina – consolidated	36,669		30,549	

Deferred income tax and social contribution tax credits of the parent company and the subsidiaries ALL - América Latina Logística do Brasil S.A., ALL – América Latina Logística Intermodal S.A., Logispar Logística e Participações S.A. and ALL - América Latina Logística Argentina are as follows:

	June 30, 2006		March 31, 2006	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	2,472	41,358	4,216	31,266
On temporary differences	10,637	10,007	11,402	18,669
	<u>13,109</u>	<u>51,365</u>	<u>15,618</u>	<u>49,935</u>
Social contribution tax credits				
On negative bases	890	10,511	1,494	9,277
On temporary differences	3,974	3,213	4,129	2,937
	<u>4,864</u>	<u>13,724</u>	<u>5,623</u>	<u>12,214</u>
	<u>17,973</u>	<u>65,089</u>	<u>21,241</u>	<u>62,149</u>

Composition by realization year of the deferred income tax and social contribution:

2006	17,973
2007	29,484
2008	20,359
2009 and 2010	15,246
	<u>83,062</u>

Additionally, in the year ended on December 31, 2004, the indirect subsidiaries ALL Central and ALL Mesopotâmica consolidated part of their corporate reorganization

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process, and based on the expectation of future taxable results, the subsidiaries meet the conditions set forth by the accounting practices adopted in Brazil for the recognition of the deferred income tax credit at the amount of R\$18,317, which were recorded. The tax losses, according to the Argentine tax legislation, prescribe in 5 years, term considered enough by the management for the full recovery of the deferred income tax assets. On June 30, 2006, the deferred income tax assets balance totaled R\$12,834, and R\$247 were realized in the first half of 2006.

The history of losses of the subsidiary Logispar Logística e Participações S.A. is a result of its previous phase. Currently, the company is undergoing a process of corporate reorganization, and according to a technical feasibility study of expectation of generating taxable income, deferred tax credits will be realized in a five-year maximum term.

In the subsidiaries Brasil Ferrovias and Novoeste Brasil and their subsidiaries such tax credits were not recognized in view of the lack of perspective of generation of future taxable income.

Deferred tax assets recorded as of June 30, 2006, at the amount of R\$83,062, are based on a technical feasibility study approved by the Board of Directors. That study presented future taxable income discounted at present value, in accordance with CVM Instruction 371.

Tax losses and social contribution negative bases generated in the parent company and Brazilian subsidiaries do not become time-barred and will be offset with future taxable income, according to the tax legislation criteria.

The reconciliation of the effective income tax and social contribution rate on the income before taxes with the provision for income tax and social contribution has not been shown for purposes of these consolidated financial statements, as the parent Company and its domestic and foreign subsidiaries are subject to different taxes and rates.

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24 Reconciliation of shareholders' equity and net income for the period – parent company and consolidated

	Shareholder's equity		Net income for the period	
	June 30, 2006	March 31, 2006	June 30, 2006	June 30, 2005
Parent company	2,483,113	966,746	92,826	48,940
Gain on changes in shareholding	(5,857)	(6,202)		
Realization in the year of gain on change in shareholding			689	690
Consolidated	<u>2,477,256</u>	<u>960,544</u>	<u>93,515</u>	<u>49,630</u>

The gain on shareholding refers to 16,573,431 shares in Itacaiúnas Participações S.A. subscribed and paid-up on August 22, 2000 by ALL - América Latina Logística do Brasil S.A., including goodwill of R\$21,193. This subscription resulted in change in the parent company's shareholding from 100% to 63.03% with a capital gain of R\$13,782, which will be realized as the locomotives giving rise to said goodwill are depreciated.

25 Insurance

The companies maintain insurance policies in amounts considered sufficient by management to cover possible losses, as follows:

Line of business	Coverage by event	Sum insured
Rail operating risks	Property – property damage and loss of profits	60,000
Civil liability - rail operations	Operations, pollution, employer, vehicles (contingencies) and port	10,000
Insurance for rail freight	Civil liability of the rail freight carrier (RCTF-C); rail risk (RF)	12,966
Civil liability – trucks	Damages to third parties on domestic and international routes	10,336
Insurance for road freight	Civil liability of the road freight carrier (RCTR-C) – accidents and (RCF-DC) theft; international road transportation	1,500

The total coverage of the policies above, on June 30, 2006, is R\$94,802, of which R\$71,200 belongs to ALL Brasil, R\$3,476 to ALL Intermodal and R\$20,126 to ALL

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Central, Mesopotámica, the companies Brasil Ferrovias and Novoeste Brasil are covered by insurance deemed sufficient by the management in the several segments described above.

26 Financial instruments

On June 30, 2006, the company and its subsidiaries had the following main financial instruments:

- . Financial investments: evaluated at cost, accrued of interest until the balance sheet date, the rates of which were compatible with market conditions prevailing on that date.
- . Investments: as described in Note 13, these refer to investments in closely-held subsidiaries and/or investments appraised at the equity method, representing strategic significance to the Company's operations.
- . Significant balances with related parties: as described in Note 12, the respective conditions correspond to charges/income disclosed, which are restated accordingly.
- . Loans and financing: as described in Note 16, these include agreed charges and exchange swap effects, commented as follows, when applicable.
- . Debentures: the market value of the debentures issued by the company and its subsidiaries approximates their face value on June 30, 2006.

The main risk factors affecting the company's and its subsidiaries' businesses are as follows:

(a) Credit risk

The company and its subsidiaries are potentially subject to credit risks arising from their trade accounts receivable, and the procedures adopted to minimize commercial risks include the selection of customers through adequate credit analyses, the definition of sales limits and short-term maturity of trade notes. Estimated losses with these debtors are fully provisioned.

(b) Exchange rate risk

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The company and its subsidiaries are subject to the effects of exchange rate fluctuations in connection with their foreign currency transactions.

To the extent that there are foreign currency-denominated debts, the company and its subsidiaries, in order to protect its equity position in relation to fluctuations of the Brazilian currency, they contract currency swap operations (US\$ x CDI - between 85% and 105%) for the total consolidated foreign currency-denominated debt (Note 16). The losses verified in such operations, amounting to R\$12,365 for the period ended on June 30, 2006 (on March 31, 2006 – losses of R\$8,557), additionally in December 2005, the parent company contracted hedge operation to protect investments in Argentina against fluctuations of Peso against Real. The gain verified in the period amounts to R\$19,994 (gain of R\$15,250 on March 31, 2006), which was recognized as financial result.

On June 30, 2006, existing non-cash hedge contracts concentrated at the parent company and ALL Brasil presented net losses equivalent to R\$45,212 (March 31, 2006 – R\$49,201), and the amounts relating to outstanding contracts are recorded as loans and financing (Note 16), with market value on June 30, 2006 of R\$19,492 payable.

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27 Supplementary information - statement of cash flow

	Parent Company		Consolidated	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Operating activities				
Net income for the period	92,826	48,940	93,514	49,630
Expenses (revenues) not affecting cash and cash equivalents				
Depreciation and amortization of deferred charges			28,910	34,692
Lease and concessions			34,702	42,865
Equity interest result	(73,438)	(58,403)	(699)	(516)
Goodwill amortization	3,635	3,632	4,619	4,774
Provision for unsecured liabilities	4,353			
Gain in the disposal of permanent assets				
Exchange variation on foreign subsidiaries			12,833	15,726
Deferred income tax and social contribution	(674)	(977)	(694)	(6,728)
Provision of unrealized profit	(372)	(372)		
Realization of deferred income			(206)	(316)
Interest on taxes paid in installments			7,042	4,368
Provision for contingencies			9,105	1,764
Exchange variation and charges on financing and debentures	22,733	28,493	103,010	63,477
Result of unrealized swap activities	(19,964)	192	(7,599)	13,587
Constitution (realization) of allowance for doubtful accounts			1,575	(827)
Minority interest			10	
	<u>29,099</u>	<u>21,505</u>	<u>286,122</u>	<u>222,496</u>
Increase in assets				
Trade accounts receivable			(11,514)	(26,158)
Supplies			(14,352)	(2,628)
Recoverable taxes	(5,789)	5,503	(19,396)	5,199
Dividends and interest on own capital	(8,779)			
Long-term investments		(111,475)		(2,642)
Other assets	(258)	(11,304)	(10,422)	(17,251)
	<u>(14,826)</u>	<u>(117,276)</u>	<u>(55,684)</u>	<u>(43,480)</u>
Increase (decrease) in liabilities				
Suppliers			7,666	(24,642)
Payroll and related charges			(6,347)	(4,849)
Taxes, charges and contributions	(1,759)	(9,969)	7,306	875
Lease and concessions payable			(26,498)	(30,627)
Dividends and interest on own capital	(37,033)	(31,793)	(37,033)	(31,793)
Other liabilities	10	4,492	(18,265)	12,581
	<u>(38,782)</u>	<u>(37,270)</u>	<u>(73,171)</u>	<u>(78,455)</u>
Cash generated (used) by operating activities	<u>(24,509)</u>	<u>(133,041)</u>	<u>157,267</u>	<u>100,561</u>
Investing activities				
Acquisition of interests	(1,651,260)	(15,979)	(2,109,011)	
Capital structure, net of cash of company				

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acquired in the exercise			491,853	
Disposal of interest				
Proposed dividends and interest on own capital	17,432			
Acquisition of fixed assets	(4,189)		(152,884)	(106,473)
Disposal of fixed assets				
Investment in deferred assets			(3,102)	
Cash used in investing activities	<u>(1,638,017)</u>	<u>(15,979)</u>	<u>(1,773,144)</u>	<u>(106,473)</u>
Financing activities				
Financing				
Fund raising	700,200		948,357	12,183
Amortization	(77,718)	(58,753)	(158,506)	(137,462)
Acquisition of debentures	(18,110)			
Capital increase	1,448,963	35,200	1,448,963	35,200
Goodwill in share issue				
Proposed dividends and interest on own capital		22,898		(301)
Swap transactions realized		(3,108)	(7,797)	(8,618)
Related parties	(38,587)	(12,634)	(12,141)	(3,706)
Cash generated (used) by financing activities	<u>2,014,748</u>	<u>(16,397)</u>	<u>2,218,876</u>	<u>(102,704)</u>
Increase (decrease) in cash and cash equivalents	<u>352,222</u>	<u>(165,417)</u>	<u>602,999</u>	<u>(108,616)</u>
Opening balance of cash and cash equivalents	250,282	371,349	1,006,282	764,957
Closing balance of cash and cash equivalents	<u>602,504</u>	<u>205,932</u>	<u>1,609,281</u>	<u>656,341</u>
Increase (decrease) in cash and cash equivalents	<u>352,222</u>	<u>(165,417)</u>	<u>602,999</u>	<u>(108,616)</u>

28 Subsequent events

a) Issuance of Public Debentures by the Parent Company ALL S.A..

On July 27, 2006, the parent company ALL S.A. issued 70,000 book-entry unsecured debentures with par value of R\$10, whose allocation of funds will be used for (i) the restructuring of Brasil Ferrovias and Novoeste and (ii) of ALL's investment program, after the conclusion of the acquisition of Brasil Ferrovias and Novoeste.

The funds were made available on July 31, 2007 and were used for the payment of the bridge loan according (*) to the note 16.

The maturity date is July 1, 2001, and there will be neither rollover nor scheduled amortization, and the unit par value must be paid in a single installment on the maturity date.

b) Issuance of Banking Credit Certificates by the Subsidiary ALL do Brasil

On July 17, 2006, the subsidiary ALL do Brasil issued in favor of Banco de Investimentos Credit Suisse Brasil S.A., banking credit certificates at the total amount

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of R\$110,000, all with maturity on July 19, 2010, remunerated by the 108% CDI variation.

c) Funding (Resolution 2,770 CMN) by the subsidiary ALL do Brasil

On July 14, 2006, the subsidiary ALL do Brasil, based on Resolution #2,770 of CMN, raised funds at the amount of JPY17,310 million Japanese yens, corresponding to R\$331,712, with maturity on December 18, 2007 and 1.42% interest per year. The referred funding is protected from the real appreciation against the Japanese yen through swap linked to the CDI variation.

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05.01 - COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

See comments on the consolidated performance in group 8.

