(A free translation of the original in Portuguese)

ALL - América Latina Logística S.A.
and its subsidiaries
Quarterly Information (ITR)

at June 30, 2013 and 2012 and December 31, 2012
and report on review of quarterly information
prepared in accordance with CPC 21 - "Interim Financial Reporting" and
IAS 34 - "Interim Financial Reporting"

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Management, Board of Directors and Stockholders
ALL - América Latina Logística S.A.
Curitiba – PR

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of ALL - América Latina Logística S.A. (the "Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2013, comprising the balance sheet as at that date and the statements of operations and comprehensive income (loss) for the quarter and six-month period then ended, and the statements of changes in equity and cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34, applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2013, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information under IFRS. These statements have been subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not properly prepared, in all material respects, in relation to the interim accounting information taken as a whole.

Curitiba, August 5, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" PR

Carlos Alexandre Peres
Contador CRC 1SP198156/O-7 "S" PR

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

BALANCE SHEET FOR THE PERIODS ENDED JUNE 30, 2013 AND DECEMBER 31, 2012

(All amounts in thousands of reais) (A free translation of the original in Portuguese)

		Parent		Consolidated	
	Note	6/30/2013	12/31/2012	6/30/2013	12/31/2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	361,761	881,213	1,989,403	2,508,360
Trade receivables	5	30,316	17,961	432,627	392,797
Inventory		2,775	5,371	251,964	160,904
Intercompany loans receivable		-	-	257	850
Prepayment of lease agreements	6	-	-	6,187	6,186
Taxes and contributions recoverable	7	2,573	3,715	367,625	323,003
Income tax and social contribution recoverable	7	87,242	85,513	139,504	137,922
Dividends and interest on capital		7,511	21,276	426	2,539
Advances and other receivables		21,373	17,071	240,642	126,817
Prepaid expenses		1,406	4,952	8,566	15,887
Total current assets		514,957	1,037,072	3,437,201	3,675,265
NON-CURRENT ASSETS					
LONG-TERM RECEIVABLES					
Receivables from related parties	18	232	95,502	-	-
Prepayment of lease agreements	6	-	-	79,075	82,168
Debentures	9	221,621	212,519	-	-
Taxes and contributions recoverable	7	-	-	443,099	423,826
Income tax and social contribution recoverable	7	3,243	1,878	43,486	38,867
Deferred income tax and social contribution	8	-	-	579,557	581,493
Refundable deposits and restricted amounts	17	4,639	4,716	333,516	328,484
Other receivables		9,593	9,593	91,022	74,067
Prepaid expenses		-	-	6,271	6,794
		239,328	324,208	1,576,026	1,535,699
Investments	10	7,984,401	7,409,088	1,918,451	2,010,370
Intangible assets	11	199	393	2,437,650	2,464,546
Property, plant and equipment	12	56,548	57,999	8,117,411	7,966,537
		8,041,148	7,467,480	12,473,512	12,441,453
Total non-current assets		8,280,476	7,791,688	14,049,538	13,977,152
TOTAL ASSETS		8,795,433	8,828,760	17,486,739	17,652,417

The accompanying notes are an integral part of this quarterly information.

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

BALANCE SHEET FOR THE PERIODS ENDED JUNE 30, 2013 AND DECEMBER 31, 2012
(All amounts in thousands of reais) **(continued)**

	Note	Parent 6/30/2013	Parent 12/31/2012	Consolidated 6/30/2013	Consolidated 12/31/2012
LIABILITIES					
CURRENT LIABILITIES					
Trade payables		15,221	5,520	595,044	513,909
Borrowing	13	81,730	84,268	704,796	870,738
Debentures	14	224,072	144,743	330,941	256,168
Taxes payable		5,743	4,456	45,163	34,759
Intercompany loans payable		-	-	3,122	2,786
Leases and concessions	16	-	-	45,403	42,459
Labor and social security obligations		9,442	8,630	112,407	117,926
Advances from customers		-	521	137,220	149,719
Leases	15	-	-	177,429	186,091
Taxes and social security contribution payable in installments	22	-	492	30,023	35,124
Other payables		9,128	9,129	50,065	53,609
Deferred revenue	21	-	-	2,611	2,611
Advances on real estate credits	20	29,387	29,387	151,030	151,030
Dividends and interest on capital		8,417	61,194	8,441	64,824
Total current liabilities		383,140	348,340	2,393,695	2,481,753
NON-CURRENT LIABILITIES					
Borrowing	13	149,966	148,505	2,470,191	2,441,062
Debentures	14	1,938,420	2,021,442	2,797,421	2,884,186
Payables to related parties	18	19,867	17,198	-	-
Provision for contingencies	17	-	-	198,749	218,114
Leases and concessions	16	-	-	1,546,986	1,466,303
Provision for unrealized profits	19	10,758	11,130	-	-
Leases	15	-	-	1,431,685	1,331,427
Taxes and social security contribution payable in installments	22	-	5,334	150,182	161,153
Advances on real estate credits	20	57,002	65,191	321,996	361,864
Other liabilities		-	-	12,707	7,877
Provision for net capital deficiencies in subsidiaries	10	168,248	10,689	-	-
Deferred revenue	21	1,997,183	1,997,183	2,020,950	2,022,256
Total non-current liabilities		4,341,444	4,276,672	10,950,867	10,894,242
Total liabilities		4,724,584	4,625,012	13,344,562	13,375,995
EQUITY	23				
Share capital		3,448,283	3,433,941	3,448,283	3,433,941
Capital reserve		94,465	82,809	94,465	82,809
Revenue reserve		698,484	708,609	698,484	708,609
Retained earnings		(40,421)	-	(40,421)	-
Carrying value adjustments		(129,962)	(33,802)	(129,962)	(33,802)
Advances on future capital increases		-	12,191	-	12,191
		4,070,849	4,203,748	4,070,849	4,203,748
Non-controlling interests		-	-	71,328	72,674
Total equity		4,070,849	4,203,748	4,142,177	4,276,422

TOTAL LIABILITIES AND EQUITY	8,795,433	8,828,760	17,486,739	17,652,417

The accompanying notes are an integral part of this quarterly information.

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

INCOME STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012

(All amounts in thousands of reais, except for earnings (loss) per share) (A free translation of the original in Portuguese)

		Parent				Consolidated			
		Period ended		Quarter ended		Period ended		Quarter ended	
	Note	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Net service revenue	28	26,023	82,754	10,466	65,873	1,872,471	1,645,551	1,034,492	924,871
Cost of services rendered		(28,514)	(33,760)	(14,525)	(18,058)	(1,038,903)	(937,119)	(525,795)	(479,064)
Gross profit		(2,491)	48,994	(4,059)	47,815	833,568	708,432	508,697	445,807
Results from investments									
Equity in the results of investees	10	320,423	196,347	212,518	164,800	16,159	1,262	(448)	621
Provision for net capital deficiencies in subsidiaries	10	(15,057)	(2,251)	(328)	(18,179)	-	-	-	-
Gains/losses on investments	29	(95,926)	-	(95,928)	-	(96,464)	(462)	(95,931)	-
		209,440	194,096	116,262	146,621	(80,305)	800	(96,379)	621
Other operating income (expenses)									
Selling		-	(334)	-	(20)	(9,535)	(7,247)	(2,854)	(4,512)
General and administrative		(24,983)	(18,061)	(13,791)	(10,605)	(94,506)	(73,049)	(51,860)	(38,597)
Other operating income (expenses), net	28	6,649	11,455	6,693	3,601	(1,938)	3,259	634	(1,128)
		(18,334)	(6,940)	(7,098)	(7,024)	(105,979)	(77,037)	(54,080)	(44,237)
Operating profit before finance result		188,615	236,150	105,105	187,412	647,284	632,195	358,238	402,191
Finance costs	25	(112,961)	(105,239)	(57, 519)	(43,846)	(568,467)	(544,111)	(283,524)	(270,535)
Finance income	25	32,077	37,475	14,369	18,266	76,218	83,325	33,143	36.929
		(80,884)	(67,764)	(43,150)	(25,580)	(492,248)	(460,768)	(250,381)	(233,606)
Operating profit (loss) before taxes and non-controlling interests		107,731	168,386	61,955	161,832	155,035	171,409	107,857	168,585
Provision for income tax and social contribution	8	-	-	-	-	(40,596)	(29,590)	(25,117)	(21,654)
Deferred income tax and social contribution	8	-	-	-	-	12,717	30,593	(473)	16,344
		-	-	-	-	(27,879)	1,003	(25,590)	(5,310)
Profit from continuing operations		107,731	168,386	61,955	161,832	127,156	172,412	82,267	163,275
Discontinued operations									
Loss from discontinued operations	29	(148,152)	(16,788)	(136,307)	(7,871)	(163,207)	(18,456)	(150,031)	(8,654)
Profit (loss) for the period		(40,421)	151,598	(74,352)	153,961	(36,051)	153,956	(67,764)	154,621
Attributable to									
Owners of the Company		(40,421)	151,598	(74,352)	153,961	(40,421)	151,598	(74,352)	153,961
Non-controlling interests		-	-	-	-	4,370	2,358	6,588	660
Earnings per share from continuing operations attributable to the owners of the Company during the period (expressed in R$ per share)									
Basic earnings (loss) per share	26								
Per common share						0.1575	0.2466	0.0906	0.2370
Diluted earnings (loss) per share	26								
Per common share						0.1558	0.2410	0.0896	0.2316

(All amounts in thousands of reais, except for earnings (loss) per share) (A free translation of the original in Portuguese)

Earnings per share from discontinued operations attributable to the owners of the Company during the period (expressed in R$ per share)					
Basic earnings (loss) per share	26				
Per common share		(0.2166)	(0.0246)	(0.1993)	(0.0115)
Diluted earnings (loss) per share	26				
Per common share		(0.2142)	(0.0264)	(0.1971)	(0.0113)

The accompanying notes are an integral part of this quarterly information.

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

STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012

(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Profit (loss) for the period	(40,421)	151,598	(74,352)	153,961	(36,051)	153,956	(67,764)	154,621
Foreign exchange gains (losses) on investments abroad	8,447	(992)	15,735	(992)	2,731	(842)	10,019	(842)
Available-for-sale investments marked to market	-	(4,470)	-	(11,952)	-	(4,470)	-	(11,952)
Mark-to-market effects on hedge instruments	(98,252)	(18,814)	(112,822)	(6,192)	(98,252)	(18,814)	(112,822)	(6,192)
Tax effects on carrying value adjustments	(6,355)	(9,299)	(1,401)	(9,299)	(6,355)	(9,299)	(1,401)	(9,299)
Total comprehensive income (loss), net of taxes	**(136,581)**	**118,023**	**(172,840)**	**125,526**	**(137,927)**	**120,531**	**(171,968)**	**126,336**
Attributable to:								
Owners of the Company	(136,581)	118,023	(172,840)	125,526	(136,581)	118,023	(172,840)	125,526
Non-controlling interests	-	-	-	-	(1,346)	2,508	872	810
	(136,581)	**118,023**	**(172,840)**	**125,526**	**(137,927)**	**120,531**	**(171,968)**	**126,336**

The accompanying notes are an integral part of this quarterly information.

