

ALL - América Latina Logística S.A.
and its subsidiaries
Quarterly Information
As of June 30, 2010 and March 31, 2010
and independent auditors' report on special review

Independent auditors report on special review

To
the Executive Officers and Shareholders of
ALL – América Latina Logística Malha Paulista 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 its subsidiaries for the quarter ended on June 30, 2010, comprising the balance sheets, the related statements of income, changes in shareholders' equity and cash flows, the performance report and the explanatory notes, 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 June 30, 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 June 30, 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

Independent auditors report on special review

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 R\$2,183 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 disclosed 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, August 02, 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 JUNE 30, 2010 AND MARCH 31, 2010

(In thousands of R\$)

	Note	06/30/10	03/31/10	06/30/10	03/31/10
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	715,165	808,965	2,141,242	2,248,773
Trade accounts receivable	7	18,435	23,844	313,776	251,933
Inventories				80,391	75,991
Credits with congeners				333	671
Lease and concessions	8			6,460	6,460
Recoverable taxes and contributions	9	49,675	48,583	297,799	288,701
Deferred income tax and social contribution	10	10,757	10,621	94,281	92,552
Dividends and interest on own capital		18,919	34,157		
Advances and other accounts receivable		5,428	5,426	88,871	87,786
Prepaid expenses		1,003	2,505	10,466	13,619
Total current assets		819,382	934,101	3,033,619	3,066,486
NON-CURRENT ASSETS					
LONG-TERM ASSETS					
Credits receivable from related companies	21	36,707	317,722		2,984
Lease and concessions	8			102,046	103,661
Debentures	11	115,545	112,479		
Recoverable taxes and contributions	9	7,123	7,091	311,431	308,375
Deferred income tax and social contribution	10	39,398	43,579	304,874	307,341
Refundable deposits and restricted amounts	20	14,607	14,248	323,912	309,510
Temporary investments					389
Other realizable assets				13,589	13,276
Prepaid expenses				8,606	8,797
		213,380	495,119	1,064,458	1,054,333
PERMANENT ASSETS					
Investments	12	4,111,943	3,605,778	6,447	5,993
Intangible assets	13	1,361	1,415	2,543,219	2,552,613
Fixed assets	14	63,744	65,791	5,615,852	5,437,853
Deferred charges	15			204,607	205,527
		4,177,048	3,672,984	8,370,125	8,201,986
Total non-current assets		4,390,428	4,168,103	9,434,583	9,256,319
TOTAL ASSETS		5,209,810	5,102,204	12,468,202	12,322,805

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 JUNE 30, 2010 AND MARCH 31, 2010

(In thousands of R\$)

	Note	Parent Company		Consolidated	
		06/30/10	03/31/10	06/30/10	03/31/10
LIABILITIES					
CURRENT LIABILITIES					
Suppliers		10,273	11,874	459,010	521,623
Loans and financings	16	7,876	889	435,801	425,540
Debentures	17	34,207	10,274	83,983	39,196
Tax liabilities		2,867	3,792	62,523	106,469
Debt with congeners				2,563	2,227
Lease and concessions	19			27,099	25,897
Labor and social security liabilities				62,388	45,809
Advance from clients		16,805	22,125	50,555	57,039
Leasing	18			176,664	156,779
Tax and social security installments	25	385	442	18,827	49,891
Other accounts payable				11,804	11,400
Deferred income	24			2,065	2,065
Real Estate Credit Advances	23	29,967	20,280	151,669	154,548
Dividends and interest on own capital		1,016	7,873	1,139	7,996
Total current liabilities		103,396	77,549	1,546,090	1,606,479
NONCURRENT LIABILITIES					
Loans and financings	16	257,048	259,788	2,425,576	2,396,113
Debentures	17	741,486	742,923	1,655,473	1,654,715
Accounts payable to related companies	21	11,842	36,916		592
Provision for contingencies	20			183,143	194,689
Lease and concessions	19			1,016,462	986,996
Advance from clients					1,112
Provision for unrealized profit	22	12,989	13,175		
Leasing	18			912,916	941,577
Tax and social security installments	25	5,103	4,890	185,563	127,016
Real Estate Credit Advances	23	80,584	93,876	490,875	502,925
Other liabilities				12,558	11,802
Provision for unsecured liabilities in subsidiaries	12	8,370	22,762	5,741	5,407
Deferred income	24			23,416	23,932
Total noncurrent liabilities		1,117,422	1,174,330	6,911,723	6,846,876
Minority interest in subsidiaries				21,742	19,814
SHAREHOLDERS' EQUITY					
Capital stock	26	3,433,941	3,433,941	3,433,941	3,433,941
Capital reserves		18,618	12,965	18,618	12,965
Profit reserves		398,974	398,994	398,974	398,994
Accumulated earnings (losses)		153,192	17,151	152,847	16,462
Equity adjustments		(19,468)	(14,915)	(19,468)	(14,915)
Advance for future capital increases		3,735	2,189	3,735	2,189
Total shareholders' equity		3,988,992	3,850,325	3,988,647	3,849,636
TOTAL LIABILITIES		5,209,810	5,102,204	12,468,202	12,322,805

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 JUNE 30, 2010 AND 2009

(In thousands of R\$)

	Note	Parent Company		Consolidated	
		06/30/10	06/30/09	06/30/10	06/30/09
Gross revenue from services					
Provision of cargo transportation services and other		30,989	414,664	1,621,015	1,493,792
Gross revenue deductions, mainly taxes (ICMS, ISS, PIS and COFINS)		<u>(2,634)</u>	<u>(44,946)</u>	<u>(202,364)</u>	<u>(172,220)</u>
Net revenue from services		28,355	369,718	1,418,651	1,321,572
Cost of services provided		<u>(8,568)</u>	<u>(298,727)</u>	<u>(800,515)</u>	<u>(785,200)</u>
Gross profit		19,787	70,991	618,136	536,372
Income from shareholding					
Equity accounting	12	168,173	42,932	924	86
Reversal (provision) for unsecured liabilities in subsidiaries	12	(1,069)	(5,504)	(1,090)	(2,451)
Goodwill amortization in subsidiaries	13	(16,136)	(3,657)	(16,788)	(15,933)
Gain/loss in investments	12	<u>417</u>	<u>(4,113)</u>	<u>469</u>	<u>(5,176)</u>
		151,385	29,658	(16,485)	(23,474)
Other operating income (expenses)					
Selling		(1,024)		(8,022)	(3,402)
General and administrative		(7,223)	(4,550)	(65,689)	(66,254)
Other operating income (expenses), net		<u>11,636</u>	<u>444</u>	<u>4,285</u>	<u>10,575</u>
		3,389	(4,106)	(69,426)	(59,081)
Operating income before financial income		174,561	96,543	532,225	453,817
Financial expenses	29	(60,005)	(105,801)	(490,265)	(573,664)
Financial income	29	<u>45,487</u>	<u>48,633</u>	<u>114,287</u>	<u>140,205</u>
		(14,518)	(57,168)	(375,978)	(433,459)
Operating profit before taxes and minority interest		160,043	39,375	156,247	20,358
Provision for income tax and social contribution	28	(1,683)	(1,262)	(25,282)	(16,996)
Deferred income tax and social contribution	28	<u>(5,168)</u>	<u>(1,324)</u>	<u>25,587</u>	<u>32,333</u>
		(6,851)	(2,586)	305	15,337
Minority interest in subsidiaries				(2,671)	1,783
Net income for the period		<u>153,192</u>	<u>36,789</u>	<u>153,881</u>	<u>37,478</u>
Number of shares at the end of the period (in thousands)		3,437,512	3,437,512	3,437,512	3,437,512
Net income per one thousand shares at the end of the period - R\$		<u>44.5648</u>	<u>10.7022</u>	<u>44.7652</u>	<u>10.9027</u>