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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06.01 – CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 – 6/30/2006	4 – 3/31/2006
1	Total Assets	8,377,093	2,800,993
1.01	Current Assets	2,043,290	1,378,680
1.01.01	Cash and Cash Equivalents	1,609,281	1,075,985
1.01.01.01	Cash and Banks	41,664	33,008
1.01.01.02	Financial Investments	1,567,617	1,042,977
1.01.02	Credits	136,053	79,321
1.01.02.01	Accounts Receivable from Customers	136,053	79,321
1.01.03	Inventories	56,254	38,340
1.01.04	Other	241,702	185,034
1.01.04.01	Lease and Concession	7,006	7,441
1.01.04.02	Taxes Recoverable	179,085	139,276
1.01.04.03	Advances and Other Accounts Receivable	47,373	28,769
1.01.04.04	Prepaid Expenses	8,238	9,548
1.02	Long-Term Assets	863,416	242,470
1.02.01	Sundry Credits	0	0
1.02.02	Credit with Related Parties	10,286	800
1.02.02.01	Affiliates	0	0
1.02.02.02	Subsidiaries	0	0
1.02.02.03	Other Related Parties	10,286	800
1.02.03	Other	853,130	241,670
1.02.03.01	Accounts Receivable – subsidiaries	0	0
1.02.03.02	Lease and Concession	125,686	83,390
1.02.03.03	Court Deposits	320,203	26,149
1.02.03.04	Taxes Recoverable	101,740	73,609
1.02.03.05	Other Accounts Receivable	15,310	26,899
1.02.03.06	Prepaid Expenses	86,059	13,842
1.02.03.07	Long-Term Investments	204,132	17,781
1.03	Permanent Assets	5,470,387	1,179,843
1.03.01	Investments	2,341,806	228,866
1.03.01.01	In Affiliates	75,032	68,634
1.03.01.02	In Subsidiaries	2,266,774	160,232
1.03.01.02.01	Goodwill in Subsidiaries	2,266,774	160,232
1.03.01.03	Other Investments	0	0
1.03.02	Fixed Assets	2,771,306	911,008
1.03.03	Deferred Charges	357,275	39,969

01.01 - IDENTIFICATION

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06.02 – CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of Reais)

1 - CODE	2 – DESCRIPTION	3 – 6/30/2006	4 – 3/31/2006
2	Total Liabilities	8,377,093	2,800,993
2.01	Current Liabilities	2,254,235	638,747
2.01.01	Loans and Financing	985,323	163,657
2.01.02	Debentures	192,930	32,654
2.01.03	Suppliers	514,543	247,489
2.01.04	Taxes, Charges and Contributions	160,349	105,902
2.01.05	Dividends Payable	1,450	21,394
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	399,640	67,651
2.01.08.01	Lease and Concession	24,811	23,795
2.01.08.02	Payroll and Related Charges	197,514	20,205
2.01.08.03	Advances from Customers	34,411	9,282
2.01.08.04	Other Accounts Payable	142,904	14,369
2.02	Long-Term Liabilities	3,614,535	1,193,107
2.02.01	Loans and Financing	1,843,663	629,998
2.02.02	Debentures	868,949	476,822
2.02.03	Provisions	0	0
2.02.04	Debts with Related Parties	0	0
2.02.05	Other	901,923	86,287
2.02.05.01	Provision for Contingencies	149,272	15,435
2.02.05.02	Lease and Concession	582,917	51,999
2.02.05.03	Other Accounts Payable	169,734	18,853
2.03	Deferred Income	31,057	8,590
2.04	Minority Interest	10	5
2.05	Shareholders' Equity	2,477,256	960,544
2.05.01	Paid-up Capital	2,131,197	690,170
2.05.01.01	Subscribed and Paid-up Capital	2,127,945	691,099
2.05.01.02	Capital to be paid	(7,116)	(7,918)
2.05.01.03	Advance on Future Capital Increase	10,368	6,989
2.05.02	Capital Reserve	32	32
2.05.02.01	Goodwill on Share Issue	32	32
2.05.03	Revaluation Reserve	0	0
2.05.03.01	Own Assets	0	0
2.05.03.02	Subsidiaries/Affiliates	0	0
2.05.04	Profit Reserves	259,058	259,058
2.05.04.01	Legal	16,833	16,833
2.05.04.02	Statutory	0	0
2.05.04.03	For Contingencies	0	0
2.05.04.04	Realizable Profit	0	0
2.05.04.05	Profit Retention	0	0
2.05.04.06	Special for Non-Distributed Dividends	0	0
2.05.04.07	Other Profit Reserves	242,225	242,225
2.05.05	Retained Earnings/Accrued Losses	86,969	11,284

**FEDERAL PUBLIC SERVICE
CVM - BRAZILIAN SECURITIES COMMISSION
QUARTERLY INFORMATION - ITR
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**

June 30, 2006

External Disclosure
Brazilian Corporate Law

01.01 - IDENTIFICATION

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07.01 – CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.01	Gross Revenue from Sales and/or Services	473,998	784,209	340,637	609,567
3.02	Gross Revenue Deductions	(56,225)	(97,907)	(41,764)	(73,807)
3.03	Net Revenue from Sales and/or Services	417,773	686,302	298,873	535,760
3.04	Cost of Goods and Services Sold	(229,469)	(427,266)	(177,547)	(344,970)
3.05	Gross Income	188,304	259,036	121,326	190,790
3.06	Operating Expenses/Revenue	(96,254)	(142,568)	(70,456)	(120,690)
3.06.01	Selling	(3,104)	(4,591)	(1,260)	(2,729)
3.06.02	General and Administrative	(23,081)	(38,834)	(25,010)	(43,540)
3.06.03	Financial	(81,021)	(108,778)	(47,883)	(78,215)
3.06.03.01	Financial Income	52,930	92,713	35,330	63,353
3.06.03.02	Financial Expenses	(133,951)	(201,491)	(83,213)	(141,568)
3.06.04	Other Operating Revenues	12,728	13,555	6,012	8,052
3.06.04.01	Gains in the Shareholding Change	0	0	0	0
3.06.04.02	Other Operating Revenues	12,728	13,555	6,012	8,052
3.06.04.03	Other Operating Expenses	0	0	0	0
3.06.05	Other Operating Expenses	(2,308)	(4,619)	(2,317)	(4,774)
3.06.05.01	Goodwill Amortization	(2,308)	(4,619)	(2,317)	(4,774)
3.06.06	Equity in the earnings of subsidiary and associated companies	532	699	2	516
3.07	Operating Income	92,050	116,468	50,870	70,100
3.08	Non-Operating Income	46	851	1,469	1,633
3.08.01	Income	46	851	1,469	1,633
3.08.02	Expenses	0	0	0	0
3.09	Income Before Tax/Holdings	92,096	117,319	52,339	71,733
3.10	Provision for Income Tax and Social Contribution	(18,876)	(24,488)	(14,563)	(15,375)
3.11	Deferred Income Tax	2,469	694	(3,243)	(6,728)

01.01 - IDENTIFICATION

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07.01 - CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.12	Statutory Holdings/Contributions	0	0	0	0
3.12.01	Holdings	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.14	Minority Interest	(5)	(10)	0	0
3.15	Income/Loss for the Period	75,684	93,515	34,533	49,630
	No. SHARES, EX-TREASURY (in thousands)	284,380	284,380	220,876	220,876
	EARNINGS PER SHARE	0.26614	0.32884	0.15635	0.22470
	LOSS PER SHARE				

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

OPERATING AND FINANCIAL HIGHLIGHTS

- ✓ **In 1H06, EBITDAR increased 25.4% from R\$218.7 million in 1H05 to R\$274.4 million and EBITDAR margin improved 4.7 points from 40.8% in 1H05 to 45.5% in 1H06.** The year-over-year EBITDAR growth was a result of higher volumes and yields mainly in agricultural commodities and industrial products units. In agricultural commodities, EBITDAR increased 27.1% to R\$190.4 million and EBITDAR margin improved 2.1 percentage points to 58.9%. Industrial products EBITDAR increased 25.2% to R\$61.3 million and EBITDAR margin expanded 2.9 percentage points to 40.7%. In 2Q06, consolidated EBITDAR increased 22.3%, reaching R\$178.8 million and EBITDAR margin increased 4.0 points to 52.9%.
- ✓ **Consolidated volumes increased 8.8% from 9,268 million RTK in 1H05 to 10,082 million RTK in 1H06, despite farmers' protests which interrupted roads and railroads in May.** Volume growth was mainly driven by a 9.9% increase in agricultural commodities and an 8.8% increase in industrial products, driven by (i) a 100% increase in agricultural commodities volumes to Port of Rio Grande, as agricultural exports through the port increased 272% in 1H06 as compared to the same period of last year, and (ii) a 15.2% growth in industrial intermodal flows. In 2Q06, consolidated volumes increased 8.1% - despite weak volumes in May due to interruptions related to farmers' protests against Government's economic policy and the strong exchange rate.
- ✓ **Consolidated net income increased 97.1% in 1H06 reaching R\$97.6 million.** The increase reflects higher EBITDA during the period. In 2Q06, consolidated net income increased 131.0% from R\$34.5 million in 2Q05 to R\$79.7 million in 2Q06.
- ✓ **The acquisition of Brasil Ferrovias and the first phase of the restructuring process were successfully completed.** The agreement was signed on May 9th and on June 16th, after all necessary approvals the acquisition was completed in a share exchange, no cash transaction. A team of 20 ALL executives lead on a full time basis the restructuring process since May 10th. Work-force at Brasil Ferrovias has successfully been reduced from 4,500 to 2,000 with no disruption of service or loss of volumes. ALL and Brasil Ferrovias will be fully integrated and run as one company by 1Q07.

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

Table 1 - Financial Highlights (R\$ millions)	2Q06	2Q05	% Change*	1H06	1H05	% Change*
ALL Brazil Operations						
Gross Sales	345.3	306.2	12.8%	616.7	533.6	15.6%
Net Sales	300.8	265.4	13.4%	532.4	461.8	15.3%
EBITDAR	165.1	136.4	21.0%	255.0	199.7	27.7%
<i>EBITDAR Margin**</i>	<i>54.9%</i>	<i>51.4%</i>	<i>3.5%</i>	<i>47.9%</i>	<i>43.2%</i>	<i>4.6%</i>
EBITDA	151.1	130.6	15.7%	224.4	191.0	17.5%
<i>EBITDA Margin**</i>	<i>50.2%</i>	<i>49.2%</i>	<i>1.0%</i>	<i>42.2%</i>	<i>41.4%</i>	<i>0.8%</i>
Net Income	72.7	56.7	28.3%	91.4	70.2	30.2%
ALL Consolidated***						
Gross Sales	383.5	340.6	12.6%	689.0	609.6	13.0%
Net Sales	338.0	298.9	13.1%	602.8	535.8	12.5%
EBITDAR	178.8	146.3	22.3%	274.4	218.7	25.4%
<i>EBITDAR Margin**</i>	<i>52.9%</i>	<i>48.9%</i>	<i>4.0%</i>	<i>45.5%</i>	<i>40.8%</i>	<i>4.7%</i>
EBITDA	164.8	140.4	17.4%	243.8	210.0	16.1%
<i>EBITDA Margin**</i>	<i>48.8%</i>	<i>47.0%</i>	<i>1.8%</i>	<i>40.4%</i>	<i>39.2%</i>	<i>1.2%</i>
Net Income	79.7	34.5	131.0%	97.6	49.5	97.1%
BRASIL FERROVIAS						
Gross Sales	247.4	248.4	-0.4%	433.6	427.3	1.5%
Net Sales	221.4	218.7	1.2%	387.0	378.4	2.3%
EBITDAR	52.5	81.7	-35.8%	82.1	136.4	-39.8%
<i>EBITDAR Margin**</i>	<i>23.7%</i>	<i>37.4%</i>	<i>-13.7%</i>	<i>21.2%</i>	<i>36.1%</i>	<i>-14.8%</i>
EBITDA	26.7	53.0	-49.7%	35.7	92.1	-61.2%
<i>EBITDA Margin**</i>	<i>12.0%</i>	<i>24.2%</i>	<i>-12.2%</i>	<i>9.2%</i>	<i>24.3%</i>	<i>-15.1%</i>
Net Income	(79.2)	(83.4)	-5.0%	(176.8)	(163.2)	8.4%
ALL AND BRASIL FERROVIAS PRO-FORMA****						
Gross Sales	630.9	589.0	7.1%	1,122.6	1,036.9	8.3%
Net Sales	559.4	517.6	8.1%	989.8	914.2	8.3%
EBITDAR	231.3	228.0	1.5%	356.4	355.2	0.4%
<i>EBITDAR Margin**</i>	<i>41.4%</i>	<i>44.1%</i>	<i>-2.7%</i>	<i>36.0%</i>	<i>38.8%</i>	<i>-2.8%</i>
EBITDA	191.5	193.4	-1.0%	279.5	302.1	-7.5%
<i>EBITDA Margin**</i>	<i>34.2%</i>	<i>37.4%</i>	<i>-3.1%</i>	<i>28.2%</i>	<i>33.0%</i>	<i>-4.8%</i>
Net Income	0.5	(48.9)	na	(79.2)	(113.7)	-30.3%
EPS (R\$/ Share)	0.01	na	na	na	na	na
Consolidated Balance Sheet Indicators*****						
Total Assets	8,377.1	2,137.8	291.9%	8,377.1	2,137.8	291.9%
Shareholders Equity	2,477.3	828.7	198.9%	2,477.3	828.7	198.9%
Net Debt	2,281.6	228.0	900.7%	2,281.6	228.0	900.7%
Net Debt / (Trailling 12 months EBITDA)	4.1	0.6	579.4%	4.1	0.6	579.4%
Net Debt/ Equity	0.9	0.3	234.8%	0.9	0.3	234.8%

* Reflects the change in the 2Q06 and 1H06 compared to the same period 2005.

** For EBITDAR margin and EBITDA margin change means percentage points gained/(lost)

*** Excludes results of Santa Fé Vagões (40% owned by ALL), Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned).

**** Combined Results from ALL and Brasil Ferrovias

***** In 2Q06 and 1H06, includes Brasil Ferrovias and our 40% stake in Santa Fé Vagões.

In Brasil Ferrovias, results from 2Q06 and 1H06 excludes adjustments from opening Balance Sheet

Per share calculation based on number of existing shares as of June 30

Values may not add up due to rounding

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

OPERATING PERFORMANCE BY BUSINESS SEGMENT

Consolidated Results¹

Consolidated EBITDAR increased 25.4% in 1H06 from R\$218.7 million in 1H05 to R\$274.4 million in 1H06 and EBITDAR margin increased 4.7 percentage points from 40.8% in 1H05 to 45.5% in 1H06. This significant improvement in results was achieved in spite of the problems we faced in May when farmers blocked roads and railroads interrupting flows from northern Paraná to the Ports of Paranaguá and São Francisco. The overall increase reflects gains in all business units, with higher volumes and yield in agricultural commodities, industrial products and ALL Argentina. In highway services EBITDAR increased as the process of concentrating operations on more profitable flows continued with lower transported volumes and revenues as compared to the same period of 2005.