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

ATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012

amounts in thousands of reais) (A free translation of the original in P

	Share capital		Capital reserves				Revenue reserves					Carrying value adjustments					
	Subscribed	Unpaid	Treasury shares	Cost of debentures issued	Options granted	Profit (loss) from transactions with non-controlling interests and goodwill	Legal	Tax incentives	For investments	Retained earnings	Advances on future capital increase	Cumulative translation adjustments	Deemed cost	Mark-to-market gains (losses) - hedge	Available-for-sale investments marked to market	Total	Non-controlling interests
ecember 31, 2011	**3,448,283**	**(14,342)**	**(63,803)**	**(19,439)**	**90,390**	**55,853**	**65,860**	**134,551**	**329,693**	**-**	**12,295**	**(11,571)**	**5,316**	**(17,251)**	**4,470**	**4,020,305**	**67,25**
for the year	-	-	-	-	-	-	-	-	-	151,598	-	-	-	-	-	151,598	2,35
reign exchange gains (losses) on investments abroad	-	-	-	-	-	-	-	-	-	-	-	(992)	-	-	-	(992)	15
rk-to-market gains (losses) - hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,814)	-	(18,814)	
ffects over carrying value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,299)	-	(9,299)	
justments in associates	-	-	-	-	-	-	-	-	-	-	-	190	(190)	-	-	-	
ailable-for-sale investments marked to market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,470)	(4,470)	
l comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	151,598	-	(802)	(190)	(28,113)	(4,470)	118,023	2,50
st difference on the purchase of shares	-	-	2,800	-	-	-	-	-	(2,800)	-	-	-	-	-	-	-	
eserve for options granted (Note 24)	-	-	-	-	16,017	-	-	-	-	-	-	-	-	-	-	16,017	
ptions exercised	-	-	9,894	-	(5,739)	-	-	-	-	-	(4,155)	-	-	-	-	-	
ges in revenue reserves (Note 24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
fer to tax incentive reserve (Note 24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
r	-	-	-	-	-	-	-	-	-	-	3,363	-	-	-	-	3,363	
ne 30, 2012	**3,448,283**	**(14,342)**	**(51,109)**	**(19,439)**	**100,668**	**55,853**	**65,860**	**134,551**	**326,893**	**151,598**	**11,503**	**(12,373)**	**5,126**	**(45,364)**	**-**	**4,157,708**	**69,76**
ecember 31, 2012	**3,448,283**	**(14,342)**	**(51,108)**	**(19,439)**	**97,503**	**55,853**	**77,726**	**187,864**	**443,019**	**-**	**12,191**	**(13,900)**	**4,708**	**(24,610)**	**-**	**4,203,748**	**72,67**
for the quarter	-	-	-	-	-	-	-	-	-	(40,421)	-	-	-	-	-	(40,421)	4,37
reign exchange gains (losses) on investments abroad	-	-	-	-	-	-	-	-	-	-	-	8,447	-	-	-	8,447	(5,716
rk-to-market gains (losses) – hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	(98,252)	-	(98,252)	
ffects over carrying value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,355)	-	(6,355)	
justments in associates	-	-	-	-	-	-	-	-	-	-	-	162	(162)	-	-	-	
l comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	(40,421)	-	8,609	(162)	(104,607)	-	(136,581)	(1,346
differences on the purchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
s on transactions with non-controlling interests	-	-	-	-	-	5,038	-	-	-	-	-	-	-	-	-	5,038	
e-based payment transactions																	
eserve for options granted (Note 23)	-	2,429	6,063	-	(346)	-	-	-	(10,125)	-	-	-	-	-	-	(1,979)	
ptions exercised	-	-	-	-	-	-	-	-	-	-	157	-	-	-	-	157	
ges in revenue reserves (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
fer to tax incentive reserve (Note 23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
nces on Future Capital Increases (AFAC)	-	11,913	-	-	901	-	-	-	-	-	(12,348)	-	-	-	-	466	
l transactions with the owners of the Company	-	14,342	6,063	-	555	5,038	-	-	(10,125)	-	(12,191)	-	-	-	-	3,682	
ne 30, 2013	**3,448,283**	**-**	**(45,045)**	**(19,439)**	**98,058**	**60,891**	**77,726**	**187,864**	**432,894**	**(40,421)**	**-**	**(5,291)**	**4,546**	**(129,217)**	**-**	**4,070,849**	**71,32**

ccompanying notes are an integral part of this quarterly information.

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

STATEMENT OF CASH FLOW FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012

(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent		Consolidated	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Cash flow from operating activities				
Profit (loss) for the period	(40,421)	151,598	(36,051)	153,956
Expenses (income) not affecting cash and cash equivalents				
Depreciation and amortization (Note 28)	1,130	1,894	221,300	198,441
Goodwill amortization (Note 28)	28,167	28,043	28,167	28,043
Equity in the results of investees and gains/losses on investments (Note 10)	(224,497)	(196,347)	80,305	(800)
Provision for net capital deficiency (Note 10)	15,057	2,251	-	-
Deferred income tax and social contribution (Note 8)	-	-	(12,717)	(30,593)
Provision for unrealized profits (Note 19)	(372)	(372)	-	-
Realization of deferred revenue	-	-	(1,305)	(1,314)
Interest and foreign exchange variations on borrowing and debentures	(3,682)	6,417	(11,307)	14,189
Stock option granting	1,086	2,679	(356)	10,700
Foreign exchange gains (losses) on discontinued operations	(10,456)	-	(10,456)	-
Results of discontinued operations	148,152	16,788	163,207	18,456
	(85,836)	12,951	420,787	391,078
Changes in assets				
Trade receivables	(12,876)	(10,353)	(41,488)	(76,076)
Inventory	2,596	2,290	(96,937)	(35,457)
Taxes and contributions recoverable	(594)	(5,171)	(76,921)	(55,519)
Dividends and interest on capital	-	-	2,539	338
Cash and cash equivalents from discontinued operations	-	-	(29,055)	7,128
Other assets	(15,353)	5,302	(545)	14,685
	(26,227)	(7,932)	(242,407)	(144,901)
Changes in liabilities				
Trade payables	5,397	(1,548)	(41,117)	(44,882)
Labor and social security obligations	(187)	(10,031)	(1,758)	(7,708)
Taxes payable	(6,252)	176	14,221	6,413
Income tax and social contribution paid	-	-	(24,973)	(24,440)
Leases and concessions payable	-	-	80,949	85,648
Other liabilities	-	(18,970)	(6,874)	(40,173)
	(1,042)	(30,373)	20,448	(25,142)
Net cash provided by (used in) operating activities	**(113,105)**	**(25,354)**	**198,828**	**221,035**
Cash flow from investment activities				
Purchases of property and equipment	286	(4,647)	(479,667)	(522,549)
Acquisition of investments	(345,062)	-	-	-
Net cash used in investment activities	(344,776)	(4,647)	(479,667)	(522,549)
Cash flow from financing activities				
Financing				
New borrowing	-	-	584,707	194,142
Repayment of borrowings	(11,749)	(38,266)	(746,574)	(339,883)
Capital increases and advances on future capital increases	-	3,363	(19,868)	3,363
Dividends and interest on capital	(52,778)	(54,675)	(56,383)	(55,013)
Related parties	2,956	(231,208)	-	(14,069)
Proceeds from debentures	-	93,117	-	-
Net cash used in investment activities	(61,571)	(227,669)	(238,118)	(211,460)
Decrease in cash and cash equivalents	**(519,452)**	**(257,670)**	**(518,957)**	**(512,974)**
Cash and cash equivalents at the beginning of the period	881,213	714,753	2,508,360	2,099,738
Cash and cash equivalents at the end of the period	361,761	457,083	1,989,403	1,586,764
Decrease in cash and cash equivalents	**(519,452)**	**(257,670)**	**(518,957)**	**(512,974)**

The accompanying notes are an integral part of this quarterly information.

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

STATEMENT OF VALUE ADDED FOR THE PERIODS ENDED JUNE 30, 2013 AND 2012

(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent		Consolidated	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Revenue				
Sales of services	29,134	85,849	2,127,311	1,889,701
Other revenue	6,897	8,692	31,739	98,179
Provision for impairment of trade receivables	-	(334)	(6,247)	(3,504)
	36,031	**94,207**	**2,152,803**	**1,984,376**
Inputs acquired from third parties				
Cost of services	783	(3,528)	(513,748)	(418,039)
Materials, electricity, outsourced services and other	(12,356)	(6,098)	(113,499)	(151,949)
Impairment/recovery of assets	76	(6,003)	2,826	(69,739)
Other	(248)	3,413	(33,677)	(2,891)
	(11,745)	**(12,216)**	**(658,098)**	**(642,618)**
Gross value added	**24,286**	**81,991**	**1,494,705**	**1,341,757**
Depreciation and amortization	(29,297)	(29,937)	(249,467)	(226,483)
Net value added generated by the entity	**(5,011)**	**52,054**	**1,245,238**	**1,115,274**
Value added received through transfers				
Results from investments/provision for net capital deficiency/ gain on investments	209,440	194,096	(80,305)	800
Finance income	32,077	37,475	76,218	83,325
	241,517	**231,571**	**(4,087)**	**84,125**
Total value added to distribute	**236,506**	**283,625**	**1,241,151**	**1,199,399**
Distribution of value added				
Personnel				
Direct remuneration	10,626	5,049	151,706	118,314
Benefits	1,066	(22)	24,964	16,930
Government Severance Indemnity Fund for Employees (FGTS)	183	190	7,926	6,809
	11,875	**5,217**	**184,596**	**142,053**
Taxes and contributions				
Federal	3,590	3,950	209,162	189,160
State	-	-	35,025	34,953
Municipal	349	18	4,729	6,177
	3,939	**3,968**	**248,916**	**230,290**
Third-party capital remuneration				
Interest	112,961	105,239	568,467	544,111
Rentals	-	815	112,016	110,533
	112,961	**106,054**	**680,483**	**654,644**
Own capital remuneration				
Profits reinvested/loss for the period	(40,421)	151,598	(40,421)	151,598
Discontinued operations	148,152	16,788	163,207	18.456
Non-controlling interests in results	-	-	4,370	2,358
	107,731	**168,386**	**127,156**	**172,412**
Total value added distributed	**236,506**	**283,625**	**1,241,151**	**1,199,399**

The accompanying notes are an integral part of this quarterly information.

(All amounts in thousands of reais unless otherwise stated)

1. General information

a) The Company

ALL - América Latina Logística S.A. (the "Company" or "Parent Company" or "ALL") was incorporated on December 31, 1997, and is headquartered in the city of Curitiba, State of Paraná.

The Company's main activities are:

- Investments in other companies, ventures and consortia, whose objectives are related to transportation services, including railway transportation.

- The performance of transportation related activities, including logistics, intermodal transport, port operations, the transfer and storage of goods, the exploration and management of bonded and general warehouses.

- The acquisition, leasing or lending of locomotives, wagons and other railway equipment to third parties.

Since October 22, 2010, the Company's shares have been traded in the "New Market" segment of BOVESPA.

The Company operates railroad transportation in the Southern region of Brazil through ALL - América Latina Logística Malha Sul S.A., and in the Mid-West region and State of São Paulo through its subsidiaries ALL - América Latina Logística Malha Paulista S.A., ALL - América Latina Logística Malha Norte S.A. and ALL - América Latina Logística Malha Oeste S.A.

The terms of the concessions held by each company are as follow:

Companies	**Concession period**	**Regions covered**
ALL Malha Sul	February 2027	South of Brazil
ALL Malha Paulista	December 2028	State of São Paulo
ALL Malha Oeste	June 2026	Mid-West and State of São Paulo
ALL Malha Norte	May 2079	Mid-West and State of São Paulo
Portofer	June 2025	Porto de Santos (port in the State of São Paulo)
Terminal XXXIX	October 2025	Porto de Santos (port in the State of São Paulo)
TGG - Guarujá Retail Terminal	August 2027	Porto de Santos (port in the State of São Paulo)
Termag - Terminal Marítimo de Guarujá	August 2027	Porto de Santos (port in the State of São Paulo)

A list of all the companies included in the ALL Group is presented in Note 3.

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

ALL Overseas: a wholly-owned subsidiary acquired in December 1999. Its main business purpose is to carry out any activities that are in accordance with the legislation applicable in the Bahamas.

Track Logística: created on April 7, 2010, its main business purpose is rendering general cargo logistics operating services, managing and operating ports, terminals, distribution centers, warehouse units, and other. It has not yet started its activities.

Brado Holding: created on July 9, 2010, its main business purpose is holding interests in other entities, consortia or ventures, either locally or abroad. On April 1, 2011, Brado Holding acquired an 80% interest in Brado Logística e Participação S.A.

