ALL - América Latina Logística S.A.
and its subsidiaries
Quarterly Information
As of March 31, 2010 and 2009
and independent auditors' report on special review

Independent auditors report on special review

To
the Executive Officers and Shareholders of
ALL – América Latina Logística S.A.
Curitiba – PR

1. We have audited the accounting information enclosed in the individual and consolidated Quarterly Information of ALL – América Logística S.A. and of its subsidiaries for the quarter ended on March 31, 2010, comprising the balance sheets, the related statements of income, of changes in shareholders' equity and cash flows, the performance report and the notes to the financial statements, prepared under the responsibility of the Company's management.

2. Our audits were conducted in accordance with the specific standards established by the Brazilian Institute of Independent Auditors - IBRACON, jointly with the Federal Accounting Council - CFC, and consisted, mainly, of the: (a) questioning and discussion with the administrators responsible for the accounting, financial and operational areas of the Company and its subsidiaries, as to the main criteria adopted in the preparation of the Quarterly Information; and (b) review of information and subsequent events that have or might have material effects on the financial situation and operations of the Company and its subsidiaries.

3. Based on our review, we are not aware of any relevant changes that shall be made in the accounting information enclosed in the Quarterly Information referred to in paragraph 1, so that those are in compliance with the Brazilian accounting practices and rulings issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information.

4. As mentioned in Note 5 (a), on October 20, 2006, indirect subsidiaries América Latina Logística Central S.A. ("ALL Central") and América Latina Logística – Mesopotámica S.A. ("ALL Mesopotámica"), executed, with the Argentine National State "Letters of Understanding", as part of the renegotiation process of its concession agreements. On the issue date of this Special Review Report, the Management of the subsidiaries and its counsels understand that the renegotiation process of the agreements has not been concluded yet, due to the absence of approval by the Executive Branch of such country. The main effects of the new contractual system which is being negotiated are also described in Note 5 (a). The subsidiaries estimated the recoverable amount of its permanent assets and taxes recoverable, on March 31, 2010, based on cash flow studies which take into consideration the changes proposed in the "Letters of Understanding" previously mentioned, which the Management of the subsidiaries deem as necessary to comply with its business plans. The recoverability of permanent assets and tax credits accounted for on March 31, 2010, depend on the approval by the Argentine National Executive Branch of the renegotiation of the concession agreement (previously approved by the "Comisión Bicameral de Seguimiento de Privatizaciones" of such country), and the successful implementation of the business plan developed by the Management. The resolution of these matters is still pending on the date of this Special Review Report and, subsequently, the present quarterly information does not comprise any adjustment and/or reclassification from the effects that could derive from said uncertainties.

5. As described in Note 7, the indirect subsidiary ALL Central has interrupted the recognition of revenues linked to tolls of "Unidad Ejecutora del Programa Ferroviário

Provincial (U.E.P.F.P.)" as from January 2002. This decision is basically founded on the lack of recognition of services rendered by said Unit. In 2004, ALL Central started a demand with the Federal Contentious Administrative Court of the province of Buenos Aires, requiring the payment of toll values referring to the period between 1993 and 1995. Supported by its legal advisors' opinion, that the collection suit of the amounts filed against U. P.F.P. has a relatively high probability of success, the Management did not record provision for losses of the amount receivable recorded at ALL Argentina of approximately R$2,188 thousand (P$4,762 thousand). On the other hand, and due to the agreements executed with the previous shareholders, ALL Argentina records a liability of equal value, bound to the reimbursement of 50% of the recovered amounts, referring to tolls incurred in the periods preceding the acquisition date of ALL Central and ALL Mesopotámica. The quarterly information described in paragraph 1 does not contemplate possible adjustments or reclassifications that could arise as a result of these discussions.

6. In accordance with Note 33, during 2009, CVM approved several Pronouncements, Interpretations and Technical Orientations issued by the Committee of Accounting Pronouncements (CPC) effective as of 2010, which alter the accounting practices adopted in Brazil. Pursuant to CVM Resolution 603/09, the Company's Management opted for presenting its Quarterly Information using the accounting rules adopted in Brazil up to December 31, 2009, i.e., it did not use these rulings effective for 2010. Pursuant to said CVM Resolution 603/09, the Company disclosured this fact in Note 33 to the Quarterly Information and the main changes that might impact on their financial statements at the end of fiscal year and the clarifications of the reasons that hinder the presentation of estimates of possible effects in the shareholders' equity and in the income, as required by the Resolution.

Curitiba, April 30, 2010

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2-SP-015199/O-6

Luiz Carlos Passetti
Accountant CRC-1-SP-144.343/O-3

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

BALANCE SHEETS FOR THE PERIODS ENDED MARCH 31, 2010 AND DECEMBER 31, 2009
(In thousands of R$)

		Parent Company		Consolidated	
	Note	3/31/2010	12/31/2009	3/31/2010	12/31/2009
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	808,965	1,139,520	2,248,773	2,573,725
Trade accounts receivable	7	23,844	32,777	251,933	186,418
Inventories				75,991	80,231
Credits with congeners				671	409
Lease and concessions	8			6,460	6,460
Recoverable taxes and contributions	9	48,583	44,723	288,701	277,895
Deferred income tax and social contribution	10	10,621	11,552	92,552	86,446
Dividends and interest on own capital		34,157	34,157		
Advances and other accounts receivable		5,426	5,423	87,786	77,938
Prepaid expenses		2,505	4,310	13,619	19,228
Total current assets		934,101	1,272,462	3,066,486	3,308,750
NON-CURRENT ASSETS					
LONG-TERM ASSETS					
Credits receivable from related companies	21	317,722	373,083	2,984	783
Lease and concessions	8			103,661	105,276
Debentures	11	112,479	109,691		
Recoverable taxes and contributions	9	7,091	6,599	308,375	315,909
Deferred income tax and social contribution	10	43,579	43,771	307,341	302,959
Refundable deposits and restricted amounts	20	14,248	3,038	309,510	294,386
Temporary investments				389	542
Other realizable assets				13,276	13,774
Prepaid expenses				8,797	8,860
		495,119	536,182	1,054,333	1,042,489
PERMANENT ASSETS					
Investments	12	3,605,778	3,596,202	5,993	5,266
Intangible assets	13	1,415	1,509	2,552,613	2,561,898
Fixed assets	14	65,791	67,939	5,437,853	5,250,167
Deferred charges	15			205,527	206,404
		3,672,984	3,665,650	8,201,986	8,023,735
Total non-current assets		4,168,103	4,201,832	9,256,319	9,066,224
TOTAL ASSETS		5,102,204	5,474,294	12,322,805	12,374,974

The notes are an integral part of the financial statements.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

BALANCE SHEETS FOR THE PERIODS ENDED MARCH 31, 2010 AND DECEMBER 31, 2009
(In thousands of R$)

		Parent Company		Consolidated	
	Note	03/31/10	12/31/09	03/31/10	12/31/09
LIABILITIES					
CURRENT LIABILITIES					
Suppliers		11,874	12,622	521,623	552,290
Loans and financings	16	889	6,457	425,540	418,934
Debentures	17	10,274	32,139	39,196	71,197
Tax liabilities		3,792	5,288	106,469	96,042
Debt with congeners				2,227	2,875
Lease and concessions	19			25,897	24,639
Labor and social security liabilities				45,809	35,021
Advance from clients		22,125	23,584	57,039	67,638
Leasing	18			156,779	143,264
Tax and social security installments	25	442	434	49,891	64,233
Other accounts payable				11,400	4,080
Deferred income	24			2,065	2,065
Real Estate Credit Advances	23	20,280	10,950	154,548	173,184
Dividends and interest on own capital		7,873	7,873	7,996	7,996
Total current liabilities		77,549	99,347	1,606,479	1,663,458
NONCURRENT LIABILITIES					
Loans and financings	16	259,788	262,156	2,396,113	2,455,867
Debentures	17	742,923	741,940	1,654,715	1,653,906
Accounts payable to related companies	21	36,916	407,794	592	579
Provision for contingencies	20			194,689	208,576
Lease and concessions	19			986,996	959,870
Advance from clients				1,112	1,112
Provision for unrealized profit	22	13,175	13,361		
Leasing	18			941,577	931,347
Tax and social security installments	25	4,890	4,793	127,016	124,948
Real Estate Credit Advances	23	93,876	106,812	502,925	499,272
Other liabilities				11,802	11,289
Provsion for unsecured liabilities in subsidiaries	12	22,762	20,828	5,407	4,651
Deferred income	24			23,932	24,448
Total noncurrent liabilities		1,174,330	1,557,684	6,846,876	6,875,865
Minority interest in subsidiaries				19,814	19,422
SHAREHOLDERS' EQUITY					
Capital stock	26	3,433,941	3,433,941	3,433,941	3,433,941
Capital reserves		12,965	(9,482)	12,965	(9,482)
Profit reserves		398,994	405,441	398,994	405,441
Accumulated earnings (losses)		17,151		16,462	(1,034)
Equity adjustments		(14,915)	(12,637)	(14,915)	(12,637)
Advance for future capital increases		2,189		2,189	
Total shareholders' equity		3,850,325	3,817,263	3,849,636	3,816,229
TOTAL LIABILITIES		5,102,204	5,474,294	12,322,805	12,374,974

The notes are an integral part of the financial statements.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

INCOME STATEMENTS FOR THE PERIODS ENDED MARCH 31, 2010 AND 2009
(In thousands of R$)

		Parent Company		Consolidated	
	Note	03/31/10	03/31/09	03/31/10	03/31/09
Gross revenue from services					
Provision of cargo transportation services and other		15,546	157,691	713,036	630,828
Gross revenue deductions, mainly taxes (ICMS, ISS, PIS and COFINS)		(1,190)	(18,392)	(86,893)	(72,618)
Net revenue from services		14,356	139,299	626,143	558,210
Cost of services provided		(6,179)	(111,151)	(379,953)	(347,800)
Gross profit		8,177	28,148	246,190	210,410
Income from shareholding					
Equity accounting	12	19,420	(23,444)	469	(901)
Reversal (provision) for unsecured liabilities in subsidiaries	12	(1,923)	(2,628)	(755)	
Goodwill amortization in subsidiaries	13	(8,068)		(8,398)	(458)
Gain/loss in investments	12	417	(5)	468	(2)
		9,846	(26,077)	(8,216)	(1,361)
Other operating income (expenses)					
Selling		(1,024)		(6,551)	(2,082)
General and administrative		(3,065)	(2,054)	(29,375)	(29,686)
Other operating income (expenses), net		11,334	176	3,352	1,924
		7,245	(1,878)	(32,574)	(29,844)
Operating income before financial income		25,268	193	205,400	179,205
Financial expenses	29	(30,289)	(52,178)	(247,340)	(300,197)
Financial income	29	25,177	30,796	60,243	82,323
		(5,112)	(21,382)	(187,097)	(217,874)
Operating profit before taxes and minority interest		20,156	(21,189)	18,303	(38,669)
Provision for income tax and social contribution	28	(1,882)		(8,964)	(4,818)
Deferred income tax and social contribution	28	(1,123)	(1,805)	8,859	18,367
		(3,005)	(1,805)	(105)	13,549
Minority interest in subsidiaries				(702)	2,471
Net income for the period		17,151	(22,994)	17,496	(22,649)
Number of shares at the end of the period (in thousands)		3,437,512	2,884,178	3,437,512	2,884,178
Net income per one thousand shares at the end of the period - R$		4.9894	(7.9725)	5.0897	(7.8528)

The notes are an integral part of the financial statements.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED MARCH 31, 2010 AND DECEMBER 31, 2009

(In thousands of R$)

	Capital Paid-up		Capital reserve				Profit Reserve					Other		
	Subscribed	To be paid-up	Treasury Shares	Debentures Funding Cost	Recognized Granted Options	Goodwill in the issue of shares	Legal	Tax Incentives	For Investments	Retained Earnings	AFAC	Accumulated Translation Adjustments	Adjustment to assets	Total
Balance on December 31, 2009	**3,445,866**	**(11,925)**	**(57,156)**	**(19,439)**	**67,081**	**32**	**41,619**	**29,951**	**333,871**			**(18,142)**	**5,505**	**3,817,263**
Net income for the year										17,151				17,151
Exchange effect on foreign investments													680	680
Deferred effect of mark-to-market of hedge operations													(8,007)	(8,007)
Mark-to-market of investment held for sale													5,049	5,049
Stock options:														
Reserve for options granted					5,105									5,105
Exercised options			23,112		(5,770)				(6,447)		2,189			13,084
Balance on March 31, 2010	**3,445,866**	**(11,925)**	**(34,044)**	**(19,439)**	**66,416**	**32**	**41,619**	**29,951**	**327,424**	**17,151**	**2,189**	**(18,142)**	**3,227**	**3,850,325**

The notes are an integral part of the financial statements.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED MARCH 31, 2010 AND 2009
(In thousands of R$)

	Parent Company		Consolidated	
	03/31/10	03/31/09	03/31/10	03/31/09
Operating activities				
Net income for the year	17,151	(22,994)	17,496	(22,649)
Expenses (revenue) that do not affect cash and cash equivalents				
Depreciation and amortization	2,139	2,082	102,803	86,040
Equity accounting	(19,420)	23,477	(469)	(424)
Provision for unsecured liabilities	1,923	2,594	755	1,324
Goodwill amortization	8,068		8,398	458
Deferred income tax and social contribution	1,123	27,509	(8,859)	(18,966)
Provision for unrealized profit	(185)	(186)		
Realization of deferred revenues			(516)	(205)
Exchange variation and charges on financings and debentures	(35,245)	(45,403)	(24,511)	(62,757)
Stock Options	1,281	5,073	5,104	5,073
Minority interest			702	(3,848)
	(23,165)	(7,848)	100,903	(15,954)
Increase (decrease) in asset accounts				
Trade accounts receivable	8,933	(2,555)	(65,516)	(41,718)
Storehouse			4,240	11,968
Recoverable taxes	(3,860)	(6,251)	(4,901)	36,724
Other assets	(9,305)	(32,709)	(16,744)	(14,102)
	(4,232)	(41,515)	(82,921)	(7,128)
Increase (decrease) in liabilities account				
Suppliers	(747)	118,747	(30,667)	(102,629)
Payroll and social charges			10,788	(25,397)
Taxes, fees and contributions	1,151	(1,006)	17,204	(63,811)
Lease and concessions payable			28,384	30,712
Dividends and interest on own capital			(18,171)	
Other liabilities	(711)	(8,409)		326
	(307)	109,332	7,538	(160,799)
Operating cash generation (use)	(27,704)	59,969	25,520	(183,881)

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED MARCH 31, 2010 AND 2009
(In thousands of R$)

	Parent Company		Consolidated	
	3/31/10	3/31/09	3/31/10	3/31/09
Investment Activities				
Acquisition (increase) of interest	(417)		(258)	
Acquisition of fixed assets		(1,113)	(229,313)	(146,538)
Inventories in fixed inversion			203	1,704
Leasing				(3,146)
Cash generated by (used in) investment activities	(417)	(1,113)	(229,368)	(147,980)
Financing activities				
Financing				
Funding				50,703
Amortization			(134,188)	(123,898)
Capital increase and AFAC	13,084	17,115	13,084	17,115
Acquisitions/Buyback of shares		359		359
Related parties	(315,517)	(396,136)		(2,320)
Cash generated by (used in) financing activities	(302,433)	(378,662)	(121,104)	(58,041)
Cash and cash equivalents increase (reduction)	(330,554)	(319,806)	(324,952)	(389,902)
Cash and cash equivalents initial balance	1,139,519	929,500	2,573,725	2,642,731
Cash and cash equivalents final balance	808,965	609,694	2,248,773	2,252,829
Cash and cash equivalents increase (reduction)	(330,554)	(319,806)	(324,952)	(389,902)

The notes are an integral part of the financial statements.