Table 2 - EBITDAR (R\$ million)	2Q06	2Q05	Growth 2Q06	% Growth 2Q06	1H06	1H05	Growth 1H06	% Growth 1H06
ALL Consolidated	178.8	146.3	32.6	22.3%	274.4	218.7	55.6	25.4%
ALL Brazil	165.1	136.4	28.7	21.0%	255.0	199.7	55.3	27.7%
Agricultural Commodities	122.4	102.3	20.2	19.7%	190.4	149.8	40.7	27.1%
Industrial Products	40.8	33.7	7.2	21.3%	61.3	48.9	12.4	25.2%
Highway-Based Services	1.8	0.5	1.3	261.2%	3.2	1.0	2.2	224.4%
ALL Argentina	13.7	9.8	3.9	39.6%	19.4	19.0	0.4	2.0%

Gross revenues increased by 13.0% from R\$609.6 million in 1H05 to R\$689.0 million in 1H06, and yield measured in R\$/'000 RTK expanded 7.7% from R\$57.3 to R\$61.7 in the same period. Total volumes increased 8.8%, from 9,268 million RTK in 1H05 to 10,082 million RTK in 1H06, due to increases of 9.9% in agricultural commodities, 8.8% in industrial products and 6.0% in ALL Argentina. The protests against domestic agricultural policy reduced volumes in May as farmers blocked part of our rail network in northern Paraná for 20 days and the roads connecting the central-west region of Brazil to our clients' terminals for 25 days. The blockage had a strong negative impact (i) in agricultural commodities volumes to the ports of Paranaguá and São Francisco; and (ii) in fuel products volumes in our main route from Repar (Refinaria Presidente Getúlio Vargas in Curitiba) to Maringá and Londrina. However, the 214% growth in ALL's shipments of agricultural commodities to the port of Rio Grande in 2Q06 and the outstanding operational performance achieved during April and June at the northern portion of our network partially offset the losses incurred in May.

¹ Excludes results of Santa Fé Vagões (40% owned by ALL) and the results of recently acquired Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned)

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

Table 3 - EBITDAR Margin (%)	Second Quarter			First Half		
	2Q06	2Q05	Change*	1H06	1H05	Change*
ALL Consolidated	52.9%	48.9%	4.0%	45.5%	40.8%	4.7%
ALL Brazil	54.9%	51.4%	3.5%	47.9%	43.2%	4.6%
Agricultural Commodities	64.3%	64.7%	-0.4%	58.9%	56.8%	2.1%
Industrial Products	49.3%	46.9%	2.4%	40.7%	37.8%	2.9%
Highway Based Services	6.7%	1.4%	5.2%	5.6%	1.5%	4.1%
ALL Argentina	37.0%	29.4%	7.6%	27.5%	25.7%	1.8%

* Indicates percentage points gain / (loss)

In 2Q06, volumes increased 8.1%, from 5,033 million RTK in 2Q05 to 5,442 million RTK, mainly due to a volume increase of 8.6% in agricultural commodities and 7.1% increase in industrial products. Gross revenues increased 12.6% in the second quarter of 2006 reaching R\$383.5 million and average yield expanded 8.5% from R\$59.6 per thousand RTK in 2Q05 to R\$64.7 per thousand RTK in 2Q06. Consolidated EBITDAR increased 22.3% to R\$178.8 million, and EBITDAR margin increased 4.0 percentage points, from 48.9% in 2Q05 to 52.9% in 2Q06.

After taking into account rail car rental expenses, ALL's consolidated EBITDA increased 17.4% and 16.1% in the 2Q06 and 1H06, respectively. Rail car rental expenses are related to the addition of new rail cars to our fleet by our clients in agricultural commodities and industrial products business units. EBITDA in agricultural commodities increased from R\$141.6 million in 1H05 to R\$163.1 million in 1H06, or 15.2%, and industrial products EBITDA increased from R\$48.4 million in 1H05 to R\$58.1 million in 1H06, or 20.0%.

Table 4 - EBITDA (R\$ million)	2Q06	2Q05	Growth 2Q06	% Growth 2Q06	1H06	1H05	Growth 1H06	% Growth 1H06
ALL Consolidated	164.8	140.4	24.4	17.4%	243.8	210.0	33.8	16.1%
ALL Brazil	151.1	130.6	20.5	15.7%	224.4	191.0	33.4	17.5%
Agricultural Commodities	109.8	97.0	12.8	13.2%	163.1	141.6	21.5	15.2%
Industrial Products	39.5	33.1	6.3	19.2%	58.1	48.4	9.7	20.0%
Highway-Based Services	1.8	0.5	1.3	261.2%	3.2	1.0	2.2	224.4%
ALL Argentina	13.7	9.8	3.9	39.6%	19.4	19.0	0.4	2.0%

Agricultural Commodities

Agricultural commodities' EBITDAR increased 27.1% in 1H06, from R\$149.8 million in 1H05 to R\$190.4 million in 1H06, mainly due to volume and yield growth, and EBITDAR margin improved 2.1 percentage points reaching 58.9%. In 2Q06, EBITDAR increased 19.7%, from R\$102.3 million in 2Q05 to R\$122.4 million in 2Q06, while EBITDAR margins worsened from 64.7% to 64.3%.

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

Table 5 - Agricultural Commodities (R\$ million)	Second Quarter			First Half		
	2Q06	2Q05	Change*	1H06	1H05	Change*
Volume (million RTK)	2,847	2,621	8.6%	5,154	4,689	9.9%
Gross Revenues	216.4	180.3	20.0%	369.8	301.0	22.9%
Gross Yield (R\$/'000 RTK)	76.0	68.8	10.5%	71.8	64.2	11.8%
Net Revenues	190.4	158.0	20.5%	323.5	263.9	22.6%
EBITDAR	122.4	102.3	19.7%	190.4	149.8	27.1%
EBITDAR Margin	64.3%	64.7%	-0.4%	58.9%	56.8%	2.1%
EBITDA	109.8	97.0	13.2%	163.1	141.6	15.2%
EBITDA Margin	57.7%	61.4%	-3.7%	50.4%	53.7%	-3.2%

* For EBITDA Margin indicates percentage points gain / (loss)

During the 2Q06, the distribution of our rolling stock among the northern and southern portions of our rail network went back to normal, as the 2006 soybean crop in Rio Grande do Sul state increased almost 50%. During 2005 and part of 1Q06, our transportation capacity was largely concentrated on Paraná and Santa Catarina, as a drastic draught reduced year-over-year volumes by 80% in agricultural commodities the state of Rio Grande do Sul. Agricultural volumes increased 8.6% from 2,621 million RTK in 2Q05 to 2,847 million RTK in 2Q06. In April and June, as good operational performance along with improved market conditions resulted in a volume growth of 12.3%. In the southern portion of our rail network, the volumes to Port of Rio Grande strongly recovered from the low base posed by last year's draught, increasing 214% in 2Q06. In May volumes decreased by 3.1% as a result of farmer's protests and blockage. For a period of 20 days part of our rail lines in northern Paraná were interrupted by protesting farmers. These lines, which connect to the ports of Paranaguá and São Francisco, were responsible for 91% of our agricultural shipments in 2Q05. Moreover, the farmers interrupted logistic connections among states of Mato Grosso, Mato Grosso do Sul and our terminals in Paraná, blocking shipments from the central-western region to the northern portion of our network. The strong volume growth in the southern portion of our rail lines partially offset the impact of the blockage resulting in a small (3.1%) decrease in our agricultural commodities volume compared to same period of 2005.

The Company is currently seeking compensation for the losses resulting from the protests which - in the opinion of our legal advisors - were not supported by law.

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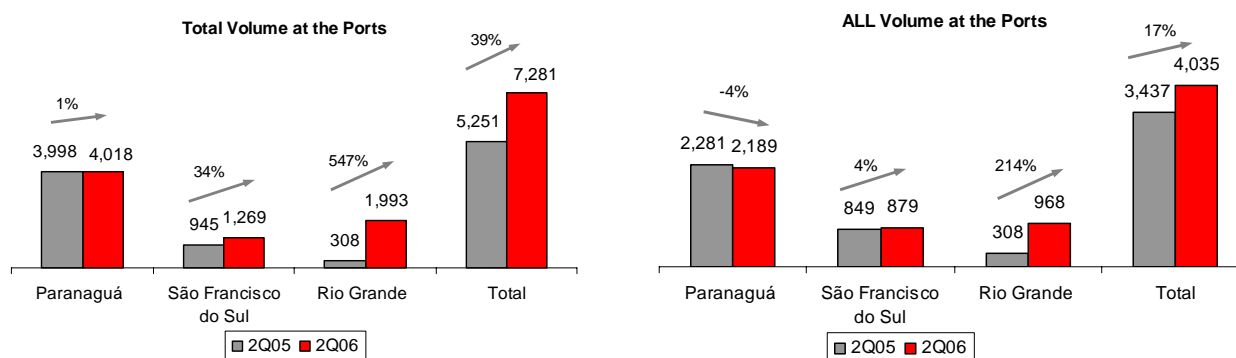
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Table 6 - Agricultural Commodities Products (million RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Soy	1,534.5	1,191.4	28.8%	2,698.6	1,947.5	38.6%
Soy Meal	458.9	650.0	-29.4%	753.6	981.3	-23.2%
Fertilizers	202.2	256.8	-21.3%	395.7	448.3	-11.7%
Sugar	326.1	259.8	25.5%	393.0	410.5	-4.3%
Corn	68.5	46.0	49.0%	276.9	269.9	2.6%
Wheat	90.8	71.8	26.5%	339.0	330.8	2.5%
Rice	119.7	69.8	71.4%	216.0	180.5	19.7%
Others	46.2	74.9	-38.3%	80.9	120.1	-32.6%
Total	2,847.0	2,620.6	8.6%	5,153.8	4,688.8	9.9%

During the second quarter of 2006 total volume of agricultural commodities in the ports served by our network increased by 39% compared to 2Q05. In the same period our volume in the ports increased by 17% while our market share at the ports decreased 10 percentage points from 65% in 2Q05 to 55% in 2Q06 reflecting the strong increase in total volumes in the ports given the low comparison base in 2005. This effect was mostly pronounced in Rio Grande do Sul state that suffered one of the worst draughts of its history in 2005. In Port of Rio Grande, where our share reached 100% last year, total volumes increased 547% as compared to a 214% increase in ALL volumes, reducing our market share to 49% - more in line with historic trends.

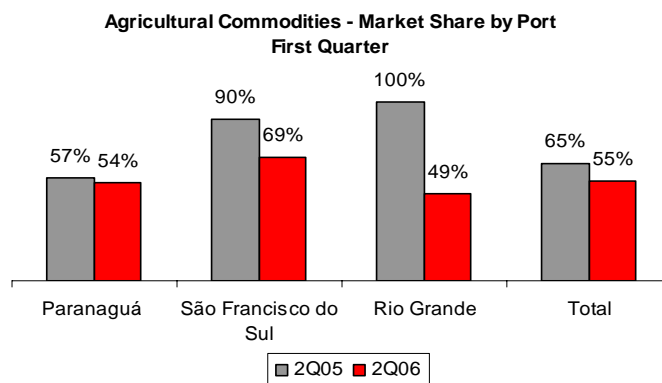


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Agricultural commodities gross revenues increased 20.0% in 2Q06 to R\$216.4 million, from R\$180.3 million in 2Q05, and net revenues increased 20.5% in 2Q06 to R\$190.4 million from R\$158.0 million in 2Q05. Gross yield, measured in R\$/’000 RTK, increased by 10.5% year-over-year mainly driven by pass through of year-over-year inflation and diesel price increases as well as transported freight mix. In first semester of 2006, volumes increased 9.9%, from 4.689 million RTK in 1H05 to 5.154 million RTK, gross yield increased 11.8% and gross revenues grew 22.9%, while net revenues increased 22.6% to R\$323.5 million.

Industrial Products

Industrial products’ EBITDAR increased 25.2% in 1H06 from R\$48.9 million in 1H05 to R\$61.3 million in 1H06 and EBITDAR margins improved 2.9 percentage points from 37.8% to 40.7%, mainly due to volumes and average yield growth. Gross revenues increased 16.8% from R\$154.3 million in 1H05 to R\$180.2 million in 1H06 as a result of (i) a 8.8% volume growth despite the negative effects of farmers protests on fuel products transportation and (ii) a 7.3% yield increase as measured in R\$/’000 RTK mainly driven by pass through of inflation and diesel price increases. In 2Q06, EBITDAR increased 21.3% reaching R\$40.8 million. Gross revenues increased 14.3%, reaching R\$97.3 million in 2Q06 while volumes increased 7.1% and yield increased 6.7%.

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Table 7 - Industrial Products (R\$ million)	Second Quarter			First Half		
	2Q06	2Q05	Change*	1H06	1H05	Change*
Volume (million RTK)	1,531	1,430	7.1%	2,900	2,666	8.8%
Gross Revenues	97.3	85.1	14.3%	180.2	154.3	16.8%
Gross Yield (R\$/000 RTK)	63.5	59.5	6.7%	62.1	57.9	7.3%
Net Revenues	82.9	71.8	15.5%	150.7	129.6	16.3%
EBITDAR	40.8	33.7	21.3%	61.3	48.9	25.2%
EBITDAR Margin	49.3%	46.9%	2.4%	40.7%	37.8%	2.9%
EBITDA	39.5	33.1	19.2%	58.1	48.4	20.0%
EBITDA Margin	47.6%	46.1%	1.5%	38.5%	37.3%	1.2%

* For EBITDA Margin indicates percentage points gain / (loss)

Volume in intermodal flows increased at a two digits rate, reflecting significant market share gains in almost all business segments. The intermodal volume increase was mainly driven by higher volumes of steel products (82.2%), wood products (26.9%) and containerized cargo (13.5%), partially offset by a 24.7% decrease in vegetal oil affected by the interruption of part of our rail network for 20 days in May as well as the closing of soy crushing facilities. As we continue to grow intermodal flows at faster rates than pure rail industrial flows (i.e. fuel products and construction products flows) we should continue to see intermodal flows accounting for an increasingly larger portion of industrial flows. In 2Q06 intermodal flows accounted for 43% of total industrial products volumes compared to 41% in 2Q05. Total intermodal industrial volume increased by 15.2% in 1H06 compared to 1H05.