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 JUNE 30, 2010 AND MARCH 31, 2009

(In thousands of R\$)

	Capital Paid-up		Capital Reserve			Goodwill in the issue of shares	Profit Reserve			Retained Earnings	AFAC	Other		Total
	Subscribed	To be paid-up	Treasury Shares	Debtentures Funding Cost	Recognized Granted Options		Legal	Tax Incentives	For Investments			Accumulated Translation Adjustments	Adjustment to assets	
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
<i>Stock options:</i>														
Reserve for options granted					5,105									5,105
Advances for exercised options											13,084			13,084
Exercised options			23,112		(5,770)				(6,447)		(10,895)			
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	(17,462)	2,547	3,850,325
Net income for the year										136,041				136,041
Exchange effect on foreign investments												237		237
Deferred effect of mark-to-market of hedge operations													(250)	(250)
Mark-to-market of investment held for sale													(4,540)	(4,540)
Capital increase from debentures conversion														
Cost of funding capitalized debentures														
Reserve for tax incentive														
<i>Stock options:</i>														
Reserve for options granted					5,105									5,105
Advances for exercised options											2,074			2,074
Exercised options			722		(174)				(20)		(528)			-
Balance on June 30, 2010	3,445,866	(11,925)	(33,322)	(19,439)	71,347	32	41,619	29,951	327,404	153,192	3,735	(17,225)	(2,243)	3,988,992

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 JUNE 30, 2010 AND 2009

(In thousands of R\$)

	Parent Company		Consolidated	
	06/30/10	06/30/09	06/30/10	06/30/09
Operating activities				
Net income for the year	153,192	36,789	153,881	37,478
Expenses (revenue) that do not affect cash and cash equivalents				
Depreciation and amortization	4,280	4,220	213,546	186,133
Equity accounting	(168,173)	(42,932)	(924)	(54)
Provision for unsecured liabilities	1,069	5,504	1,090	2,419
Goodwill amortization	16,136	3,657	16,788	15,933
Deferred income tax and social contribution	5,168	25,453	(25,587)	(32,995)
Provision for unrealized profit	(371)	(372)		
Realization of deferred revenues			(1,032)	(894)
Exchange variation and charges on financings and debentures	(15,627)	(26,464)	31,461	56,949
Stock Options	2,562	10,122	10,209	10,122
Constituição (realização) de provisão para créditos de cobrança duvidosa				
Minority interest			2,671	(1,783)
	<u>(1,764)</u>	<u>15,977</u>	<u>402,103</u>	<u>273,308</u>
Increase (decrease) in asset accounts				
Trade accounts receivable	14,342	(6,328)	(127,359)	(77,953)
Storehouse			(160)	8,950
Recoverable taxes	(4,442)	(4,303)	411	75,127
Dividendos e Juros sobre capital próprio	15,238	19,524		
Other assets	<u>(38,461)</u>	<u>(242,951)</u>	<u>(26,337)</u>	<u>(20,235)</u>
	<u>(13,323)</u>	<u>(234,058)</u>	<u>(153,445)</u>	<u>(14,111)</u>
Increase (decrease) in liabilities account				
Suppliers	(2,352)	(67,835)	(93,282)	(151,130)
Payroll and social charges			27,367	(12,649)
Taxes, fees and contributions	691	(299)	(3,768)	(43,697)
Lease and concessions payable			59,052	56,403
Dividends and interest on own capital				
Other liabilities	<u>(7,963)</u>	<u>(102,183)</u>	<u>(38,461)</u>	<u>(8,041)</u>
	<u>(9,624)</u>	<u>(170,317)</u>	<u>(49,092)</u>	<u>(159,114)</u>
Operating cash generation (use)	<u>(24,711)</u>	<u>(388,398)</u>	<u>199,566</u>	<u>100,083</u>

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

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED JUNE 30, 2010 AND 2009

(In thousands of R\$)

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/09</u>
Investment Activities				
Acquisition (increase) of interest	(348,017)		(257)	
Capital structures, net of cash of company acquired in the period				
Acquisition of fixed assets	(42)	(1,077)	(469,360)	(305,732)
Fixed Assets write off				
Inventories in fixed inversion			12,785	(32,418)
Leasing				
Cash generated by (used in) investment activities	<u>(348,059)</u>	<u>(1,077)</u>	<u>(456,832)</u>	<u>(338,150)</u>
Financing activities				
Financing				
Funding			70,000	121,818
Amortization	(310)		(253,519)	(297,508)
Debentures Received				
Capital increase and AFAC	15,159		15,159	
Equity Adjustments				
Acquisitions/Buyback of shares		19,597		19,597
Dividendos propostos e juros sobre capital próprio	(6,857)	(41,527)	(6,857)	(41,527)
Leasing				
Related parties	(59,576)			
Cash generated by (used in) financing activities	<u>(51,584)</u>	<u>(21,930)</u>	<u>(175,217)</u>	<u>(197,620)</u>
Cash and cash equivalents increase (reduction)	<u>(424,354)</u>	<u>(411,405)</u>	<u>(432,483)</u>	<u>(435,687)</u>
Cash and cash equivalents initial balance	1,139,519	929,500	2,573,725	2,642,731
Cash and cash equivalents final balance	<u>715,165</u>	<u>518,095</u>	<u>2,141,242</u>	<u>2,207,044</u>
Cash and cash equivalents increase (reduction)	<u>(424,354)</u>	<u>(411,405)</u>	<u>(432,483)</u>	<u>(435,687)</u>

The notes are an integral part of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(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 purchase, 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).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

Concession terms are as follows:

<u>Companies</u>	<u>Concession period</u>	<u>Area of Operation</u>
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 State
TERMAG - Terminal Marítimo de Guarujá	August 2022	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.

ALL Malha Sul: the Extraordinary General Meeting held on May 18, 2010 approved the increase in capital stock through a private subscription in the amount of R\$475,500, upon the issue of 107,151,203,891 common shares and 163,019,250,654 preferred shares. This increase was paid by using credits held by its parent company on that date, as mentioned in Note 12.

ALL Intermodal: the Extraordinary General Meeting held on May 03, 2010 approved the increase in capital stock through a private subscription in the amount of R\$22,100, upon the issue of 12,628,571 common shares. This increase was paid by using credits held by its subsidiary on that date.

Santa Fé Vagões: the Extraordinary General Meeting held on April 30, 2010 approved the increase in capital stock through a private subscription in the amount of R\$35,000, upon the issue of 17,500,000 common shares and 17,500,000 preferred shares. This increase was paid by its parent company in domestic currency.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

ALL Rail Tec: The partners decided to increase the capital stock in the amount of R\$815 upon the issue of 815,000 quotas, already subscribed and paid up in domestic currency. Distribution among partners was made in accordance with their respective shareholdings.