Brado Logística e Participação S.A.: acquired in 2010, this name was given to the company on November 24, 2010. On April 1, 2011, Brado Holding started holding a 100% interest in Standard Logística e Distribuição S.A. (currently named Brado Logística S.A.) through the acquisition of its shares. Its main business purpose is holding shares issued by Brado Logística S.A.

Brado Logística S.A.: formerly Standard Logística e Distribuição S.A. This entity was acquired on April 1, 2011, and is a wholly-owned subsidiary of Brado Logística e Participação S.A. Its main business purpose is providing general cargo logistics operating services, managing and operating terminals, distribution centers, ports, bonded warehouses, and holding direct and indirect interests in other companies.

Ritmo Logística S.A.: this company was formed on July 1, 2011, through the combination of the highway operations of ALL Intermodal S.A. (which became the parent company of Ritmo Logística S.A.) and the highway business of Ouro Verde Transportes e Locação S.A. This operation was carried out through the contribution of the dedicated assets of ALL Intermodal S.A. and Ouro Verde Transportes e Locação S.A., and through the transfer of all employees of both companies to the new company, with the objective of establishing a strategic association in the highways segment.

Vetria Mineração S.A: as described in Note 10, Vetria Mineração S.A. was formed on December 3, 2012 by ALL - América Latina Logística S.A, together with other stockholders, in order to create an integrated mine-railroad-port system.

(All amounts in thousands of reais unless otherwise stated)

b) Operating restrictions and conditions of all of the concessions granted to ALL Malha Sul, ALL Malha Paulista and ALL Malha Oeste

The companies are subject to compliance with certain conditions set forth in the privatization public notices and in the concession agreements for the Railroad Networks.

The concession agreements of these subsidiaries will be terminated upon the following events: end of the contractual term, expropriation, forfeiture, termination, annulment, bankruptcy or dissolution of the concessionaire.

Should any concessions cease to exist, the major effects will be as follow:

The rights and privileges transferred to the companies will be returned to the Federal Government together with any leased assets or assets resulting from investments, which will revert to the Government as being necessary to continue to provide the related services.

Assets which revert will be indemnified by the Federal Government at their residual carrying values, computed based on the companies' accounting records, after the deduction of depreciation. This amount will be subject to technical and financial assessment by the Federal Government. All and any improvements made to the permanent railroad superstructure will not be considered as investments for indemnification purposes.

2. Accounting policies

a) The main accounting policies applied for the preparation of this consolidated quarterly information are consistent with those used for the preparation of the 2012 financial statements, consequently, it should be read together with the complete consolidated financial statements for the year ended December 31, 2012, described in Note 2 to the aforementioned statements. The financial statements for the year ended December 31, 2012 were disclosed on March 5, 2013.

b) Due to the application of CPC 31 - "Non-current assets held for sale and discontinued operations", the railroad operations in Argentina are no longer consolidated. Consequently, the balances of assets and liabilities, revenue and expenses were adjusted to ensure comparability with the prior year.

3. Basis of consolidation

Consolidated quarterly information

a) Subsidiaries

The consolidated quarterly information includes the quarterly information of ALL - América Latina Logística S.A. and its subsidiaries at June 30, 2013, as follows:

	Ownership interest - %	
	6/30/2013	**12/31/2012**
Direct subsidiaries		
ALL - América Latina Logística Intermodal S.A. (ALL Intermodal)	100.00	100.00
ALL - América Latina Logística Malha Oeste S.A. (ALL Malha	100.00	100.00

(All amounts in thousands of reais unless otherwise stated)

	Ownership interest - %	
	6/30/2013	**12/31/2012**
Oeste)		
ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)	100.00	100.00
ALL - América Latina Logística Malha Sul S.A. (ALL Malha Sul)	100.00	100.00
ALL - América Latina Logística Overseas S.A. (ALL Overseas)	100.00	100.00
ALL - América Latina Logística Participações Ltda. (ALL Participações)	100.00	100.00
Boswells S.A.	100.00	100.00
Track Logística S.A.	100.00	100.00
Brado Holding S.A.	100.00	100.00
ALL - América Latina Logística Serviços Ltda. (ALL Serviços)	99.99	99.99
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	99.99	99.99
ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)	99.24	99.24
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	99.99	99.99
ALL - América Latina Logística Rail Management Ltda. (ALL Rail Management)	50.01	50.01
Vétria Mineração S.A.	50.38	50.38
Indirect subsidiaries		
Investees of ALL Intermodal		
ALL - América Latina Logística Armazéns Gerais Ltda. (ALL Armazéns Gerais)	100.00	100.00
Rhall Terminais Ltda.	30.00	30.00
Ritmo Logística S.A.	65.00	65.00
Investee of ALL Armazéns Gerais		
PGT Grains Terminal S.A. (PGT)	100.00	100.00
Investee of ALL Malha Paulista		
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investees of ALL Malha Norte		
Terminal XXXIX de Santos S.A. (Terminal XXXIX)	50.00	50.00
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investees of ALL Argentina		
ALL - América Latina Logística Central S.A. (ALL Central)	73.55	73.55
ALL - América Latina Logística Mesopotámica S.A. (ALL Mesopotámica)	70.56	70.56
Investees of ALL Participações		
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	0.01	0.01
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	9.04	9.04
ALL - América Latina Logística Serviços Ltda. (ALL Serviços)	0.01	0.01
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	0.01	0.01
Investee of Brado Holding		
Brado Logística e Participações S.A.	80.00	80.00
Investee of Brado Logística Participações S.A.		
Brado Logística S.A.	100.00	100.00

Subsidiaries are fully consolidated from the date of their acquisition, which is the date on which the Company obtains control, and continue to be consolidated until this control ceases. The quarterly information of the subsidiaries is prepared for the same reporting period as that of the Parent company, using consistent accounting policies. All intra-group balances, revenue and expenses, and unrealized gains and losses arising from intra-group transactions, are fully eliminated.

A change in the interest held in a subsidiary not resulting in a loss of control of that subsidiary is recorded as a transaction between stockholders, in equity.

The profit or loss for the period, and each component of other comprehensive income (recorded directly in equity), are attributed to the Company's owners and non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance.

b) Jointly-controlled subsidiaries

Jointly-controlled subsidiaries include all entities over which the Company and its subsidiaries share control with one or more parties. Investments in jointly-controlled subsidiaries are accounted for using the equity method and are initially recognized at cost.

The Company's share of its jointly-controlled subsidiaries' profit or loss is recognized in the statement of operations and its share of reserve movements is recognized in the reserves of the Company and its subsidiaries. When the Company and its subsidiaries' shares of the losses of a jointly-controlled subsidiary equal or exceed the carrying amounts of the investment, including any other unsecured receivables, the Company and its subsidiaries do not recognize further losses, unless they have incurred obligations or made payments on behalf of the jointly-controlled subsidiary.

Unrealized gains on transactions between the Company and its jointly-controlled subsidiaries are eliminated to the extent of the interest of the Company and its subsidiaries. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of jointly-controlled subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company and its subsidiaries.

c) Associates

The Company's investments in associates are recorded using the equity method. An associate is an entity over which the Company exercises significant influence.

Based on the equity method, investments in associates are recorded in the balance sheet at cost, plus changes after the acquisition of the interest in the associate.

The statement of operations reflects a portion of the results of the associates' transactions. When a change is recorded directly in the associate's equity, the Company recognizes its portion of the variations, and discloses this in the statement of changes in equity, when applicable. Unrealized gains and losses arising transactions between the Company and its associates are eliminated proportionally to the interest held in that associate.

The interests in associates are presented in the statement of operations as equity in the results of investees, representing the profit attributable to the stockholders of the associate.

After applying the equity accounting method, the Company determines whether it is necessary to recognize additional impairment losses on its investments in its associates. The Company determines, at each balance sheet date, whether there is objective evidence that the investments in associates are subject to impairment. If any impairment is identified, the Company calculates the amount of the loss based on the difference between the respective associate's recoverable value and carrying amount, and recognizes the resulting amount in the statement of operations.

When significant influence in an associate is lost, the Company assesses and records the investment at fair value. Any difference between the associate's carrying amount when significant influence is lost, and the fair value of the remaining investment and the revenue from the disposal is recorded in the statement of operations.

(All amounts in thousands of reais unless otherwise stated)

The associates' quarterly information is prepared for the same reporting period as that of the Company. When necessary, adjustments are made to ensure the accounting policies are consistent with those adopted by the Company.

d) Transactions with non-controlling interests

The Company and its subsidiaries treat transactions with non-controlling interests as transactions with the equity owners of the Company and its subsidiaries. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals tonon-controlling interests are also recorded directly in equity, in "Carrying value adjustments".

When the Company and its subsidiaries cease to have control, any retained interest in the entity is remeasured to its fair value, with any change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income related to that entity are accounted for as if the Company and its subsidiaries had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred (measured at its acquisition-date fair value) and any non-controlling interest in the acquiree. For each business combination, the acquirer should measure the non-controlling interest in the acquiree at its fair value or based on its share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as they are incurred.

When acquiring a business, the Company assesses the financial assets and liabilities assumed in order to classify and allocate them according to the contractual terms, the economic circumstances and the pertinent conditions at the acquisition date, which includes the segregation, by the acquiree, of embedded derivatives existing in the acquiree's host contracts.

If the business combination is carried out in stages, the fair value at the acquisition date of any previous equity interest in the capital of the acquiree is remeasured to its fair value at the acquisition date, and the impact is recognized in the statement of operations.

Any contingent consideration to be transferred by the acquirer is recognized at its acquisition date fair value. Subsequent changes in the fair value of the contingent consideration, considered as an asset or a liability, shall be recognized in accordance with CPC 38 (IAS 39) in the statement of operations or in other comprehensive income. If the contingent consideration is classified in equity, it shall not be remeasured until it is finally settled in equity.

Initially, goodwill is measured as the excess of the consideration paid over the fair value of the net assets acquired (identifiable assets and liabilities assumed). When the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized as a gain in the statement of operations.

4. Cash and cash equivalents

		Parent		Consolidated	
		6/30/2013	12/31/2012	6/30/2013	12/31/2012
Cash and banks		8,581	1,343	24,521	21,719
Financial investments					
Bank Deposit Certificates (CDB)	(i)	277,119	629,157	1,325,762	1,659,196
Fixed rate	(ii)	-	-	-	122,748
Government bonds	(iii)	75,475	149,791	596,935	586,940

(All amounts in thousands of reais unless otherwise stated)

Funds	(iv)	586	100,922	42,185	117,757
		353,180	879,870	1,964,882	2,486,641
		361,761	881,213	1,989,403	2,508,360

Short-term, highly liquid investments subject to an insignificant risk of changes in value are as follow:

(i) Investments in Bank Deposit Certificates (CDB) with rates linked to the Interbank Deposit Certificate (CDI) variation (average rate of 102% of CDI).

(ii) Investments in fixed-rated CDBs.

(iii) Investments in government bonds (average rate equivalent to the Special System for Settlement and Custody (SELIC)).

(iv) Investments in funds - mainly represent government bonds.

5. Trade receivables

	Consolidated	
	6/30/2013	12/31/2012
Trade receivables		
In Brazil	440,566	384,716
In Argentina	38,146	45,553
	478,712	430,269
(-) Provision for impairment of trade receivables		
In Brazil	(34,479)	(28,232)
In Argentina	(11,606)	(9,240)
	(46,085)	(37,472)
	432,627	392,797

At June 30, 2013 and December 31, 2012, the balance of trade receivables, by maturity, is as follows:

Periods	Amount falling due with no impairment losses	Overdue balances				Total
		< 30 days	31 - 60 days	61 - 90 days	91 - 180 days	
6/30/2013	205,240	63,364	31,343	43,638	89,042	432,627
12/31/2012	239,398	58,112	37,172	18,885	39,230	392,797

Provision for impairment of trade receivables

The provision was calculated based on a credit risk analysis, which considers historical losses, the individual client situation, and the situation of the economic group in which it operates, as well as credit past due for more than 180 days, except for related party receivables. The provision is considered sufficient to cover any losses on amounts receivable.