(In thousands of R$)

1 Operations

a) The Company

ALL - América Latina Logística S.A. ("Company" or "Parent Company") was established on December 31, 1997.

The Company’s main corporate purposes are:

- to hold interest 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, intermodal transportation, port operations, movement and storage of goods, operation and management of storage warehouses and general warehouses;
- to acquire, lease or lend locomotives, wagons and other rail equipment to third parties;

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.

The Company operates rail transportation in Southern Brazil through ALL – América Latina Logística Malha Sul, and in the Central West region and State of São Paulo through the subsidiaries ALL – América Latina Logística Malha Paulista, ALL – América Latina Logística Malha Norte and ALL – América Latina Logística Malha Oeste S.A. It operates in Argentina 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).

Concession terms are as follows:

Companies	Concession period	Area of Operation
ALL Malha Sul	February 2027	Southern region of Brasil
ALL Malha Paulista	December 2028	Mid-west region and São Paulo State
ALL Malha Oeste	June 2026	Mid-west region and São Paulo State
ALL Malha Norte	May 2079	Mid-west region and São Paulo State
ALL Central	August 2023	Argentina
ALL Mesopotámica	October 2023	Argentina
Portofer	June 2025	Port of Santos – São Paulo State
Terminal XXXIX	August 2022	Port of Santos – São Paulo State
TGG - Terminal de Granéis do Guarujá	August 2022	Port of Santos – São Paulo

TERMAG - Terminal Marítimo de Guarujá	August 2022	State Port of Santos – São Paulo State

All companies comprising ALL Group are listed in Note 4.

Boswells S.A. is a financial investment company established in Uruguay.

Santa Fé Vagões S.A.: its corporate purpose is manufacture, maintain, sell, and trade items and services related to rolling stocks, rail systems, traction equipment, trails, signaling, and mechanical equipment related to rail activities, in addition to its parts and components, as well as the import, export, purchase, sale, distribution, lease, rental and loan of railcars, machinery, equipment and inputs related to rail activities.

ALL Overseas is a wholly-owned subsidiary acquired in December 1999, and its corporate purpose is to carry out any activity that is in accordance with the legislation in force in the Bahamas.

b) Limitations and conditions to operate the concession granted to ALL Malha Sul, ALL Malha Paulista and ALL Malha Oeste

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

The concession agreements of these subsidiaries 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 extinguishment of any of the concessions 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.

(In thousands of R$)

c) Corporate restructuring

On April 30, 2009, ALL - América Latina Logística S.A. acquired the control and all the shares issued by Santa Fé Vagões S.A., increasing its shareholding in this company from 39.99% to 100.0%.

On October 15, 2009, based on the financial appraisal report, the quotaholders of Multimodal Participações Ltda. (Multimodal) and shareholders of Nova Brasil Ferrovias S.A. (Nova BF) approved the merger of Nova BF into Multimodal with the consequent extinguishment of Nova BF, whereby Multimodal became the successor of all the rights and obligations of the merged company.

On December 30, 2009, based on the financial appraisal report, Multimodal's quotaholders and shareholders of ALL – América Latina Logística Malha Norte S.A. (ALL Malha Norte), ALL – América Latina Logística Malha Paulista S.A. (ALL Malha Paulista) and ALL – América Latina Logística Malha Oeste S.A. (ALL Malha Oeste) approved the total split-off of Multimodal Participações Ltda. and the merging of the three split portions into ALL Malha Norte, ALL Malha Paulista and ALL Malha Oeste, with the consequent extinguishment of Multimodal, whereby each of the merging companies became successors of all the rights and obligations of the split company.

A full provision for Multimodal's goodwill was established before the split-off and merger of the split portions in contra account to the capital reserve in the shareholders' equity group, in accordance with CVM Instruction 349 of March 6, 2001. At the same time, the parent company ALL - América Latina Logística S.A. had its investment reconstituted in the amount of the provision.

Aiming to prevent the goodwill amortization from affecting negatively the flow of dividends to shareholders, a provision was also recorded to maintain the integrity of the shareholders' equity of its merging companies (ALL Malha Norte, ALL Malha Paulista and ALL Malha Oeste), in the full amount of goodwill, in accordance with CVM Instruction 349 of March 6, 2001.

Therefore, with Multimodal's total split-off and merger of the split portions into its subsidiaries, the overall amount of goodwill was transferred to each subsidiary for the amount of the goodwill generated by each on the acquisition date:

ALL Malha Norte	R$	2,050,356
ALL Malha Paulista	R$	355,605
ALL Malha Oeste	R$	123,948

Goodwill amortization, net of the reversal of the corresponding provision, will have a null effect on the income, resulting in a tax benefit that will improve the basis of minimum mandatory dividends.

2 Summary of the Main Accounting Practices

The accounting practices adopted by the Company in the preparation of this quarterly information are the same as those used in the preparation of the financial statements for the year ended on December 31, 2009.

3 Preparation and Presentation Basis of the Quarterly Information

The authorization for completing the preparation of this quarterly information took place at the board of executive officers' meeting held on April 30, 2010.

The quarterly information were prepared based on the accounting practices adopted in Brazil and on the rules of the Brazilian Securities and Exchange Commission (CVM), complying with the accounting orientations from the corporate law (Law 6404/76) which include the new provisions introduced, amended and revoked by Law 11,638 of December 28, 2007 and by Law 11,941, of May 27, 2009.

During fiscal year 2009, the Accounting Pronouncements Committee issued two technical pronouncements CPC 15 to CPC 40 (except for CPC 34) aligned with international standards issued by IASB – International Accounting Standards Board.

The Company opted for not including in its quarterly information for the quarter ended on March 31, 2010, the effects of technical pronouncements, interpretations and orientations effective for fiscal years beginning as of January 1, 2010 and the mandatory adoption for December 31, 2010. These effects shall be implemented by the Company during fiscal year 2010, as detailed in Note 33.

(In thousands of R$)

4 Consolidated Quarterly Information

a) Ownership in subsidiaries

The consolidated quarterly information comprises the Company's operations and the following subsidiaries' operations, the percentage ownership of which on the balance sheet date is summarized as follows:

	Ownership%	
	03/31/10	**12/31/09**
Direct Subsidiaries		
ALL - América Latina Logística Intermodal S.A. (ALL Intermodal)	100.00	100.00
ALL - América Latina Logística Malha Oeste S.A. (ALL Malha Oeste)	100.00	100.00
ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)	100.00	100.00
ALL - América Latina Logística Malha Sul S.A. (ALL Malha Sul)	100.00	100.00
ALL - América Latina Logística Overseas S.A. (ALL Overseas)	100.00	100.00
ALL - América Latina Logística Participações Ltda. (ALL Participações)	100.00	100.00
Boswells S.A.	100.00	100.00
Santa Fé Vagões S.A. (Santa Fé)	100.00	100.00
ALL - América Latina Logística Centro-Oeste Ltda. (ALL Centro-Oeste)	99.99	99.99
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	99.99	99.99
ALL - América Latina Logística Tecnologia Ltda. (ALL Tecnologia)	99.90	99.90
ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)	98.06	97.96
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
ALL - América Latina Logística Rail Tec (ALL Rail Tec)	51.00	51.00
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	51.00	51.00
BLL SPE Ltda.	50.01	99.99
Indirect Subsidiaries		
ALL Intermodal's Investee		
ALL - América Latina Logística Armazéns Gerais Ltda (ALL Armazéns Gerais)	100.00	100.00
ALL Armazéns Gerais's Investee		
PGT Grains Terminal S.A. (PGT)	100.00	100.00
ALL Malha Paulista's Investee		
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investidas da ALL Malha Norte		
Terminal XXXIX de Santos S.A. (Terminal XXXIX)	50.00	50.00
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
ALL Argentina's Investee		
ALL - América Latina Logística Central S.A. (ALL Central)	73.55	73.55
ALL - América Latina Logística Mesopotámica S.A. (ALL Mesopotámica)	70.56	70.56
ALL Participações's Investee		
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	49.00	49.00
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	9.04	9.04
ALL - América Latina Logística Tecnologia Ltda. (ALL Tecnologia)	0.10	0.10
ALL - América Latina Logística Centro-Oeste Ltda. (ALL Centro-Oeste)	0.01	0.01
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	0.01	0.01
BLL SPE Ltda.		0.01

ALL Central and ALL Mesopotámica have the following minority interest breakdown on March 31, 2010.

	Ownership%	
	ALL Central	ALL Mesopotámica
Alesia S.A.		3.64
Petersen, Tiele Y Cruz S.A.		3.06
Ministério de Economia y Obras y Servicios Públicos de la Nación	16.00	16.00
Others - Individuals	4.00	4.00

The fiscal years of the subsidiaries included in the consolidation are coincident with the parent company and the accounting practices were evenly applied in the consolidated companies and consistent with those used in the previous year.

ALL Argentina negotiated with its minority shareholder Railroad Development Corporation the acquisition of its interest in ALL Central and in ALL Mesopotámica. The negotiation depends on the approval of the share transfer by the Argentine government.

For Companies ALL Argentina (direct subsidiary), ALL Central (indirect subsidiary), ALL Mesopotámica (indirect subsidiary), headquartered in Argentina, Overseas (direct subsidiary), headquartered in the Bahamas, and Boswells S.A. (direct subsidiary), headquartered in Uruguay, analyses were carried out with a view to adapting the accounting principles adopted in said countries to the accounting principles adopted in Brazil. 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 and which did not generate a significant effect in the Company's financial statements (parent company and consolidated), no other differences in accounting practices were identified.

For the investment in Terminal XXXIX, whose control is shared with other shareholders, assets, liabilities and results are consolidated proportionally to the interest in the Capital Stock of that investee. For the other subsidiaries, direct and indirect ones, their total assets, liabilities and results were consolidated, highlighting, when applicable, the interest of minority shareholders in the shareholders' equity and in the result of the periods. Investments in subsidiaries, non-realized profits and the portion correspondent to its shareholders' equity were eliminated in the consolidation, as well as asset and liability balances, revenues and expenses resulting from transactions carried out among consolidated companies, as indicated in Notes 12 and 21.

b) The main consolidation procedures are:

- Exclusion of assets and liabilities account balances among consolidated companies;
- Exclusion of interest in the capital, reserve and accumulated profits of consolidated companies;
- Exclusion of revenues and expenses balances, as well as of unrealized profits, resulting from intercompany transactions;
- Determination of taxes over the installment of unrealized profits, presented as deferred taxes in the consolidated balance sheet.

(In thousands of R$)

	Shareholders' Equity		Net profit (loss) for the year	
	03/31/10	12/31/09	03/31/10	12/31/09
Parent Company	3,850,325	3,817,263	17,151	(22,994)
Gain (Loss) on the variation of shareholding	(689)	(1,034)		
Realization on the year of gain on the variation of shareholding			345	345
Consolidated	3,849,636	3,816,229	17,496	(22,649)

The gain of interest refers to the subscription and payment, on August 22, 2000, by ALL - América Latina Logística Malha Sul S.A. of 16,573,431 shares of Itacaiúnas Participações S.A., with goodwill of R$21,193. Such subscription generated a decrease in the parent company's interest from 100% to 63.03% of the capital with gain of R$13,782. The realization of this gain has been taking place as the locomotives, which originated the value of referred goodwill, depreciate.

For subsidiaries located abroad, their assets, liabilities and result regarding the period ended March 31, 2010 were translated into reais by the exchange rate at the closing balance sheet date, R$0.4594 for P$1.00 (Argentine Peso) (on December 31, 2009 – R$0.457693 for P$1.00) for the Companies headquartered in Argentina; and R$1.7810 for US$1.00 (North American dollar) (on December 31, 2009 – R$1.7412 for US$1.00) for the other subsidiaries located abroad. The exchange gains (losses) of foreign-currency denominated investments are recorded in the shareholders' equity, under item "translation accumulated adjustment".

5 Argentinean 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 Branch 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 of the concession agreement between ALL Central and ALL Mesopotámica with the Argentine Government. On October 20, 2006, ALL Central and ALL Mesopotámica executed new letters of understanding with the Unit for Renegotiation and Analysis of Public Services Agreements in order to replace the prior letter. The effects and commitments arising from these are reflected in the financial statements, even considering that the referred letters shall be approved by the President of the Republic of Argentina. The referred Letters mainly establish the following:

(i) Annual investment plan

As of January 2006, the concessionaries must invest on a yearly basis an amount equivalent to 9.5% of total net revenues of ALL Central and ALL Mesopotámica related to the previous year. In the year ended March 31, 2010, these Companies made investments at the amount of R$6,817 (R$17,812 on December 31, 2009) and R$2,055 (R$8,295 on December 31, 2009), respectively, which are higher than the minimum commitments undertaken.

(ii) Concession fee (“canon”)

As of January 1, 2006, the amount corresponding to 3% of total net revenues of ALL Central and ALL Mesopotámica referring to the previous year will be considered concession fee (“canon”). During the year ended on March 31, 2010, these Companies recorded expenses of R$757 (R$3,051 on December 31, 2009) and R$154 (R$918 on December 31, 2009) respectively, having as counter-entry the lease and concession payable account.

The concession fees relating to the previous three-year periods were included as an integral part of mutual claims negotiations, as described in item (iii).

(iii) Rights and obligations comprising the mutual claims

The renegotiation of concession agreements includes the discussion on amounts claimed by both Argentine Government and concessionaries, such as: investments not complied with by concessionaries, amounts related to concession fees of previous periods and losses incurred by concessionaires by force majeure (floods and other).

Based on the letters, the extinction of liabilities of the amounts related to mutual claims balances, which totaled P$79,760 thousand and P$14,480 thousand for ALL Central and ALL Mesopotámica, respectively, in favor of the Argentine Government, was set forth, and the concessionaries started to assume investment commitments as from January 2006, which cannot be lower than 3.17% and 1.54%, respectively, on net revenues of the previous year, respecting the minimum amounts of P$4,686 thousand and P$852 thousand, respectively. The minimum investments required by the letters commitments are being fully complied with by concessionaries, up to the moment.

(In thousands of R$)

b) Approval for transfer of shares

In May 1999, the Company entered into a purchase agreement with the five 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 purchase agreement is currently pending approval by the Argentine Government, which must give its approval so that the share transfer may become official. 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 five shareholders irrevocably undertake to exercise the voting right over shares of ALL Argentina, in accordance with the Company's instructions.

6 Cash and cash equivalents

		Parent Company		Consolidated	
		03/31/10	12/31/09	03/31/10	12/31/09
Cash and Banks		113	210	19,192	33,502
Financial Investments available for sale					
CDBs	(i)	485,846	799,749	1,313,664	1,346,001
Pre Rate	(ii)	308,477	325,316	723,884	1,002,493
Exclusive Funds	(iii)	14,529	14,245	187,292	186,318
Other Funds	(iv)			4,741	5,411
		808,852	1,139,310	2,229,581	2,540,223
		808,965	1,139,520	2,248,773	2,573,725

The financial investments are represented by:

(i) investments in Bank Deposit Certificates (CDBs) with rates indexed to the variation of the Interbank Deposit Certificate – CDI (average rate of 103% of the CDI) and daily liquidity;

(ii) investments in CDBs with pre-fixed rate and liquidity;

(iii) investments in Exclusive Funds; and

(iv) investments in Funds.