Table 8 - Intermodal Industrial Products (million RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Vegetal Oil	76.3	112.7	-32.3%	113.1	150.2	-24.7%
Steel Products	159.5	102.2	56.0%	332.2	182.3	82.2%
Wood Products	106.6	75.0	42.3%	187.2	147.6	26.9%
Food Products	120.4	104.1	15.6%	190.2	161.8	17.5%
Containers	171.0	145.1	17.8%	321.9	283.5	13.5%
Others	23.3	47.5	-50.9%	62.6	122.3	-48.8%
Total	657.1	586.5	12.0%	1,207.1	1,047.6	15.2%

Table 9 - Industrial Products (million RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Fuel Products	586.5	574.8	2.0%	1,146.4	1,102.2	4.0%
Construction	287.4	268.6	7.0%	546.8	515.9	6.0%
Total	874.0	843.4	3.6%	1,693.2	1,618.1	4.6%

In the fuel and construction segments - which are shipped almost exclusively by rail in our area of operation - our market share is already high and our performance is highly related to growth in the respective industries. In the construction segment we increased volumes by 6.0% in 1H06 as compared to the previous year, reflecting the higher activity in the sector. In fuel products, ALL volumes increased only 4.0% in 1H06, as the diesel and gasoline transportation were severely impacted in the month of May

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when the flows to Maringá and Londrina – two important destinations for the segment – were blocked for 20 days during the farmers’ protests.

Highway Services Business Unit

Highway services’ EBITDA increased 261.2% in 2Q06, from R\$0.5 million in 2Q05 to R\$1.8 million in 2Q06, and EBITDA margin increased from 1.4% in 2Q05 to 6.7%. The profitability improvement is in line with the trend verified in previous quarters, reflecting the process of discontinuation of unprofitable operations and establishment of minimum target return levels to the new operations. In first half of 2006, EBITDAR growth reached 224.4%, increasing from R\$1.0 million in 1H05 to R\$3.2 million, and EBITDAR margin expanded 4.1 percentage points to 5.6%.

Trucking volumes were reduced by the process of turning our strategic trucking unit in a more profitable business. During the last year, we cut some low profit operations setting higher profitability standards. The change in client base also resulted in a new mix of flows with lower average distance and therefore lower overall volumes and higher average yield measured in R\$/RK helping support better profitability.

Revenues decreased by 22.4% in 2Q06 reaching R\$31.6 million as a result of a 25.6% reduction in volumes, from 15.1 million RK in 2Q05 to 11.2 million RK in 2Q06, partially offset by an increase of 4.2% in average yield. In 1H06, gross revenues decreased 14.9% to R\$66.6 million as volumes decreased 21.5% and average yield increased 8.4%.

For the full year, we expect lower volumes in terms of transported RK as compared to 2005 and higher profitability. The reduction in volumes should be partially offset as new clients and new operations are developed increasing the business unit’s activity while preserving improved margins.

Argentina Operations

ALL Argentina’s gross revenues increased 10.9% from R\$34.5 million in 2Q05 to R\$38.2 million in 2Q06 as gross yield increased 2.4% and volume increased 8.3% from 982 million RTK in 2Q05 to 1,064 million RTK in 2Q06. Volume growth was mainly driven by improvements in operational performance recovering from a weak 1Q06. EBITDAR increased 39.6%, from R\$9.8 million in 2Q05 to R\$13.7 million in 2Q06.

In the first semester, ALL Argentina gross revenues increased 10.6%, from P\$93.3 million in 1H05 to P\$103.1 million in 1H06 and gross yield increased 4.3%, from P\$48.8 per thousand RTK in 1H05 to P\$50.9 per thousand RTK in 1H06. In Reais, gross revenues decreased from R\$76.0 million in 1H05 to R\$72.4 million in 1H06, or -4.7% as volumes increased 6.0%, partially offset by yield decrease of 10.1% from

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R\$39.7 per thousand RTK in 1H05 to R\$35.7 per thousand RTK in 1H06. EBITDA increased 2.0%, from R\$19.0 million in 1H05 to R\$19.4 million in the period.

Table 10 - Agricultural Commodities Products (000 RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Soy	140.4	78.3	79.4%	196.3	115.5	70.0%
Soy Meal	19.8	10.2	94.1%	25.8	13.1	96.7%
Fertilizers	21.7	20.8	4.4%	36.1	35.1	3.0%
Sunflower	10.9	11.5	-5.6%	33.4	27.0	23.9%
Sugar	0.0	1.2	-100.0%	0.0	9.3	-100.0%
Corn	30.9	28.0	10.3%	51.3	60.1	-14.7%
Wheat	1.2	6.3	-81.6%	24.5	44.5	-45.0%
Rice	1.1	0.2	507.5%	3.6	3.3	11.2%
Total	225.8	156.5	44.3%	371.1	307.9	20.5%

Volume growth was boosted by a 44.3% growth in 2Q06 in agricultural commodities volumes, from 156.5 million RTK in 2Q05 to 225.8 million RTK in 2Q06. The volume increase was mainly driven by strong market share gains in soy, soy meal, corn and rice, which more than offset the reduction in overall agricultural market due to crop breaks of 40% in wheat and 20% in corn in our area of coverage. The growth was supported by a better operational performance as we allocate more railcars to higher margins agricultural commodities flows. Soy and soy meal volumes increased 79.4% and 94.1%, respectively, increasing its participation in overall agricultural volumes from 56.6% in 2Q05 to 70.9% in 2Q06.

Table 11 - Industrialized Products (000 RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Vegetal Oil	7.7	8.7	-11.7%	16.8	16.3	3.1%
Steel Products	92.5	96.6	-4.2%	202.3	212.1	-4.6%
Wood	73.6	75.4	-2.3%	153.3	155.5	-1.4%
Food Products	85.1	108.6	-21.6%	133.8	207.7	-35.6%
Construction	417.8	386.8	8.0%	825.6	734.6	12.4%
Container	96.6	101.5	-4.9%	231.5	192.5	20.3%
Others	64.9	48.3	34.3%	93.0	86.9	7.1%
Total	838.2	825.9	1.5%	1,656.4	1,605.5	3.2%

Industrial products volumes increased marginally from 825.9 million RTK in 2Q05 to 838.2 million RTK in 2Q06. The increase was mainly driven by civil construction (8.0%) as we added the transportation of stones for the re-pavement of public highways and partially offset by a reduction in food products (21.6%), impacted by the drop in tomato preserves due to a lower production of tomato this year.

EBITDA increased from P\$13.3 million in 2Q05 to P\$19.8 million in 2Q06, or 48.7%. EBITDA margins increased from 28.5% in 2Q05 to 37.2% in 2Q06. Gross revenues increased 14.1% in 2Q06 to P\$54.7 million from P\$47.9 million in 2Q05 and gross yield measured in P\$/000 RTK increased 5.4%, from P\$48.7 per thousand RTK in 2Q05 to P\$51.4 per thousand RTK in 2Q06.

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Brasil Ferrovias

On May 9th, after 6 months of negotiations, we concluded Brasil Ferrovias' acquisition. After all necessary approvals were obtained and all precedent conditions were met the deal was finally completed on June 16th on a share-exchange, non-cash transaction. Brasil Ferrovias operates two rail systems: (i) a narrow gauge system which is contiguous to our existing rail lines and connects our network to the states of Mato Grosso do Sul and São Paulo and to the Port of Santos; and (ii) a broad gauge system connecting the state of Mato Grosso to Port of Santos through the state of São Paulo. The two systems interconnect in Campinas and the route from Campinas to Santos is a mixed gauge route.

The acquisition is a significant step in our strategy giving ALL access to very important markets such as the state of São Paulo, the states of Mato Grosso and Mato Grosso do Sul where Brazilian agricultural frontier currently lies, and access to the port of Santos the largest in the country both in shipments of agricultural commodities and in container movements. After the acquisition agricultural commodities increased its importance in our mix of cargos increasing from 50% of total ALL's revenue to around 75%. Over time we should again reach a more balance mix between agricultural commodities and industrial cargo.

Since May 10th, a transition team selected among ALL executives is running Brasil Ferrovias with the mission of restructuring the company and preparing it to a full integration at the beginning of 2007.

In the 1H06 volume decreased 5.6% from 5,793 million RTK in 1H05 to 5,467 million RTK, revenues increased 1.5% from R\$427.3 million in to R\$433.6 million as yield in (R\$/'000 RTK) increased from R\$73.8 to R\$79.3, or 7.5%. EBITDAR decreased from R\$136.4 million in 1H05 to R\$82.1 million in 1H06 mainly and EBITDAR margin worsened 15 percentage points from 36.1% to 21.2%. During 2Q06 volume decreased by 8.0% from 3,264 million RTK in 2Q05 to 3,002 million RTK in 2Q06, revenues decreased by 0.4% from R\$248.4 million to R\$247.4 million. In the same period, EBITDAR decreased by 35.8% from R\$81.7 million to R\$52.5 million and EBITDAR margin worsened by 14 percentage points from 37.4% to 23.7%.

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Table 12 - Brasil Ferrovias (R\$ million)	Second Quarter			First Half		
	2Q06	2Q05	Change*	1H06	1H05	Change*
Volume (million RTK)	3.002	3.264	-8,0%	5.467	5.793	-5,6%
Gross Revenues	247,4	248,4	-0,4%	433,6	427,3	1,5%
Gross Yield (R\$/000 RTK)	82,4	76,1	8,3%	79,3	73,8	7,5%
Net Revenues	221,4	218,7	1,2%	387,0	378,4	2,3%
EBITDAR	52,5	81,7	-35,8%	82,1	136,4	-39,8%
EBITDAR Margin	23,7%	37,4%	-13,7%	21,2%	36,1%	-14,8%
EBITDA	26,7	53,0	-49,7%	35,7	92,1	-61,2%
EBITDA Margin	12,0%	24,2%	-12,2%	9,2%	24,3%	-15,1%

* For EBITDA Margin indicates percentage points gain / (loss)

The EBITDAR reduction we saw in the 1H06 and 2Q06 as compared to 1H05 and 2Q05 reflects the farmers protests which interrupted Ferronorte rail lines for 25 days as well as the high cost base of the company which was run with team of 4,500 people from January to May while volumes and revenues did not grow in spite of investments made in late 2005 and early 2006. The investments were mainly in improving rail lines and acquiring rail cars and locomotives which however did not become available early enough to have a positive impact in 2006 crop season started in March. The delivery of the 750 new rail cars acquired started only in April and should be concluded in September. The used locomotives bought in the US were delivered in July and needs to be re-gauged and overhauled before being available for operation and will actually be in production for 2007's crop season.

In this scenario we should expect 2006 volumes to be in line with 2005's and we should see a relatively small improvement in EBITDAR reflecting a reduced cost base. We already implemented the first phase adjusting our work-force from 4,500 in May to 2,000 in late June. This was a very important step and completed successfully with no interruption in the operation, no service disruption or any volume loss in the process. The reduction in work-force together with other cost reduction measures will remove R\$40 million from 2006's cost base positively impacting results and should improve annualized EBITDAR by at least R\$80 million per year starting in 2007.

Table 13 - Agricultural Commodities Products (million RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Soy	1,577.4	1,726.5	-8.6%	2,829.7	2,999.4	-5.7%
Soy Meal	654.2	778.5	-16.0%	1,124.1	1,250.8	-10.1%
Fertilizers	82.4	125.9	-34.6%	124.4	243.8	-49.0%
Sugar	176.1	123.2	42.9%	376.6	307.6	22.4%
Wheat	1.9	0.3	470.8%	7.2	0.3	2000.6%
Others	26.9	16.3	64.7%	46.7	37.8	23.7%
Total	2,518.9	2,770.9	-9.1%	4,508.7	4,839.8	-6.8%

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Table 14 - Industrialized Products (000 RTK)	2Q06	2Q05	% Change	1H06	1H05	% Change
Vegetal Oil	36.7	7.9	366.1%	58.4	14.6	300.6%
Steel Products	30.9	20.8	48.0%	63.2	49.2	28.5%
Fuel Products	287.7	306.7	-6.2%	575.7	573.9	0.3%
Iron ore and Pellets	98.4	99.2	-0.8%	188.5	211.9	-11.0%
Manganese	19.2	51.3	-62.5%	52.7	87.6	-39.8%
Construction	7.2	7.7	-6.1%	15.3	10.3	49.5%
Others	2.9	0.0	na	4.2	6.2	-32.2%
Total	483.0	493.5	-2.1%	958.1	953.6	0.5%

We estimate the restructuring process will require close to R\$400 million of cash being: (a) R\$240 million of severance payments; and (b) R\$150 million of working capital (prepayment of client advances and payment of overdue accounts payable). In addition to that capital expenditures for Brasil Ferrovias will be in the range of R\$250 million for 2006.

Similar to what we found in recently privatized ALL back in 1997, Brasil Ferrovias is a company with poor operational performance, low moral, weak results and a huge potential ahead of it. We have the challenge of turning around Brasil Ferrovias by (i) achieving similar levels of productivity and safety of ALL; and (ii) implementing the same obsessive cost control culture and (iii) reaching similar level of volumes and revenues in two to three years.

The first main objective is to create a strong, result-oriented culture as we did in ALL. We are better positioned to complete the turnaround process than we were in 1997, as we can build on our 9 years of experience and draw from our team. We are very confident in the potential of this opportunity.