6. Lease prepayments - consolidated

	6/30/2013		12/31/2012	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Leases				

ALL Malha Oeste	166	1,960	166	2,043
ALL Malha Paulista	2,025	25,689	2,025	26,701
ALL Malha Sul	2,735	34,635	2,734	36,003
Right-of-way prepayment				
ALL Malha Sul	1,261	16,791	1,261	17,421
	6,187	79,075	6,186	82,168

The amount paid in cash is being amortized over the remaining lease term.

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

The above lease agreements are recognized in the statement of operations on a straight line basis over the agreement terms, and do not qualify as finance leases.

7. Taxes and contributions recoverable

	6/30/2013		12/31/2012	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Parent				
Income tax and social contribution recoverable – prepayment	87,242	3,243	85,513	1,878
Other	2,573	-	3,715	-
	89,815	3,243	89,228	1,878
Subsidiaries				
Value-added Tax on Sales and Services (ICMS)	173,018	138,092	148,426	119,561
Value-added Tax (VAT)	10,901	-	10,175	-
Income tax and social contribution recoverable – prepayment	52,374	40,243	52,409	36,989
Federal tax credits to be offset - PIS/ COFINS	154,717	172,534	133,019	145,288
Excise Tax (IPI) (i)	-	128,707	-	151,943
Other	26,304	3,766	27,668	7,034
	417,314	483,342	371,697	460,815
Consolidated	507,129	486,585	460,925	462,693

(i) Credits arising from ordinary legal suit with final irrevocable Court decision that are being utilized to offset federal debts.

8. Deferred income tax and social contribution

The reconciliation of income tax and social contribution at the nominal rates compared to the effective rates for the periods ended June 30, 2013 and 2012 is as follows:

	Parent		Consolidated	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Profit (loss) before taxation	107,731	168,386	155,035	171,409
Nominal rate	34%	34%	34%	34%
Taxes at nominal rate	(36,629)	(57,251)	(57,712)	(58,279)
Tax adjustments for:		-		
Equity in the results of investees and provision for net capital deficiency	103,824	60,284	5,494	429
Differences in rates for companies taxed under the deemed profits method	-	-	1,596	1,537
Taxes written off or not recorded for the period	(28,751)	7,413	(10,733)	58,531
Amortization of goodwill	(9,577)	(9,535)	(3,155)	(465)
Tax loss differences without the recording of deferred taxes	(28,499)	-	(12,614)	-
Recording of deferred income tax	-	-	12,330	-
Recording of stock options granted	(370)	(911)	(1,478)	(2,277)
Effect of rate decrease - Superintendency for the Development of	-	-	34,601	31,400

(All amounts in thousands of reais unless otherwise stated)

the Amazon (SUDAM) incentive				
Other permanent differences	2	-	(1,208)	127
Effective tax income (expenses)	-	-	(27,879)	1,003
Current taxes	-	-	(40,596)	(29,590)
Deferred taxes	-	-	12,717	30,593

Deferred tax credits on tax losses and temporary differences held by the Company, as well as the portion recorded in the balance sheet at June 30, 2013 and December 31, 2012, are as follow:

	Consolidated	
	6/30/2013	**12/31/2012**
Tax losses	936,869	941,422
Provision for variable remuneration	10,337	17,796
Provision for tax credits	5,904	6,045
Provision for Value-added Tax on Sales and Services (ICMS) with difficult realization	4,158	3,496
Provision for tax issues	16,676	18,108
Provision for labor claims	31,299	37,166
Provision for civil claims	13,141	13,019
Provision for impairment of trade receivables	16,302	14,179
Provision for unrealized profits	3,657	3,784
Unsettled hedge transactions	(330)	8,550
Provisions	14,649	16,241
Adjustments to liabilities (RTT)	(33,649)	(25,570)
Adjustments to assets (RTT)	147,370	134,905
Total tax credits	**1,166,383**	**1,189,141**
(-) Unrecorded credits	586,826	607,648
(=) Net credits recorded	**579,557**	**581,493**

Reconciliation of deferred tax assets

	6/30/2013	**12/31/2012**
Opening balance	581,493	509,617
Adjustment of balances of subsidiaries	1,595	(3,131)
Acquisition of subsidiary	-	2,649
Tax income (expenses) recorded in the statement of operations	12,717	73,011
Foreign exchange variation gains (losses) on deferred income tax	(16,248)	(653)
Closing balance	**579,557**	**581,493**

Deferred tax assets are expected to be realized as follow:

	Consolidated	
	6/30/2013	**12/31/2012**
2013	30,243	56,992
2014	52,081	44,720
2015	56,186	46,661
2016	64,467	51,241
2017	73,285	57,411
After 2018	303,295	324,468
Total	579,557	581,493

Income tax and social contribution losses generated in the parent company and its Brazilian subsidiaries may be carried forward indefinitely, and will be offset against future taxable profits, in accordance with the applicable tax legislation. These amounts are supported by a recoverability study approved by the Board of Directors.

For ALL Intermodal, ALL Malha Oeste and ALL S.A., tax assets arising from losses have not been recognized, considering the history of tax losses recorded in past years.

The Company and its subsidiaries record deferred tax assets on income tax and social contribution losses when the conditions of CVM Instruction 349/01 are met. For this purpose, the Company considers the historical profitability and the expectation of future taxable profits for a period no longer than ten years. Annually, management conducts a technical feasibility study and submits it for the Board of Directors' approval, which presents the estimated taxable profits to serve as a basis for the tax assets recorded.

(All amounts in thousands of reais unless otherwise stated)

9. Private debentures

On April 30, 2012, the subsidiary ALL Malha Norte S.A. issued two series of 10,000 subordinated debentures not convertible into book-entry shares at a unit value of R$ 20 for the first series and R$ 10 for the second series, amounting to R$ 300,000.

Debenture balances are recorded by the Company as follow:

Malha Norte						Long-term receivables	
Series	Date of issue	Amount	Final maturity	Annual remuneration	Effective rate	6/30/2013	12/31/2012
Private debentures - Holding	4/30/2012	200,000	5/2/2016	CDI + 1.70%	8.98%	221,621	212,519
Private debentures - Malha Oeste	4/30/2012	100,000	5/2/2016	CDI + 1.70%	8.98%	110,810	106,259
						332,431	318,778

10. Investments

(All amounts in thousands of reais unless otherwise stated)

a) Interests in subsidiaries and associates

		Changes													Interest %			
															Total		Voting	
	12/31/2012	Equity in the results of investees	Capital increase/decrease	Incorporations	AFAC	Write-off	Transactions with non-controlling interests	Adjustments	Gain/loss on investment	Dividends	Foreign exchange variations - profit or loss	Discontinued operations	Foreign exchange variations – equity	6/30/2013	6/30/2013	12/31/2012	6/30/2013	12/31/2012
ALL Malha Sul	565,488	(7,983)	-	8,654	150,000	-	-	15,571	-	-	-	-	-	731,730	100.00%	100.00%	100.00%	100.00%
ALL Intermodal	184,687	2,645	-	-	-	-	-	-	-	-	-	-	-	187,332	100.00%	100.00%	100.00%	100.00%
ALL Overseas	4,345	366	-	-	-	-	-	-	-	-	-	-	-	4,711	100.00%	100.00%	100.00%	100.00%
ALL Serviços	100	9,618	-	-	-	-	-	-	-	-	-	-	-	9,718	99.99%	99.99%	99.99%	99.99%
ALL Equipamentos	25,162	62	(24,938)	-	-	-	-	-	2	-	-	-	-	288	99.99%	99.99%	99.99%	99.99%
ALL Malha Paulista	466,817	113,078	220,000	-	-	-	-	(399)	-	-	-	-	-	799,496	100.00%	100.00%	100.00%	100.00%
ALL Malha Norte	1,502,966	196,027	-	-	-	-	-	(211)	-	-	-	-	-	1,698,782	99.24%	99.24%	99.90%	99.90%
Boswels	12,981	9	-	-	-	-	-	-	-	-	-	-	-	12,990	100.00%	100.00%	100.00%	100.00%
ALL - Sisa	146,956	-	19,868	-	-	-	-	-	-	-	10,456	3,341	(112)	180.509	99.99%	99.99%	99.99%	99.99%
Araucária Rail Technology	325	-	-	-	-	(325)	-	-	-	-	-	-	-	-	51.00%	51.00%	0.00%	51.00%
Santa Fé Vagões	8,654	-	(8,654)	-	-	-	-	-	-	-	-	-	-	-	100.00%	100.00%	100.00%	100.00%
ALL Malha Oeste	14,116	(11,080)	-	-	-	-	-	(411)	-	-	-	-	-	2,625	100.00%	100.00%	100.00%	100.00%
Rail Management	218	566	-	-	-	-	-	-	-	-	-	-	-	784	50.01%	50.01%	50.01%	50.01%
Brado Holding	82,493	3,389	-	-	-	-	-	-	-	12,693	-	-	-	98.575	100.00%	100.00%	100.00%	100.00%
Vetria Mineração S.A	1,997,183	13,726	-	-	-	-	5,038	(127,084)	-	-	-	-	-	1,888,863	50.38%	50.38%	50.38%	50.38%
ALL Argentina	429	-	-	-	-	-	-	-	-	-	7,675	(151,493)	-	(143,389)	90.58%	90.58%	90.58%	90.58%
ALL Participações	(10,689)	(15,057)	-	-	-	-	-	-	1	-	-	-	885	(24,860)	100.00%	100.00%	100.00%	100.00%
					-	-						-						
	5,002,231	305,366	206,276	8,654			5,038	(112,533)	3	12,693	18,131	(148,152)	773	5,448,155				

						Parent			
		Subsidiaries/associates		Equity in the results of investees		Investment value		Goodwill	
		Equity	Profit/loss for the period	6/30/2013	6/30/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Direct subsidiaries									
ALL Malha Sul	(i)	731,731	(7,983)	(7,983)	(42,034)	731,731	565,488	-	-
ALL Intermodal		187,332	2,645	2,645	(7,187)	187,332	184,687	-	-
ALL Overseas		4,711	366	366	309	4,711	4,345	-	-
ALL Serviços		9,719	9,619	9,618	8,477	9,718	100	-	-
ALL Equipamentos		287	62	62	(90)	287	25,162	-	-
ALL Centro Oeste		-	-	-	-	-	-	-	103,956
ALL Malha Paulista		799,496	113,078	113,078	87,001	799,496	466,817	261,412	311,423
ALL Argentina		-	-	-	-	-	429	-	-
ALL Malha Norte		1,711,791	197,528	196,027	175,321	1,698,782	1,502,966	1,965,815	1,980,638
Boswels		12,990	10	10	826	12,990	12,981	-	-
ALL – Sisa	(iv)	-	-	-	(1)	180,509	146,956	-	-
Araucária Rail Technology	(ii)	-	-	-	191	-	325	-	-
Santa Fé Vagões	(iii)	-	-	-	(941)	-	8,654	-	150
ALL Malha Oeste		2,625	(11,081)	(11,081)	(29,680)	2,625	14,116	100,265	-
Rail Management		1,567	1,132	566	-	784	218	-	-
Brado Holding		98,575	3,389	3,389	4,155	98,575	82,493	40,506	-
Vétria Mineração S.A		3,749,232	27,245	13,726	-	1,888,863	1,997,184	-	-
				320,423	196,347	5,616,403	5,012,921	2,367,998	2,396,167

The Company records the goodwill paid for expected future profitability in the Investments subgroup, and as intangible assets in the consolidated balance sheet, as detailed in Note 11.

(i) ALL Malha Sul has advances on future capital increases (AFAC) amounting to R$ 259,857 (R$ 109,857 at December 31, 2012) recorded in equity. These advances were received from ALL, which fully recognizes these AFAC in its investment until it is used to increase the capital.