(In thousands of R$)

7 Trade accounts receivable - consolidated

	03/31/10	12/31/09
Trade accounts receivable		
In Brazil	246,273	178,380
In Argentina	26,448	23,740
	272,721	202,120
(-) Provision for doubtful accounts		
In Brazil	(11,017)	(5,967)
In Argentina	(9,771)	(9,735)
	(20,788)	(15,702)
	251,933	186,418

In the parent company, trade accounts receivable balances include transactions with related parties resulting from the sale of maintenance supplies and service provision.

ALL Central has been collecting, under the administrative scope, amounts derived from toll revenues receivable from “Unidad Ejecutora del Programa Ferroviário Provincial” (“U.E.P.F.P.”) in the amount of R$2,188 (P$4,762 thousand). The probability of success in the realization of such asset was classified as probable by our legal advisors. As mentioned above, for those amounts resulting from toll revenue, the chances of losses of which were classified as probable, provisions for doubtful accounts were recorded.

8 Lease and concessions – consolidated

	03/31/10		12/31/09	
	Current assets	Long-term assets	Current assets	Long-term assets
Lease				
ALL Malha Oeste	166	2,512	166	2,554
ALL Malha Paulista	2,025	32,439	2,025	32,946
ALL Malha Sul	2,734	43,523	2,734	44,206
Prepaid right of way				
ALL Malha Sul	1,261	20,891	1,261	21,206
Concessions				
ALL Malha Oeste	17	196	17	200
ALL Malha Paulista	107	1,707	107	1,734
ALL Malha Sul	150	2,393	150	2,430
	6,460	103,661	6,460	105,276

(In thousands of R$)

The conditions for the leasing and concession agreements are the following:

	Leasing and Concession Agreements						
	Term in years	Principal Amount	Amount Paid in Cash	Balance	Quarterly Installments	Beginning of Payment	Restatement Index
Lease							
ALL Malha Oeste	30	56,440	4,969	51,471	112	1/15/1998	IGP-DI
ALL Malha Paulista	30	230,160	52,793	177,367	112	12/15/2000	IGP-DI
ALL Malha Sul	30	202,112	82,032	120,080	112	1/15/1999	IGP-DI
Concessions							
ALL Malha Oeste	30	3,118	409	2,709	112	1/15/1998	IGP-DI
ALL Malha Paulista	30	12,252	2,917	9,335	112	12/15/2000	IGP-DI
ALL Malha Sul	30	10,830	4,510	6,320	112	1/15/1999	IGP-DI

The amount paid in cash is being amortized pursuant to the remaining concession term and liabilities are provisioned by the Company as mentioned in Note 19.

Prepaid right of way refers to the amount paid by ALL Malha Sul to ALL Malha Paulista as a consideration for the use of the segment from Presidente Epitácio to Rubião Júnior and from Pinhalzinho/Apiaí to Iperó (São Paulo state), in accordance with the agreement to operate these segments for 30 years, which is also the accounting amortization period.

Both asset lease agreements and transportation service concession agreements are recognized in the result on a straight-line basis throughout the concession period, and do not represent financial leasing.

9 Recoverable taxes and contributions

	03/31/10		12/31/09	
	Current Assets	Long-term assets	Current Aseets	Long-term assets
Parent Company				
Withholding income tax - IRRF	42,033	7,091	35,179	6,599
Recoverable IR and CS – prepayment	5,751		8,592	
Other	799		952	
	48,583	7,091	44,723	6,599
Subsidiaries				
ICMS	82,022	63,779	76,668	68,272
Tax on Value Added – IVA	3,990	3,810	4,465	2,926
Withholding income tax - IRRF	86,709	5,237	69,344	5,196
Recoverable IR and CS - prepayment	18,287	2,620	28,614	2,620
COFINS – rate increase	3,681	-	3,597	
Federal Tax Credits to offset PIS/COFINS	41,600	122,241	45,662	127,496
IPI (tax on manufactured products)		102,757	807	101,961
Other	3,829	840	4,015	839
	240,118	301,284	233,172	309,310
Consolidated	288,701	308,375	277,895	315,909

ALL Malha Sul and ALL Intermodal maintain IPI credit premiums acquired from third parties and generated in periods prior to October 1990. These credits derive from an ordinary lawsuit with a final and unappealable decision and were transferred by means of credit assignment. The initial purpose of this acquisition was to offset these credits with other debits from federal taxes. These offsets were disallowed by the tax administration and were being discussed in court. The taxes were restated and included in the Refis program, as disclosed in Note 25.

(In thousands of R$)

The credit recorded, in the amount of R$102,961, (R$101,961 on December 31, 2009) is net of provision for present value adjustment, considering the current history of realization through Federal Revenue writ of payment and the different between these securities' restatement rate and the CDI rate on the balance sheet date.

10 Deferred income tax and social contribution

The credits of the parent company's deferred income tax and social contribution are as follows:

	03/31/10		12/31/09	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	2,413	31,505	2,413	31,505
On temporary differences	5,396	538	6,081	681
	7,809	32,043	8,494	32,186
Social contribution credits				
On negative bases	869	11,342	869	11,342
On temporary differences	1,943	194	2,189	243
	2,812	11,536	3,058	11,585
	10,621	43,579	11,552	43,771

Deferred income tax and social contribution credits recorded in the parent company and its subsidiaries are as follows:

	03/31/10		12/31/09	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	12,618	198,941	12,618	198,223
On temporary differences	55,435	30,127	50,945	27,189
	68,053	229,068	63,563	225,412
Social contribution credits				
On negative bases	4,543	67,824	4,543	68,156
On temporary differences	19,956	10,449	18,340	9,391
	24,499	78,273	22,883	77,547
	92,552	307,341	86,446	302,959

(In thousands of R$)

The Company and its subsidiaries record deferred tax credits on tax losses and negative basis of social contribution when the conditions of CVM Rule 371 are met, i.e., when there is a history of profitability for three out of the last five years, and the expectation of future tax results in no more than 10 years.

The expectation of realization of deferred tax credits recorded is as follows:

	Parent company	Consolidated
2010	10,621	92,552
2011	4,013	29,544
2012	4,326	35,196
2013	4,764	41,366
2014	5,184	44,745
2015 onwards	25,292	156,490
Total	54,200	399,893

The indirect subsidiaries ALL Central and ALL Mesopotámica, based on the generation expectation of future results and by the accounting practices adopted in Brazil, acknowledged deferred income tax credits which amount to R$11,642 on March 31, 2010 (R$10,003 on December 31, 2009). Tax losses, according to the Argentine tax legislation, prescribe in 5 years, period considered enough by the management for the full recovery of the deferred income tax.

These tax credits were not recognized in the case of the subsidiaries ALL Intermodal, ALL Malha Oeste, ALL Malha Paulista and ALL Malha Sul, given the history of tax losses recorded over the last years.

Subsidiary ALL Malha Norte met the requirements for partial recognition of tax credits on losses in the fiscal year 2009 in the amount of R$224,785. On March 31, 2010, these credit’s balances amount to R$ 255,884.

Annually, the Management prepares a technical feasibility study and submits to the approval of the Board of Directors, which presents future taxable income, in accordance with CVM Rule 371, to serve as basis for the tax credits recorded.

(In thousands of R$)

The tax losses, negative basis and temporary differences held by the consolidated companies are:

	Parent Company		Consolidated	
	03/31/10		12/31/09	
	IR	CS	IR	CS
Tax losses and negative basis				
ALL S.A. (parent company)	181,973	182,000	184,915	184,942
ALL Argentina - consolidated	30,120		25,437	
ALL Intermodal	24,320	24,155	16,764	16,599
ALL Malha Norte	970,201	970,542	996,949	997,722
ALL Malha Oeste	397,465	395,975	377,810	376,321
ALL Malha Paulista	972,311	973,085	960,319	961,093
ALL Malha Sul	143,388	143,831	104,834	105,278
Santa Fé Vagões	10,952	10,952	10,952	10,952
	2,730,730	2,700,540	2,677,980	2,652,907
Temporary differences				
ALL S.A. (parent company)	122,204	122,204	125,006	125,006
ALL Argentina - consolidated	3,143		3,143	
ALL Intermodal	21,527	21,527	14,731	14,731
ALL Malha Norte	197,664	197,664	197,461	197,461
ALL Malha Oeste	50,230	50,230	48,376	48,376
ALL Malha Paulista	232,334	232,334	265,056	265,056
ALL Malha Sul	172,612	172,612	155,560	155,560
Santa Fé Vagões	1,208	1,208	1,208	1,208
	800,922	797,779	810,541	807,398

Deferred tax losses carryforwards, negative bases and temporary differences are partially recorded in the balance sheet in the consolidated amount of R$399,893, as previously demonstrated in this note.

Tax losses carryforwards and negative basis of social contribution 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.

11 Long-term investments – debentures

On October 2, 2006, the subsidiary Novoeste Brasil (incorporated by Multimodal Participações Ltda.) approved a private issue of up to 15,000 registered debentures, non-convertible into book-entry shares (1st issue), at unit par value of R$10, of subordinated type, 5,350 of which were issued.

With the partial split-off of Multimodal Participações Ltda., the balance of debentures was merged into the parent Company ALL – América Latina Logística S.A.

The debentures' balances are recorded in the parent company as follows:

(In thousands of R$)

						Long-term Assets	
Tranche	Issue Date	Amount	Final Maturity	Annual Yield	Effective rate	03/31/10	12/31/09
1st issue	02/10/06	53,501	02/10/16	CDI+4%	13.00%	112,479	109,691
						112,479	109,691

12 Investments

a) Chart of interest in subsidiaries and affiliated companies

	Number of shares/ quotas held				% Interest			
	Common/quotas		Preferred		Total		Voting	
	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	12/31/09
ALL Intermodal	63,844,232	63,844,232			100.00%	100.00%	100.00%	100.00%
ALL Malha Oeste	459,057,998	459,057,998	19,402,076	19,402,076	100.00%	100.00%	100.00%	100.00%
ALL Malha Paulista	702,275,954	702,275,954	1,298,592,011	1,298,592,011	100.00%	100.00%	100.00%	100.00%
ALL Malha Sul	12,581,336,962	12,581,336,962	19,141,176,667	19,141,176,667	100.00%	100.00%	100.00%	100.00%
ALL Overseas	12,000	12,000			100.00%	100.00%	100.00%	100.00%
Boswells	3,265,000	3,265,000			100.00%	100.00%	100.00%	100.00%
Santa Fé	100,000	100,000	100,000	100,000	100.00%	100.00%	100.00%	100.00%
ALL Centro-Oeste	499,999	499,999			99.99%	99.99%	99.99%	99.99%
ALL Equipamentos	25,244,748	25,244,748			99.99%	99.99%	99.99%	99.99%
ALL Participações	11,878,448	11,878,448			100.00%	99.90%	100.00%	99.99%
ALL Tecnologia	999	999			99.90%	99.99%	99.90%	99.99%
BLL SPE	10,001	499			99.99%	99.99%	99.99%	99.99%
ALL Malha Norte	687,289,249	687,289,249	2,949,584	2,949,584	98.06%	97.96%	97.96%	97.96%
ALL Argentina	3,000,288	3,000,288	5,825,560	5,825,560	90.96%	90.96%	90.96%	90.96%
ALL Rail Tec	5,100	5,100			51.00%	51.00%	51.00%	51.00%
ALL Sisa	10,200	10,200			51.00%	51.00%	51.00%	51.00%

b) Chart of interest in subsidiaries and affiliated companies - Continued

							Parent Company				
		Subsidiaries/ Affiliated Companies			Equity Accounting		Investment amount		Goodwill		Dividends
		Shareholders' Equity	Income for the period	Dividends Distributed	3/31/10	3/31/09	3/31/10	12/31/09	3/31/10	12/31/09	Received
Direct Subsidiaries											
ALL Argentina	(i)	31,124	(7,331)		(6,668)	(8,356)	39,124	45,462			
ALL Centro-Oeste	(ii)	404	(49)		(49)		404	453			
ALL Equipamentos	(ii)	33,350	8,105		8,104		33,347	25,242			
ALL Intermodal		110,799	(11,929)		(11,929)	9,536	110,799	122,728			
ALL Malha Norte		693,696	81,902		79,927		684,004	601,444	2,043,668	2,049,116	
ALL Malha Oeste		105,160	(15,080)		(15,080)	(1,890)	105,160	119,315	122,129	123,557	
ALL Malha Paulista		51,182	19,348		19,348		51,182	30,874	354,157	355,336	
ALL Malha Sul		43,121	(54,552)		(54,552)	(44,911)	43,121	104,658			
ALL Overseas		5,148					5,148	5,033			
ALL Sisa		7					4	4			
ALL Tecnologia	(ii)	535	534		534		535	1			
Boswells		12,447	(142)		(142)	(1,130)	12,447	12,344			
Multimodal Partic.	(iii)					23,307					
Rail Tec		515	(143)		(73)		262	335			
Santa Fé Vagões									287	300	
					19,420	(23,444)	1,085,537	1,067,893	2,520,241	2,528,309	

(In thousands of R$)

The Parent Company records the goodwill on the expectation of future profitability in the Investments sub-group and, in the consolidated balance sheet, in the Intangible Assets sub-group, as stated in Note 13.

(i) ALL Argentina has an Advance for Future Capital Increase (AFAC) recorded in its Shareholders' Equity, at the amount of R$119,170 (R$119,170 on December 31, 2009) carried out by ALL Holding, which fully recognizes the AFAC in its investment until it is paid-up.

(ii) On December 1, 2008, the parent company – ALL Holding, sold its interest in ALL Equipamentos Ltda., ALL Tecnologia, and ALL Centro-Oeste to Multimodal. The equity accounting of these subsidiaries was proportionally calculated up to the selling date. In November 2009, these companies were sold by Multimodal to ALL, prior to its split-off.

(iii) On December 30, 2009, the full split-off of Multimodal was conducted with the merging of the split portions into ALL Malha Norte, ALL Malha Paulista and ALL Malha Oeste, as described in Note 1c.

c) Subsidiaries with negative shareholders' equity

Related to those subsidiaries that present negative shareholders' equity the respective provision was recorded, which is being presented in the non-current liabilities group in the balance sheet and it was estimated as follows:

	Parent Company		Parent Company			
			Chancges in provision for unsecured liabilities		Provision for unsecured liabilities	
	Unsecured Liabilities	Income for the period	3/31/10	3/31/09	3/31/10	12/31/09
Direct Subsidiaries						
ALL Participações	(7,980)	(662)	(662)	(829)	7,980	7,307
Santa Fé Vagões	(14,782)	(1,261)	(1,261)	(1,766)	14,782	13,521
Rail Tec				(33)		
			(1,923)	(2,628)	22,762	20,828

d) Investment Gains

Investee		Gain
ALL Malha Norte	(i)	417
		417

(i) Gains registered by increased interest in subsidiary ALL Malha Norte from 97.96% to 98.06%, as demonstrated in note 4.

(In thousands of R$)

In the consolidated balance sheet, investments breakdown as follows:

	Consolidated	
	Book value of investments	
	03/31/10	12/31/09
Appraised by the equity accounting method		
Rhall Terminais	1,723	1,615
TGG	4,270	3,651
	5,993	5,266

13 Intangible assets – consolidated

		03/31/10			12/31/09	% Average
		Cost	Accumulated Depreciation	Net	Net	Annual Amortization
Goodwill in investment acquisition						
ALL Argentina	(ii)	45,830	(28,652)	17,178	17,434	6.81%
ALL Malha Oeste	(i)	124,339	(2,210)	122,129	123,557	3.54%
ALL Malha Paulista	(i)	355,873	(1,716)	354,157	355,336	1.96%
ALL Malha Norte	(i)	2,054,448	(10,780)	2,043,668	2,049,116	0.53%
Santa Fé	(i)	1,155	(867)	288	477	10.00%
		2,581,645	(44,225)	2,537,420	2,545,920	
Application Systems – Software		32,415	(17,227)	15,188	15,978	20.00%
Other		5		5		Undefined
		2,614,065	(61,452)	2,552,613	2,561,898	

The goodwill recorded in Intangible Assets– Consolidated complies with the interpretation contained in ICPC 09 of the Accounting Pronouncement Committee, approved by CVM Deliberation 618 of December 22, 2009.