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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 parents 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 July 23, 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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 June 30, 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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

		<u>Ownership%</u>	
		<u>06/30/10</u>	<u>03/31/10</u>
Direct Subsidiaries			
2	ALL - América Latina Logística Intermodal S.A. (ALL Intermodal)	100.00	100.00
3	ALL - América Latina Logística Malha Oeste S.A. (ALL Malha Oeste)	100.00	100.00
15	ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)	100.00	100.00
4	ALL - América Latina Logística Malha Sul S.A. (ALL Malha Sul)	100.00	100.00
5	ALL - América Latina Logística Overseas S.A. (ALL Overseas)	100.00	100.00
6	ALL - América Latina Logística Participações Ltda. (ALL Participações)	100.00	100.00
10	Boswells S.A.	100.00	100.00
11	Santa Fé Vagões S.A. (Santa Fé)	100.00	100.00
12	ALL - América Latina Logística Centro-Oeste Ltda. (ALL Centro-Oeste)	99.99	99.99
14	ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	99.99	99.99
13	ALL - América Latina Logística Tecnologia Ltda. (ALL Tecnologia)	99.90	99.90
16	ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)	98.06	98.06
1	ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
7	ALL - América Latina Logística Rail Tec (ALL Rail Tec)	51.00	51.00
8	ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	51.00	51.00
9	BLL SPE Ltda.	50.01	50.01
Indirect Subsidiaries			
ALL Intermodal's Investee			
17	ALL - América Latina Logística Armazéns Gerais Ltda (ALL Armazéns Gerais)	100.00	100.00
ALL Armazéns Gerais's Investee			
25	PGT Grains Terminal S.A. (PGT)	100.00	100.00
ALL Malha Paulista's Investee			
26	Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
ALL Malha Norte' Investee			
30	Terminal XXXIX de Santos S.A. (Terminal XXXIX)	50.00	50.00
27	Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
ALL Argentina's Investee			
31	ALL - América Latina Logística Central S.A. (ALL Central)	73.55	73.55
32	ALL - América Latina Logística Mesopotámica S.A. (ALL Mesopotámica)	70.56	70.56
ALL Participações's Investee			
22	ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	49.00	49.00
19	ALL - América Latina Logística Argentina S.A. (ALL Argentina)	9.04	9.04
23	ALL - América Latina Logística Tecnologia Ltda. (ALL Tecnologia)	0.10	0.10
20	ALL - América Latina Logística Centro-Oeste Ltda. (ALL Centro-Oeste)	0.01	0.01
21	ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	0.01	0.01

ALL Central and ALL Mesopotámica have the following minority interest breakdown.

	<u>Ownership%</u>	
	<u>ALL Central</u>	<u>ALL Mesopotámica</u>
Alesia S.A.		3.64
Petersen, Tiele Y Cruz S.A.		3.06
Ministério de Economía 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 – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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.

	Shareholders' Equity		Net income for the Period	
	06/30/10	03/31/10	06/30/10	06/30/09
Parent Company	3,988,992	3,850,325	153,192	36,789
Gain (Loss) on the variation of shareholding	(345)	(689)		
Realization on the year of gain on the variation of shareholding			689	689
Consolidated	<u>3,988,647</u>	<u>3,849,636</u>	<u>153,881</u>	<u>37,478</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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 June 30, 2010 were translated into reais by the exchange rate at the closing balance sheet date, R\$0.4584 for P\$1.00 (Argentine Peso) (on March 31, 2010– R\$0.4594 for P\$1.00) for the Companies headquartered in Argentina; and R\$1.8015 for US\$1.00 (North American dollar) (on March 31, 2010 – R\$1.7810 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.

Law 25,561 was successively extended and will remain effective until December 31, 2011, as provided for in Law 26,563. After this milestone ALL Central and Mesopotámica were convened to analyze a new agreement model, considering aspects, such as the concession fee (Canon) and the annual investment plans.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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 June 30, 2010, these Companies made investments at the amount of R\$12,684 (R\$6,817 on March 31, 2010) and R\$4,407 (R\$2,055 on March 31, 2010), 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 June 30, 2010, these Companies recorded expenses of R\$308 (R\$757 on March 31, 2010) and R\$1,510 (R\$154 on March 31, 2010) 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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	
	06/30/10	03/31/10	06/30/10	03/31/10
Cash and Banks	296	113	21,691	19,192
Financial Investments available for sale				
CDBs	(i) 383,119	485,846	1,208,910	1,313,664
Pre Rate	(ii) 317,011	308,477	743,801	723,884
Exclusive Funds	(iii) 14,739	14,529	164,758	187,292
Other Funds	(iv)		2,082	4,741
	<u>714,869</u>	<u>808,852</u>	<u>2,119,551</u>	<u>2,229,581</u>
	<u>715,165</u>	<u>808,965</u>	<u>2,141,242</u>	<u>2,248,773</u>

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 102% of the CDI);
- (ii) investments in CDBs with pre-fixed rate;
- (iii) investments in Exclusive Funds – composed mainly of pre-fixed and pos-fixed CDBs indexed to the CDI variation.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIESNOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

7 Clients and operations receivable - consolidated

	06/30/10	03/31/10
Trade accounts receivable		
In Brazil	303,827	246,273
In Argentina	30,715	26,448
	334,542	272,721
(-) Provision for doubtful accounts		
In Brazil	(11,017)	(11,017)
In Argentina	(9,749)	(9,771)
	(20,766)	(20,788)
	313,776	251,933

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\$2,183 (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

	06/30/10		03/31/10	
	Current assets	Long-term assets	Current assets	Long-term assets
Lease				
ALL Malha Oeste	166	2,471	166	2,512
ALL Malha Paulista	2,025	31,933	2,025	32,439
ALL Malha Sul	2,734	42,839	2,734	43,523
Prepaid right of way				
ALL Malha Sul	1,261	20,575	1,261	20,891
Concessions				
ALL Malha Oeste	17	192	17	196
ALL Malha Paulista	107	1,681	107	1,707
ALL Malha Sul	150	2,355	150	2,393
	6,460	102,046	6,460	103,661

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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

	Leasing and Concession Agreements						Restatement Index
	Term in years	Principal Amount	Amount Paid in Cash	Balance	Quarterly Installments	Beginning of Payment	
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

	06/30/10		03/31/10	
	Current assets	Long-term assets	Current assets	Long-term assets
Parent Company				
Withholding income tax - IRRF	41,197	7,123	42,033	7,091
Recoverable IR and CS - prepayment	7,694		5,751	
Other	784		799	
	49,675	7,123	48,583	7,091
Subsidiaries				
ICMS	85,999	67,510	82,022	63,779
Tax on Value Added - IVA	4,763	3,718	3,990	3,810
Withholding income tax - IRRF	81,160	5,303	86,709	5,237
Recoverable IR and CS - prepayment	22,424	2,620	18,287	2,620
COFINS - rate increase	3,772	-	3,681	-
Federal Tax Credits to offset PIS/COFINS	46,065	121,522	41,600	122,241
IPI (tax on manufactured products)		102,757		102,757
Other	3,941	878	3,829	840
	248,124	304,308	240,118	301,284
Consolidated	297,799	311,431	288,701	308,375

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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.