(ii) Araucária Rail Technology was disposed of on March 12, 2013. ALL no longer holds any interest in this company.

(iii) Santa Fé Vagões was merged on April 12, 2013 by ALL Malha Sul.

(iv) With the termination of the concession contract, Sisa's revenues, costs and expenses started to be presented as discontinued operations.

During 2012 and the first semester of 2013, the following changes in capital were approved:

ALL Malha Sul: At the Board of Directors' meeting held on February 28, 2012, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 150,000, through the issue of 117,849,451,920 new common shares and 179,295,506,203 new preferred shares at the price of R$ 0.0005048 per share, pursuant to Article 170, paragraph 1, item II of Law 6,404/76, based on the net book value per share. Accordingly, the capital was increased from R$ 696,615 to R$ 846,615, represented by 599,037,926,297 shares, of which 237,581,992,773 are common shares and 361,455,933,524 are preferred shares.

At the Board of Directors' meeting held on May 25, 2012, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 250,000, through the issue of 207,504,802,238 new common shares and 315,696,661,721 new preferred shares at the price of R$ 0.00047783 per share, pursuant to Article 170, paragraph 1, item II of Law 6,404/76 and its subsequent amendments, based on the net book value per share. Accordingly, the capital was increased from R$ 846,615 to R$ 1,096,615, represented by 1,122,239,390,256 shares, of which 445,086,795,011 are common shares and 677,152,595,245 are preferred shares.

ALL Malha Norte: At the Board of Directors' meeting held on November 16, 2012, the Board members approved a capital increase in the subsidiary by private subscription of shares, in the amount of R$ 194,153, through the issue of 57,783,666 class "A" preferred shares at the issue price of R$ 3.36 per share, pursuant to Article 170, paragraph 1, item II of Law 6,404/76 and its subsequent amendments, based on the net book value per share. Accordingly, the capital was increased from R$ 1,171,454 to R$ 1,365,607, represented by 765,326,706 shares, of which 690,816,080 are common shares, 69,380,885 are Class "A" preferred shares and 5,129,741 are Class "B" preferred shares.

ALL Malha Paulista: At the Board of Directors' meeting held on April 29, 2013, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 220,000, through the issue of 779,153,583 new common shares and 1,440,747,917 new preferred shares at the price of R$ 0.099103 per share, pursuant to Article 170, paragraph 1, item II of Law 6,404/76, based on the net book value per share. Accordingly, the capital was increased from R$ 1,488,237 to R$ 1,708,237, represented by 6,825,424,177 shares, of which

2,395,625,978 are common shares, and 4,429,798,199 are preferred shares, all of which are book-entry shares with no par value.

Acquisition of the investment in Vetria Mineração S.A.

On December 3, 2012, the Company, Triunfo Participações e Investimentos S.A. ("Triunfo") and the stockholders of Vetorial Participações S.A. ("Vetorial") signed an agreement to form a strategic alliance, through the creation ofa Brazilian corporation named Vetria Mineração S.A. ("Vetria"), to implement an integrated mine-railroad-port system.

Vetria carries out activities of exploration, processing, transport, sale and export of iron ore through (i) a private port to be built in Santos, State of São Paulo, (ii) railroad freight capacity guaranteed by a freight service contract signed with ALL, and (iii) a mine owned and located in the Maciço de Urucum, in the region of Corumbá, State of Mato Grosso do Sul.

The following paragraphs describe the nature of the assets subscribed by Triunfo and Vetorial for the incorporation of Vetria:

- Santa Rita, a wholly-owned subsidiary of Triunfo, which held the full ownership of TPB, changed its corporate name to Vetria (after the transaction). TPB was a limited liability partnership whose sole asset was land with a license to construct a port in the region of Santos/SP.

- Vetorial held the full ownership of Vetorial Mineração (the "Mining Company"), which was the owner of the operating iron ore mine.

The formation of Vetria was carried out through the following transactions:

(a) On the closing date of the Association, December 3, 2012, Triunfo sold 80% of the capital of Vetria to ALL for approximately R$ 80 million, payable in installments.

(b) On the closing date, Vetorial sold 100% of the quotas of the Mining Company to Vetria for approximately R$ 6 billion (the Free On Board mine value was determined by an independent appraiser). Simultaneously, Vetria assumed the obligation to pay royalties of R$ 6 billion for the exploration of the iron ore, payable as the mine is depleted.

(c) ALL and Triunfo authorized Vetorial to convert some R$ 3.4 billion of the royalties receivable into an investment in Vetria, resulting in a dilution of the investment of ALL from 80% to 55.38%, and that of Triunfo from 20% to 10.79%, with Vetorial holding the remaining 33.83%.

(d) Finally, ALL exchanged 5% of its investment in Vetria to offset the R$ 80 million payable to Triunfo, as reported in (a) above. Accordingly ALL, Vetorial and Triunfo held investments of 50.38%, 33.83% and 15.79%, respectively, in Vetria at December 31, 2012. ALL's interest of 50.38% in Vetria was established contractually in the Association Agreement, one of the documents supporting the formation of Vetria, and reflects the contribution of ALL to the venture, represented by the feasibility of the iron ore logistics system.

Vetria's bylaws and Stockholders' Agreement establish the constitution of a controlling group, whereby the decisions relating to operating policies and financial strategy are taken jointly by representatives of all of the investing stockholders.

As a result of these events, ALL has recorded the interest received as an investment, equivalent to 50.38% of the capital of Vetria (R$ 1,997,183 at December 31, 2012), with a counter-entry to deferred income, which will be appropriated to profit or loss proportionately to the iron ore depletion, which is the main asset underlying the equity variations of Vetria. This appropriation will commence upon the completion of the investments necessary for the projected volume flow of more than 27 million metric tons of iron ore per year to be achieved.

(All amounts in thousands of reais unless otherwise stated)

The Association Agreement provides mechanisms for adjusting the investment of each stockholder in the capital of Vetria in the event of significant changes in the conditions established in the agreement, such as new investments or additional mineral reserves.

The agreement also includes certain conditions that must be complied with by December 19, 2015 to ensure the continuity of the operations of Vetria. If these are not met, the agreement is considered void and its effects will revert to the status quo, that is, the situation existing at December 3, 2012. ALL, Vetorial, Triunfo and Vetria have structured a concrete business plan to meet these conditions.

The principal conditions are:

- Raising the necessary funds for investment, including equity
- Certification of the mineral reserves
- Obtaining the required environmental licenses from the government authorities
- Approval by the National Agency for Land Transport (ANTT) of the operating contracts between ALL and Vetria
- Obtaining authorization from the National Agency of Water Transport (ANTAQ) for the implementation of the port operation.

Disposal of the interest in Araucária Rail Technology

The disposal of Araucária Rail Technology S.A. occurred on March 12, 2013, based on the equity value of the Company at December 31, 2012, according to an appraisal report, which corresponded to R$ 325. According to the contract for purchase and sale signed by the parties, ALL will still be entitled to a variable amount equivalent to 37.38% of any payments related to dividends, interest on capital, reimbursement, redemptions, capital decrease and any other securities issued by the purchaser, net of any taxes and/or charges, except for income tax.

b) Subsidiaries with net capital deficiencies

For those subsidiaries with net capital deficiencies, a provision was established and recorded in non-current liabilities in the balance sheet. This provision was computed as follows:

		Subsidiaries		Parent			
		Net capital deficiency	Profit/loss for the period	Changes in provision for capital deficiency for the period		Provision for capital deficiency	
				6/30/2013	6/30/2012	6/30/2013	12/31/2012
Direct subsidiaries							
ALL Participações		(24,862)	(2,132)	(15,057)	(1,669)	24,859	10,689
ALL Argentina	(i)	(168,285)	(166,549)	(148,152)	(16,787)	143,389	-
Rail Management		-	-	-	(582)	-	-
				(163,209)	(19,038)	168,248	10,689

(i) As presented in Note 29, ALL Argentina terminated the concession contracts for the provision of transportation services of its subsidiaries, discontinuing their operations from the date of termination of the contract.

(All amounts in thousands of reais unless otherwise stated)

Investments in the consolidated balance sheet

Stated using the equity method of accounting	Investment carrying amount 6/30/2013	12/31/2012
Associates		
Rhall Terminais	3,036	2,956
TGG	12,757	10,231
Terminal XXXIX	13,795	-
Jointly-controlled subsidiary		
Vétria Mineração S.A	1,888,863	1,997,183
	1,918,451	2,010,370

11. Intangible assets - consolidated

		6/30/2013 Cost	Accumulated amortization	Net	12/31/2012 Net	Average annual amortization rates %
Goodwill on acquisitions of investments	(i)					
ALL Malha Oeste		125,277	(25,012)	100,265	103,955	5.10%
ALL Malha Paulista		350,904	(48,986)	301,918	311,423	4.76%
ALL Malha Norte		2,055,057	(89,241)	1,965,816	1,980,638	1.44%
Santa Fé		462	(462)	-	150	10.00%
		2,531,700	(163,701)	2,367,999	2,396,166	
Concession agreements	(ii)					
ALL Malha Oeste		3,118	(1,778)	1,340	1,392	3.33%
ALL Malha Paulista		12,252	(8,186)	4,066	4,197	3.33%
ALL Malha Sul		10,830	(5,924)	4,906	5,086	3.33%
		26,200	(15,888)	10,312	10,675	
Other		114,747	(55,408)	59,339	57,705	13.23%
		2,672,647	(234,997)	2,437,650	2,464,546	

Goodwill, representing concession rights, is recorded in the investments of the parent company and classified as an intangible asset in the consolidated financial information.

(i) The goodwill on the acquisition of investments, representing concession rights, is based on the expected future profitability, and is amortized using the realization curve over the life of the concessions, since this assets has a finite useful life.

(ii) Refers to the concession agreements of the subsidiaries ALL Malha Oeste, ALL Malha Paulista and ALL Malha Sul, amortized over the agreement terms, since these assets have finite useful lives.

	At 12/31/2012			Changes up to 6/30/2013				At 6/30/2013		
	Gross cost	Accumulated amortization	Net	Additions	Changes that do not affect cash	Write-offs	Amortization	Gross cost	Accumulated amortization	Net
Goodwill on acquisitions of investments	2,531,700	(135,534)	2,396,166	-	-	-	(28,167)	2,531,700	(163,701)	2,367,999
Concession agreements	26,200	(15,525)	10,675	-	-	-	(363)	26,200	(15,888)	10,312
Other	110,500	(52,795)	57,705	4,253	-	(6)	(2,613)	114,747	(55,408)	59,339
	2,668,400	**(203,854)**	**2,464,546**	**4,253**	**-**	**(6)**	**(31,143)**	**2,672,647**	**(234,997)**	**2,437,650**

(All amounts in thousands of reais unless otherwise stated)

Goodwill/concession rights impairment testing

Goodwill paid in business combinations was allocated to two groups of Cash Generating Units (CGUs) for annual impairment testing purposes, as follows:

ALL Malha Norte

The recoverable value of ALL Malha Norte was determined in December 2012, by calculating the value in use from cash projections based on financial budgets approved by senior management for a five year period, and extended for the same period. The pre-tax discount rate applied to the cash flow projections is 12.2% p.a. and cash flow exceeding a ten-year period is estimated at a growth rate of 1.0%, which management considers to be conservative in terms of the growth projected for the economy of Brazil. As a result of this analysis, management identified no need to set up a provision for the impairment of this CGU group, to which goodwill amounting to R$ 2,367,999 (R$ 2,396,016 at December 31, 2012) was allocated.