(i) Goodwill in investment acquisition is based on the expectation of future profitability, amortized by the realization curve within concession terms.

(ii) 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. The original amount recorded in Argentine pesos is P$67,657.

Goodwill impairment test

Goodwill paid in business combinations was allocated to two groups of cash-generating units for purposes of the annual impairment test, as demonstrated below:

- Malha Norte (comprising ALL Malha Paulista, ALL Malha Oeste and ALL Malha Norte); and

- Malha Argentina (comprising the companies that operate in Argentina).

Malha Norte

The recoverable amount of Malha Norte in December 2009, was determined by means of the calculation of the value in use from cash projections arising from financial budgets approved by the senior management for a five-year period extended for an equal period. The discount rate before taxes applied to cash flow projections is 12.5% and the cash flows exceeding the 10-year period are perpetuated using a growth rate of 1.0%, which the Company considers conservative in relation to the projected growth for Brazil. As a result of this analysis, the Management did not identify an impairment loss for this UGC group to which a R$2,519,954 (R$2,528,009 on December 31, 2009) goodwill was allocated.

Malha Argentina

In December 2009, Malha Argentina's recoverable amount was also determined by a calculation based on the value in use from cash flow projections in American dollars considering financial budgets approved by the senior management, covering a five-year period extended by an equal period. The projected cash flow was updated to reflect the worsening of the Argentine economic scenario. The discount rate before taxes applied to cash flow projections is 13.1% (in USD). As a result of this analysis, the Management recorded a goodwill impairment loss in the full amount of the accounting base recorded on the date of analysis (R$98,674). The loss was recognized as goodwill amortization expense in subsidiaries.

(In thousands of R$)

14 Fixed assets - consolidated

	03/31/10			12/31/09	Depreciation
	Cost	Accumulated Depreciation	Net	Net	annual average rates (%)
Improvements in third parties' assets					
Locomotives	872,952	(292,020)	580,932	550,314	8.74%
Railcars	484,555	(171,784)	312,771	286,604	9.89%
Track	1,506,758	(258,217)	1,248,541	1,141,574	4.29%
Other	186,489	(50,306)	136,183	105,263	5.34%
	3,050,754	(772,327)	2,278,427	2,083,755	
Own fixed assets in use					
Locomotives	591,683	(144,486)	447,197	443,625	5.58%
Railcars	351,226	(98,282)	252,944	242,250	6.96%
Track	1,023,314	(127,552)	895,762	894,134	0.91%
Assets in use supplies	95,697		95,697	110,804	
Land	19,921		19,921	19,921	
Buildings	62,619	(21,069)	41,550	39,917	5.20%
Furniture and fixtures	14,138	(10,260)	3,878	4,034	10.00%
Road vehicles	48,928	(29,700)	19,228	19,020	14.54%
Data processing equipment	76,062	(44,961)	31,101	25,004	19.71%
Telecommunications and signaling equipment	49,746	(32,475)	17,271	17,897	9.70%
Equipment for track maintenance and rail transportation	121,123	(32,043)	89,080	90,641	9.94%
Aircraft	15,038	(2,183)	12,855	12,475	10.00%
Machinery and equipment	1,375	(1,160)	215	2,104	10.00%
Other	97,468	(39,708)	57,760	58,544	10.00%
	2,568,338	(583,879)	1,984,459	1,980,370	
Leasing					
Locomotives	263,437	(39,024)	224,413	178,875	11.95%
Railcars	791,034	(138,418)	652,616	680,212	14.28%
Trucks	3,146	(843)	2,303	2,473	21.43%
Civil Work	19,503	(1,926)	17,577	16,120	9.09%
Equipment	17,290	(1,678)	15,612	16,041	10.00%
	1,094,410	(181,889)	912,521	893,721	
Fixed Assets in progress					
Locomotives	39,654		39,654	51,129	
Railcars	57,897		57,897	60,433	
Permanent Track	86,982		86,982	100,525	
Road vehicles	4		4	15	
Other	77,909		77,909	80,219	
	262,446		262,446	292,321	
	6,975,948	(1,538,095)	5,437,853	5,250,167	

In the period ended March 31, 2010, the amount of R$6,627 (R$20,099 on December 31, 2009) was capitalized as fixed assets in progress related to financial charges created by loans that financed such fixed assets.

As described in note 18.1, financial leasing was classified under fixed assets and has been, in a consistent manner, depreciated according to criteria applicable to other fixed assets.

(In thousands of R$)

15 Deferred charges – consolidated

As of 2008, the Company and its subsidiaries opted to hold pre-operating expenses under Deferred Assets until its full amortization.

		03/31/10			12/31/09
		Cost	Accumulated Amortization	Net	Net
Pre-operating Expenses					
ALL Central	(i)	10,470	(4,526)	5,944	5,922
ALL Malha Norte	(ii)	645,296	(463,997)	181,299	181,935
ALL Mesopotámica	(i)	2,196	(828)	1,368	1,363
ALL Malha Sul	(iii)	24,736	(8,108)	16,628	16,873
PGT		160	(78)	82	91
Santa Fé		278	(72)	206	220
		683,136	(477,609)	205,527	206,404

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

(ii) The pre-operating expenses of the subsidiary ALL Malha Norte refer to the implementation of expenditures incurred in its pre-operational phase since 1988, net of financial expenses and income. The expenditures come from Phase I, comprising the segment of 403 km between the road rail bridge on Paraná River and Alto Taquari (Mato Grosso state), ended in March 2001 and expenditures coming from Phase II, which comprise the segment 1, of 96 Km between Alto Taquari (Mato Grosso state) and Alto Araguaia (Mato Grosso state), ended in March 2003. Such expenses have been amortized on the straight-line basis, by the remaining term of the concession.

(iii) The subsidiary ALL Malha Sul adopts as a basic criterion to amortize concession and lease expenses on the straight-line basis over the remaining term of the agreement.

(In thousands of R$)

16 Loans and financing

	Annual Charges	Effective rate	Maturity	3/31/10	12/31/09
Parent Company					
in domestic currency					
Commercial Banks	107% of CDI	9.32%	July 2015	202,598	207,368
Investments BNDES	TJLP+1.8%	7.96%	Quarterly/Monthly until June 2017	62,827	62,820
In foreign currency (exchange variation linked to the US$, with swap to CDI)					
Swap transactions				(4,748)	(1,575)
Parent company total				**260,677**	**268,613**
Subsidiaries					
In domestic currency					
ALL Malha Sul				**1,304,773**	**1,308,169**
CCB	108% of CDI	9.57%	July 2010	111,845	114,372
	CDI + 1.25%	10.18%	September 2015	334,841	326,971
	CDI + 1.23%	10.09%	October 2014	97,942	95,670
Investments BNDES	TJLP + 5.25%	11.25%	Quarterly/Monthly until April 2010	1,745	6,980
	TJLP + 2.5%	8.50%	Quarterly/Monthly until June 2017	271,879	271,901
	TJLP + 1.4%	7.40%	Quarterly/Monthly until June 2022	80,251	80,254
	TJLP + 1.5%	7.50%	Quarterly/Monthly until June 2022	8,051	8,051
	TJLP + 1.8%	7.80%	Quarterly/Monthly until June 2017	138,007	138,007
NCC	105,9% of CDI	9.15%	July 2015	60,011	61,345
	107,0 % of CDI	9.32%	March 2013	198,838	203,206
FINAME	TJLP + 3.75%	9.75%	January 2017	1,363	1,412
ALL Intermodal				**20,207**	**23,512**
Investments BNDES FINAME	TJLP + 3.6%	9.60%	Quarterly/Monthly until December 2013	20,207	23,512
ALL Malha Paulista				**259,744**	**259,454**
Investments BNDES	TJLP + 1.4% a.a.	7.40%	Quarterly/Monthly until June 2020	126,916	126,942
	TJLP + 1.5%	7.50%	Quarterly/Monthly until October 2022	4,952	4,951
	TJLP + 2.5%	8.50%	Quarterly/Monthly until October 2017	108,670	108,698
CG	IGP-M	IGP-M	January 2013	19,206	18,863

(In thousands of R$)

Continued	Annual Charges	Effective rate	Maturity	3/31/2010	12/31/2009
ALL Malha Norte				**843,334**	**880,202**
Investiments BNDES	TJLP + 1.5% p.a.	7.50%	Quarterly/Monthly until September 2016	542,076	569,261
	TJLP + 3%	9.00%	Quarterly/Monthly until January 2016	183,645	191,519
	TJLP + 2.71%	8.71%	Quarterly/Monthly until January 2029	80,281	80,281
	TJLP +1.4%	7.40%	Quarterly/Monthly until January 2020	29,640	29,630
Leasing	CDI + 1.5%	10.18%	March 2011	7,692	9,511
ALL Malha Oeste				**36,656**	**36,656**
Investments BNDES	TJLP + 1.4%	7.40%	Quarterly/Monthly until June 2020	36,656	36,656
Terminal XXXIX				**2,227**	**2,544**
Investments BNDES	TJLP + 6%	12.00%	Quarterly/Monthly until Febuary 2012	2,227	2,544
Santa Fé Vagões					**1,141**
Commercial Banks					1,141
				2,466,941	**2,511,678**
In foreign currency (exchange variation linked to the US$, with swap to CDI)				**5,342**	**11,825**
ALL Malha Sul					
Swap transactions				2,167	2,735
ALL Malha Norte					
Swap transactions				3,158	9,033
ALL Intermodal					
Swap transactions				17	57
in domestic currency				**2,752**	**1,902**
ALL Malha Sul					
Swap transactions				2,752	1,902
In foreign currency (exchange variation linked to Argentine Peso- P$)					
ALL Argentina				**85,941**	**80,783**
Commercial Banks	15.75%	15.75%	August 2010	19,294	12,888
Mortgaged - Debt 4	14.5%+VC	14.5%+VC	May 2010	6,936	16,813
Itaú Argentina - Debt 6	16.85%	16.85%	June 2010	45,881	41,238
Working Capital	14.25%	14.25%	April 2010	13,830	9,844
Total subsidiaries				**2,560,976**	**2,606,188**
Total consolidated				**2,821,653**	**2,874,801**
Portion in the current liabilities				(425,540)	(418,934)
Portion in the long-term liabilities				2,396,113	2,455,867

Breakdown by maturity year of long-term liabilities:

(In thousands of R$)

	3/31/10
2011	196,983
2012	274,722
2013	646,796
2014	548,451
2015	355,406
As of 2016	373,755
Total	2,396,113

Abbreviations:

BNDES - Brazilian Development Bank
CDI - Interbank Deposit Certificate
FINAME - Financing Fund to Acquire Machines and Industrial Equipment
TJLP - Long-Term Interest Rate
CCB - Banking Deposit Certificate
NCC - Commercial Credit Note
CG - Working Capital
IGP-M - General Market Price Index

Loans, financing and debenture balances are stated at their net value, i.e., recognized as transactions initial expenses.

Loans and financings are guaranteed by letters of guarantee and promissory notes for the total financed amount considering the same agreed terms and conditions, except in the case of the financing of locomotives and wagons, which guarantee the financing.

The financing agreements with BNDES, allocated to investments are guaranteed pursuant to each contract, by bank surety, with a cost between 1.0% and 2.0% p.a. or by real guarantees (assets) and an escrow account.

When the Company contracts foreign currency loans, swap transactions are contracted for protecting the Brazilian real against the US dollar.

Some agreements have restrictive covenants establishing financial limits quarterly determined on the date of publication of the consolidated Quarterly Information of the issuer, as follows:

Year	2010	2011	2012	2013	2014
Consolidated net debt/consolidated EBITDA	3.0	3.0	3.0	2.5	2.5

(In thousands of R$)

Minimum limit for the index corresponds to the division of the consolidated EBITDA of the last 4 (four) quarters of the Issuer by its consolidated net financial expense. For purposes of financial income determination, in this covenant only interest on debentures, loans/financings, hedge operations and exchange rate variation of subsidiary abroad "ALL Argentina" are considered:

Year	2010	2011	2012	2013	2014
Consolidated EBITDA/financial income	2.00	2.00	2.00	2.00	2.00

17 Debentures - Consolidated

The issuance of the debentures from the parent company and its subsidiaries present the following balances:

						03/31/10		12/31/09	
Tranche	Date	Amount	Final Maturity	Annual Yield	Effective Rate	Current liabilities	Long-term liabilities	Long-term liabilities	Long-term liabilities
Parent Company									
5th issue	09/01/05	200,000	09/01/14	CDI + 2.40%	11.23%	1,307	197,157	6,236	197,550
6th issue	07/01/06	700,000	07/01/14	CDI + 2.40%	11.23%	8,967	545,761	25,903	544,385
7th issue - (i)	11/17/09	5	10/02/12	IPCA + 3%	7.31%		5		5
						10,274	742,923	32,139	741,940
Direct Subsidiaries									
ALL Malha Sul									
3rd issue	09/08/08	166,666	07/31/18	108% of CDI	9.84%	4,378	162,538	2,197	162,397
ALL Malha Norte									
1st issue	07/01/97	100,000	06/30/16	TJLP + 1.5%	7.50%	4,492	248,982	9,324	248,982
2nd issue	04/10/00	60,000	05/01/15	TJLP + 4%	10.00%	10,007	45,030	9,766	48,829
3rd issue	01/14/02	40,000	05/04/15	TJLP + 4%	10.00%	6,415	28,868	6,261	31,303
6th issue	09/08/08	166,666	07/31/18	108% of CDI	9.84%	1,815	162,538	5,755	162,397
Debentures	07/01/97	100,000	06/30/16	% RL			101,298		95,661
						22,729	586,716	31,106	587,172
ALL Malha Paulista									
1st issue	09/10/08	166,666	07/31/18	108% of CDI	9.84%	1,815	162,538	5,755	162,397
						1,815	162,538	5,755	162,397
Consolidated						39,196	1,654,715	71,197	1,653,906

(i) At the Extraordinary General Meeting held on October 2, 2009, the Company's shareholders approved the 7th private issue of 10,750,000 subordinated debentures convertible into shares in the amount of up to R$1,300,750 on the issue date, with the assurance that there might be a partial placement of debentures in case the amount subscribed and paid up were at least R$350,000, according to the terms and conditions set forth in the Minutes to the Extraordinary General Meeting.

As per the Material Fact disclosed on November 17, 2009, 10,682,093 debentures were subscribed and paid up, with proceeds in the amount of R$1,292,533.

At the Board of Directors' meeting held on November 17, 2009, the directors ratified the increase in the Company's capital stock in the amount of R$1,292,528, by converting 10,682,050 debentures referring to the 7th issue, as detailed in Note 26. Forty-three debentures were not converted.

(In thousands of R$)

18 Leasing – consolidated

18.1 Financial leasing

The Company and its subsidiaries have lease agreements, mainly railcars and locomotives that, in the Management's opinion, are considered financial leasing.

To comply with the new registry requirements of this kind of transactions, the Company and its subsidiaries merged to the fixed assets the rights that have as purpose the assets aimed at the maintenance of the entity's activities, or that are exercised with this purpose, including those deriving from transactions that transfer to the entity the benefits, risks and control of these assets, regardless their ownership.