The credit recorded, in the amount of R\$102,757, (R\$102,757 on March 31, 2010) 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:

	06/30/10		03/31/10	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	7,614	26,305	2,413	31,505
On temporary differences	296	2,665	5,396	538
	<u>7,910</u>	<u>28,970</u>	<u>7,809</u>	<u>32,043</u>
Social contribution credits				
On negative bases	2,741	9,468	869	11,342
On temporary differences	106	960	1,943	194
	<u>2,847</u>	<u>10,428</u>	<u>2,812</u>	<u>11,536</u>
	<u>10,757</u>	<u>39,398</u>	<u>10,621</u>	<u>43,579</u>

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

	06/30/10		03/31/10	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	17,461	193,980	12,618	198,941
On temporary differences	51,863	32,994	55,435	30,127
	<u>69,324</u>	<u>226,974</u>	<u>68,053</u>	<u>229,068</u>
Social contribution credits				
On negative bases	6,287	66,419	4,543	67,824
On temporary differences	18,670	11,481	19,956	10,449
	<u>24,957</u>	<u>77,900</u>	<u>24,499</u>	<u>78,273</u>
	<u>94,281</u>	<u>304,874</u>	<u>92,552</u>	<u>307,341</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(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:

	<u>Parent Company</u>	<u>Consolidated</u>
2010	10,757	94,280
2011	4,378	31,451
2012	4,378	34,792
2013	4,378	39,140
2014	4,378	29,605
2015 onwards	21,886	169,887
Total	<u>50,155</u>	<u>399,155</u>

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\$10,583 on June 30, 2010 (R\$11,642 on March 31, 2010). 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 June 30, 2010, these credit's balances amount to R\$ 259,383.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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

	06/30/10		03/31/10	
	IR	CS	IR	CS
Tax losses and negative basis				
ALL S.A. (parent company)	182,264	182,291	181,973	182,000
ALL Argentina - consolidated	30,120		30,120	
ALL Intermodal	3,569	4,003	24,320	24,155
ALL Malha Norte	939,749	940,523	970,201	970,542
ALL Malha Oeste	375,671	374,182	397,465	395,975
ALL Malha Paulista	931,626	932,401	972,311	973,085
ALL Malha Sul	67,466	67,909	143,388	143,831
Santa Fé Vagões	10,952	10,952	10,952	10,952
	<u>2,541,417</u>	<u>2,512,261</u>	<u>2,730,730</u>	<u>2,700,540</u>
Temporary Differences				
ALL S.A. (parent company)	122,162	122,162	122,204	122,204
ALL Argentina - consolidated	3,143		3,143	
ALL Intermodal	21,045	21,045	21,527	21,527
ALL Malha Norte	206,991	206,991	197,664	197,664
ALL Malha Oeste	51,028	51,028	50,230	50,230
ALL Malha Paulista	208,100	193,725	232,334	232,334
ALL Malha Sul	179,930	179,930	172,612	172,612
Santa Fé Vagões	1,208	1,208	1,208	1,208
	<u>793,607</u>	<u>776,089</u>	<u>800,922</u>	<u>797,779</u>

Deferred tax losses carryforwards, negative bases and temporary differences are partially recorded in the balance sheet in the consolidated amount of R\$399,155, 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 Debentures – Long-term receivables

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 debit balance of debentures was merged by the subsidiary ALL – América Latina Logística Malha Paulista S.A.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009
(In thousands of R\$)

Tranche	Issue Date	Amount	Final Maturity	Annual Yield	Effective rate	Long-term Assets	
						06/30/10	03/31/10
1st issue	10/02/06	53,501	10/02/16	CDI+4%	13.00%	115,545	112,479
						115,545	112,479

12 Investments

a) Chart of interest in subsidiaries and affiliated companies

	Number of shares/ quotas held				% Interest			
	Common/quotas		Preferred		Total		Voting	
	06/30/10	03/31/10	06/30/10	03/31/10	06/30/10	03/31/10	06/30/10	03/31/10
ALL Malha Sul	119,732,540,853	12,581,336,962	182,160,427,321	19,141,176,667	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 Oeste	459,057,998	459,057,998	19,402,076	19,402,076	100.00%	100.00%	100.00%	100.00%
ALL Intermodal	76,472,803	63,844,232			100.00%	100.00%	100.00%	100.00%
Santa Fé	17,600,000	100,000	17,600,000	100,000	100.00%	100.00%	100.00%	100.00%
ALL Participações	11,878,448	11,878,448			100.00%	100.00%	100.00%	100.00%
Boswells	3,265,000	3,265,000			100.00%	100.00%	100.00%	100.00%
ALL Overseas	12,000	12,000			100.00%	100.00%	100.00%	100.00%
ALL Equipamentos	25,244,748	25,244,748			99.99%	99.99%	99.99%	99.99%
ALL Centro-Oeste	499,999	499,999			99.99%	99.99%	99.99%	99.99%
ALL Tecnologia	999	999			99.90%	99.90%	99.90%	99.90%
ALL Malha Norte	690,110,709	687,289,249	3,686,980	2,949,584	98.06%	97.96%	98.06%	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	420,750	5,100			51.00%	51.00%	51.00%	51.00%
ALL Sisa	10,200	10,200			51.00%	51.00%	51.00%	51.00%
BLL SPE	10,001	10,001			50.01%	50.01%	50.01%	50.01%

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

	Subsidiaries/Affiliated Companies	Parent Company										
		Equity Accounting			Value of Investments		Goodwill		Dividends			
		Shareholders' Equity	Income for the year	Distributed Dividends	06/30/10	06/30/09	06/30/10	03/31/10	06/30/10	03/31/10	Received	
Direct Subsidiaries												
	ALL Argentina (i)	26,532	(11,858)		(10,788)	(14,217)	34,924	39,124				
	ALL Centro-Oeste (ii)	355	(98)		(98)		355	404				
	ALL Equipamentos (ii)	41,567	16,322	21,835	16,320		41,562	33,347			13,437	
	ALL Intermodal	137,490	(7,338)		(7,338)	9,414	137,490	110,799				
	ALL Malha Norte	778,785	167,937		164,293		767,443	684,004	2,038,220	2,043,668		
	ALL Malha Oeste	102,335	(18,864)		(18,864)	(2,013)	102,335	105,160	120,700	122,129		
	ALL Malha Paulista	57,833	25,038		25,038		57,833	51,182	352,978	354,157		
	ALL Malha Sul	424,579	1,521		1,521	(52,872)	424,579	43,121				
	ALL Overseas	5,208				(6)	5,208	5,148				
	ALL Sisa	7					3	4				
	ALL Tecnologia (ii)	1,080	1,079	1,804	1,078		1,079	535			1,800	
	Boswells	12,266	(567)		(567)	(1,479)	12,266	12,447				
	Multimodal Partic. (iii)					103,969						
	Rail Tec	506	(152)		(77)	136	258	262				
	Santa Fé Vagões	14,434	(2,345)		(2,345)		14,434		276	287		
					23,639	168,173	42,932	1,599,769	1,085,537	2,512,174	2,520,241	15,237

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

- (i) ALL Argentina has an Advance for Future Capital Increase (AFAC) recorded in its Shareholders' Equity, at the amount of R\$119,354 (R\$119,615 on March 31, 2010) 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.
- (iv) ALL Malha Norte has an Advance for Future Capital Increase (AFAC) recorded in its Shareholders' Equity in the amount of R\$194,153, made by ALL Holding, which fully recognizes the AFAC in its investment until it is paid up.