CONSOLIDATED RESULTS ²
For Second Quarter 2006 Compared to Second Quarter 2005

Table 15 - Operational Indicators	Brazil			Argentina		
	2Q06	2Q05	% Change	2Q06	2Q05	% Change
Volumes						
RTK (million)	4,378	4,050	8.1%	1,064	982	8.3%
GTK (million)	7,484	7,051	6.1%	2,170	2,079	4.4%
Total RK (million)	11.2	15.1	-25.6%			
RK of Owned Fleet (million)	4.2	6.8	-38.5%			
RK of Owned and Agregated Fleet (9.5	11.5	-17.1%			
Carloads (thousand)	140.2	134.0	4.6%	36.4	33.4	8.9%
Diesel Consumption						
Rail (liters per 000 GTK)	5.39	5.52	-2.3%	3.54	3.70	-4.2%
Trucking (liters per RK)	0.42	0.44	-5.8%			

² Excludes results of Santa Fé Vagões (40% owned by ALL) and the results of recently acquired Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned)

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Consolidated Gross Revenue from Services

Consolidated gross revenue increased from R\$340.6 million in 2Q05 to R\$383.5 million in 2Q06, or 12.6%, due to a 12.8% increase in Brazilian operations' gross revenue from R\$306.2 million in 2Q05 to R\$345.3 million in 2Q06, and a 10.9% increase in Argentine operations' gross revenue from R\$34.5 million in 2Q05 to R\$38.2 million in 2Q06.

Table 16 - Gross Revenues

(R\$ million)	2Q06	2Q05	Change	% Change
ALL Consolidated*	383.5	340.6	42.9	12.6%
ALL Brazil	345.3	306.2	39.1	12.8%
Agricultural Commodities	216.4	180.3	36.1	20.0%
Industrial Products	97.3	85.1	12.2	14.3%
Highway Based Services	31.6	40.8	(9.1)	-22.4%
ALL Argentina	38.2	34.5	3.7	10.9%

* Excludes results of Santa Fé Vagões (40% owned by ALL), Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned).

The R\$39.1 million increase in Brazilian operation's gross revenues in 2Q06, when compared to the same period last year, reflects a 8.1% increase in transported volume along with a 9.3% increase in the average yield from R\$65.5 per thousand RTK in 2Q05 to R\$71.7 per thousand RTK in 2Q06. The higher yield was mainly driven by the pass through of inflation and diesel price increases, as well as a change in transported freight mix.

Agricultural commodities' gross revenues increased by R\$36.1 million, or 20.0%, as transported volume increased 8.6% and as gross yield grew 10.5% from R\$68.8 in the 2Q05 to R\$76.0 in the 2Q06. In industrial products, gross revenues increased R\$12.2 million, or 14.3%, with a 7.1% growth in transported volume and a 6.7% expansion in average yield. In highway based services business unit gross revenues reached R\$31.6 million in 2Q06 as compared to R\$40.8 million in 2Q05 due to a reduction of 25.6% in transported volume, partially offset by a 4.2% increase in average yield.

In Argentina, gross revenues increased 14.1% in pesos as a result of (i) a 8.3% increase in transported volume and (ii) a 5.4% increase in average yield from P\$48.7 per thousand RTK in 2Q05 to P\$51.4 per thousand RTK in 2Q06. In Reais, gross revenues increased 10.9% in the 2Q06, impacted by the effect of a 13.9% depreciation of the Peso against the Real in 2Q06 as compared to 2Q05.

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Taxes on Consolidated Gross Operating Revenue

Taxes on consolidated operating revenue increased 9.0% from R\$41.8 million in 2Q05 to R\$45.5 million in 2Q06. This tax increase resulted from a 9.0% increase in Brazilian operations' taxes - from R\$40.8 million in 2Q05 to R\$44.5 million in 2Q06 - and a 6.2% increase in Argentine operations' taxes, mainly due to higher revenues in Brazil and Argentina.

Consolidated Cost of Sales

Consolidated costs of sales slightly increased from R\$177.5 million in 2Q05 to R\$177.8 million in the 2Q06, due to an increase in Argentine operations' cost of sales from R\$26.7 million to R\$29.8 million, or 11.8%, partially offset by a 1.9% decrease in Brazilian operations' cost of sales from R\$150.9 million to R\$148.0 million.

Table 17 - Cost of Sales (R\$ million)	Brazil			Argentina			Consolidated		
	2Q06	2Q05	% Change	2Q06	2Q05	% Change	2Q06	2Q05	% Change
Fuel Expenses	(58.3)	(52.7)	10.7%	(6.4)	(6.2)	3.8%	(64.8)	(58.9)	10.0%
Rail portion	(54.5)	(46.2)	17.9%	(6.4)	(6.2)	3.8%	(60.9)	(52.4)	16.3%
Trucking portion	(3.8)	(6.5)	-40.7%	0.0	0.0	na	(3.8)	(6.5)	-40.7%
Outsourced and Contracted Trucking Expenses	(14.6)	(21.9)	-33.5%	(5.6)	(5.1)	11.4%	(20.2)	(27.0)	-25.1%
Drayage Services	(8.6)	(9.2)	-6.2%	(5.6)	(5.1)	11.4%	(14.3)	(14.3)	0.1%
Other than Drayage Services	(5.9)	(12.7)	-53.4%	0.0	0.0	na	(5.9)	(12.7)	-53.4%
Labor Expenses	(25.0)	(27.5)	-9.1%	(8.9)	(6.5)	37.0%	(33.9)	(34.0)	-0.3%
Maintenance Expenses	(8.1)	(8.0)	1.8%	(2.9)	(3.3)	-11.3%	(11.1)	(11.3)	-2.0%
Depreciation and Amortization Expenses	(12.7)	(12.0)	5.5%	(2.7)	(2.7)	-1.5%	(15.4)	(14.7)	4.2%
Concession and Lease Expense	(6.4)	(6.4)	0.7%	(1.1)	0.0	na	(7.5)	(6.4)	17.5%
Other Expenses	(8.8)	(16.5)	-46.7%	(2.2)	(2.9)	-25.5%	(11.0)	(19.4)	-43.5%
Railcar Rentals	(14.0)	(5.8)	140.7%	0.0	0.0	na	(14.0)	(5.8)	140.7%
Total Cost of Sales	(148.0)	(150.9)	-1.9%	(29.8)	(26.7)	11.8%	(177.8)	(177.5)	0.1%

* Excludes results of Santa Fé Vagões (40% owned by ALL), Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned).

Brazilian operations' cost of sales decreased in 2Q06 as compared with the same period of 2Q05 mainly driven by a significant reduction in volumes in highway services business unit and in intermodal operations. The major decreases were in outsourced and contracted freight expenses and in other expenses, reflecting the reduction in logistic services needs, partially offsetting by increases in (i) fuel expenses due to higher volumes in railroad services and a higher diesel price compared to 2Q05 and (ii) railcar rentals costs as new railcars are being added by the clients.

The increase in Argentine operations' cost of sales during the same period was mainly due to (i) an increase in labor costs associated with wage negotiations with unions, (ii) higher drayage services expenses reflecting the increase in intermodal operations, (iii) higher fuel expenses as the transported volume increased and (ii) concession and lease costs related to the new terms of our concession agreement.

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Gross Profit

Consolidated gross profit increased 32.0%, from R\$121.3 million in 2Q05 to R\$160.2 million in 2Q06. The increase was due to a R\$39.1 million growth in consolidated net revenues along with marginal R\$0.3 million increase in consolidated cost of sales.

Operating Expenses

Consolidated operating expenses decreased from R\$20.3 million in 2Q05 to R\$13.3 million in 2Q06, or 34.4%, primarily driven by a decrease of 14.2% in Brazil, from R\$17.9 million to R\$15.4 million, and an increase in Argentina, from an expense of R\$2.3 million in 2Q05 to a revenue R\$2.1 million in 2Q06.

Brazilian operations' SG&A expenses decreased 18.2% from R\$22.4 million in 2Q05 to R\$18.3 million in 2Q06 and other operating revenues and expenses worsened from an income of R\$4.4 million to an income of R\$2.9 million in the same period. Argentina's SG&A decreased from R\$3.9 million in 2Q05 to R\$3.4 million in 2Q06, while other operating revenues improved from R\$1.6 million in 2Q05 to R\$5.5 million in 2Q06.

Net Financial Expense

Consolidated net financial expenses worsened to an expense of R\$49.8 million in 2Q06 compared to an expense of R\$28.6 million in 2Q05, mainly driven by (i) the increase in ALL's average net debt due to the cash remittances to Brasil Ferrovias in order to support extraordinary expenses related to the restructuring process and (ii) the extraordinary CPMF/IOF and fees related to the issuance of a new debenture in 2Q06. Brazilian operations' net financial expenses worsened from an expense of R\$21.0 million in 2Q05 to an expense of R\$47.2 million in 2Q06 and Argentine operations' net financial expenses improved from R\$7.6 million in 2Q05 to R\$2.5 million in 2Q06.

Other Costs and Expenses

Consolidated other costs and expenses - which includes equity earnings and gains on investments, non-operational results and translation gain or loss and monetary adjustment gain – improved from a loss of R\$20.1 million in 2Q05 to a loss of R\$1.3 million in 2Q06, mainly due to a zero translation loss in 2Q06, as we hedged the exchange rate variation on our investments in Argentina, compared to R\$19.3 million loss in 2Q05.

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Table 18 - Other Costs (R\$ million)	Brazil			Argentina			Consolidated		
	2Q06	2Q05	% Change	2Q06	2Q05	% Change	2Q06	2Q05	% Change
Equity Earnings and Gain on Investments	(1.3)	(1.8)	-28.6%	(0.5)	(0.5)	-9.3%	(1.8)	(2.3)	-24.1%
Non-Operational Results	0.4	1.5	-70.8%	0.0	0.0		0.4	1.5	-70.8%
Translation Gain (loss) and Monetary Adjustment Gain			na	0.0	(19.3)	na	0.0	(19.3)	na
Other Costs	(0.9)	(0.3)	158.9%	(0.5)	(19.8)	-97.5%	(1.3)	(20.1)	-93.3%

Income Taxes

Consolidated income tax decreased from an expense of R\$17.8 million in the 2Q05 to an expense of R\$16.1 million in 2Q06. Brazilian income tax expenses decreased from R\$18.6 million in 2Q05 to an income of R\$16.7 million in 2Q06. In Argentina income tax worsened from a gain R\$0.8 million in 2Q05 to a gain of R\$0.7 million in 2Q06.

Net Income

As an effect of the results discussed above, consolidated net income increased from a profit of R\$34.5 million in 2Q05 to a profit of R\$79.7 million in 2Q06, or 131.0%.

Investments

Consolidated investments increased from R\$45.8 million in 2Q05 to R\$64.5 million in 2Q06, or 40.8%. The increase reflects higher investments in Brazilian operations from R\$42.2 million in 2Q05 to R\$58.1 million in 2Q06, and an increase in investments in ALL Argentina, from R\$3.6 million in 2Q05 to R\$6.4 million in 2Q06.

In Brazil, maintenance CAPEX went up by 4.8% reflecting higher transported volumes. ALL Brazil expansion CAPEX increased 116.3%, from R\$12.5 million to R\$27.1 million. Among ALL Brazil expansion investments it is worth mentioning: (i) rail cars investments made on behalf of our clients amounting R\$3.6 million, (ii) rail track investments of R\$10.7 million, (iii) investments of R\$11.4 million in additional locomotives for 2006 and 2007.

Investments in Argentina increased 76.4%, from R\$3.6 million in 2Q05 to R\$6.4 in 2Q06, mainly due to higher expansion CAPEX in refurbishment of railcars from our dead fleet (R\$1.4 million), terminals and logistic infrastructure (R\$0.6 million) and additional locomotives (R\$0.4 million).

Table 19 - Investments (R\$ million)	Brazil			Argentina			Consolidated		
	2Q06	2Q05	% Change	2Q06	2Q05	% Change	2Q06	2Q05	% Change
Maintenance	31,1	29,7	4,8%	3,6	2,9	24,4%	34,7	32,6	6,5%
Expansion	27,1	12,5	116,3%	2,8	0,7	288,7%	29,9	13,2	125,5%
Total Investments	58,2	42,2	37,9%	6,4	3,6	76,4%	64,5	45,8	40,9%

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Cash Flow

Consolidated cash flow from operational activities increased compared to the same period last year, from a surplus of R\$117.4 million in 2Q05 to a surplus of R\$147.8 million in 2Q06, reflecting EBITDA growth in the period. Cash outflow from investments increased from an outflow of R\$45.8 million in 2Q05 to an outflow of R\$64.5 million in 2Q06, mainly due to increases in expansion CAPEX in Brazil and Argentina. Cash flow from financing activities increased from an outflow of R\$60.5 million in 2Q05, to an inflow of R\$450.0 million in 2Q06 as we issued a new debenture amounting R\$700 million partially offset by a cash outflow related to Brasil Ferrovias restructuring process and debt repayments related to amortization of current debt. The overall cash variation in 2Q06 was positive in R\$533.3 million, as compared as to a cash inflow of R\$11.1 million in 2Q05.

Table 20 - Cash Flow (R\$ million)	Brazil			Argentina			Consolidated		
	2Q06	2Q05	% Change	2Q06	2Q05	% Change	2Q06	2Q05	% Change
Operating Activities	110.5	106.7	3.6%	17.3	10.7	62.0%	127.8	117.4	8.9%
Investing Activities	(31.7)	(34.9)	-9.1%	(32.7)	(10.8)	202.8%	(64.5)	(45.8)	40.9%
Financing Activities	439.2	(61.4)	na	30.8	0.9	3360.6%	470.0	(60.5)	na
Increase in Cash	517.9	10.4	4865.1%	15.4	0.8	1895.8%	533.3	11.1	4703.9%

Balance Sheet and Capital Structure

Consolidated net debt reached R\$2,281 million compared to R\$228.0 million in the end of 1Q06, mainly due to the acquisition of Brasil Ferrovias, which was highly leveraged. Net Debt to EBITDA ratio increased from 0.5X in the end of 1Q06 to 4.1X in the end of 2Q06, and net debt to equity ratio increased from 0.2X in 1Q06 to 0.9X in the 2Q06.