12. Property and equipment - consolidated

	6/30/2013			12/31/2012	Average annual depreciation rates
	Cost	Accumulated depreciation	Net	Net	%
Leasehold improvements					
Locomotives	1,140,365	(304,273)	836,092	817,408	4.00%
Wagons	661,921	(156,975)	504,946	596,550	3.33%
Track	2,721,417	(556,387)	2,165,030	2,026,957	4.42%
Other	223,938	(131,186)	92,752	140,273	5.34%
	4,747,641	(1,148,821)	3,598,820	3,581,188	
Own property and equipment in use					
Locomotives	185,196	(71,136)	114,060	268,288	4.00%
Wagons	258,224	(61,077)	197,147	272,278	3.33%
Track	1,235,380	(164,784)	1,070,596	1,078,174	1.48%
Warehouses	34,091	-	34,091	5,822	
Land	41,853	-	41,853	36,653	
Buildings	96,177	(34,242)	61,935	61,205	5.20%
Furniture and fittings	16,512	(12,871)	3,641	3,014	10.00%
Road vehicles	77,732	(20,430)	57,302	60,620	14.54%
Data processing equipment	106,918	(81,558)	25,360	27,628	19.71%
Telecommunications and signaling equipment	63,388	(36,462)	26,926	25,670	9.70%
Equipment for track and railroad transportation maintenance	100,497	(68,649)	31,848	37,711	9.94%
Aircraft	12,622	(851)	11,771	9,154	10.00%
Machinery and equipment	76,357	(37,798)	38,559	39,391	10.00%
Other	102,170	(29,715)	72,455	135,680	10.00%
	2,407,117	(619,573)	1,787,544	2,061,288	
Leases					
Locomotives	672,080	(121,147)	550,933	497,932	9.80%
Wagons	1,198,672	(400,915)	797,757	702,089	10.21%
Civil construction	17,300	(6,684)	10,616	12,956	9.09%
Equipment	17,286	(7,295)	9,991	10,858	10.00%
	1,905,338	(536,041)	1,369,297	1,223,835	
Construction in progress					
Locomotives	47,592	-	47,592	39,034	
Wagons	74,905	-	74,905	62,892	
Track	1,119,072	-	1,119,072	903,280	
Civil construction	-	-	-	-	
Other	120,181	-	120,181	95,020	
	1,361,750	-	1,361,750	1,100,226	
	10,421,846	(2,304,435)	8,117,411	7,966,537	

(All amounts in thousands of reais unless otherwise stated)

Summary of changes in property and equipment:

Classes of property and equipment	At 12/31/2012			Changes in the first semester of 2013					At 6/30/2013		
	Cost	Accumulated depreciation	Net	Additions	Changes that do not affect cash	Disposals	Transfers	Net depreciation	Accumulated cost	Accumulated depreciation	Net
Locomotives	1,544,085	(458,389)	1,085,696	24,135	(246,209)	(179,761)	183,311	82,980	1,325,561	(375,409)	950,152
Wagons	1,183,191	(314,363)	868,828	141,700	(247,014)	(216,580)	58,848	96,311	920,145	(218,052)	702,093
Track	3,759,080	(653,949)	3,105,131	2,096	(5,598)	(750)	201,969	(67,222)	3,956,797	(721,171)	3,235,626
Leases	1,686,545	(462,710)	1,223,835	-	218,793	-	-	(73,331)	1,905,338	(536,041)	1,369,297
Construction in progress	1,100,226	-	1,100,226	665,189	85,210	(9,109)	(479,766)	-	1,361,750	-	1,361,750
Other	1,053,474	(470,653)	582,821	172,145	(189,604)	(119,398)	35,638	16,891	952,255	(453,762)	498,493
Total	**10,326,601**	**(2,360,064)**	**7,966,537**	**1,005,265**	**(384,422)**	**(525,598)**	-	**55,629**	**10,421,846**	**(2,304,435)**	**8,117,411**

During the quarter ended June 30, 2013, R$ 33,827 (R$ 110,719 at December 31, 2012) was capitalized as construction in progress, related to financial charges generated by loans used to finance this construction, with no effect on cash flow. The financing cost of capitalizing interest on qualifying property and equipment was 126,7% of the CDI per annum.

Leases and construction in progress

The carrying amount of property and equipment held under finance lease agreements at June 30, 2013 was R$ 1,905,338 (R$ 1,686,545 in December 2012). As detailed in Note 16.1, finance lease agreements are classified as property and equipment and depreciated consistently with the criteria applicable to other property and equipment items.

(All amounts in thousands of reais unless otherwise stated)

13. Borrowing

	Annual charges	Effective rate	Maturity	6/30/2013	12/31/2012
Parent					
In local currency					
Commercial banks	107.5% of CDI	7.71%	July 2015	206,355	206,609
Investments – BNDES	TJLP +1.8%	6.80%	Quarterly/monthly up to June 2017	38,630	43,484
In local currency					
Swap transactions				(13,289)	(17,320)
Total parent company				**231,696**	**232,773**
Subsidiaries					
In local currency					
ALL Malha Sul				**1,393,929**	**1,649,680**
	CDI + 1.25%	8.50%	September 2015	329,599	328,858
	CDI + 1.23%	8.48%	October 2014	137,847	132,409
BNDES (investments)	TJLP + 1.4%	6.40%	Quarterly up to July 2022	565,075	565,679
	TJLP + 2.5%	7.50%	Quarterly/monthly up to June 2017	172,417	188,471
	TJLP + 1.5%	6.50%	Quarterly/monthly up to June 2022	-	6,647
	TJLP + 1.8%	6.80%	Quarterly/monthly up to June 2017	84,846	95,486
BNDES (FINAME)	TJLP + 3.75%	8.75%	January 2017	714	814
NCC	105.9% of CDI	7.59%	July 2015	27,774	33,331
	107.0% of CDI	7.68%	March 2013	-	203,526
NCE	11.77% Fixed BRL	11.77%	June 2013	-	92,489
	108.00% of CDI	7.75%	June 2014	70,244	-
FINIMP	122.30% of CDI	9.41%	April 2013	-	1,970
	2.20 Fixed USD	2.20%	October 2013	5,413	-
Ritmo				**17,042**	**15,229**
Commercial banks	CDI + 2.30%	9.42%	Monthly up to November 2017	383	410
BNDES (FINAME)	2.50% Fixed BRL	2.50%	Monthly up to March 2017	16,659	14,819
ALL Malha Paulista				**404,242**	**413,611**
Investments – BNDES	TJLP + 1.4% p.a.	6.40%	Quarterly/monthly up to June 2022	330,504	330,881
	TJLP + 1.5%	6.50%	Quarterly/monthly up to October 2022	-	4,190
	TJLP + 2.5%	7.50%	Quarterly/monthly up to October 2017	73,738	78,540

(All amounts in thousands of reais unless otherwise stated)

Continued

	Annual charges	Effective rate	Maturity	6/30/2013	12/31/2012
ALL Malha Norte				**863,205**	**807,939**
Investments – BNDES	TJLP + 1.5%	6.50%	Quarterly/monthly up to September 2016	189,424	243,691
	TJLP + 3%	8.00%	Quarterly/monthly up to January 2016	81,245	97,007
	TJLP + 2.71%	7.71%	Quarterly/monthly up to June 2029	467,109	386,779
	TJLP +1.4%	6.40%	Quarterly/monthly up to June 2022	76,774	79,416
BNDES (FINAME)	Fixed rate - 2.50%	2.50%	Quarterly/monthly up to January 2023	40,223	-
FINIMP	3.10% fixed rate USD	3.10%	March 2014	6,475	1,046
	Fixed rate - 2.20%	2.20%	October 2013	1,955	-
ALL Malha Oeste				**76,021**	**78,146**
Investments – BNDES	TJLP + 1.4%	6.40%	Quarterly/monthly up to June 2022	76,021	78,146
Brado				**175,422**	**81,906**
Commercial banks (terminal)	260.1% of CDI	18.85%	Up to June 2016	13,058	14,909
BNDES (FINAME)	TJLP + 1.5%	6.42%	Up to July 2023	102,320	39,301
NCE/NP	CDI + 1.39%	8.50%	Up to June 2014	48,864	16,020
Investments – BNDES	TJLP + 3.85%	9.85%	Up to July 2022	11,180	11,676
				2,929,861	**3,046,511**

Foreign currency (in US$, with swap to CDI)

	6/30/2013	12/31/2012
ALL Malha Sul		
Swap transactions	(409)	8
ALL Malha Norte		
Swap transactions	(711)	4
ALL Malha Paulista		
Swap transactions	(3,641)	
	(4,761)	**12**

In local currency

	6/30/2013	12/31/2012
ALL Malha Sul		
Swap transactions	20,224	27,204
ALL Malha Oeste		
Swap transactions	-	5,109
	20,224	**32,313**

Foreign currency (in Euro)

	Annual charges	Effective rate	Maturity	6/30/2013	12/31/2012
ALL Malha Sul					
Currency forwards			February 2014	(1,518)	
ALL Malha Norte					
Currency forwards			February 2014	(548)	
				(2,066)	-

(All amounts in thousands of reais unless otherwise stated)

Continued

Foreign currency (in Argentine Pesos - P$)

	Annual charges	Effective rate	Maturity	6/30/2013	12/31/2012
ALL Argentina				**33**	**191**
Commercial banks	16.00%	16.00%	March 2013	33	191
Total subsidiaries				**2,943,291**	**3,079,027**
Total consolidated				**3,174,987**	**3,311,800**
Current portion				704,796	870,738
Long-term portion				2,470,191	2,441,062

Breakdown of long-term liabilities by year of maturity:

	Consolidated	
	6/30/2013	**12/31/2012**
2,014	545,587	203,676
2,015	500,656	682,867
2,016	279,710	458,425
2,017	221,442	212,520
From 2,018	922,796	883,574
Total	**2,470,191**	**2,441,062**

Acronyms

BNDES - National Bank for Economic and Social Development
CDI - Interbank Deposit Certificate
FINAME - Government Agency for Machinery and Equipment Financing
TJLP - Long-term Interest Rate
CCB - Bank Credit Note
NCE - Export Credit Note
NCC - Commercial Credit Note
CG - Working capital
IGP-M - General Market Price Index
FINIMP - Import Financing

Borrowing and debenture balances are stated net of initial transaction expenses.

Borrowing is guaranteed by promissory notes for the total financed amount, at the same agreed amounts and conditions, except for financed locomotives, wagons and trucks, for which the items themselves are pledged as guarantees.

Effective rates were calculated on an annual basis with reference to the quarter average CDI rate of 7.16%, TJLP of 5% and IPCA of 6.50%.

Financing agreements with BNDES, for investment purposes, are guaranteed by bank surety, according to each agreement, at a cost of between 1.0% and 2.0% p.a. or real guarantees (assets) and escrow accounts.

(All amounts in thousands of reais unless otherwise stated)

When the Company obtains borrowing in a foreign currency, swap transactions are also contracted to hedge against Real vs. US Dollar currency risks.

Some agreements include covenants imposing financial limits on the Company. These limits are computed on a quarterly basis at the quarterly information issue date, using the consolidated results, and are currently being met.

The covenant regarding the Net Debt to EBITDA ratio is calculated based on consolidated net indebtedness (borrowing and debentures, less cash and cash equivalents), divided by consolidated adjusted EBITDA accumulated for the past four quarters. The following amounts represent the covenant upper limits for the period:

Year	**2012**	**2013**	**2014**	**2015**	**2016**
Net consolidated debt/consolidated adjusted EBITDA	3.00	2.50	2.50	2.50	2.50

The covenant regarding the ratio of adjusted EBITDA to Finance Income/Costs is calculated based on the consolidated adjusted EBITDA accumulated for the past four quarters, divided by the Consolidated Finance Income/Costs. For finance income/cost computation purposes, this covenant only considers interest on debentures, borrowing and hedging transactions. The following amounts represent the covenant lower limits for the period:

Year	**2012**	**2013**	**2014**	**2015**	**2016**
Consolidated adjusted EBITDA/finance result	2.00	2.00	2.00	2.00	2.00

Loan agreement covenants and penalties:

Loan agreements are directly related to the financial limits established, as they affect the net debt and finance income/costs, which are items included in the covenants.