The balance of liabilities related to financial leasing contracts is:

	03/31/10		12/31/09	
Assets	**Current Liabilities**	**Long-term Liabilities**	**Current Liabilities**	**Long-term Liabilities**
ALL Malha Sul				
Rail Cars	67,358	378,334	72,017	387,395
ALL Malha Norte				
Locomotives and rail cars	72,584	447,414	60,216	418,505
ALL Malha Paulista				
Locomotives	16,837	115,829	11,031	125,447
	156,779	941,577	143,264	931,347

The incurred financial charges in the period were accounted for as financial expense. There were no initial costs to be capitalized, as well a contingent payments and subleases.

In the period, the Company contracted new leasing in the amount of R$52,653, operation which did not impact on the cash flow.

(In thousands of R$)

18.2 Operating leasing

Payment of operating leasing (rentals) installments was recognized as expenses on a straight-line basis corresponding to the term of the respective contracts. These are vehicle rental contracts, application systems (software), railcars and properties. The Company and its subsidiaries do not have any contingent payment or sublease of the contracts executed.

19 Leasing and concessions - Consolidated

As mentioned in note 8, the Company and its subsidiaries record their Concession and Leasing agreements liabilities on a straight-line basis by their maturity. Such liabilities were written-off upon their payment. The long-term amounts refer to amounts not paid due to discussions regarding the contract conditions and/or installments allocated during their grace period.

	03/31/10		12/31/09	
	Current Liabilities	Long-term Liabilities	Current Liabilities	Long-term Liabilities
Leasing				
ALL Malha Sul	11,212	36,120	10,930	36,040
ALL Argentina	14,080		13,120	
ALL Malha Paulista		513,380		500,933
ALL Malha Oeste		387,927		374,690
Concession				
ALL Malha Sul	605	2,132	589	2,122
ALL Malha Paulista		27,020		26,365
ALL Malha Oeste		20,417		19,720
	25,897	986,996	24,639	959,870

ALL Malha Sul - Lease and concession amounts of the subsidiary ALL Malha Sul 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 to the grace period (1997 to 1999) have been restated and paid over the remaining concession period.

ALL Malha Paulista - On August 29, 2005, a partial spin-off between ALL – Malha Paulista 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.

The subsidiary ALL Malha Paulista 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 court decision pronounced by the Federal Regional Court (TRF) of Rio de Janeiro, becoming not extendable, thus, that ALL Malha Paulista deposited in court 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 started being made by means of judicial deposits at the amount of the debt.

Considering that ALL Malha Norte depends on ALL Malha Paulista's lines to continue its transportation operations, started in the states of Mato Grosso and Mato Grosso do Sul and ended in Santos (São Paulo state). ALL Malha Norte entered with ALL Malha Paulista, on January 10, 2006, into a Private Instrument of Guarantee Agreement, by which it made the court deposit in favor of ALL Malha Paulista, in the amount of R$110,985 (R$115,629 on December 31, 2009).

On November 29, 2007, by means of a court authorization, the court deposits made by Brasil Ferrovias on behalf of ALL Malha Paulista were replaced by a bank surety in the amount of R$245,549. The subsequent quarterly installments will be guaranteed by means of the contracting of new banking sureties.

To comply with the investment agreement with shareholders, entered into on May 5, 2005, the demerger of the ALL Malha Paulista operations in the Bauru-Mairinque segment was set forth, and this operation starts being made by ALL Malha Oeste as from October 1, 2005, in view of the Memorandum of Understanding dated September 23, 2005.

ANTT approved the demerger 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 still be ratified by ANTT.

ALL Malha Norte - On May 19, 1989, the direct subsidiary ALL Malha Norte 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 (Mato Grosso state) and: a) Uberaba/Uberlândia (Minas Gerais state), b) Santa Fé do Sul (São Paulo State), c) Porto Velho (Rondônia state) and d) Santarém (Pará state). 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 for 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, especially those related to environment protection.

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, preceded by 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; and 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 value of the assets linked to the concession, determined at the time of the expropriation.

(In thousands of R$)

ALL Malha Oeste - Due to a judicial discussion, this direct subsidiary cancelled the concession and lease payment. The quarterly installments are guaranteed by bank surety at their maturity date.

20 Court deposits and provision for contingencies – consolidated

	Court deposits		Contingencies			
			Probable		Possible and remote	
	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	12/31/09
Labor claims						
In Brazil	167,122	154,903	133,843	147,988	886,447	886,140
In Argentina						
Civil, regulatory and environmental claims						
In Brazil	137,420	134,515	23,776	23,776	317,700	319,200
In Argentina			6,102	6,138		
Tax claims						
In Brazil	4,968	4,968	30,968	30,674	232,382	232,382
In Argentina						
	309,510	294,386	194,689	208,576	1,436,529	1,437,722

The subsidiaries are involved in various proceedings incurred in the normal course of their 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 lawsuits considered “probable losses”.

a) Labor contingencies

The subsidiaries discuss several labor claims, and on March 31, 2010 the Company recorded a provision of R$133,843 (R$147,988 on December 31, 2009), in the consolidated, to deal with those cases which its attorneys deem as probable losses. The provisioned amount reduction, in relation to previous year, was basically due to the agreements executed by the Company during the period.

From the lawsuits in progress, major claims refer to overtime, recognition of nonstop work shift, standby hours, salary differences, differences in FGTS 40% fine deriving from understated inflation, risk premium, health hazard allowance, allowance for relocation, differences of variable compensation, additional payment of retirement and others.

b) Civil, regulatory and environmental contingencies

Civil

The subsidiaries are parties to various civil lawsuits 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 advisors and the courts standing, they keep records for the probable losses.

Regulatory

Among the relevant lawsuits, although with a possible chance of loss, on behalf of ALL Malha Sul, there is an indemnification action being handled in the State of Rio de Janeiro, 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, performs the maintenance of rail segments and also the restoration of stations which are being returned to RFFSA, when necessary, in perfect condition of conservation and use.

Currently, both ALL Malha Paulista and ALL Malha Oeste question in court the economic and financial unbalance of the Lease and Concession Agreements.

In July 2000, ALL Malha Paulista filed a Declaratory Action in the 20th Federal District Court of Rio de Janeiro questioning the economic and financial unbalance of the Lease and Concession Agreements, due to the high disbursement incurred by the Company for the payment of labor judicial proceedings and other expenses involved, which are under RFFSA's responsibility.

ALL Malha Paulista required an expert inspection for determination of the new value of the lease and concession installments, as well as discontinuance of the payment of due and falling due installments until the effective expert inspection for determination of the adequate value. In July 2005, the injunction was granted, but in September 2005, it was reversed by the Regional Federal Court of Rio de Janeiro. The proceeding still has no judgment and awaits the final conclusion of expert report and its presentation. The value related to the lease installments was being deposited in court until September 2007, when the Company obtained a judicial authorization to replace the judicial deposits for a banking guarantee letter. On March 31, 2010, R$117,880 (R$115,629 on December 31, 2009) remained deposited.

ALL Malha Oeste, it is claiming the reestablishment of the economic-financial balance, lost due to the cancellation of transportation agreements at the time of privatization.
The proceeding is in progress in the 16th Federal District Court of Rio de Janeiro. The amount related to installments due of ALL Malha Oeste is posting bond through the issue of government bonds (Treasury Financial Bills – LFT). The referred LFT's are recorded under long-term investments. In March 2008, the Company was authorized to replace the collateral by bank guarantee and, in May 2008, the Company redeemed such investment.

The liabilities related to concession agreements are recorded in the lease and concession account, as disclosed in Note 19.

Environmental

Such values result from notices from FEPAM (Rio Grande do Sul state), IAP (Paraná state), CETESB (São Paulo state), IBAMA, and Municipal Offices for Environment in great majority due to the contamination of the soil and water due to the overflow of products and non-compliance with the conditions imposed by such operating license. In all cases, measures are being adopted to reduce the existing liabilities, as well to remedy and prevent damages to the environment. The environmental area provision is accounted for along with the civil provision of concessionaires.

c) Tax contingencies

The main discussions involving the tax area refer to "ICMS Exportação” (value-added tax on sales and services (ICMS) levied on the transportation of goods to be exported), different ICMS rates on interstate transportation and the levy PIS/COFINS on mutual traffic operations.

No provision was established for tax lawsuits whose chances of losses are deemed as possible or remote. For those considered as probable losses, a provision at the amount of R$30,967 (R$30,674 on December 31, 2009) was recorded.

<u>ICMS Exportação</u> **-** The State Treasury Department of São Paulo drawn up notices of infractions against ALL Malha Sul, current amounts of which total approximately R$46,667, 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 law.

ALL Malha Oeste received a tax deficiency notice referring to the same issue in the amount of approximately R$21,019. All the tax deficiency notices are currently under administrative discussion in the State of São Paulo. It is worth pointing out that the superior courts have already established that ICMS tax should not be levied on the transportation of goods to be exported, pursuant to the provision in Article 155 of the Federal Constitution.

ALL Malha Norte filed an Action for Annulment of tax debit, taking into consideration that the company was sued for not paying ICSM on the transportation of goods destined abroad, considering the amount involved of R$14,152. In 2007, ALL Malha Norte obtained a court decision in the first court canceling the notice of infraction and declaring that ICSM is not due in the transportation of goods for export, upon delivery in the ports.

<u>ICMS on fixed assets credit</u> – In April 2005, ALL Malha Sul obtained a favorable decision in the State Court of Rio Grande do Sul regarding the tax deficiency notice issued by the Rio Grande do Sul State Department against the Company for its benefiting from ICMS credit on acquisition of goods and equipment intended for recovery and renovation of fixed assets. The Rio Grande do Sul state filed an Extraordinary Appeal against this decision, which is awaiting a decision from the Supreme Court. The amount of the tax deficiency notice is approximately R$19,674, of which ALL has already paid to the Rio Grande do Sul public treasury the amount of R$11,192 and has suspended the payment of the outstanding balance of R$8,482 as a result of the aforementioned favorable decision of the State Court of Rio Grande do Sul, which has already been ratified by the Superior Courts. Additionally, Supplementary Law 87/96 has authorized the full benefit from the credit when acquiring fixed assets.

(In thousands of R$)

PIS/COFINS – Mutual Traffic – ALL Malha Paulista was notified for not paying PIS and COFINS in relation to the mutual traffic and right of way revenues, and is challenging in court the amount of R$56,038, in the period from 1999 to 2006 (cumulative PIS and COFINS). The company understands that the chance of loss is remote, once the amounts under discussion have already been paid, previously, by the concessionaries responsible for the transportation in the origin.

IPTU – ALL Malha Sul and ALL Malha Paulista have approximately R$13,531 thousand related to IPTU levied on the Federal Government's properties, which, due to the concession granted, are held thereby with the purpose of providing railroad transportation public services. However, the Federal Constitution sets forth that there is no tax levy on Federal Government's assets and the Company already has several favorable decisions.

ISS – Portofer received two tax deficiency notices in the amount of R$3,500, in view that the Municipality of Guarujá disregarded the judicial figure of Portofer (special purpose company with the purpose of apportioning expenses among the concessionaires) and issued a notice to the Company as municipal service provider. From said notices, Portofer obtained a final and unappealable court decision, proving that Portofer is a non-profit organization but it conducts the expenses apportionment, therefore annulling said tax deficiency notices.

21 Related-Party Transactions

Companies considered related parties are disclosed in note 4.

	Parent Company							
	Long-term assets		Long-term liabilities		Revenues		Expenses/Costs	
	03/31/10	12/31/09	03/31/10	12/31/09	03/31/10	03/31/09	03/31/10	03/31/09
Subsidiaries								
ALL Argentina	26,162	685	5,030	4,991	14,553	13,280		
ALL Armazéns Gerais		6,445	24,961	22,489				
ALL Centro-Oeste			440	453				
ALL Equipamentos	2,971	133			8,870		6,544	17,077
ALL Intermodal	30,585	26,904						
ALL Malha Norte		3	4,348	373,231	4,170	92,700	30,457	4,187
ALL Malha Oeste			339	4,537	317	2,863	4,180	6,423
ALL Malha Paulista	75	124,547			146,433	60,652	6,198	73,412
ALL Malha Sul	227,963	162,349			691	10,454	105,576	136,799
ALL Overseas	187	182						
ALL Rail Tec			502	555				
ALL Tecnologia			1,187	1,459				5
Terminal XXXIX							875	
Santa Fé	29,779	26,146						
Associated companies								
PGT			79	79				
Portofer		25,689	30		875			
	317,722	373,083	36,916	407,794	175,909	179,949	153,830	237,903

(In thousands of R$)

a) Credits and debits with associated companies

Associated companies transactions derive from rentals of terminals, rolling stock (locomotives and rail cars), machinery and equipment, storages, freight sharing, right-of-way and also funds.

b) Terms and conditions for related-party transactions

Outstanding balances in the end of the period are interest-free and the settlement occurs in cash or through the realization of restructuring of accounts.

There are some guarantees granted or received between related-parties, debtor or creditor, namely:

	Secured					
	ALL S.A.	ALL Malha Sul	ALL Intermodal	ALL Malha Paulista	ALL Malha Norte	Total
Guaranteeing parties						
ALL S.A. (parent company)						
Debentures		169,045		169,045	169,045	507,135
BNDES		418,456		114,428	879,599	1,412,483
CCB		809,369				809,369
Other			3,256		90,320	93,576
		1,396,870	3,256	283,473	1,138,964	2,822,563
ALL Malha Sul						
Debentures	765,605					765,605
ALL Intermodal						
Debentures	765,605					765,605
CCB		338,060				338,060
	765,605	338,060				1,103,665
Total	1,531,210	1,734,930	3,256	283,473	1,138,964	4,691,833

In the period ended March 31, 2010, there was no contingency with accounts receivable related to debts with related-parties. This assessment is carried out on each fiscal year, considering the financial position of the related-parties and the operation market of each of them.

22 Provision for unrealized profit

On December 31, 2001, the parent company sold to the subsidiary ALL Malha Sul the right to use the segments from Presidente Epitácio to Rubião Junior and from Pinhalzinho/Apiaí 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. Up to March 31, 2010 the amount of R$6,137 (R$5,951 up December 31, 2009) was realized.

(In thousands of R$)

23 Advances on real estate credits - Consolidated

The Company and the subsidiary ALL Malha Norte executed agreements assigning credits from the lease of terminals, whose balances are:

		03/31/10		12/31/09	
		Current Liabilities	Long-term Liabilities	Current Liabilities	Long-term Liabilities
ALL S.A. (parent company)	(i)	20,280	93,876	10,950	106,812
ALL Malha Norte	(ii)	134,268	409,049	162,234	392,460
		154,548	502,925	173,184	499,272

(i) An agreement assigning credits resulting from rental of Terminal Intermodal de Tatuí. CIBRASEC, on its turn, issued Real Estate Receivables Certificates (CRIs), which bear compensatory interest of 12.38% per annum, from the issue date up to the date of maturity of each CRI. The terms and maturity dates are fixed; the first CRI matured in March 2009, and the last one matures in 2018. The operation's financial charges are being apportioned monthly to income.

(ii) On November 28, 2008, ALL Malha Norte entered into an agreement with CIBRASEC assigning credits deriving from the lease of Alto Araguaia Terminal– Mato Grosso state. CISBRASEC, on its turn, issued Real Estate Receivable Certificates (CRIs) which will bear compensatory interests based on CDI + 2.6% p.a., as of the issue date up to the maturity date of each CRI. The terms and maturity dates are fixed, and the first one matured in November 2009 and the last one will mature in 2018. Financial charges of the operation are monthly appropriated to income.