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:

	Subsidiaries		Parent Company			
	Unsecured Liabilities	Income for the period	Breakdown of provision for unsecured liabilities in the period		Provision for unsecured liability	
			06/30/10	06/30/09	06/30/10	03/31/10
Direct Subsidiaries						
ALL Participações	(8,370)	(1,069)	(1,069)	(1,411)	8,370	7,980
Santa Fé Vagões				(4,093)		14,782
			<u>(1,069)</u>	<u>(5,504)</u>	<u>8,370</u>	<u>22,762</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010

AND JUNE 30, 2009

(In thousands of R\$)

d) Investment Gains

<u>Investee</u>		<u>Gain</u>
ALL Malha Norte	(i)	417
		<u>417</u>

- (i) Gains registered by increased interest in subsidiary ALL Malha Norte from 97.96% to 98.06%.

In the consolidated balance sheet, investments breakdown as follows:

	<u>Consolidated</u>	
	<u>Book value of investments</u>	
	<u>06/30/10</u>	<u>03/31/10</u>
Appraised by the equity accounting method		
Rhall Terminais	1,752	1,723
TGG	4,695	4,270
	<u>6,447</u>	<u>5,993</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

13 Intangible assets – consolidated

		06/30/10			03/31/10	% Average Rate of Amortizations
		Cost	Accumulated Depreciation	Net	Net	
Goodwill in investment acquisition						
ALL Argentina	(ii)	45,830	(29,010)	16,820	17,178	6.81%
ALL Malha Oeste	(i)	124,339	(3,639)	120,700	122,129	3.54%
ALL Malha Paulista	(i)	355,873	(2,895)	352,978	354,157	1.96%
ALL Malha Norte	(i)	2,054,448	(16,228)	2,038,220	2,043,668	0.53%
Santa Fé	(i)	1,155	(880)	275	288	10.00%
		<u>2,581,645</u>	<u>(52,652)</u>	<u>2,528,993</u>	<u>2,537,420</u>	
Application Systems – <i>Software</i>		32,458	(18,237)	14,221	15,188	20.00%
Other		<u>5</u>	<u></u>	<u>5</u>	<u>5</u>	Undefined
		<u>2,614,108</u>	<u>(70,889)</u>	<u>2,543,219</u>	<u>2,552,613</u>	

The goodwill recorded in the Parent Company's Investment is classified in Intangible Assets in the consolidated financial statements.

- (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 (CGU) 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 goodwill of R\$2,511,898 (R\$2,519,954 on March 31, 2010) was allocated.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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.

14 Fixed assets - consolidated

	06/30/10		3/31/2010		Depreciation annual average rates (%)
	Cost	Accumulated Depreciation	Net	Net	
Improvements in third parties' assets					
Locomotives	907,656	(306,872)	600,784	580,932	8.74%
Railcars	520,855	(182,346)	338,509	312,771	9.89%
Track	1,577,479	(273,009)	1,304,470	1,248,541	4.29%
Other	186,824	(55,143)	131,681	136,183	5.34%
	<u>3,192,814</u>	<u>(817,370)</u>	<u>2,375,444</u>	<u>2,278,427</u>	
Own fixed assets in use					
Locomotives	591,933	(150,266)	441,667	447,197	5.58%
Railcars	341,675	(99,277)	242,398	252,944	6.96%
Track	1,024,070	(129,911)	894,159	895,762	0.91%
Assets in use supplies	97,698		97,698	95,697	
Land	19,771		19,771	19,921	
Buildings	62,502	(21,939)	40,563	41,550	5.20%
Furniture and fixtures	14,047	(10,418)	3,629	3,878	10.00%
Road vehicles	43,132	(25,825)	17,307	19,228	14.54%
Data processing equipment	79,277	(47,622)	31,655	31,101	19.71%
Telecommunications and signaling equipment	49,632	(33,207)	16,425	17,271	9.70%
Equipment for track maintenance and rail transportation	120,425	(42,608)	77,817	89,080	9.94%
Aircraft	12,075	(699)	11,376	12,855	10.00%
Machinery and equipment	1,375	(1,228)	147	215	10.00%
Other	104,555	(33,644)	70,911	57,760	10.00%
	<u>2,562,167</u>	<u>(596,644)</u>	<u>1,965,523</u>	<u>1,984,459</u>	
Leasing					
Locomotives	263,437	(46,221)	217,216	224,413	11.95%
Railcars	791,034	(166,013)	625,021	652,616	14.28%
Trucks	3,146	(1,011)	2,135	2,303	21.43%
Civil Work	19,503	(2,346)	17,157	17,577	9.09%
Equipment	17,290	(2,110)	15,180	15,612	10.00%
	<u>1,094,410</u>	<u>(217,701)</u>	<u>876,709</u>	<u>912,521</u>	
Fixed Assets in course					
Locomotives	102,664		102,664	39,654	
Railcars	72,905		72,905	57,897	
Permanent Track	136,955		136,955	86,982	
Road vehicles	2,073		2,073	4	
Other	83,579		83,579	77,909	
	<u>398,176</u>		<u>398,176</u>	<u>262,446</u>	
	<u>7,247,567</u>	<u>(1,631,715)</u>	<u>5,615,852</u>	<u>5,437,853</u>	

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

In the period ended June 30, 2010, the amount of R\$17,061 (R\$6,627 on March 31, 2010) 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.

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.

		06/30/10		03/31/10	
		Cost	Accumulated Amortization	Net	Net
Pre-operating Expenses					
ALL Central	(i)	10,470	(4,539)	5,931	5,944
ALL Malha Norte	(ii)	645,296	(464,634)	180,662	181,299
ALL Mesopotámica	(i)	2,196	(831)	1,365	1,368
ALL Malha Sul	(iii)	24,736	(8,354)	16,382	16,628
PGT		160	(85)	75	82
Santa Fé		278	(86)	192	206
		<u>683,136</u>	<u>(478,529)</u>	<u>204,607</u>	<u>205,527</u>

- (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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010

AND JUNE 30, 2009

(In thousands of R\$)