As can be seen from the chart below, these covenants have been fulfilled by the Company:

	2Q12	**3Q12**	**4Q12**	**1Q13**	**2Q13**
Net debt/adjusted EBITDA	2.58	2.40	2.34	2.30	2.40
Consolidated adjusted EBITDA/finance result	2.99	3.01	3.07	3.22	3.42

The adjusted EBITDA is presented in the management report and reconciled in the "Consolidated EBITDA Reconciliation" document located in the "Economic and financial data" section of ALL on the website of the Brazilian Securities Commission (CVM) (www.cvm.gov.br), as required by CVM Instruction 527 of October 4, 2012, which addresses the disclosure of EBITDA.

(All amounts in thousands of reais unless otherwise stated)

14.Debentures - consolidated

The debentures issued by the Company and its subsidiaries are as follow:

						6/30/2013		12/31/2012	
Series	Date	Amount	Final maturity	Annual remuneration	Effective rate	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Parent									
5th issue	9/1/2005	200,000	9/1/2014	CDI + 2.40%	9,73%	44,947	-	24,099	21,549
6th issue	7/1/2006	700,000	7/1/2014	CDI + 2.40%	9,73%	139,177	-	72,159	66,409
8th issue - 1st	4/15/2011	539,160	4/15/2016	CDI + 1.65%	8.93%	4,878	306,114	11,561	537,443
8th issue - 2nd	4/15/2011	270,840	4/16/2018	IPCA + 8.4%	15.45%	8,907	533,284	17,108	295,339
9th issue - 1st	8/22/2011	145,769	7/15/2016	CDI + 1.65%	8.93%	4,832	140,827	10,373	141,680
9th issue - 2nd	8/22/2011	219,150	7/15/2016	CDI + 1.65%	8.93%	7,304	211,803	7,688	213,029
10th issue	10/1/2012	750,000	10/2/2017	CDI + 1.30%	8.55%	14,477	746,392	1,755	745,993
						224,072	1,938,420	144,743	2,021,442
Direct subsidiaries									
ALL Malha Sul									
3rd issue	9/8/2008	166,666	7/31/2018	108% of CDI	7.75%	8,083	172,275	8,347	189,324
						8,083	172,275	8,347	189,324
ALL Malha Norte									
1st issue	7/1/1997	100,000	6/30/2016	TJLP + 1.5%	6.50%	68,220	124,491	68,780	124,491
6th issue	9/8/2008	166,666	7/31/2018	108% of CDI	7.75%	4,528	164,368	4,748	164,086
8th issue	10/18/2012	160,000	10/19/2020	10.10% Fixed BRL	10.10%	2,530	176,558	2,568	153,949
Debentures	7/1/1997	100,000	6/30/2016	% BRL		18,980	56,941	20,673	66,808
						94,258	522,358	96,769	509,334
ALL Malha Paulista									
1st issue	9/10/2008	166,666	7/31/2018	108% of CDI	7.75%	4,528	164,368	6,309	164,086
						4,528	164,368	6,309	164,086
Consolidated						330,941	2,797,421	256,168	2,884,186

Breakdown of long-term liabilities by year of maturity:

	Consolidated	
	6/30/2013	12/31/2012
2014	76,556	181,861
2015	522,256	521,215
2016	652,089	645,196
2017	1,067,472	1,062,185
As from 2018	479,048	473,729
Total	**2,797,421**	**2,884,186**

Rescheduling, covenants and guarantee clauses:

There is no repricing scheduled for any of the issues of debentures.

The covenants for the issues include the financial limits detailed in Note 13 "Borrowing" and relate to the Company's consolidated profit or loss. Failure to comply with any of these limits automatically triggers early maturity.

Some of the debenture issues of the Company and its subsidiaries have guarantees provided by related parties, as detailed in Note 18 "Related party transactions".

On May 31 2013, the Company through the Notice to Debentures Holders, issued the optional purchase offering of the 5th and 6th Debentures issues, which adhesion date is up to August 15, 2013. Thus, such debentures balances were reclassififed from long to short-term. The reclassified balances amounted to R$ 21,688 and R$ 67,346, respectively.

15. Lease agreements - consolidated

15.1 Finance leases

The Company and its subsidiaries have lease agreements, particularly for wagons and locomotives which, in management's opinion, qualify as finance leases.

(All amounts in thousands of reais unless otherwise stated)

The Company and its subsidiaries include in their property and equipment those rights related to the assets used in their business activities, or exercised for that purpose. These include rights arising from transactions transferring benefits, risks and control over these asset items to the Company, irrespective of the ownership thereof.

Financial charges incurred for the quarter were recorded as finance costs. There were no direct initial costs to be capitalized, nor were there any contingent payments and sub-leases related to the corresponding agreements.

Lease agreement related balances are as follow:

	6/30/2013		12/31/2012	
Assets	**Current liabilities**	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
ALL Malha Sul				
Wagons	67,016	159,772	67,358	179,991
ALL Malha Norte				
Rolling stock	69,719	704,249	71,472	540,402
ALL Malha Paulista				
Rolling stock	38,272	561,670	46,238	602,483
Brado Logística				
Wagons/IT equipment	2,422	5,994	1,023	8,551
	177,429	1,431,685	186,091	1,331,427

Minimum future lease payments, under the finance leases and lease commitments, as well as the present value of the minimum lease payments, are as follow:

	Total future payments - years		
Assets	**Up to 1**	**From 1 to 5**	**Over 5**
ALL Malha Sul			
Wagons	88,850	225,319	3,095
ALL Malha Norte			
Rolling stock	76,668	347,218	85,388
ALL Malha Paulista			
Rolling stock	34,072	576,937	8,943
Brado Logística			
Reach Stacker/IT equipment	7,491	-	-
	207,081	1,149,474	97,427

Lease agreements have various maturities, the last of which is in June 2022. Amounts are subject to annual adjustments based on the IGP-M, plus the TJLP. In order to state payments at their present value, an average CDI rate of 7.72% is used.

(All amounts in thousands of reais unless otherwise stated)

15.2 Operating leases

Assets		Total future payments - years: Up to 1	From 1 to 5	Over 5
vehicles	(i)	2,585	-	-
Software	(ii)	220	-	-
Real Estate	(iii)	419	-	-
Locomotives	(iv)	51,265	216,243	35,613
Wagons	(iv)	34,771	119,189	29,180
		89,259	335,433	64,793

The payments of installments of the operating leases (rental) are recognized as expenses on a straight line basis over the life of the respective agreement. These agreements relate to leased vehicles, software and property. The Company and its subsidiaries have no sub-leases or contingent payment arrangements in connection with these agreements.

(i) Vehicle lease contracts are effective for two years (beginning on April 1, 2012) and may be renewed for the same period, if mutually agreed by the parties. Prices are adjusted annually by the IGP-M index, beginning in April 2013.

(ii) Software use agreements are effective for an indefinite period of time, and are subject to annual renewal and monetary restatement.

(iii) Property lease agreements are effective for one year. Prices are adjusted annually by the IGP-M index.

(iv) Locomotives and cars agreements utilized by concessionaires which terms expire until 2022. The amounts are restated mostly at IPCA..

16. Leases and concessions - consolidated

The Company and its subsidiaries record their liabilities related to lease and concession agreements on a straight line basis, in accordance with the effective terms of these liabilities. Non-current amounts refer to amounts which have not been paid due to discussions about agreement conditions and/or portions allocated during their grace period.

The balance of concessions payable is equivalent to the updated grant amount, net of payments made up to the balance sheet date.

	6/30/2013		12/31/2012	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Leases				
ALL Malha Sul	13,760	30,705	13,558	32,326
ALL Argentina	28,080	-	25,401	-
ALL Malha Paulista	-	812,294	-	766,778
ALL Malha Oeste	-	618,765	-	583,997
Concessions				
ALL Malha Sul	3,563	20,750	3,500	20,744
ALL Malha Paulista	-	22,044	-	21,910
ALL Malha Oeste	-	42,428	-	40,548
	45,403	1,546,986	42,459	1,466,303

(All amounts in thousands of reais unless otherwise stated)

Lease and concession agreement conditions are as follow:

	Leases and concession agreements						
	Term in years	Agreement value	Amount paid in cash	Balance	Quarterly installments	Payment beginning	Restatement index
Leases							
ALL Malha Oeste	30	56,440	4,969	51,471	112	1/15/1998	IGP-DI + interest 12% p.a.
ALL Malha Paulista	30	230,160	52,793	177,367	112	12/15/2000	IGP-DI + interest 12% p.a.
ALL Malha Sul	30	202,112	82,032	120,080	112	1/15/1999	IGP-DI + interest 12% p.a.
Concessions							
ALL Malha Oeste	30	3,118	409	2,709	112	1/15/1998	IGP-DI + interest 12% p.a.
ALL Malha Paulista	30	12,252	2,917	9,335	112	12/15/2000	IGP-DI + interest 12% p.a.
ALL Malha Sul	30	10,830	4,510	6,320	112	1/15/1999	IGP-DI + interest 12% p.a.

ALL Malha Sul – The lease installments of the subsidiary ALL Malha Sul are allocated on a straight line basis to liabilities and profit or loss, over the life of the corresponding agreement, plus IGP-DI variations and interest at agreed-upon rates. Installments for the grace period (1997 to 1999) are being paid, with corresponding monetary restatements, over the remaining concession agreement term.

ALL Malha Paulista - On August 29, 2005, ALL Malha Paulista was partially spun off to Ferrovia Centro Atlântica S.A. (FCA), and FCA assumed responsibility for 35.6% of the total concession and lease amounts.

In 2005, the subsidiary ALL Malha Paulista suspended lease payments to RFFSA, which was in liquidation. This was legally supported by a preliminary decision to make judicial deposits in the name of the Federal Government. Through a legal authorization obtained in 2007, these judicial deposits were released and the Company took out bank sureties to guarantee the installment payments. For more information, see Note 19.

Considering that ALL Malha Norte needs the ALL Malha Paulista lines to continue its transportation business, starting in Mato Grosso and Mato Grosso do Sul States and ending in Santos (SP), ALL Malha Norte executed with ALL Malha Paulista, on January 10, 2006, a Private Instrument of Guarantee, whereby it made a judicial deposit in favor of ALL Malha Paulista amounting to R$ 113,529 at June 30, 2013 and December 31, 2012.

In order to comply with the investment agreements with shareholders, entered into on May 5, 2005, ALL Malha Paulista's operations in the Bauru-Mairinque segment were transferred to ALL Malha Oeste from October 1, 2005, based on a Memorandum of Understanding dated September 23, 2005.

The National Agency for Land Transport (ANTT) approved this transfer through Resolution 1,010, published in the Federal Official Gazette on July 28, 2005.

ALL Malha Norte - On May 19, 1989, the direct subsidiary ALL Malha Norte entered into a Concession Agreement with the Federal Government to establish a cargo railroad transportation system, including the construction, operation, use and maintenance of the railroad between Cuiabá (State of Mato Grosso) and: a) Uberaba/Uberlândia (State of Minas Gerais), b) Santa Fé do Sul (State of São Paulo), c) Porto Velho (State of Rondônia) and d) Santarém (State of Pará). This concession agreement shall remain effective for a 90-year period, and can be extended for the same period of time, and can also be granted up to ten years prior to the contract termination.

(All amounts in thousands of reais unless otherwise stated)

The agreement does not provide for payments in relation to the Concession. However, it sets forth certain responsibilities for the company, such as: a) not making a sub-concession, b) being subject to permanent inspection by the Federal Government, c) complying with the rules, technical specifications and standards of the Ministry of Transportation, and d) complying with all legal provisions applicable to concession services, particularly those related to environmental preservation.

Concessions may be extinguished and, as a result, the Concession Agreement may be terminated due to: a) voluntary agreement between the parties, preceded by negotiations and financial adjustments payable by one party to the other, b) the end of the agreement's effective term, c) expropriation or redemption, in the public interest after the Concession, through appropriate indemnification, d) annulment of the Concession or agreement due to illegality, e) severe and continued infractions by one of the parties, which damage service quality and efficiency, and f) expropriation by the Federal Government of concession services or a Law that makes the agreement formally or materially impossible. In the event of expropriation, the indemnification to the stockholders will be calculated based on the fair value of concession-related net assets, computed at the time of expropriation.