24 Deferred income - Consolidated

		03/31/10		12/31/09	
		Current Liabilities	Non-current Liabilities	Current Liabilities	Non-current Liabilities
Subsidiaries					
ALL Intermodal	(i)	34	496	34	505
ALL Malha Norte	(ii)	1,242	9,628	1,242	9,938
ALL Malha Paulista	(iii)	789	13,808	789	14,005
		2,065	23,932	2,065	24,448

(i) This refers to the deferred income 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.

(ii) It comes from the earned revenue on the sale of 28 locomotives, with subsequent celebration of a lease-back agreement with Itaú Bank, for a 10-year term.

(iii) This results from agreements entered into with communication companies, 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), appropriated on a straight-line basis to the result for the remaining term of the assignment of right.

25 Tax and Social Security Installments

Aiming to reduce their tax exposure, the Company and its subsidiaries joined the Debt Installment Program of the Office of the National Treasury Attorney-General and Federal Revenue Service set forth by Law 11,941/09 in the 4th quarter of 2009.

The subsidiaries Malha Norte, Malha Oeste and Malha Paulista filed a request to give up the Special Installment Program (PAES) and the Exceptional Installment Program (PAEX) and requested to pay the outstanding balance in installments, including amounts not reviewed, with reduced interest and fines.

ALL Malha Sul and ALL Intermodal, in turn, had several federal tax debits offset by IPI credit premium acquired from third parties between 2000 and 2005. These offsets were disallowed by the tax authorities and were being discussed in court. The offset taxes were restated and included in the Refis program. With the offset reversal, the active credit premium originally used to offset was recovered, as disclosed in Note 9.

In addition to the taxes offset by IPI credit premium, ALL Malha Sul included other debits, previously recorded as tax obligations.

The table below shows the amounts included in the installment program of Law 11,941/09 by the Company and its subsidiaries:

(In thousands of R$)

Description	**Parent Company**	**Consolidated**
Principal	5,088	251,758
Fine (deliquency charge, official letter and separat	4,758	54,049
Interests	1,944	174,163
Legal Fees		9,398
Total Debits	11,790	489,368
Reductions (fines, charges)	(3,316)	(166,207)
Discount with losses	(3,336)	(134,634)
Initial balance of REFIS	5,138	188,527
Restatement	194	7,083
Amortizations		(27,735)
REFIS Installments on March 31, 2010	5,332	167,875
Outher installments		
INSS paid in installments		2,144
ISS paid in installments		2,082
ICMS paid in installments		4,806
Balance of installments on March 31, 2010	**5,332**	**176,907**
Short term	442	49,891
Long term	4,890	127,016

Tax losses carryforwards and negative basis of social contribution were used to deduct debits, charges and fines in the amount of R$134,634, as provided for in Law 11,941/09.

26 Shareholders' equity

a) Capital stock

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

	03/31/10	**12/31/09**
Common	1,268,741,120	1,268,741,120
Preferred	2,168,770,440	2,168,770,440
	3,437,511,560	3,437,511,560

The Company's authorized capital is R$5,000,000 and the Board of Directors is the appropriate body to resolve on the Capital increase within said 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 pursuant to paragraph 3 of Article 171 of Law 6,404/76.

On September 5, 2006 the split of the total shares issued by the Company was approved at a General Meeting so that each share started being represented by 10 shares of the same type.

On November 17, 2009, the Board of Directors ratified the increase in the Company's capital stock in the amount of R$1,292,528 by means of converting into shares 10,682,050 debentures referring to the 7th issue, as described in Note 17. The debentures were converted into 553,333,985 shares, 279,903,865 of which were common shares and 273,430,120 were preferred shares.

b) Treasury shares

In 2010, 1,269,969 Units (22,081 in 2008) were used to settle stock options exercised during that period. The transfer was recorded at the weighted average cost of shares held in treasury (R$18.20).

On March 31, 2010, the Company held 987,103 Units in Treasury (2,257,073 Units in 2009), at the unit cost of R$18.20 (R$18.20 in 2009).

c) Distribution of dividends and interest on own capital

Shareholders are assured a minimum mandatory dividend of 25% on the adjusted net income in accordance with Article 202 of Law 6,404/76.

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

d) Profit reserve

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, which are supported by the Company's investment plan by means of uses and sources subject to the Board of Directors, and pursuant to Article 194 of Law 6,404/76, which determine that this reserve shall not exceed subscribed capital stock, at 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.

e) 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 27, are presented in a Shareholders' Equity account.

f) Management compensation

In the minutes of the General Meeting held on April 28, 2009, the amount of R$432 was established as annual overall compensation for the members of the Fiscal Council, and as annual overall Management compensation the amount of up to R$25,000. These compensations are valid until the next Annual General Meeting.

g) Tax incentives – SUDAM

On September 26, 2007, ALL - Malha Norte filed with the Superintendence for the Development of the Amazon – SUDAM a lawsuit claiming the right to reduce the corporate income tax – IRPJ and non-refundable surcharges verified over the exploration income, since it is located in the area which comprises the Legal Amazon and its transportation sector considered as a priority for the regional development according to Item I, article 2 of Decree 4,212 of April 26, 2002.

The benefit was granted by the Internal Revenue Service through Executive Declaratory Act 504 of November 28, 2008, after SUDAM having issued the report 135/2008, in which ALL Malha Norte was granted the tax benefit of 75% reduction over IRPJ and non-refundable surcharges over the exploration income for a 10-year term, as of 2008 and expiring in 2017.

The legal basis for the recognition of the benefit was enacted by Provisional Measure 2,199-14 in its article 1, of August 24, 2001 and wording set forth in Law 11,196 of November 21, 2005. The effect of the 75% reduction over IRPJ and non-refundable surcharges calculated over the exploration income was R$14,479 (R$27,517 in 2009), accounted as write-down to Income Tax and Social Contribution expenses of subsidiary ALL Malha Norte according to CPC 07 of the Accounting Pronouncements Committee approved by CVM Resolution 555 of November 12, 2008.

27 Stock option plan

Expenses from services received from employees in the periods, arising from share-based payments to be settled upon the delivery of equity instruments were R$5,123 in 1Q10 (R$5,073 in 1Q09).

Description of the share-based payment plan:

At an Extraordinary General Meeting held on April 1, 1999, the shareholders approved the Company's Stock Option Plan ("Plan"), targeted at the management, employees and service providers of the Company ("Beneficiaries"). The Plan provides for general parameters among which we highlight:

The Plan is managed by the Board of Directors, or at its discretion, by a Committee made up for this purpose. It is incumbent upon the management body of the Plan, periodically, to create stock option programs, establishing, within the qualified individuals, those to whom options will be granted and the specific applicable rules, considering the general rules of the Plan ("Program").

The volume of stock options is limited to 8% of the shares representing the Company's capital stock existing on the date of approval of each Program.

The Programs may comprise two groups of beneficiaries, with different types of agreement, referred herein as "Agreement A" (equal for all programs) and "Agreement B" (included as from the 2006 Program).

In "Agreement A", the beneficiary must pay 10% of the share amount, at the moment of the execution of the agreement, as a condition to acquire, therefore, the right to make every year contributions for the acquisition of 18% of the total number of shares, so at the end of the 5th year, the Beneficiary will have incorporated to his/her assets the right to make contributions for the acquisition of 100% of shares. The contribution amount (option price) is restated by the IGP-M variation.

Agreements B is different from Agreement A mainly in the following aspect:

(i) acquisition of the right to make the contributions for the acquisition of shares changes from 10% on the grant date and 18% in the following years, as in the Agreement A, to 10% on the grant date, 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 Agreement B withdraws from the Company without cause, the 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 Agreement A.

The call price is defined by the Committee based on the stock market price. The options granted have a limitation period of ten years as of the vesting right date.

The Plan neither provides for the assumption of settlement of options in cash, nor there is history of such practice by the Company, so that the options fair value is estimated on the grant date, by means of the Black & Scholes option pricing model, considering the relevant terms and conditions in which the options were granted.

Transactions in the year:

The chart below shows the number and weighted average of strike price (MPPE) of the stock options and respective transactions during the year:

(In thousands of R$)

	1Q10		1Q09	
	Number	MPPE	**Number**	MPPE
Opening balance	59,732,819	2.56	75,028,560	2.56
New grants				
Lost	(932,996)	2.55		
Exercised[1]	(6,349,840)	1.72	(276,905)	1.16
Closing balance	52,449,983	2.31	74,751,655	2.55

[1] The weighted average price of shares on the options' exercise date was R$3.23 in the first quarter of 2010 (R$1.95 in the first quarter of in 2009).

On August 3, 2009, the Stock Option Committee cancelled both 2007 and 2008 Programs, swapping the options which had not been exercised by the beneficiaries from these plans to a new 2009 Program, at the ratio of 9 to 5. Thus, for each 9 options of the cancelled tranches (2007 and 2008 Programs) the beneficiaries who had been affected received 5 options of the same type and class in the scope of the 2009 Program, originated on the same date, with the following features: (i) number of shares: 6,850,805 shares, from which 1.350.000 are common and 5,400,000 are preferred shares; (ii) price per share: R$ 2.20, equivalent to R$11.00 per Unit; (iii) acquiring the right to purchase shares restarts from zero (the terms related to the 2007 and 2008 programs are not taken into consideration); and (iv) 5-year period for acquiring the right to make contributions for purchasing shares, 20% p.a.

The weighted average of remaining contractual term of options to be exercised at the end of the year is 7.96 years in 2010. The call price has a maximum and a minimum amount of R$2.79 and R$0.81 on March 31, 2010.

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 deliberation at the General Meeting, the amount is recorded as capital stock. For the specific case of contributions of 30% made for the acquisitions of options, the Company accounts for the capital increase as from the second reference date, in compliance with Law 6,404/76.

The chart below shows the assumptions included in the model used to estimate the additional fair value of the last granted options:

	2009
Expected volatility (%)	36.4%
Risk-free interest rate (%)	6% + IGPM
Expected life term of option (years)	5.5
Average weighted price of shares (R$)	11.00
Pricing model used	Black & Scholes

The expected life term of options is based on historical data and it is not necessarily an indicator of the exercise standard that must occur. The expected volatility reflects the assumption that the historic volatility of the 5 years previous to the grant date indicates a future trend, which cannot also be the actual result.

(In thousands of R$)

28 Reconciliation of the effective rate of income tax and social contribution on profit

	Parent Company		Consolidated	
	03/31/10	03/31/09	03/31/10	03/31/09
Income (loss) before taxes	20.156	(21.189)	18.303	(38.669)
Expense to nominal rate	(6.853)	7.204	(6.223)	13.147
Adjustments of taxes by:				
Equity in earnings and provision for unsecured liabilities	5.949	(8.864)	(97)	(901)
Effect of rate difference in companies levied by taxable income computed based on a percentage of gross sales			2.794	3.755
Income tax and social contribution recorded (written off or unrecorded) in the year	(1.918)	617	(5.821)	(7.746)
Addition and exclusion of Law 11,941/09 effects			(313)	
Recording of stock options granted	(435)	(431)	(1.742)	(1.078)
Effect of rate reduction SUDAM incentive			14.479	7.898
Other permanent differences	252	(331)	(3.182)	(1.526)
Effective income (expense)	(3.005)	(1.805)	(105)	13.549
Provision for current taxes	(1.882)		(8.964)	(4.818)
Deferred taxes	(1.123)	(1.805)	8.859	18.367

(In thousands of R$)

29 Net financial Income

	Parent Company		Consolidated	
	03/31/10	03/31/09	03/31/10	03/31/09
Interest on indebtedness /debentures/guarantees	(29,087)	(40,515)	(155,267)	(203,476)
Fines/tax interets/suppliers/locomotives	(356)	(9,139)	(38,537)	(45,659)
Interest on leasing and concession			(46,636)	(45,758)
Clients/AVP/Others	(846)	(2,524)	(6,900)	(5,304)
Total financial expense	(30,289)	(52,178)	(247,340)	(300,197)
Financial investmet income	25,137	26,248	59,163	78,813
Debentures' Remuneration		3,723		-
AVP/Others	40	825	1,080	3,510
Total financial income	25,177	30,796	60,243	82,323
Net financial income	(5,112)	(21,382)	(187,097)	(217,874)

30 Insurance – consolidated

On March 31, 2010, the insurance coverage established by the Company's Management to cover possible losses and civil liability, is summarized as follows:

Line of Business	Coverage by event	Sum Insured		Duration
Rail operating risks	Property – property damage and loss of profits	R$	60,000	08/01/2009 to 08/01/2009
Civil liability - rail operations	Operations, pollution, employer, vehicles (contingencies) and port	R$	10,000	04/30/2009 to 04/30/2010
Insurance for rail freight	Civil liability of the rail freight carrier (RCTF-C); rail risk (RF) – per shipment	R$	2,200	06/30/2009 to 06/30/2010
Civil liability - trucks	Damages to third parties on domestic routes	R$	300	11/13/2009 to 11/13/2010
	Damages to third parties on international routes	R$	120	03/31/2009 to 03/31/2010
Insurance for road freight	Civil liability of the road freight carrier (RCTR-C) – accidents and (RCF-DC) theft; international road transportation	RCTR-C R$ 2,200 RCT-VI R$ 2,200 RCFD-C R$ 2,200		06/30/2009 to 06/30/2010

31 Financial instruments

On March 31, 2010, the Company and its subsidiaries had the following main financial instruments:

Financial investments: classified as available-for-sale, are evaluated at fair value on the balance sheet date.

Investments: as described in Note 12, these refer to investments in closely-held subsidiaries and/or investments appraised at the equity method, representing strategic significance to the Company's operations.

Related parties: valuated at cost, as described in note 21.

Loans and financings: as described in note 16, these include effective charges and exchange swap effects, commented as follows, when applicable.

Debentures: the market value of the debentures issued by the Company and its subsidiaries are almost their face value.

The Company does not use derivative financial instruments for speculative purposes.

The main risk factors of the Company and its subsidiaries related to financial instruments are as follows:

a) Credit risk

The Company and its subsidiaries are potentially subject to credit risks arising from their trade accounts receivable or credits held with financial institutions generated by financial investments. 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. Regarding financial investments, the Company and its subsidiaries have as policy only to realize investments in institutions with low credit risk, pursuant to the risk rating assigned by first-class rating agencies. The Management establishes a maximum investment limit according to Shareholders' Equity and to each institution's risk rating.

b) Interest rate risk

The Company has certain liabilities on which incur post-fixed rates, generating exposure to market interest rate fluctuations.

In order to avoid a rate mismatch between financial assets and liabilities, "Pre-DI" Swap agreements are used to pre-fix the interest rate of part of the debt previously indexed to the CDI rate. The CDI-indexed net exposure was hedged, i.e., the balance of the debt exceeding the cash invested in the CDI. The 3rd issue of Malha Sul debentures, CCB maturing in 2014 and part of the flow of the 5th debenture issue are now restated according to the pre-fixed interest rate. These Swaps ensure that the indices between assets and liabilities remain equal, thus mitigating the interest rate effect on the Company's income. These instruments are recorded as hedge, in accordance with CPC 14.

(In thousands of R$)

Below is the interest rate risk sensitivity analysis, showing the estimated effects of change in income scenarios in the next 12 months, for swaps and their respective underlying assets for which the projections were made. The Management considered the CDI projected for 2010 a probable scenario, according to banking projections:

Interest rate appreciation risk

Operation	Risk	Probable Scenario	Fair Value on March 31, 2010	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Debentures 3rd issue	CDI	166,666	2,222	18,955	23,694	28,433
Swap Long Position- Counterparty HSBC	CDI	(166,666)	(2,222)	(18,955)	(23,694)	(28,433)
Debentures 5th issue	CDI	66,667	581	8,595	10,340	12,085
Swap Long Position - Counterparty Standard	CDI	(66,667)	(581)	(8,595)	(10,340)	(12,085)
CCB	CDI	90,489	3,095	11,447	14,006	16,564
Swap Long Position - Counterparty Santander	CDI	(90,489)	(3,095)	(11,442)	(14,000)	(16,557)
References						
Average CDI p.a.				10.38%	12.98%	15.57%

Probable scenario based on banks' macroeconomic projections.