16 Loans and financing

	<u>Annual Charges</u>	<u>Effective rate</u>	<u>Maturity</u>	<u>6/30/2010</u>	<u>03/31/10</u>
Parent Company					
in domestic currency					
Commercial Banks	107% of CDI	10.04%	Jul-15	207,495	202,598
			Quarterly/Monthly until		
Investments BNDES	TJLP+1,8%	7.80%	June 2017	62,837	62,827
Swap transactions				(5,408)	(4,748)
Parent company total				264,924	260,677
Subsidiaries					
In domestic currency					
ALL Malha Sul					
CCB	108% do CDI	10.09%	Jul-10	1,377,781	1,304,773
	CDI + 1,25%	10.71%	Sep-15	114,617	111,845
	CDI + 1,23%	10.68%	Oct-14	328,010	334,841
			Quarterly/Monthly until		
Investments BNDES	TJLP + 5,25%	11.25%	April 2010		1,745
			Quarterly/Monthly until		
	TJLP + 2,5%	8.50%	June 2017	271,956	271,879
			Quarterly/Monthly until		
	TJLP + 1,4%	7.40%	June 2022	80,238	80,251
			Quarterly/Monthly until		
	TJLP + 1,5%	7.50%	June 2022	8,049	8,051
			Quarterly/Monthly until		
	TJLP + 1,8%	7.80%	June 2017	137,977	138,007
NCC	105,9% do CDI	9.89%	Jul-15	61,463	60,011
	107,0 % do CDI	9.99%	Mar-13	203,695	198,838
NCE	102,0 % do CDI	9.53%	Jul-10	70,000	
FINAME	TJLP + 3,75%	9.75%	Jan-17	1,312	1,363
ALL Intermodal				19,430	20,207
Investments BNDES			Quarterly/Annualy until		
FINAME	TJLP + 3,6%	9.60%	Dec 2013	19,430	20,207
ALL Malha Paulista				258,289	259,744
Investments BNDES	TJLP + 1,4% a.a.	7.40%	Quarterly/Monthly until Jun - 20	126,939	126,916
	TJLP + 1,5%	7.50%	Quarterly/Monthly until Oct 2022	4,955	4,952
	TJLP + 2,5%	8.50%	Quarterly/Monthly until Oct -17	106,829	108,670
CG	IGP-M	IGP-M	Jan-23	19,566	19,206

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

Continued	Annual Charges	Effective rate	Maturity	6/30/2010	3/31/2010
ALL Malha Norte				806,423	843,334
Investments BNDES	TJLP + 1,5% a.a.	7.50%	Quarterly/Annualy until Sep 2016	514,914	542,076
	TJLP + 3%	9.00%	Quarterly/Annualy until Jan-16	175,736	183,645
	TJLP + 2,71%	8.71%	Quarterly/Monthly Jan - 29	80,281	80,281
	TJLP +1,4%	7.40%	Quarterly/Monthly Jan -20	29,646	29,640
Leasing	CDI + 1,5%	10.18%	Mar-11	5,846	7,692
ALL Malha Oeste				36,671	36,656
Investments BNDES	TJLP + 1,4%	7.40%	Quarterly/Monthly until Jun- 20	36,671	36,656
Terminal XXXIX				1,911	2,227
Investments BNDES	TJLP + 6%	12.00%	Quarterly/Annualy until Feb - 12	1,911	2,227
				2,500,505	2,466,941
In foreign currency (exchange variation linked to the US\$, with swap to CDI)				4,467	5,342
ALL Malha Sul					
Swap transactions				440	2,167
ALL Malha Norte					
Swap transactions				3,938	3,158
ALL Intermodal					
Swap transactions				89	17
Em moeda nacional				3,750	2,752
ALL Malha Sul					
Swap transactions				3,750	2,752
In foreign currency (exchange variation linked to Argentine Peso- P\$)					
ALL Argentina				87,731	85,941
Commercial Banks	15.00%	15.00%	Nov-10	20,156	19,294
Mortgaged - Debt 4	18.50%	18.50%	Jul-10	6,042	6,936
Itaú Argentina - Debt 6	16.50%	16.50%	Jan-11	45,821	45,881
Working Capital	11.50%	11.50%	Jul-10	15,712	13,830
Total subsidiaries				2,596,453	2,560,976
Total consolidated				2,861,377	2,821,653
Portion in the current liabilities				(435,801)	(425,540)
Portion in the long-term liabilities				2,425,576	2,396,113

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

Breakdown by maturity year of long-term liabilities:

	<u>6/30/2010</u>
2011	138,396
2012	274,551
2013	718,982
2014	547,965
2015	355,376
A partir de 2016	<u>390,306</u>
Total	2,425,576

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 covenants establishing financial limits to the company. These limits are determined quarterly on the date of publication of the Quarterly Information based on consolidated data.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

The covenant Net Debt/EBITDA is calculated based on the consolidated net indebtedness (loans, financings and debentures deducted from cash and cash equivalents), divided by the consolidated EBITDA of the last four quarters. The amounts below are the covenant's maximum limit for the period:

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

The covenant EBITDA/Financial Income is calculated based on the consolidated EBITDA of the last four quarters, divided by the Consolidated Financial Income. For purposes of determining the financial income in this covenant, only interest on debentures, loans/financings, hedge operations and exchange rate variation of its subsidiary abroad "ALL Argentina" are considered. The amounts below are the covenant's minimum limits for the period:

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:

Tranche	Date	Amount	Final Maturity	Annual Yield	Effective Rate	06/30/10		03/31/10	
						Current liabilities	Long-term liabilities	Long-term liabilities	Long-term liabilities
Parent Company									
5th issue	9/1/2005	200,000	9/1/2014	CDI + 2,40%	11.96%	6,960	197,758	1,307	197,157
6th issue	7/1/2006	700,000	7/1/2014	CDI + 2,40%	11.96%	27,247	543,722	8,967	545,761
7th issue - (i)	11/17/2009	5	10/2/2012	IPCA + 3%	7.84%		6		5
						34,207	741,486	10,274	742,923
Direct Subsidiaries									
ALL Malha Sul									
3rd issue	9/8/2008	166,666	7/31/2018	108% do CDI	10.09%	11,767	160,863	4,378	162,538
ALL Malha Norte									
1st issue	7/1/1997	100,000	6/30/2016	TJLP + 1,5%	7.50%	9,168	248,982	4,492	248,982
2nd issue	4/10/2000	60,000	5/1/2015	TJLP + 4%	10.00%	10,256	46,154	10,007	45,030
3rd issue	1/14/2002	40,000	5/4/2015	TJLP + 4%	10.00%	6,575	29,588	6,415	28,868
6th issue	9/8/2008	166,666	7/31/2018	108% do CDI	10.09%	6,005	162,538	1,815	162,538
Debentures	7/1/1997	100,000	6/30/2016	% RL			103,324		101,298
						32,004	590,586	22,729	586,716
ALL Malha Paulista									
1st issue	9/10/2008	166,666	7/31/2018	108% do CDI	10.09%	6,005	162,538	1,815	162,538
						6,005	162,538	1,815	162,538
Consolidated						83,983	1,655,473	39,196	1,654,715

(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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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.

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:

<u>Assets</u>	<u>06/30/10</u>		<u>03/31/10</u>	
	<u>Current Liabilities</u>	<u>Long-term Liabilities</u>	<u>Current Liabilities</u>	<u>Long-term Liabilities</u>
ALL Malha Sul				
Rail Cars	67,358	364,117	67,358	378,334
ALL Malha Norte				
Locomotives and rail cars	72,584	436,932	72,584	447,414
ALL Malha Paulista				
Locomotives and rail cars	36,722	111,867	16,837	115,829
	<u>176,664</u>	<u>912,916</u>	<u>156,779</u>	<u>941,577</u>

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(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.