CONSOLIDATED RESULTS ³
For the First Semester of 2006 Compared to the First Semester of 2005

Table 21 - Operational Indicators	Brazil			Argentina		
	1H06	1H05	% Change	1H06	1H05	% Change
Volumes						
RTK (million)	8,054	7,355	9.5%	2,028	1,913	6.0%
GTK (million)	13,667	12,651	8.0%	4,212	4,027	4.6%
Total RK (million)	23.2	29.5	-21.5%			
RK of Owned Fleet (million)	8.4	13.8	-39.0%			
RK of Owned and Agregated Fleet (million)	19.0	22.4	-15.1%			
Carloads (thousand)	257.7	242.6	6.2%	68.9	66.1	4.3%
Diesel Consumption						
Rail (liters per 000 GTK)	5.54	5.70	-2.7%	3.50	3.72	-6.1%
Trucking (liters per RK)	0.42	0.43	-2.6%			

³ Excludes results of Santa Fé Vagões (40% owned by ALL) and the results of recently acquired Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned)

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Consolidated Gross Revenue from Services

Consolidated gross revenue increased by 13.0% from R\$609.6 million in 1H05 to R\$689.0 million in 1H06 mainly due to 15.6% increase in Brazilian operations' gross revenues, from R\$533.6 million in 1H05 to R\$616.7 million in 1H06, offset by a 4.8% decrease in Argentine operations' gross revenues, from R\$76.0 million in 1H05 to R\$72.4 million in 1H06.

Table 22 - Gross Revenues				
(R\$ million)	1H06	1H05	Change	% Change
ALL Consolidated*	689.0	609.6	79.5	13.0%
ALL Brazil	616.7	533.6	83.1	15.6%
Agricultural Commodities	369.8	301.0	68.8	22.9%
Industrial Products	180.2	154.3	25.9	16.8%
Highway Based Services	66.6	78.3	(11.7)	-14.9%
ALL Argentina	72.4	76.0	(3.6)	-4.8%

* Excludes results of Santa Fé Vagões (40% owned by ALL), Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned).

Brazilian operations' gross revenues increased 15.6% as volume increased 9.5%, from 7,355 million RTK in 1H05 to 8,054 million RTK in 1H06 and average yield measured in R\$/thousand RTK grew 10.3%, to R\$68.3 due to price increases in commercial agreements. Agricultural commodities' gross revenues increased 22.9% in 1H06, with a 9.9% increase in transported volume and as gross yield grew 11.8%. In industrial products, gross revenues increased 16.8%, with a 7.3% increase in gross yield and 8.8% increase in transported volume. Gross revenues in highway based services business unit decreased 14.9% in 1H06 due to a 21.5% decrease in volume offset by average yield increase of 8.4%, from R\$2.65 per Km to R\$2.88 per Km.

In Argentina, gross revenues increased 10.6% in pesos, reaching P\$103.1 million in 1H06, as volume increased 6.0% from 1,913 million RTK in 1H05 to 2,028 million RTK and gross yield increased 4.3%, from P\$48.8 per thousand RTK in 1H05 to P\$50.9 per thousand RTK in 1H06. In Reais, ALL Argentina gross revenues decreased 4.7% in 1H06 to R\$72.4 million due to a 13.9% devaluation of the Peso year-over-year.

Taxes on Consolidated Gross Operating Revenue

Taxes on consolidated operating revenue increased 16.9% from R\$73.8 million in 1H05 to R\$86.2 million in 1H06. This tax increase resulted from a 17.4% increase in Brazilian operations' taxes - from R\$71.8 million in 1H05 to R\$84.3 million in 1H06 - and a 3.9% decrease in Argentine operations' taxes, mainly due to the variation in revenues in Brazil and Argentina.

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Consolidated Cost of Sales

Consolidated costs of sales increased from R\$345.0 million in 1H05 to R\$372.0 million in the 1H06, or 7.8%, compounded by an increase of 9.2% in Brazilian operations' cost of sales from R\$287.0 million to R\$313.4 million and a 0.9% increase in Argentine operations' cost of sales from R\$58.0 million to R\$58.5 million.

Table 23 - Cost of Sales (R\$ million)	Brazil			Argentina			Consolidated		
	1H06	1H05	% Change	1H06	1H05	% Change	1H06	1H05	% Change
Fuel Expenses	(112.7)	(95.1)	18.5%	(12.4)	(13.3)	-6.9%	(125.1)	(108.4)	15.4%
Rail portion	(102.8)	(85.0)	20.9%	(12.4)	(13.3)	-6.9%	(115.2)	(98.3)	17.1%
Trucking portion	(9.9)	(10.1)	-1.9%	0.0	0.0	na	(9.9)	(10.1)	-1.9%
Outsourced and Contracted Trucking Expenses	(37.8)	(41.6)	-9.2%	(10.3)	(11.7)	-11.5%	(48.2)	(53.3)	-9.7%
Drayage Services	(16.9)	(16.8)	0.7%	(10.3)	(11.7)	-11.5%	(27.3)	(28.5)	-4.3%
Other than Drayage Services	(20.9)	(24.9)	-16.2%	0.0	0.0	na	(20.9)	(24.9)	-16.2%
Labor Expenses	(50.6)	(52.1)	-2.9%	(17.8)	(14.1)	26.8%	(68.4)	(66.2)	3.4%
Maintenance Expenses	(18.9)	(18.6)	1.8%	(5.9)	(7.8)	-24.1%	(24.9)	(26.4)	-5.8%
Depreciation and Amortization Expenses	(21.9)	(23.1)	-5.3%	(5.4)	(6.1)	-11.7%	(27.2)	(29.2)	-6.7%
Concession and Lease Expense	(12.9)	(12.8)	0.4%	(2.2)	0.0	na	(15.0)	(12.8)	17.4%
Other Expenses	(29.0)	(34.9)	-16.9%	(4.5)	(5.1)	-11.3%	(33.5)	(40.0)	-16.2%
Railcar Rentals	(29.6)	(8.7)	242.8%	0.0	0.0	na	(29.6)	(8.7)	242.8%
Total Cost of Sales	(313.4)	(287.0)	9.2%	(58.5)	(58.0)	0.9%	(372.0)	(345.0)	7.8%

* Excludes results of Santa Fé Vagões (40% owned by ALL), Brasil Ferrovias (wholly owned) and Novoeste Brasil (wholly owned).

Brazilian operations' cost of sales growth in 1H06 as compared with 1H05 was mainly driven by: (i) railcars rental cost as new rail cars are being added by the clients; (ii) an increase in overall fuel expenses, reflecting higher diesel prices and higher volumes in rail business and (iii) higher fuel expenses by outsourced and contracted fleet in our internal gas stations, partially offset by a decrease in aggregated and contracted fleet expenses and in other expenses, reflecting volume reductions in trucking services and intermodal flows.

Argentine operations' overall cost of sales increased 0.9% in the same period, mainly due to an increase in labor costs associated with wage negotiations with unions, partially offset by reductions in the other cost lines due to the Peso's depreciation towards Real.

Gross Profit

Consolidated gross profit increased by 21.0% or R\$40.0 million, from R\$190.8 million in 1H05 to R\$230.8 million in 1H06, resulting from a R\$67.0 million increase in net revenues and a R\$27.0 million increase in cost of sales.

Operating Income and Expenses

Consolidated operating expenses decreased from R\$38.2 million in 1H05 to R\$29.6 million in 1H06, or 22.6%. Brazilian operations' SG&A expenses decreased from R\$37.9 million in 1H05 to R\$32.7 million in 1H06, or 13.7%, while other operating revenues and expenses worsened from an income of R\$7.2 million to an income of

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R\$4.0 million in the same period, leading to an overall operating expenses decrease of 6.6% in Brazil from a R\$30.7 million in 1H05 to R\$28.7 million in 1H06.

Argentina's SG&A expenses decreased 27.4% from R\$8.4 million in 1H05 to R\$6.1 million in 1H06 and other operating income and expenses improved from a gain of R\$0.9 million to a gain of R\$5.2 million in the same period, resulting in an overall 88.1% decrease in Argentine operating expenses from R\$7.5 million in 1H05 to R\$0.9 million in 1H06.

Net Financial Expenses

Consolidated net financial expenses increased by 24.3% from R\$62.4 million in 1H05 to R\$77.5 million in 1H06, mainly driven by (i) the increase in ALL's average net debt due to the cash remittances to Brasil Ferrovias in order to support extraordinary expenses related to the restructuring process and (ii) the extraordinary CPMF and fees related to the issuance of a new debenture in 2Q06. Brazilian operations' net financial expenses increased 41.4%, from R\$52.3 million in 1H05 to R\$73.9 million in 1H06 and Argentine operations' net financial expenses decreased from R\$10.1 million to R\$3.6 million in the same period, or 64.1%.

Other Costs and Expenses

Consolidated other cost and expenses, which includes equity earnings and gains on investments, non-operational results and translation gain or loss and monetary adjustment gains, improved from a loss of R\$18.6 million in 1H05 to a loss of R\$2.7 million in 1H06, mainly due to a zero translation loss in 2Q06, as we hedged the exchange rate variation on our investments in Argentina, compared to R\$16.0 million loss in 1H05.

Table 24 - Other Costs (R\$ million)	Brazil			Argentina			Consolidated		
	1H06	1H05	% Change	1H06	1H05	% Change	1H06	1H05	% Change
Equity Earnings and Gain on Investments	(2.9)	(3.1)	-6.5%	(1.0)	(1.1)	-13.7%	(3.9)	(4.3)	-8.4%
Non-Operational Results	1.2	1.6	-24.7%	0.0	0.0		1.2	1.6	-24.7%
Translation Gain (loss) and Monetary Adjustment Gain			na	0.0	(16.0)	na	0.0	(16.0)	na
Other Costs	(1.7)	(1.5)	13.3%	(1.0)	(17.1)	-94.2%	(2.7)	(18.6)	-85.5%

Income Taxes

Consolidated tax expenses increased from R\$22.1 million in 1H05 to R\$23.5 million in 1H06. In Brazil, income tax expenses reached R\$23.2 million in 1H06 as compared with expenses of R\$20.2 million in 1H05, while in Argentina tax expenses improved from R\$2.0 million in 1H05 to an expense of R\$0.2 million in 1H06.

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Net Income

As a result of the above facts, our net income increased 97.1% from R\$49.5 million in 1H05 to R\$97.6 million in 1H06.

Investments

Consolidated investments increased from R\$106.5 million in 1H05 to R\$152.9 million in 1H06, or 43.6%. The increase mainly reflects higher investments in Brazilian operations from R\$95.7 million in 1H05 to R\$141.0 million in 1H06, and an increase in investments in ALL Argentina, from R\$10.8 million in 1H05 to R\$11.9 million in 1H06.

The increase in Brazilian operations investments in 1H06 were due to a 9.2% increase in maintenance CAPEX, reflecting higher transported volumes, and an year-over-year growth of 93.4% in expansion CAPEX. Among ALL Brazil expansion CAPEX it is worth mentioning: (a) acquisition and refurbishing of additional locomotives for 1H06, 2006 and 2007 (R\$38.1 million); (b) investment made on behalf of our clients (R\$8.5 million); and (c) investments in rail track infrastructure (R\$25.7 million) and (d) acquisition of additional trucks to new logistics operations and to increase market share in existing ones (R\$3.5 million). In Argentina, the maintenance investments were in line with previous quarter while expansion CAPEX increased 30.1% due to higher locomotives and railcars investments.

Table 25 - Investments (R\$ million)	Brazil			Argentina			Consolidated		
	1H06	1H05	% Change	1H06	1H05	% Change	1H06	1H05	% Change
Maintenance	57,1	52,3	9,2%	6,9	7,0	-1,4%	64,0	59,3	8,0%
Expansion	84,0	43,4	93,4%	5,0	3,8	30,1%	89,0	47,2	88,3%
Total Investments	141,1	95,7	47,4%	11,9	10,8	9,7%	152,9	106,5	43,6%

Cash Flow

Consolidated cash flow from operational activities increased from R\$88.2 million in 1H05 to R\$137.3 million in 1H06, or 55.6%, reflecting EBITDA increase in the period. Cash flow from investments increased from an outflow of R\$106.5 million in 1H05 to an outflow of R\$152.9 million in 1H06, mainly explained by the increase in expansion CAPEX in Brazil and Argentina, while cash flow from financing activities increased from an outflow of R\$90.4 million in 1H05 to an inflow of R\$618.6 million in 1H06, reflecting a new debenture issuance of R\$700 million. The overall cash variation in 1H06 was positive in R\$603.0 million, as compared as to a cash outflow of R\$108.6 million in 1H05.

Table 26 - Cash Flow (R\$ million)	Brazil			Argentina			Consolidated		
	1H06	1H05	% Change	1H06	1H05	% Change	1H06	1H05	% Change
Operating Activities	120.3	63.9	88.1%	17.0	24.3	-30.0%	137.3	88.2	55.6%
Investing Activities	(114.6)	(88.5)	29.6%	(38.2)	(18.0)	112.3%	(152.9)	(106.5)	43.6%
Financing Activities	581.0	(93.8)	na	37.6	3.4	1008.9%	618.6	(90.4)	na
Increase in Cash	586.6	(118.3)	na	16.4	9.7	69.3%	603.0	(108.6)	na

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Balance Sheet and Capital Structure

Consolidated net debt reached R\$2,281 million compared to R\$228.0 million in the end of 1Q06, mainly due to the acquisition of Brasil Ferrovias, which was highly leveraged. Net Debt to EBITDA ratio increased from 0.5X in the end of 1Q06 to 4.1X in the end of 1H06, and net debt to equity ratio increased from 0.2X in 1Q06 to 0.9X in the 1H06.