The effect of the exposure to the remaining interest rate variation is presented in item d) below.

c) Foreign currency risk

It derives from the possibility of loss due to fluctuations in exchange rates, that increase loan, suppliers or foreign currency agreements liability balance, as well as fluctuations that reduce the investment balance or other assets.

The Company's policy guides the use of derivative instruments only to mitigate effects related to Real exchange devaluation in its foreign currency forward purchases. Thus, the Company contracts "Dollar-Real" swap operations at the same amount and with the same maturity date of the liabilities purpose of hedge. The Company follows up on a regular basis its exchange exposure in order to ensure that hedge operation result annuls the exchange effect over its cash flow.

Below is the exchange rate risk sensitivity analysis, showing the estimated effects of change in income scenarios for the next 12 months. The Management considered the exchange rate projected for 2010 a probable scenario, according to macroeconomic projections:

(In thousands of R$)

Foreign Currency Appreciation Risk

Operation	Risk	Notional value (USD thousand)	Fair Value on March 31, 2010	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk – Effect on investments:						
Investments	USD	2,264	4,065	11	1,030	2,049
Net effect on investments		**2,264**	**4,065**	**11**	**1,030**	**2,049**
Foreign currency appreciation risk – Effect on suppliers/imports:						
Long-term suppliers	USD	(57,515)	5	(280)	(26,421)	(52,562)
Swap Long Position per Counterparty:						
Counterparty HSBC	USD	50,080	418	244	23,098	45,952
Counterparty Standard	USD	7,435	(423)	36	3,421	6,805
Net Effect on suppliers/imports		-	-	-	**98**	**195**
References						
Dollar USD/R$				1.80	2.25	2.70

Probable scenario based on banks' macroeconomic projections.

d) Financial charge deterioration risk

This risk derives from the possibility that the Company incur in losses due to interest rates fluctuation or other indexes of its loans and financing that increase its financial expenses or decrease the financial revenues deriving from investments. In the Company, this risk impacts the net debt indexed in CDI (total debt indexed in CDI – financial investments indexed in CDI). In order to partially cover this exposure, the Management chose to contract “Pre-DI” swap operations, turning part of the flow of the debentures of ALL Holding’s fifth issue, issued at CDI + 1.5%, ALL Malha Sul’s third issue, issued at 108% of CDI, and ALL Malha Sul’s CCB, issued at CDI + 1.23%, into 100% fixed-rate operations. Thus, the costs of such debts are recorded up to their maturity. The description of the purpose, designation of instruments and calculations of effectiveness were formalized in the hedge documentation, allowing it to be recorded as hedge, according to CPC 14. The company continuously monitors these indexes to evaluate the eventual need to contract derivatives to mitigate these rates variation risk.

(In thousands of R$)

Below is the financial charges deterioration sensitivity analysis, showing the estimated effects of change in income scenarios for the next 12 months, considering as probable scenario the projected rates for the year 2010. Rates increases were simulated as alternative scenarios, considering that the Company has a net debt position:

Debt charges deterioration risk

Operation	Risk	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES				
Cash		**247,629**	**288,427**	**329,225**
Investments indexed to CDI	CDI	163,193	203,991	244,789
Pre-fixed investments	PRE	84,436	84,436	84,436
Loans and Financing				
Financing indexed to TJLP	TJLP	163,589	194,228	224,866
Financing indexed to CDI	CDI	81,694	108,457	135,221
Pre-Fixed Financing	PRE	38,992	38,992	38,992
Short position- Swaps USD X %CDI	CDI	12,441	13,864	16,637
Debentures indexed to CDI	CDI	152,499	187,401	222,302
Pre-fixed debentures	PRE	31,314	31,314	31,314
IGPM	IGPM	755	944	1,133
References				
CDI		10.38%	12.98%	15.57%
TJLP		6.00%	7.50%	9.00%
IGPM		5.94%	7.43%	8.91%

Probable scenario based on banks' macroeconomic projections.

(In thousands of R$)

e) CVM Rule 475

The consolidated position of derivative financial instrument amounts is presented in the table below:

Fair value of derivative operations by maturity

Description	Reference Value		Fair Value		Accumulated Effect (current)	
	03/31/10	12/31/09	03/31/10	12/31/09	Amount receivable/received	Amount payable/paid
Swap contracts:						
Net Position						
Foreign Currency Risk						
Maturities USD x %CDI:	USD	USD	R$	R$		R$
1Q10		10,699		(6,775)		
2Q10	10,140	10,140	197	(1,831)		(1,800)
3Q10	27,451	27,449	221	(3,186)		(2,987)
4Q10	11,891	11,891	222	(27)	138	(17)
1Q11	8,033		(645)			(645)
Interest Rates Risk						
Maturities Pre x Floating rates:	R$	R$	R$	R$	R$	R$
3Q12*	66,667	66,667	581	(56)	581	
4Q14*	75,000	75,000	(3,095)	(1,902)		(2,754)
1Q18*	150,000	150,000	5,587	1,909	5,587	
3Q18*	166,666	166,666	(2,222)	3,973		(2,563)
TOTAL			**846**	**(7,895)**	**6,306**	**(10,766)**

* Derivative operations classified as hedge ("hedge documentation")

All derivative operations are recorded at CETIP S.A. – OTC Clearing House.

The fair value of derivatives is recorded in the account Loans and Financings (Current and Non-Current) in Liabilities in contra-account to: i) income, for derivatives for which there is not hedge documentation and ii) Assets Adjustments (Shareholders' Equity), for those derivatives where there is hedge documentation, the effect of the fair value is recorded in the account Loans and Financings in Current Liabilities. All derivatives are used as hedge (asset protection), therefore, at maturity, the negative or positive effects of such operations are offset by the effect contrary to the asset or liability whose risk is being mitigated.

It is worth pointing out that, at maturity, the negative or positive effect arising from these operations is offset by the contrary effect in asset or liability whose risk is being mitigated.

The accounting effect and the fair value of derivatives and purpose of hedge instruments are controlled by a treasury control system deemed efficient by the Company's Management.

The fair value of the derivatives was calculated based on exchange curves and current BM&F interest rates on March 31, 2010 for future value projection, as well as DI future rate of BM&F to carry these flows to present value. There is no margin deposit or guarantees of any type or amount, for none of the derivatives under consideration.

The Company's results for March 31, 2010 was impacted by financial statements intended for hedge in the amount of R$831 and R$3,983 for March 31, 2009. Gains and losses from swaps linked to the hedge structure recorded under shareholders' equity amount to R$2,298 on March 31, 2010.

(In thousands of R$)

32 Private social security

The indirect subsidiary ALL Malha Oeste sponsors Benefits Plan, together with a multi-sponsor fund, HSBC Fundo de Pensão. The plan has prevailing characteristics in the defined contribution modality during the funds accumulation period. The only defined benefit, in the accumulation stage, is a benefit equivalent to, at most, six salaries, paid in the event of death, disability and retirement process, calculated according to formulas and conditions established in the plan's regulation.

The contributions are made on average, in the proportion of 67% by the sponsor and 33% by the active participants. The contributions related to Minimum Benefit are fully carried out by the Sponsor, as established in an actuarial technical note, and restated on a yearly basis, through actuarial evaluations.

The plan is evaluated annually, by an independent actuary, and the last actuarial evaluation of the Plan was concluded on December 31, 2009. The reference date used in the evaluation was October 2009.

	03/31/10	**12/31/09**
Participants	106	106
Net assets	8,715	8,715
Sponsor contribution (% payroll)	0.53%	0.53%
Participation payroll	1,478	1,478

The plan also has a defined benefit portion in the concession phase, whose actuarial liability refers to monthly life annuities granted to its participants. The present value of the actuarial liability of Sponsored Participants was calculated based on the mortality table AT-83 and on a financial discount rate of 6% per year; on December 31, 2009, it amounts to R$2,180 and is totally covered by the Plan's Net Assets.

In addition to the total financial coverage of actuarial liabilities, the plan has a surplus with which a pension fund that amounts to R$2,804 on December 31, 2009 was made. The Fund was established by remaining balances of contributions from the sponsor, coming from withdrawals of participants who made a partial redemption, not being eligible to benefits of the plan.

33 New Accounting Pronouncements

During 2009, the Brazilian Accounting Pronouncements Committee (CPC) issued and the Brazilian Securities and Exchange Commission (CVM) approved several Technical Pronouncements, Interpretations and Orientations whose application will be mandatory only as of January 1, 2010, requiring that the Company present again the financial statements of the comparative year.

Through CVM Resolution 603/09, CVM also granted the publicly held Companies the presentation of its quarterly information (ITR) during fiscal year 2010 in accordance with accounting standards effective on December 31, 2009. Its anticipated application was allowed since all new pronouncements were fully complied with.

The Company decided for the presentation of its quarterly information pursuant to the rules effective on December 31, 2009 because the possible effects of these new rules in the financial statements are still under evaluation and measurement. This evaluation involves the review of processes, internal controls, electronic systems and others relevant aspects that, so far, have not been conclude as to allow the proper adjustment in its financial statements and/or quarterly information.

In the Company's Management assessment, the main Pronouncements, Orientations and Interpretations issued by the CPC that might have effect by adjustments and/or disclosure in their financial statements as of the fiscal year ended on December 31, 2010, are the following:

- CPC 17 – Construction Contracts, approved by CVM Resolution 576 of June 3, 2009;
- CPC 18 – Investment in Subsidiary and Associated Company, approved by CVM Resolution 605 of November 26, 2009;
- CPC 20 – Borrowing Costs, approved by CVM Resolution 577 of June 5, 2009;
- CPC 21 – Interim Statement, approved by CVM Resolution 581 of July 31, 2009;
- CPC 22 – Information by segment, approved by CVM Resolution 582 of July 31, 2009;
- CPC 23 – Accounting Policies, Changes in Estimates and Error Correction, approved by CVM Resolution 592 of September 15, 2009;
- CPC 24 – Subsequent Event, approved by CVM Resolution 593 of September 15, 2009;
- CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, approved by CVM Resolution 594 of September 15, 2009;
- CPC 26 – Presentation of Financial Statements, Approved by CVM Resolution 595 of September 15, 2009;
- CPC 27 – Fixed Assets, approved by CVM Resolution 583 of July 31, 2009;

- CPC 30 – Revenues, approved by CVM Resolution 597 of September 15, 2009;
- CPC 32 Taxes on Income, approved by CVM Resolution 599 of September 15, 2009;
- CPC 33 – Employee Benefits, approved by CVM Resolution 600 of October 7, 2009;
- CPC 36 – Consolidated Statements, approved by CVM Resolution 608 of November 26, 2009;
- CPC 37 – First-time Adoption of the International Accounting Standards, approved by CVM Resolution 609 of December 22, 2009;
- CPC 38 – Financial Instruments: Recognition and Measurement, approved by CVM Resolution 604 of November 19, 2009;
- CPC 39 – Financial Instruments: Presentation, approved by CVM Resolution 604 of November 19, 2009;
- CPC 40 – Financial Instruments: Reporting, approved by CVM Resolution 604 of November 19, 2009;
- CPC 43 – First-time Adoption of Technical Pronouncements 15 through 40, approved by CVM Resolution 610 as of December 22, 2009;
- ICPC 01 – Concession Agreements – approved by CVM Resolution 611 of December 22, 2009;
- ICPC 09 – Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Accounting Method, approved by CVM Resolution 618 of December 22, 2009;
- ICPC 10 – Interpretation about the First-time Application of Technical Pronouncements CPC 27, 28, 37 and 43, approved by CVM Resolution 619 of December 22, 2009, to Fixed Assets and Properties for Investment.

The Company is currently assessing the potential relevant that these pronouncements, interpretations and Orientations may have on its financial statements referring to the year ended December 31, 2009, which will be presented for purposes of comparison to the financial statements referring to the year to end December 31, 2010, as well as on the financial statements of future years. To the best of its knowledge, except for technical pronouncements CPC 27 and ICPC 01 and 10, the remaining pronouncements should not create a relevant impact on its financial statements.

* * *

ALL REPORTS 1Q10 RESULTS

Curitiba, Brazil, May 11, 2010 – América Latina Logística S.A. – ALL (BM&FBovespa: ALLL11[1]; OTCQX: ALLAY), Latin America's largest independent logistics company, announces its results for the first quarter of 2010 (1Q10). ALL operates 21,300 km of rail tracks, 1,095 locomotives, 31,650 rail cars, 650 highway vehicles, distribution centers and warehousing installations. ALL's rail network serves an area that accounts for approximately 65% of Mercosur's GDP. The Company serves seven of the most active ports in Brazil and Argentina through which approximately 78% of all South America's grain exports are shipped annually. We offer a full range of logistics services, including domestic and international rail transportation, intermodal door-to-door transportation, distribution and warehousing. The services are provided in Brazil and Argentina by three business units: agricultural commodities, industrial products and highway services. Comparisons included in this report, unless otherwise stated, refer to the same period of 2009. Financial and operational information, unless otherwise stated, are presented in nominal Reais pursuant to Brazilian Corporate Law. Results for 2009 and 2010, unless otherwise stated, contemplate the changes in Brazilian Accounting Standards occurred in 2008 (Law 11,638). Consolidated results, unless otherwise stated, excludes the results of Santa Fé Vagões.

Conference Calls:

English
May 12, 2010
Wednesday
10:30 a.m. US EDT

Portuguese
May 12, 2010
Wednesday
9:00 a.m. US EDT

Meeting with Analysts and Investors:

May 18, 2010
Tuesday
11:00 a.m.
(Brasília)

JW Marriott Rio de Janeiro
Av. Atlântica, 2600
Rio de Janeiro – RJ

OPERATING AND FINANCIAL HIGHLIGHTS

- ✓ **ALL Brazil's EBITDA increased 17.7% in 1Q10 to R$295.6 million,** mainly driven by higher volumes, yields and margins. In consolidated basis, EBITDA grew 19.0% to R$296.5 million and EBITDA margin rose from 44.9% in 1Q09 to 47.4%. Net Income improved from a loss of R$22.6 million in 1Q09 to a profit of R$17.5 million, reflecting the strong operational performance in Brazil and the reduction in financial expenses during the quarter.

- ✓ **ALL Brazil's volume grew 6.3% in 1Q10 to 8,250 million RTK,** with weak agricultural exports in January, which still reflects the pressured market scenario we confronted in 4Q09, and a strong comparison basis posed by 1Q09, when farmers shipped to the ports the high 2008 inventories. The high volumes in February and March reflects a strong beginning of the harvest season in Brazil and the additional capacity added to our system in preparation for 2010.

- ✓ **Average yield increased 8.8% in Brazil.** The yield recovery, as compared to the pressured prices registered in 2009, reflects real price gains in our take-or-pay contracts, higher freight prices in the spot market and an increase in drayage services volumes. Although spot market prices should come back to normal levels throughout the year, the freight prices in our contracts and a favorable comparison base should sustain real yield increases in 2010.

- ✓ **In Argentina, we continue to face the same market and political environment of last quarters.** In industrial production, we still do not see material changes that could push the country to a real recovery. The positive news is the 2010 grain crop, which starts in April and is estimated to increase more than 40%.