	06/30/10		03/31/10	
	Current Liabilities	Long-term Liabilities	Current Liabilities	Long-term Liabilities
Leasing				
ALL Malha Sul	11,520	36,236	11,212	36,120
ALL Argentina	14,958		14,080	
ALL Malha Paulista		526,747		513,380
ALL Malha Oeste		402,383		387,927
Concession				
ALL Malha Sul	621	2,144	605	2,132
ALL Malha Paulista		27,774		27,020
ALL Malha Oeste		21,178		20,417
	<u>27,099</u>	<u>1,016,462</u>	<u>25,897</u>	<u>986,996</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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\$111,181 (R\$117,880 on March 31, 2010).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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.

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	
	06/30/10	03/31/10	06/30/10	03/31/10	06/30/10	03/31/10
Labor claims						
In Brazil	188,847	167,122	121,590	133,843	1,010,547	886,447
In Argentina						
Civil, regulatory and environmental claims						
In Brazil	130,097	137,420	23,776	23,776	319,200	319,200
In Argentina			6,313	6,102		
Tax claims						
In Brazil	4,968	4,968	31,464	30,968	322,519	232,382
In Argentina						
	<u>323,912</u>	<u>309,510</u>	<u>183,143</u>	<u>194,689</u>	<u>1,652,266</u>	<u>1,438,029</u>

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 June 30, 2010 the Company recorded a provision of R\$121,590 (R\$133,843 on March 31, 2010), in the consolidated, to deal with those cases which its attorneys deem as probable losses. The provisioned amount reduction, in relation to previous period, was basically due to the agreements executed by the Company.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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 June 30, 2010, R\$111,181 (R\$117,880 on March 31, 2010) 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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\$31,464 (R\$30,968 on March 31, 2010) was recorded.

ICMS Exportação - 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. In 2H10, the first favorable decision was issued by the Court of Taxes and Charges of the State of São Paulo, in order to annul the requirement that ICMS be assessed on export operations.

ALL Malha Oeste received a tax deficiency notice referring to the same issue in the amount of approximately R\$21,375. 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\$14,817. 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.

ICMS on fixed assets credit – 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\$19,905, 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\$8,713 as a result of the aforementioned favorable decision of the State Court of Rio Grande do Sul, which has already

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

been ratified by the Superior Courts. Additionally, Supplementary Law 87/96 has authorized the full benefit from the credit when acquiring fixed assets.

Isolated Fee COFINS – ALL Malha Sul received a tax assessment notice in the amount of R\$64,000, for COFINS offset arising from credits calculated based on a final and unappealable legal decision in favor of ALL Malha Sul (in the scope of lawsuit 1999,61,00024508-0/SP). As the Federal Government filed a motion for relief against the aforementioned lawsuit, the Federal Revenue Service ignored the final and unappealable decision and considered the offsets as non-declared, claiming a violation of paragraph 12, article 74 of Law 9,430/96. In the trial court, a Federal Revenue Office annulled the fee charged, clarifying that at the time of the respective offsets, ALL Malha Sul had a final and unappealable decision without any legal impediments that prevented the respective offsets; the Federal Revenue Service itself allowed, upon decisional order, the administrative proof of claim.

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\$49,055, 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. Decisions issued up to the present date have already reduced the number of notices in approximately R\$17,000, considering that out of this amount, approximately R\$7,000 was reduced in the last quarter.

IPTU – ALL Malha Sul and ALL Malha Paulista have approximately R\$4,985 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. In the last quarter, a favorable decision was achieved in relation to notices to the City of São Vicente and Colina, reducing the liabilities in approximately R\$8,500.

ISS – Portofer received two tax deficiency notices in the amount of R\$2,644, in view that the city of Santos 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. The company considers the possibility of losing as remote, as it is a matter upon which a favorable decision has already been issued by the Supreme Court of the state of São Paulo in similar cases concerning the city of Guarujá, to determine the annulment of tax assessment notices, since Portofer is a non-profit organization but it conducts the expenses apportionment.

21 Related-Party Transactions

Companies considered related parties are disclosed in note 4.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

	Parent Company							
	Long-term assets		Long-term liabilities		Revenues		Expenses/Costs	
	06/30/10	03/31/10	06/30/10	03/31/10	06/30/10	06/30/09	06/30/10	06/30/09
Subsidiaries								
ALL Argentina	33,531	26,162	5,076	5,030				
ALL Armazéns Gerais			5,002	24,961				
ALL Centro-Oeste			429	440				
ALL Equipamentos		2,971	970		17,755	17,294		
ALL Intermodal	2,581	30,585						
ALL Malha Norte				4,348				
ALL Malha Oeste				339				
ALL Malha Paulista		75	13		13,610	26,556		
ALL Malha Sul		227,963	54			16,830		294,767
ALL Overseas	188	187						
ALL Participações			6					
ALL Rail Tec	63			502				
ALL Tecnologia			213	1,187				335
Terminal XXXIX								
Santa Fé	344	29,779						
Associated companies								
PGT			79	79				
Portofer				30				
	<u>36,707</u>	<u>317,722</u>	<u>11,842</u>	<u>36,916</u>	<u>31,365</u>	<u>60,680</u>	<u>-</u>	<u>295,102</u>

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:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

	Secured					Total
	ALL S.A.	Sul	Intermodal	Paulista	Norte	
Guaranteeing parties						
ALL S.A. (parent company)						
Debentures		173,093		173,093	173,093	519,279
BNDES		418,373		114,454	898,652	1,431,479
CCB		883,733				883,733
Other			3,177		92,573	95,750
		1,475,199	3,177	287,547	1,164,318	2,930,241
ALL Malha Sul						
Debentures	787,146					787,146
ALL Intermodal						
Debentures	787,146					787,146
CCB		331,083				331,083
	787,146	331,083				1,118,229
Total	<u>1,574,292</u>	<u>1,806,282</u>	<u>3,177</u>	<u>287,547</u>	<u>1,164,318</u>	<u>4,835,616</u>

In the period ended June 30, 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 June 30, 2010 the amount of R\$6,323 (R\$6,137 up to March 31, 2010) was realized.

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:

	Parent Company		Consolidated	
	6/30/2010	3/31/2010	6/30/2010	3/31/2010
Current Liabilities	29,967	20,280	151,669	154,548
Non-current Liabilities	80,584	93,876	490,875	502,925
Total	<u>110,551</u>	<u>114,156</u>	<u>642,544</u>	<u>657,473</u>

The balance is composed of two CRI operations:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

- (i) CRI I: On February 29, 2008 the Parent Company entered into a credit assignment agreement 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) CRI 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. CIBRASEC, 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

		06/30/10		03/31/10	
		Current Liabilities	Non-current Liabilities	Current Liabilities	Non-current Liabilities
Subsidiaries					
ALL Intermodal	(i)	34	488	34	496
ALL Malha Norte	(ii)	1,242	9,317	1,242	9,628
ALL Malha Paulista	(iii)	789	13,611	789	13,808
		<u>2,065</u>	<u>23,416</u>	<u>2,065</u>	<u>23,932</u>

- (i) This refers to the deferred income originated in the capital stock payment by means of land granted under loan for use (up to 2025) 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, expiring in 2018.
- (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.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND ITS SUBSIDIARIESNOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

25 Tax and Social Security Installments

	6/30/10		3/31/2010	
	Current Liabilities	Non-current Liabilities	Current Liabilities	Non-current Liabilities
Law 11,941/09	16,043	179,328	47,220	120,655
Senai	530		540	
Sesi	292		298	
Financial education aid	199		193	16
ISS	622	1,429	542	1,539
INSS	1,141		1,098	
ICMS		4,806		4,806
	<u>18,827</u>	<u>185,563</u>	<u>49,891</u>	<u>127,016</u>

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

26 Shareholders' equity

a) Capital stock

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

	<u>6/30/2010</u>	<u>3/31/2010</u>
Common	1,268,741,120	1,268,741,120
Preferred	<u>2,168,770,440</u>	<u>2,168,770,440</u>
	<u>3,437,511,560</u>	<u>3,437,511,560</u>

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, 1,309,669 Units (1,269,969 on March 31, 2010) 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 June 30, 2010, the Company held 947,403 Units in Treasury (987,103 Units on March 31, 2009), at the unit cost of R\$18.20 (R\$18.20 on March 31, 2010).