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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09.01 – INVESTMENTS IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

1 - ITEM	2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY	3 - CNPJ (Corporate Taxpayer's ID)	4 - CLASSIFICATION	5 - PARTICIPATION IN CAPITAL OF INVESTEE - %	6 – INVESTOR'S SHAREHOLDERS' EQUITY - %
7 - TYPE OF COMPANY		8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands)	9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands)		
01	AMERICA LATINA LOGISTICA DO BRASIL S.A.	01.258.944/0001-26	PUBLIC SUBSIDIARY	100.00	15.65
COMMERCIAL, INDUSTRY AND OTHERS		24,998,683	24,998,683		
02	AMERICA LATINA LOGISTICA INTERMODAL S.A.	03.172.874/0001-14	PRIVATE SUBSIDIARY	100.00	4.56
COMMERCIAL, INDUSTRY AND OTHERS		63,844	63,844		
03	AMERICA LATINA LOGISTICA ARMAZÉNS GERAIS	03.247.098/0001-74	SUBSIDIARY/AFFILIATE'S INVESTEE	100.00	0.60
COMMERCIAL, INDUSTRY AND OTHERS		744	744		
04	AMERICA LATINA LOGISTICA OVERSEAS LTDA	. . / -	PRIVATE SUBSIDIARY	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		9	5		
05	GEODEX COMMUNICATIONS DO BRASIL S.A.	02.808.710/0001-78	SUBSIDIARY/AFFILIATE'S INVESTEE	43.69	0.03
FINANCIAL INSTITUTION		22,343	22,343		
06	LOGISPAR LOGISTICA E PARTICIPAÇÕES S.A.	03.469.006/0001-09	PRIVATE SUBSIDIARY	100.00	3.29
COMMERCIAL, INDUSTRY AND OTHERS		911	911		
07	AMERICA LATINA LOGISTICA EQUIPAMENTOS	05.995.042/0001-23	SUBSIDIARY/AFFILIATE'S INVESTEE	100.00	0.41
COMMERCIAL, INDUSTRY AND OTHERS		25	24		
08	AMERICA LATINA LOGISTICA TECNOLOGIA LTDA	03.370.922/0001-89	PRIVATE SUBSIDIARY	99.00	00.0
COMMERCIAL, INDUSTRY AND OTHERS		1	1		
09	SANTA FÉ VAGÕES S.A.	06.186.839/0001-42	PRIVATE SUBSIDIARY	39.99	0.00
COMMERCIAL, INDUSTRY AND OTHERS		80	40		

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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09.01 – INVESTMENTS IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

1 - ITEM	2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY	3 - CNPJ (Corporate Taxpayer's ID)	4 - CLASSIFICATION	5 - PARTICIPATION IN CAPITAL OF INVESTEE - %	6 – INVESTOR'S SHAREHOLDERS' EQUITY - %
7 - TYPE OF COMPANY		8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands)	9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands)		
10	ALL CENTRO OESTE LTDA	07.246.997/0001-03	PRIVATE SUBSIDIARY	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		499	499		
11	ALL AMERICA LATINA LOGISTICA ARGENTINA S	. . / -	PUBLIC SUBSIDIARY	100.00	5.28
COMMERCIAL, INDUSTRY AND OTHERS		9,703	9,703		
12	AMERICA LATINA LOGISTICA MESOPOTAMICA SA	. . / -	SUBSIDIARY/AFFILIATE'S INVESTEE	70.56	0.00
COMMERCIAL, INDUSTRY AND OTHERS		6,774	6,774		
13	AMERICA LATINA LOGISTICA CENTRAL S.A.	. . / -	SUBSIDIARY/AFFILIATE'S INVESTEE	73.55	0.00
COMMERCIAL, INDUSTRY AND OTHERS		10,947	10,947		
15	BOSWELLS S.A.	. . / -	SUBSIDIARY/AFFILIATE'S INVESTEE	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		60	60		
16	BRASIL FERROVIAS S.A.	02.457.269/0001-27	PUBLIC SUBSIDIARY	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		6,403,811	0		
17	NOVA FERROBAN S.A.	04.004.203/0001-07	SUBSIDIARY/AFFILIATE'S INVESTEE	80.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		787,684	787,684		
18	FERROBAN FERROVIAS BANDEIRANTES SA	02.502.844/0001-66	SUBSIDIARY/AFFILIATES INVESTEE	96.94	0.00
COMMERCIAL, INDUSTRY AND OTHERS		1,185,946	1,185,946		
19	FERRONORTE S.A.-FERROVIAS NORTE BRASIL	24.962.466/0001-36	SUBSIDIARY/AFFILIATE'S INVESTEE	97.55	0.00
COMMERCIAL, INDUSTRY AND OTHERS		707,543	707,543		

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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09.01 – INVESTMENTS IN SUBSIDIARIES AND/OR AFFILIATED COMPANIES

1 - ITEM	2 - NAME OF SUBSIDIARY/AFFILIATED COMPANY	3 - CNPJ (Corporate Taxpayer's ID)	4 - CLASSIFICATION	5 - PARTICIPATION IN CAPITAL OF INVESTEE - %	6 - INVESTOR'S SHAREHOLDERS' EQUITY - %
7 - TYPE OF COMPANY	8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in thousands)	9 - NUMBER OF SHARES HELD IN PREVIOUS QUARTER (in thousands)			
20	NOVOESTE BRASIL S.A.	07.593.583/0001-50	PUBLIC SUBSIDIARY	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		53,605			0
21	PGT GRAINS TERMINAL S.A.	06.975.029/0001-75	SUBSIDIARY/AFFILIATE'S INVESTEE	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		240			240
22	PORTOFER TRANSPORTE FERROVIARIO LTDA	03.835.338/0001-51	SUBSIDIARY/AFFILIATES INVESTEE	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		2			2
23	TERMINAL XXXIX DE SANTOS SA	04.244.527/0001-12	SUBSIDIARY/AFFILIATE'S INVESTEE	50.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		14,200			14,200
24	TENORTE S.A.	02.605.622/0001-79	SUBSIDIARY/AFFILIATE'S INVESTEE	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		400			400
25	FERRONORTE LOCADORA DE VAGÕES S.A.	04.931.497/0001-12	SUBSIDIARY/AFFILIATE'S INVESTEE	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		1,000			1,000
26	FERROVIAS NOVOESTE S.A.	39.115.514/0001-28	SUBSIDIARY/AFFILIATES INVESTEE	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHERS		357,088			357,088

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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10.01 – CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

1 - ITEM	02
2 - No. ORDER	3
3 - No. REGISTRY AT CVM	CVM/SRE/DEB/2004/012
4 - REGISTRY DATE AT CVM	6/23/2004
5 - ISSUED TRANCHE	1 st
6 - TYPE OF ISSUANCE	SIMPLE
7 - NATURE OF ISSUANCE	PUBLIC
8 - DATE OF ISSUANCE	6/1/2004
9 - MATURITY DATE	6/1/2007
10 - TYPE OF DEBENTURE	WITHOUT PREEMPTIVE RIGHT
11 - CONDITION OF CURRENT REMUNERATION	110% CDI
12 - PREMIUM/DISCOUNT	
13 - PAR VALUE (Reais)	10,000.00
14 - AMOUNT ISSUED (Thousands of Reais)	120,000
15 - NUMBER OF SECURITIES ISSUED (UNIT)	12,000
16 – OUTSTANDING SECURITIES (UNIT)	12,000
17 - TREASURY SECURITIES (UNIT)	0
18 - REDEEMED SECURITIES (UNIT)	0
19 - CONVERTED SECURITIES (UNIT)	0
20 - SECURITIES TO BE DISTRIBUTED (UNIT)	0
21 - DATE OF THE LAST RENEGOTIATION	
22 - DATE OF NEXT EVENT	12/1/2006

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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10.01 – CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

1 - ITEM	03
2 - No. ORDER	4
3 - No. REGISTRY AT CVM	CVM/SRE/DEB/2004/039
4 - REGISTRY DATE AT CVM	10/27/2004
5 - ISSUED TRANCHE	1 st
6 - TYPE OF ISSUANCE	SIMPLE
7 - NATURE OF ISSUANCE	PUBLIC
8 - DATE OF ISSUANCE	10/1/2004
9 - MATURITY DATE	10/1/2009
10 - TYPE OF DEBENTURE	FLOATING
11 - CONDITION OF CURRENT REMUNERATION	110% CDI
12 - PREMIUM/DISCOUNT	
13 - PAR VALUE (Reais)	10,000.00
14 - AMOUNT ISSUED (Thousands of Reais)	135,000
15 - NUMBER OF SECURITIES ISSUED (UNIT)	13,500
16 – OUTSTANDING SECURITIES (UNIT)	13,500
17 - TREASURY SECURITIES (UNIT)	0
18 - REDEEMED SECURITIES (UNIT)	0
19 - CONVERTED SECURITIES (UNIT)	0
20 - SECURITIES TO BE DISTRIBUTED (UNIT)	0
21 - DATE OF THE LAST RENEGOTIATION	6/16/2006
22 - DATE OF NEXT EVENT	10/1/2006

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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10.01 – CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

1 - ITEM	04
2 - No. ORDER	5
3 - No. REGISTRY AT CVM	CVM/SRE/DEB/2005/052
4 - REGISTRY DATE AT CVM	10/24/2005
5 - ISSUED TRANCHE	1 st
6 - TYPE OF ISSUANCE	SIMPLE
7 - NATURE OF ISSUANCE	PRIVATE
8 - DATE OF ISSUANCE	9/1/2005
9 - MATURITY DATE	9/1/2012
10 - TYPE OF DEBENTURE	FLOATING
11 - CONDITION OF CURRENT REMUNERATION	CDI + 1.50% p.a.
12 - PREMIUM/DISCOUNT	
13 - PAR VALUE (Reais)	10,000.00
14 - AMOUNT ISSUED (Thousands of Reais)	200,000
15 - NUMBER OF SECURITIES ISSUED (UNIT)	20,000
16 – OUTSTANDING SECURITIES (UNIT)	20,000
17 - TREASURY SECURITIES (UNIT)	0
18 - REDEEMED SECURITIES (UNIT)	0
19 - CONVERTED SECURITIES (UNIT)	0
20 - SECURITIES TO BE DISTRIBUTED (UNIT)	0
21 - DATE OF THE LAST RENEGOTIATION	6/16/2006
22 - DATE OF NEXT EVENT	9/1/2006

01.01 - IDENTIFICATION

1 - CVM CODE 01745-0	2 - COMPANY NAME ALL - AMÉRICA LATINA LOGÍSTICA S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.387.241/0001-60
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10.01 – CHARACTERISTICS OF PUBLIC OR PRIVATE ISSUANCE OF DEBENTURES

1 - ITEM	05
2 - No. ORDER	6
3 - No. REGISTRY AT CVM	CVM/SRE/DEB/2006/029
4 - REGISTRY DATE AT CVM	7/27/2006
5 - ISSUED TRANCHE	1 st
6 - TYPE OF ISSUANCE	SIMPLE
7 - NATURE OF ISSUANCE	PUBLIC
8 - DATE OF ISSUANCE	1/1/2006
9 - MATURITY DATE	7/1/2011
10 - TYPE OF DEBENTURE	WITHOUT PREEMPTIVE RIGHT
11 - CONDITION OF CURRENT REMUNERATION	CDI + 1.50%
12 - PREMIUM/DISCOUNT	
13 - PAR VALUE (Reais)	10,000.00
14 - AMOUNT ISSUED (Thousands of Reais)	700,000
15 - NUMBER OF SECURITIES ISSUED (UNIT)	70,000
16 – OUTSTANDING SECURITIES (UNIT)	70,000
17 - TREASURY SECURITIES (UNIT)	0
18 - REDEEMED SECURITIES (UNIT)	0
19 - CONVERTED SECURITIES (UNIT)	0
20 - SECURITIES TO BE DISTRIBUTED (UNIT)	0
21 - DATE OF THE LAST RENEGOTIATION	
22 - DATE OF NEXT EVENT	1/1/2007

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

12.01 - COMMENTS ON THE BEHAVIOR OF BUSINESS PROJECTIONS

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

1. OWNERSHIP STRUCTURE OF THOSE HOLDING MORE THAN 5% OF THE SHARES OF EACH TYPE AND CLASS OF THE COMPANY’S CAPITAL STOCK, UP TO THE INDIVIDUAL LEVEL, ON JUNE 30, 2006

SHAREHOLDER	COMMON SHARES	%	PREF. SHARES	%	UNITS**	%	TOTAL	TOTAL %
Judori Adm. e Empr. Participações S.A	8,192,510	14.60	0.00	0.00	2,598,581	5.90	21,185,415	7.45
Emerging Markets Capital Investments, LLC *	9,545,680	17.01	0.00	0.00	0.00	0.00	9,545,680	3.36
Ralph Partners I, LLC *	10,768,910	19.19	0.00	0.00	0.00	0.00	10,768,910	3.79
Delara Brasil Ltda	4,980,555	8.88	0.00	0.00	1,959,156	4.45	14,776,335	5.20
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	2,531,521	4.51	0.00	0.00	1,586,966	3.60	10,466,351	3.68
Fundação dos Economistas Federais -FUNCEF	2,425,946	4.32	0.00	0.00	1,543,261	3.50	10,142,251	3.57
BNDES Participações S.A.	7,042,533	12.55	0.00	0.00	5,870,668	13.32	36,395,873	12.80
Treasury stock	145	0.00	255	0.003	0.00		400	0.00
Other	10,626,321	18.94	7,951,919	99.997	30,504,091	69.23	171,098,695	60.17
TOTAL	56,114,121	100.00	7,952,174	100.00	44,062,723	100.00	284,379,910	100.00

* Foreign Capital.