- ✓ **Our long term projects are going well under schedule**, as Rondonópolis project is advancing month by month and Rumo project started to haul its first volumes. Additionally, strategic steps and long term contracts are being

1 Preferred shares (ALLL4) and common shares (ALLL3) are also listed at BOVESPA but with no significant liquidity

developed in the containers, terminal and mining segments with the potential to transform our business.

Table 1 - Financial Highlights (R$ million)	1Q10	1Q09	% Change
ALL Brazil Operations			
Gross Sales	680.7	588.8	15.6%
Net Sales	594.7	517.9	14.8%
EBITDA	295.6	251.1	17.7%
*EBITDA Margin**	*49.7%*	*48.5%*	*1.2%*
Net Income	26.1	(11.7)	na
ALL Consolidated**			
Gross Sales	713.0	626.3	13.8%
Net Sales	626.1	554.4	12.9%
EBITDA	296.5	249.1	19.0%
*EBITDA Margin**	*47.4%*	*44.9%*	*2.4%*
Net Income***	17.5	(22.6)	na
EPS (R$/ Share)	0.03	na	na
Consolidated Balance Sheet Indicators			
Total Assets	12,322.8	11,471.3	7.4%
Shareholders Equity	3,849.6	2,519.3	52.8%
EBITDA (Trailling 12 months)	1,148.3	1,247.5	-7.9%
Net Debt	2,266.8	2,571.5	-11.9%
Net Debt / (Trailling 12 months EBITDA)	2.0	2.1	-4.2%
Net Debt/ Equity	0.6	1.0	-42.3%

** For EBITDA margin change means percentage points gained/lost*

*** Excludes results of Santa Fé Vagões*

**** Includes net income from Santa Fé Vagões*

Earnings per share calculation based on number of existing shares as of March 31th, 2010

Values may not add up due to rounding

Comments from Bernardo Hees, CEO, and Paulo Basilio, COO

We are announcing 1Q10 results showing a 19.0% consolidated EBITDA growth, an increase of 4.3% in volumes, 13.8% in revenues and a net income improvement from a loss of R$22.6 million in 1Q09 to a profit of R$17.5 million. Volumes in Brazil grew 6.3% in 1Q10 to 8,250 million RTK, driven by (i) weak agricultural exports in January, when volumes are traditionally related to last year harvest season, (ii) a strong comparison basis posed by 1Q09, when farmers shipped to the ports the high inventories accumulated and exports increased 23%, and (iii) high volumes in February and March, which reflects a strong beginning of the harvest season in Brazil and the additional capacity added to our system in 2010.

Agricultural commodities volumes increased 4.2% in 1Q10, from 5,369 million RTK in 1Q09 to 5,595 million RTK, in a scenario of lower agricultural exports, particularly in corn and sugar segments. Market share at the ports we serve increased from 59% in 1Q09 to 69% in 1Q10. In industrial segment volumes increased 11.1% in 1Q10, from 2,390 million RTK in 1Q09 to 2,655 million RTK, mainly driven by a 22.9% increase in intermodal flows as we continue to obtain market share gains in major segments.

Average yields increased 8.8% in Brazil, reflecting real price gains in our take-or-pay contracts, higher freight prices in the spot market as compared to the pressured prices registered in 2009, and an increase in drayage services volumes. Although the increase in drayage services pressures margins due to its costs, it also pushes yields up due to the additional revenues it generates. Moreover, spot market freight prices picked up in 1Q, driven by a strong beginning of the 2010 harvest season which created a powerful demand pressure in a limited logistics supply. Although spot market prices should come back to normal levels throughout the year, the freight prices in our contracts and a favorable comparison base should sustain real yield increases in 2010.

Gross revenues increased 15.6% in Brazil, from R$588.8 million in 1Q09 to R$680.7 million in 1Q10. After a year of pressured yields and margins, our EBITDA grew 17.7% to R$295.6 million and EBITDA margin rose 1.2 p.p. to 49.7% in 1Q10. In agricultural commodities, EBITDA increased 15.2% to R$217.4 million and EBITDA margin grew 1.5 p.p. to 54.7%. In industrial products, EBITDA increased 24.7% to R$75.7 million and EBITDA margin grew 1.1 p.p., to 42.9% in 1Q10. In highway services, as we are seeing the automotive segment recovered, volumes increased 8.2% and EBITDA grew 48.9% to R$ 2.5 million.

In Argentina, we faced the same market and political environment of last year. We cannot anticipate any material changes in political environment or which could drives the country out of the recession in industrial segment. Agricultural production is the positive news for 2010, which is estimated to increase more than 40% this year and should start to be harvested in 2Q. Argentinean operation represents today less than 5% of our revenues and 1% of our EBITDA.

Strategic projects continue to be developed aiming to leverage company's long term growth. Besides the extension of our rail line from Alto Araguaia to Rondonópolis and the agreement with Rumo in sugar segment, we are working strongly in infrastructural projects in container, terminal and iron ore segments. In the container segment, we believe that a model integrating road and railroad, similar to what happens in the US, makes much more economic sense than the current one, which relies largely on the trucks. In an integrated model trucks feed warehousing terminals on the country side creating the scale and regularity that rail needs, and the railway transport the containers to the ports through regular trains. Besides lower transportation costs, an integrated model would take the pressure out of the ports where the land is more scarce and expensive. In the iron ore segment, we are discussing with clients the transportation of volumes from the mines of Corumbá to Port of Sepetiba, with a potential of 15/20 million tons.

The year started promising, with meaningful opportunities for the short and long term profile of our business. Moreover, we keep confident in reaching our volume growth objective for the year, particularly considering the poor comparison basis of the second half 2009.

OPERATING PERFORMANCE BY BUSINESS SEGMENT

Consolidated Results[1]

Consolidated EBITDA grew 19.0% in 1Q10, from R$249.1 million in 1Q09 to R$296.5 million. The increase was mainly driven by higher volumes, yields and margins in Brazil, partially offset by a weak performance in Argentina. EBITDA margin also increased 2.4 percentage points, from the 44.9% of 1Q09 to 47.4% in 1Q10, reflecting higher yields in Brazil, both in contracts and spot market.

[1] Excludes results of Santa Fé Vagões.

Table 2 - EBITDA (R$ million)	1Q10	1Q09	Change 1Q10	% Change 1Q10
ALL Consolidated	296.5	249.1	47.4	19.0%
ALL Brazil	295.6	251.1	44.5	17.7%
Agricultural Commodities	217.4	188.7	28.7	15.2%
Industrial Products	75.7	60.7	15.0	24.7%
Highway Based Services	2.5	1.7	0.8	48.9%
ALL Argentina	0.9	(2.0)	2.9	na

Consolidated gross revenues increased 13.8%, from R$626.3 million in 1Q09 to R$713.0 million in 1Q10, mainly driven by an 8.8% yield increase and a 6.3% volume increase in Brazil, partially offset by a 14% volume reduction in Argentina. Yield growth reflects marginally higher yields in Argentina, pushed by the depreciation of the Peso against the Real and a strong yield increase in Brazil due to (i) real price gains in our take-or-pay contracts, (ii) higher spot freight prices in spot market as compared to the pressured freight prices registered in 2009 and (iii) a favorable transportation cargo mix, with an increase in drayage services volumes.

Table 3 - EBITDA Margin (%)	First Quarter 1Q10	1Q09	Change*
ALL Consolidated	47.4%	44.9%	2.4%
ALL Brazil	49.7%	48.5%	1.2%
Agricultural Commodities	54.7%	53.3%	1.5%
Industrial Products	42.9%	41.8%	1.1%
Highway Based Services	11.9%	9.1%	2.8%
ALL Argentina	2.9%	-5.5%	na

** Indicates percentage points gained / lost*

Consolidated volumes in 1Q10 increased 4.3% as compared to 1Q09, from 8,602 million RTK to 8,975 million RTK, as a result of:

(i) Weak agricultural exports in January 2010, which still reflects the pressured market environment we faced in 4Q09. In Brazil, agricultural volumes in January are traditionally related to the last year harvest season, as crop usually starts at the end of February in Mato Grosso State, in March in Mato Grosso do Sul and Paraná and in April in Rio Grande do Sul.

(ii) High volumes in February and March, driven by a strong beginning of the harvesting season in Brazil and by the additional capacity added to our system in preparation for 2010. The high rainfall level during 4Q09, led major research institutes to revise their estimates up to a record grain production and anticipated crop season, which started to be harvested in the middle of February in Mato Grosso.

(iii) The strong comparison basis posed by 1Q09, when farmers shipped to the ports the high inventories accumulated and exports increased 23% as compared to the same period of 2008. In 1Q10 grain exports decreased 5% as compared to 1Q09.

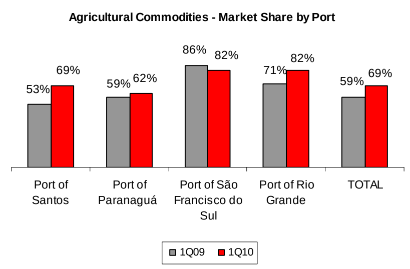
(iv) A 14.0% volume reduction in Argentina, reflecting a weak market – with a recession in the industrial segment and a crop drop of more than 40% in agriculture in 2009 – and the turbulent political environment in the country.

Agricultural Commodities

Agricultural commodities volumes increased 4.2% in 1Q10, from 5,369 million RTK to 5,595 million RTK, mainly driven by increases in transport of soy meal (18.9%), soy beans (13.4%) and fertilizers (12.5%). The volume growth reflects the additional capacity added to our system and the anticipation of the harvesting season in Brazil, partially offset by the weak grain exports in January, which still reflected last quarter's weak market environment, and the strong comparison basis posed by the 1Q09.

Table 4 - Agricultural Commodities Products (million RTK)	**1Q10**	**1Q09**	**% Change**
Soy	3,302.1	2,910.7	13.4%
Soy Meal	830.2	698.1	18.9%
Fertilizers	262.5	233.4	12.5%
Sugar	373.9	457.7	-18.3%
Corn	438.3	669.3	-34.5%
Wheat	250.0	260.7	-4.1%
Rice	133.1	135.0	-1.4%
Others	4.8	3.9	23.7%
Total	**5,594.9**	**5,368.8**	**4.2%**

Total market share at the ports we serve increased sharply, from 59% in 1Q09 to 69% in 1Q10. The market share growth reflects an increase in front haul cargo transported volumes by ALL in a weak agricultural exports environment at the beginning of the year, particularly in corn and sugar segments. In 1Q09, corn exports boomed with pressures by the shipments of large corn inventories accumulated during 2008.



Gross revenues increased 13.8%, from R$394.7 million in 1Q09 to R$449.2 million in 1Q10, and gross yield, measured in R$/'000 RTK, increased 9.2% reaching R$80.3 per thousand RTK. The strong yield increase reflects real price gains in take-or-pay contracts, higher volumes of drayage services, and the inflated freight prices in the spot market. Spot market freight prices picked up in 1Q, driven by a very strong beginning of the 2010 harvest season which created a powerful demand pressure in a limited logistics supply. Although spot market prices should come back to normal levels throughout the year, the freight prices in our contracts and a favorable comparison base should sustain real yield increases in 2010.

Table 5 - Agricultural Commodities	First Quarter		
(R$ million)	1Q10	1Q09	Change*
Volume (million RTK)	5,595	5,369	4.2%
Gross Revenues	449.2	394.7	13.8%
Gross Yield (R$/'000 RTK)	*80.3*	*73.5*	*9.2%*
Net Revenues	397.3	354.4	12.1%
EBITDA	217.4	188.7	15.2%
EBITDA Margin	*54.7%*	*53.3%*	*1.5%*

** For EBITDA Margin indicates percentage points gained / lost*

Agricultural commodities EBITDA increased 15.2%, from R$188.7 million in 1Q09 to R$217.4 million, pushed by a 4.2% volume increase and a 9.2% yield increase. EBITDA margins rose 1.5%, from 53.3% to 54.7%, mainly reflecting the increase in yields and higher return cargo volumes in the period.

Industrial Products

Industrial products volumes increased 11.1% in 1Q10, from 2,390 million RTK in 1Q09 to 2,655 million RTK, reflecting the recovery in industrial production activity in Brazil and market share gains in intermodal industrial volumes.

Table 6 - Intermodal Industrial Products (million RTK)	1Q10	1Q09	% Change
Steel Products	263.6	189.9	38.8%
Wood Products	294.2	156.4	88.0%
Food Products	159.9	165.5	-3.4%
Containers	247.2	238.8	3.5%
Others	201.0	197.8	1.6%
Total	**1,165.9**	**948.3**	**22.9%**

In Intermodal flows, volume increased 22.9% in 1Q10, with significant growth in wood products and steel products and a modest growth in containerized cargo. In the long term we should see intermodal flows outperforming pure rail industrial products and the former accounting for an increasingly larger portion of total industrial flows.

Table 7 - Pure Rail Industrial Products (million RTK)	1Q10	1Q09	% Change
Fuel Products	1,120.0	1,074.8	4.2%
Vegetal Oil	48.0	53.1	-9.6%
Construction	321.2	313.9	2.3%
Total	**1,489.2**	**1,441.8**	**3.3%**

In the fuel products, construction and vegetal oil segments - which are shipped almost exclusively by rail in our area of operation - we see volumes growing 3.3% in 1Q10 on a slower growth rate when compared to the Intermodal segment, mainly impacted by a decrease in vegetal oil transportation and the high market share we have in the southern portion of our rail network, which makes us dependent of the respective industry growth in the region. However a low market share level in the northern portion of our network still leaves us with significant room to grow regardless of the market growth in the region.

Table 8 - Industrial Products	First Quarter		
(R$ million)	1Q10	1Q09	Change*
Volume (million RTK)	2,655	2,390	11.1%
Gross Revenues	207.5	172.8	20.1%
Gross Yield (R$/'000 RTK)	*78.1*	*72.3*	*8.1%*
Net Revenues	176.5	145.2	21.6%
EBITDA	75.7	60.7	24.7%
EBITDA Margin	*42.9%*	*41.8%*	*1.1%*

** For EBITDA Margin indicates percentage points gain / lost*

Industrial products gross revenues increased 20.1% in 1Q10, from R$172.8 million in 1Q09 to R$207.5 million, with an average yield increase of 8.1%, pushed by the increase in drayage services in the period. EBITDA increased 24.7%, from R$60.7 million in 1Q09 to R$75.7 million in 1Q10, and EBITDA margin increased 1.1 percentage point.

Highway Services Business Unit

In the Highway Services Business Unit volumes measured in remunerated kilometers (RK) increased 8.2% mainly driven by the recovery of automotive volumes both in the internal and mercosur flows, as the economic recession seems to be left behind. Gross revenues increased 12.7% in 1Q10, to R$24.1 million against the R$21.3 million in 1Q09, and average yield, measured in R$/Km, increased 4.2% to R$3.13 in the quarter. EBITDA increased 48.9% in 1Q10, to R$ 2.5 million, and EBITDA margin increased 2.8 percentage points, reflecting higher yields and volumes.

Argentina Operations

In Argentina the scenario has not changed much, and it is hard to anticipate the political and economical trends of the country. The positive news is the grain crop, which is expected to increase more than 40% this year and the harvest season started in April.

ALL Argentina's gross revenues increased 9.1% in 1Q10, from P$63.0 million to P$68.7 million, due to a 26.9% increase in yields in pesos in the period. EBITDA increased from a negative P$3.2 million in 1Q09 to a positive P$2.0 million in 1Q10. The increase in gross revenues in Argentina was completely offset by the strong depreciation of the Peso against the Real in the period leading gross revenues to a decrease of 14% in Real basis.