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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\$28,090 (R\$14,479 on March 31, 2010), 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009
(In thousands of R\$)

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\$10,246 in 1H10 (R\$10,146 in 1H09).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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:

	1H10		1H09	
	Number	MPPE	Number	MPPE
Opening balance	59,732,819	2.56	75,028,560	2.56
New grants				
Lost	(932,999)	2.55		
Exercised ¹	(6,558,347)	1.74	(276,905)	1.16
Closing balance	52,241,473	2.32	74,751,655	2.54

¹ The weighted average price of shares on the options' exercise date was R\$3.23 in 1H10 (R\$1.95 in 1H09).

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 7.85 years in 2010. On June 30, 2010, the maximum and minimum strike prices of these options are R\$2.83 and R\$0.82 respectively.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

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

	<u>2009</u>
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.

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

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/09</u>
Income (loss) before taxes	160,043	39,375	156,247	20,358
Nominal rate	34%	34%	34%	34%
Expense to nominal rate	(54,415)	(13,388)	(53,124)	(6,922)
Adjustments of taxes by:				
Rate difference on investments abroad			(580)	
Equity in earnings and provision for unsecured liabilities	58,264	11,328	(56)	(804)
Gross Sales			6,200	8,227
Income tax and social contribution recorded (written off or addition and exclusion of effects of Law 11,941/09)	(4,752)		20,406	(17)
Recording of stock options granted	(871)	(862)	(871)	(3,450)
Effect of rate reduction SUDAM incentive			28,644	17,268
Other permanent differences	(3,771)	336	(15,414)	1,035
Effective income (expense)	<u>(5,545)</u>	<u>(2,586)</u>	<u>1,611</u>	<u>15,337</u>
Provision for current taxes	(1,683)	(1,262)	(25,282)	(16,996)
Deferred taxes	(5,168)	(1,324)	25,587	32,333

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

29 Net financial Income

	Parent Company		Consolidated	
	06/30/10	06/30/09	06/30/10	06/30/09
Interest on indebtedness /debentures/guarantees	(58,225)	(102,823)	(312,768)	(384,310)
Fines/tax interets/suppliers/locomotives	(293)		(65,872)	(82,985)
Interest on leasing and concession			(95,391)	(90,780)
Clients/AVP/Others	(1,487)	(2,978)	(16,234)	(15,589)
Total financial expense	(60,005)	(105,801)	(490,265)	(573,664)
Financial investmet income	38,982	39,951	112,303	133,619
Debentures' Remuneration	6,378	7,105		
AVP/Others	127	1,577	1,984	6,586
Total financial income	45,487	48,633	114,287	140,205
Net financial income	(14,518)	(57,168)	(375,978)	(433,459)

30 Insurance – consolidated

On June 30, 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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

31 Financial instruments

On June 30, 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: valued 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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

interest rate effect on the Company's income. These instruments are recorded as hedge, in accordance with CPC 14.

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:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

Foreign Currency Appreciation Risk

Operation	Risk	Notional Value (USD thousand)	Fair Value on 06/30/2010	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk – Effect on investments:						
Investments	USD	2,908	5,239	(4)	1,304	2,613
Net effect on investments		2,908	5,239	(4)	1,304	2,613
Foreign currency appreciation risk – Effect on suppliers/imports:						
Long-term suppliers	USD	65,200	4,467	185	(45,832)	(93,181)
Swap Long Position per Counterparty:						
Counterparty Santander	USD	(7,735)	(12)	(21)	6,250	12,520
Counterparty HSBC	USD	(49,900)	(3,885)	(110)	32,966	66,042
Counterparty Standard	USD	(7,565)	(570)	(20)	6,112	12,245
Net Effect on suppliers/imports		-	-	34	(504)	(2,374)
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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010 AND JUNE 30, 2009

(In thousands of R\$)

Debt charges deterioration risk

Operation	Risk	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES				
CASH		251,670	292,853	334,037
Investments indexed to CDI	CDI	164,732	205,915	247,099
Pre-fixed investments	PRÉ	86,938	86,938	86,938
Loand and Financing				
Financing indexed to TJLP	TJLP	163,792	194,578	225,364
Financing indexed to CDI	CDI	118,954	150,982	182,830
Pre-Fixed Financing	PRÉ	14,268	14,268	14,268
Short Position - Swaps USD X %CDI	CDI	12,441	13,864	16,637
Debtures indexed to CDI	CDI	140,095	180,434	220,773
Pre-fixed Debtures	PRÉ	32,654	32,654	32,654
IGPM	IGPM	1,057	1,321	1,585
References				
CDI		11.87%	14.84%	17.81%
TJLP		6.00%	7.50%	9.00%
IGPM		5.40%	6.75%	8.10%

Probable scenario based on banks' macroeconomic projections.

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	Refrence Value		Fair Value		Accumulated Effect (current)	
	06/30/10	03/31/10	06/30/10	03/31/10	Amount receivable/received	Amount payable/paid
Swap Contracts						
Net Position						
Foreign Currency Risk						
Maturities USD x %CDI:	USD	USD	R\$	R\$		R\$
2Q10	10,140	10,140		197		
3Q10	27,451	27,451	(3,555)	221		(3,555)
4Q10	11,891	11,891	(106)	222		(106)
1Q11	15,717	8,033	(806)	(645)		(806)
Interest Rates Risk						
Maturities Pre x Floating rates:	R\$	R\$	R\$	R\$	R\$	R\$
3Q12*	66,667	66,667	461	581	461	(1,283)
4Q14*	75,000	75,000	(3,749)	(3,095)		(3,749)
1Q18*	150,000	150,000	5,408	5,587	4,748	
3Q18*	166,666	166,666	(4,087)	(2,222)		(8,463)
TOTAL			(6,434)	846	5,209	(17,962)

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

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 June 30, 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.

On June 30, 2010, the effect of the financial instruments intended for hedge on the Company's results for June 30, 2010 is debtor in R\$4,467 and debtor in R\$46,194. Gains and losses from swaps linked to the hedge structure recorded under shareholders' equity amount to R\$ (1,967) on June 30, 2010 and R\$ 851 on March 31, 2010.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

	<u>03/31/10</u>	<u>12/31/09</u>
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;

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

- 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;

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2010, AND MARCH 31, 2010
AND JUNE 30, 2009

(In thousands of R\$)

- 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.

* * *