** UNIT is a share deposit certificate corresponding to 5 shares: 1 common share and 4 preferred shares.

1.1. JUDORI ADM. E PARTICIPAÇÕES S.A.

SHAREHOLDER	COMMON SHARES	%	PREF. SHARES	%	TOTAL	TOTAL %
Julia Dora Antonia Koranyi Arduini	17,613,930	80.00	-	-	17,613,930	51.38
Riccardo Arduini	4,403,463	20.00	-	-	4,403,463	12.85
Aurea Particip e Empreendimentos Ltda	-	-	12,262,311	100.00	12,262,311	35.77
TOTAL	22,017,393	100.00	12,262,311	100.00	34,279,704	100.00

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

1.1 a ÁUREA PARTICIPAÇÕES E EMPREENDIMENTOS LTDA.

SHAREHOLDER'S NAME CITIZENSHIP AND CNPJ/CPF (*)	NUMBER OF SHARES				% OF CAPITAL	
	VOTING COMMON SHARES	NON- VOTING COMMON SHARES	VOTING PREF. SHARES	NON- VOTING PREF. SHARES	VOTING	TOTAL
Riccardo Arduini - Brazilian CPF: 066.751.668-91	5,000	0	0	0	0.02	0.02
Julia Dora Antonia Korany Arduini - Brazilian CPF: 573.420.168-53	5,000	0	0	0	0.02	0.02
Rovato Financial (foreign company)	29,000,000	0	0	0	99.96	99.96

(*) If any shareholder is a legal entity, fill out the models relating to it, splitting its ownership structure until the control level by legal entity.

1.2. DELARA BRASIL LTDA

QUOTAHOLDERS	QUOTAS	%	TOTAL	TOTAL %
Wilson Ferro Delara	1,780,200	90.00	1,780,200	90.00
Rosangela Gapar Delara	197,800	10.00	197,800	10.00
TOTAL	1,978,000	100.00	1,978,000	100.00

2. NUMBER OF OUTSTANDING SHARES ON JUNE 30, 2006.

	COMMON SHARES	%	PREF. SHARES	%	UNITS*	%	TOTAL	TOTAL %
Total outstanding shares	4,583,922	4.58	7,810,879	4.24	30,063,981	68.23	162,714,706	57.22

* UNIT is a share deposit certificate corresponding to 5 shares: 1 common share and 4 preferred shares.

3. NUMBER OF OUTSTANDING SHARES ON JUNE 30, 2005.

	COMMON SHARES	%	PREF. SHARES	%	UNITS*	%	TOTAL	TOTAL %
Total outstanding shares	2,911,755	10.23	1,116,630	1.08	25,559,331	72.06	131,825,040	59.68

* UNIT is a share deposit certificate corresponding to 5 shares, 1 common share and 4 preferred shares.

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

4. NUMBER AND CHARACTERISTIC OF SHARES ISSUED BY THE COMPANY OWNED BY CONTROLLING SHAREHOLDERS, MANAGERS AND EMPLOYEES ON JUNE 30, 2006:

PARTICIPANTS	COMMON SHARES	PREFER. SHARES	UNITS	TOTAL
CONTROLLING SHAREHOLDERS	51,530,199	141,295	13,998,742	121,665,204
BOARD OF DIRECTORS *	0	0	0	0
INDEPENDENT BOARD MEMBERS	1,510	6,000	0	7,510
BOARD OF EXECUTIVE OFFICERS *	0	0	0	0
FISCAL COUNCIL*	0	0	500	500
EMPLOYEES	1,458	5,738	5,958	36,986

* Members of the Board of Directors and Board of Executive Officers were considered as the Company's controlling shareholders.

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

16.01 – OTHER INFORMATION CONSIDERED MATERIAL BY THE COMPANY

NOTICE TO THE MARKET

ALL - América Latina Logística S.A. in compliance with Official Letter/CVM/SEP/GEA-2/#305/05 and CVM Instruction #381 as of January 14, 2003 (ratified by Official Letter/CVM/SEP/SNC/#02/2005 as of March 20, 2005) informs the market of the services contracted by the Company and performed by its independent audit firm Ernst & Young (“Auditor”) during 2006:

(i) Due Diligence Service herein denominated as Delta project. The project has as purpose analyses involving the Tax and Financial area subdivided into: wide gauge comprising the companies: Brasil Ferrovias, Ferronorte, Ferroban and Portofer and metric gauge: Novoeste. The total amount of the fees was R\$732,388.00.

(ii) Offering Document Review Service, with the purpose of issuing a Comfort Letter, in Portuguese, about the accounting information to be included in the “Prospectus of Secondary Public Distribution of Debentures” issued by ALL - América Latina Logística S.A., related to its consolidated financial statements issued for the periods ended on December 31, 2005 and 2004, as well as quarterly information (ITR) related to the quarters ended on March 31, 2006 and 2005. The estimated fee is R\$200,000.00 billed for July 20, 2006.

The Company further informs that, to avoid conflict of interests, loss of independence or objectivity by the auditors, the Company restricted the contracted services to the resolution of divergences concerning the tax matter in question, under item 2.8.3.1(c) of Resolution 961 of the Federal Accounting Council, as of May 16, 2003. To abide by Article 3 of that Instruction, the Auditors based their work on the rules of the Federal Accounting Council, whose opinion is that there is no actual or supposed loss of objectivity in the provision of technical consulting to resolve tax discrepancies (item 2.8.3.2 of Resolution CFC 961).

Arbitration Clause

ALL - América Latina Logística S.A. is linked to arbitration in the Market Arbitration Chamber, according to the arbitration clause in its Bylaws.

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

17.01 - SPECIAL REVIEW REPORT – QUALIFIED

INDEPENDENT AUDITORS SPECIAL REVIEW REPORT

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

1. We have performed a special review of the Quarterly Information (ITR) of **ALL América Latina Logística S.A.**, referring to the quarter ended on June 30, 2006, which includes the balance sheet, the statement of income, the performance report and relevant information, prepared in accordance with the accounting principles adopted in Brazil. The accounting information on the indirect subsidiary Boswells S.A., on the jointly-owned subsidiary Santa Fé Vagões S.A. and on the investee Geodex Communications S.A., relating to the quarter ended on June 30, 2006, were reviewed by other independent auditors, who issued unqualified Special Review Reports. Our Report, concerning investment amounts and results arising from these subsidiaries and affiliates, is based on the reports of these other independent auditors.
2. Except as to the issues mentioned in paragraph 3, our review was conducted in accordance with specific procedures determined by the Institute of Independent Auditors of Brazil (IBRACON), jointly with the Federal Accountancy Board (CFC), and consisted, mainly of: (a) making inquiries of, and discussions with, managers responsible for the accounting, financial and operating areas of the Company relating to the main criteria adopted for preparing the Quarterly Information; and (b) reviewing the information and subsequent events which have, or may have, significant effects on the financial position and operations of the Company.
3. The wholly-owned subsidiaries Brasil Ferrovias S.A., Novoeste Brasil S.A. and their subsidiaries are, currently, improving their internal controls, aiming at the conclusion of certain accounting items, as well as the implementation of additional controls. Until the issuance date of this Special Report, although these activities are in progress, the following procedures had not been concluded yet:
 - (a) Reconciliation of the accounting balances with the auxiliary controls, for the items of accounts receivable, advances to suppliers, advances from customers (short and long term), credits and debits with congenerous (short and long term), and suppliers, in the consolidated amounts of R\$50,445 thousand, R\$5,047 thousand, R\$51,773 thousand, R\$19,837 thousand, R\$1,116 thousand and R\$218,473 thousand, respectively. Thus, these accounts may be adjusted after the conclusion of the reconciliation works, whose amounts could not be measured until the end of our review.
 - (b) The wholly-owned subsidiaries Brasil Ferrovias S.A., Novoeste Brasil S.A. and their subsidiaries are in process of analysis of the information related to the lawsuits involving the companies. This analysis process is currently in progress, with the support of its external legal advisors. Thus, the accounting balances of the accounts of provision for contingencies in the amount of R\$129,152 thousand

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

17.01 - INDEPENDENT AUDITORS LIMITED REVIEW REPORT –UNQUALIFIED OPINION

and court deposits in the amount of R\$297,227 thousand, may be adjusted after the conclusion of these analysis.

4. Based on our special review, as well as on the review made by other independent auditors, except as to the possible adjustments that may take place when the conclusion of the procedures described in paragraph 3 occur, we are not aware of any material modification that should be made to the Quarterly Information referred to in paragraph 1 for it to be in accordance with the accounting principles adopted in Brazil, in compliance with regulations issued by the Securities and Exchange Commission of Brazil (CVM), specifically applicable to the preparation of the Quarterly Information.
5. As mentioned in Note 4 (a) to the Quarterly Information, the indirect subsidiaries ALL - América Latina Logística Central S.A. (“ALL Central”) and ALL - América Latina Logística – Mesopotámica S.A. (“ALL Mesopotámica”) are in process of renegotiation of concession agreements with the Argentine Government. On July 5, 2005, the subsidiaries entered into a “Letter of Understanding” with “*Unidad de Renegociacion y Analisis de Contratos de Servicios Publicos*”, which sets forth a renegotiation proposal of the concession agreements based in certain assumptions. The referred Letter of Understanding must also be approved in a Public Hearing, by the bodies which represent the National Congress and by Decree of the President of that country, therefore, still subject to changes and possible loss of effect. The Quarterly Information – ITR’s, outlined in the first paragraph, does not include possible adjustments or reclassifications, which may arise from the materialization of said renegotiation.
6. As mentioned in Note 4 (c) to the Quarterly Information, the indirect subsidiary ALL - América Latina Logística Central S.A. filed a request to suspend or reduce the concession payments referring to the previous years and which amount approximately to R\$18,000 thousand. Based on the opinion of its legal consultants, who understand these amounts are not due, in view of the economic-financial imbalance shown by concession, that company did not record such obligation on June 30, 2006. Additionally, the Letter of Understanding mentioned in paragraph 5 above indicates that in the event the exemption of payment of these “canon” charges is not approved, such amounts will be added to the investment commitments to be assumed by that Company during the future period of the concession, or even its payment may be required. On the other hand, said subsidiary has been collecting under administrative scope the amounts resulting from toll revenues receivable from *Unidad Ejecutora del Programa Ferroviario Provincial (Provincia de Buenos Aires)* (“U.E.P.F.P.”), not recorded on an accounting basis, at the amount of R\$3,300 thousand, the chances of success in the realization of this asset was classified as probable by its legal advisors. The Quarterly Information (ITR) outlined in paragraph 1 does not include any possible effect which may derive from the conclusion of these issues.
7. As mentioned in Note 4 (d), considering the Resolutions of Inspección General de Justicia (“I.G.J”) 25/2004 and 1/2005, the direct subsidiary ALL – América Latina

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ALL – AMÉRICA LATINA LOGÍSTICA S.A.

02.387.241/0001-60

17.01 - INDEPENDENT AUDITORS LIMITED REVIEW REPORT –UNQUALIFIED OPINION

Logística Argentina S.A. should have decided on the destination of advances for future capital increase (“aportes irrevocables”), recorded in its shareholders’ equity, within a term of 180 days, term which was extended successive times, but it expired on February 21, 2006, without being extended until this present moment. Should no specific authorization be obtained from I.G.J., such advances shall be converted into capital stock or reclassified to liability account. Pursuant to Administrative Resolution applicable to the subsidiary, alterations in its capital stock shall be previously approved by the Argentine Government and, consequently, the compliance with conversion of “aportes irrevocables” into capital stock depends on said approval, which until this present moment it did not occur. On June 30, 2006, the balance of “aportes irrevocables” amounted to approximately R\$83,000 thousand and, based on its legal advisors’ opinion, the management of the parent company ALL – América Latina Logística S.A. opted to consider it as shareholders’ equity account of the subsidiary for purpose of registration of the investment, for as owner of usufruct rights of such company’s shares, maintains firm its intention of converting these advances into capital in the future, when there is no regulatory restriction, preventing it. The subsidiary’s management issued a request of waiver to the application of said Resolutions to I.G.J., in view of current regulatory impediment in carrying out the conversion of advances, and until the date of issue of this Report, no answer was obtained. The Quarterly Information outlined in paragraph 1 does not include any possible effect, which may derive from the conclusion of such issue.

8. As mentioned in note 14, the wholly-owned subsidiaries Brasil Ferrovias S.A., Novoeste Brasil S.A. and their subsidiaries have individual controls of the assets comprising their fixed assets, reconciled with the accounting balances. A physical finding of these assets is being carried out, aiming to improve the referred individual controls. The conclusion of this finding may result in possible adjustments to the accounts of fixed assets.
9. According to note 18, the indirect subsidiaries Ferroban – Ferrovias Bandeirantes S.A. and Ferrovias Novoeste S.A. are in process of discussion with Rede Ferroviária Federal S.A. (RFFSA), in liquidation, about certain transactions resulting from concession and leasing agreements. In view of the current stage of these conversions, it is not possible at this moment to ensure that some adjustment, positive or negative, to the accounting balances currently recorded, will be necessary when these negotiations are concluded.
10. Our review procedures were conducted with the purpose of issuing a Limited Review Report on the Quarterly Information - ITR outlined in the first paragraph. The supplementary information mentioned in Note 27, corresponding to the statements of cash flow (parent company and consolidated), prepared in accordance with the accounting principles adopted in Brazil, are being presented in order to provide additional information on the Company, although they are not required as an integral part of the Quarterly Information - ITR. This information was submitted to the same review procedures described in the second paragraph. Based on such procedures, we do not have cognizance of any relevant change which should be

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made in relation to the statement of cash flow for it to be in compliance with the accounting principles adopted in Brazil.

Curitiba, August 7, 2006

ERNST & YOUNG
Auditores Independentes S.S.
CRC (Regional Accounting Council)-2-SP 15199/O-6 “F” PR

Marcos Antonio Quintanilha
Accountant CRC-1-SP-132776/O-3 T-SC-S-PR

01.01 - IDENTIFICATION

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