ALL Malha Oeste - Due to a lawsuit, this direct subsidiary has suspended concession and lease payments. Quarterly installments are guaranteed by bank sureties as they fall due.

17. Refundable deposits, restricted amounts and provisions for contingencies

	Judicial deposits		Contingent losses			
			Probable		Possible and remote	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Labor						
In Brazil	194,372	190,994	93,086	111,339	781,591	806,087
Civil, regulatory and environmental						
In Brazil	128,520	128,341	39,002	38,636	517,905	543,446
In Argentina	-	-	11,725	9,459	-	-
Tax						
In Brazil	10,624	9,149	54,936	58,680	1,968,401	1,923,543
	333,516	328,484	198,749	218,114	3,267,897	3,273,076

	12/31/2012	Additions	Payments	Reversals	6/30/2013
Labor	111,339	21,047	(36,905)	(2,396)	93,086
Civil, regulatory and environmental	48,095	5,901	(2,754)	(515)	50,727
Tax	58,680	2,588	-	(6,332)	54,936
Total	218,114	29,536	(39,659)	(9,243)	198,749

The subsidiaries are parties to various lawsuits arising in the normal course of their business. The Company's management believes that the outcome of these lawsuits will not have an effect significantly different from the amounts of the relevant provisions, which correspond to the amounts at stake in lawsuits considered as "probable losses".

a) Labor

The subsidiaries are parties to several labor claims, and at June 30, 2013, recorded a consolidated provision amounting to R$ 93,086 (R$ 111,339 at December 31, 2012), to cover claims for which an unfavorable outcome was considered probable. The decrease in the provision amount compared to the prior period is principally due to settlement agreements entered into by the Company.

Of the proceedings pending judgment, key claims refer to overtime, recognition of non-stop work shifts, standby hours, salary differences, differences in FGTS 40% fines arising from understated inflation, risk premiums, health hazard allowances, allowances for relocation, differences in variable compensation, and others.

b) Civil, regulatory and environmental

Civil

The subsidiaries are parties to several civil disputes, mostly involving claims and actions for damages in general, such as: collisions at level crossings, rail accidents, traffic accidents, possessory actions in general, actions for the enforcement of extrajudicial instruments and others. Based on the opinion of its legal advisors and on historical court decisions, management maintains provisions for claims for which the likelihood of an unfavorable outcome is considered probable.

Regulatory

Among the more significant claims, both ALL Malha Paulista and ALL Malha Oeste are currently challenging in court the economic and financial imbalances of their Lease and Concession Agreements.

In July 2000, ALL Malha Paulista filed a Declaratory Action with the 20th Rio de Janeiro Court of Justice challenging the economic and financial imbalance of the Lease and Concession Agreements, due to the high levels of disbursement incurred by the Company for the payment of labor claims and related expenses, which should be the responsibility of RFFSA.

ALL Malha Paulista requested an expert inspection to determine the new appropriate value of the lease and concession installments, as well as a suspension of the payment of installments due and overdue for the effective period of the expert inspection. In July 2005, this injunction was granted. In September 2005, this injunction was reversed by the Rio de Janeiro Federal Regional Court. The proceeding is still pending judgment and is awaiting the final conclusion and presentation of the expert inspection. Management deposited the amounts related to the lease installments with the court until September 2007, when legal authorization to substitute bank surety letters for judicial deposits was obtained.

ALL Malha Oeste is making a claim for the reestablishment of the economic and financial balance lost due to the cancellation of the transportation contracts existing at the time of privatization. This claim is in progress at the 16th Rio de Janeiro Federal Court of Justice. The amounts related to ALL Malha Oeste's overdue amounts were guaranteed through the acquisition of government bonds (Financial Treasury Bills - LFT), which were recorded in non-current assets. In March 2008, the Company obtained authorization to substitute bank surety letters for this guarantee deposit, and in May 2008 the deposit was redeemed.

Concession agreement related liabilities are recorded under Lease and Concession Agreements, as disclosed in Note 16.

Environmental

These amounts are related to violation notices served by the São Paulo State Basic Sanitation Technology and Environment Protection Agency (CETESB), the Brazilian Environmental Institute (IBAMA) and Local Environmental Departments, and are mostly due to soil and water contamination from product leakage, as well as noncompliance with conditions imposed by the operating licenses. In all cases, actions are being taken to reduce existing liabilities, as well as to remedy and prevent damage to the environment. The provision for the environmental area is recorded as a civil provision by the concessionaires.

c) Tax

Key tax-related discussions involve "Export ICMS" (Value-added Tax on Sales and Services (ICMS) on the transportation of goods to be exported), the differential of ICMS on interstate transportation, Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on mutual traffic operations, and Corporate Income Tax (IRPJ)/Social Contribution on Net Income (CSLL) on financial transactions carried out in Austria and Spain.

No provision was made for tax claims for which the likelihood of an unfavorable outcome has been deemed possible or remote. For those considered probable, a provision was made amounting to R$ 54,936 (R$ 58,680 at December 30, 2012).

Export ICMS - The State Finance Departments issued tax assessments against ALL Malha Sul, the current value of which amounts to approximately R$ 78,399, due to the non-payment of ICMS related to railroad transportation services for goods for export, and the use of ICMS credits supposedly not authorized by legislation. In the second quarter of 2010, an initial favorable decision was awarded by the São Paulo Tax Court, in order to annul the payment of ICMS on export operations. In the fourth quarter of 2010, two of the discussions shifted from the administrative to the judicial level, with the filing of the Stay of Tax Proceedings that preceded the offer of a surety letter to serve as a guarantee for the court. The risk of loss on this lawsuit is considered possible.

ALL Malha Oeste was served a tax notice relating to the same matter, currently amounting to approximately R$ 30,807. All tax assessments are being challenged at the judicial level with surety letters to serve as guarantees for the courts. It is worth noting that the Higher Court of Justice (STJ) has already established that ICMS tax should not be levied on the transportation of goods to be exported, in light of the provisions in Article 155 of the Brazilian Federal Constitution, and in Article 3, item II, of Law 87/1996. The risk of loss on this lawsuit is considered by the Company's legal counsel as possible.

In June 2011, the State of Mato Grosso issued a tax assessment against ALL Malha Norte, originally amounting to R$ 120,687, referring to the transportation of goods to be exported, for the 2006 period. ALL Malha Norte challenged the claim, since it understands that these operations are not subject to ICMS on the transportation of goods for export, as set forth in Article 155 of the Brazilian Federal Constitution. In August 2011, ALL Malha Norte was informed of the first level administrative decision, reducing the assessment to R$ 70,940. In the administrative appeal ALL Malha Norte obtained a partially favorable decision, which reduced the debt to R$ 30,421 (its current amount). Since the administrative proceedings were closed, the company filed a judicial order to proceed with the discussion of the amount under litigation. The risk of loss on this lawsuit is considered possible.

ICMS - on property and equipment credits - In April 2005, ALL Malha Sul was awarded a favorable decision at the Rio Grande do Sul State Court of Justice regarding a tax notice served by the Rio Grande do Sul State Department contesting the use of ICMS tax credits on the acquisition of assets and equipment intended for property and equipment renovation and refurbishment. Based on this decision, the State of Rio Grande do Sul filed an Extraordinary Appeal with the Federal Supreme Court (STF), which stated to be favorable in relation to the credits, and only determined the return of the claim so that the Court of Justice of the State of Rio Grande do Sul voices an opinion on the rate differential. In relation to the determination of the STF concerning the return of the judicial instruments to TJ/RS, ALL filed an appeal which is pending judgment. The tax assessments discussed in court amount to approximately R$ 21,924, of which ALL has already paid R$ 11,192 to the Rio Grande do Sul State public treasury, and has suspended payment of the remaining R$ 8,825 as a result of the aforementioned favorable decision of the Rio Grande do Sul Court of Justice, which has already been confirmed by the Higher Courts. In addition, Supplementary Law 87/96 authorized the full use of the tax credits arising from the acquisition of fixed asset items. For this lawsuit, the likelihood of loss is considered possible.

PIS/COFINS - Mutual traffic - ALL Malha Paulista was served a tax assessment for the non-payment of PIS and COFINS regarding revenue from mutual traffic and right of way, and is challenging the restated amount of R$ 80,093 for the period 1999 to 2006 (cumulative PIS and COFINS). The company understands that the likelihood of an unfavorable outcome is remote, since the amounts challenged have already been paid upon shipment by the concessionaires in charge of transportation. Decisions awarded to date have already reduced the assessments by approximately R$ 43,000.

IRPJ/CSLL, PIS and COFINS - ALL Malha Sul was served a tax assessment amounting to R$ 620,383 (currently R$ 765,362) for the exclusion from the tax base of taxes from expenses with interest on investments made in Austria and Spain, and finance costs considered as non-deductible. The tax authorities have also issued PIS and COFINS tax notices on swap transactions taken out for borrowing in foreign currency. The company understands that the likelihood of an unfavorable outcome is possible, since the investments were made in countries with which Brazil has an agreement determining the non-taxation of such operations, and PIS and COFINS taxation on hedging transactions was ruled out by Decree 5,442/2005. In March 2011, ALL Malha Sul became aware of the first-level administrative decision (Federal Revenue Regional Office), which reduced the tax assessment to R$ 466,701 (current amount). ALL Malha Sul filed a voluntary appeal with the Administrative Board of Federal Tax Appeals (CARF), which is pending judgment.

Municipal Real Estate Tax (IPTU) - ALL Malha Sul and ALL Malha Paulista have approximately R$ 5,710 relating to IPTU taxation on Federal Government-owned properties, which, due to the concessions granted, are held for the purpose of providing railroad transportation services. However, the Federal Constitution sets forth that no taxes are to be levied on Federal Government-owned properties, and the companies have already been awarded several favorable decisions. For this lawsuit, the likelihood of loss is considered possible.

Services Tax (ISS) - Portofer was served fourteen tax assessments currently amounting to approximately R$ 7,008. These were issued by the Santos City tax authorities, which disregarded the legal form of Portofer (a special purpose entity intended to apportion expenses among concessionaires), and served a tax notice to the company as though it were a local service provider. The company considers the likelihood of an unfavorable outcome to be remote, since the matter has already been awarded a favorable decision by the São Paulo Court of Justice, in similar cases in Guarujá, determining that the tax assessments should be annulled, since Portofer is a non-profit entity, and only apportions expenses.

IRPJ/CSLL - In November 2010, ALL Intermodal was served a tax assessment by the Brazilian Federal Revenue Secretariat originally amounting to R$ 63,988 regarding IRPJ and CSLL. These amounts relate to the disallowance of expenses for variable installments of property, equipment, machinery and vehicle lease agreements entered into by ALL Intermodal. These expenses were considered non-deductible and were disallowed by the Brazilian Internal Revenue Service. The company considers the risk of this tax assessment to be possible, since the asset lease agreements were necessary, usual and normal to ALL Intermodal's activities. The voluntary appeal is pending judgment by CARF.

Social security contributions - In June 2011, ALL Malha Paulista was served a tax assessment originally amounting to R$ 38,646, regarding the non-payment of social security contributions on labor indemnification. The company filed an administrative challenge, since it alleges that there is a legal provision supporting non-payment of these amounts, given their nature and *ad hoc* payment. The São Paulo Federal Tax Appeals Division (DRF) issued a decision maintaining the tax assessment in full. The company filed a voluntary appeal against this decision, which in November 2012 obtained a partially favorable decision reducing the debt to approximately R$ 700. The company filed a special appeal with the High Court to discuss the amount under litigation. For this lawsuit, the likelihood of loss is considered possible.

IRPJ/CSLL - ALL S.A - A tax assessment was served by the Brazilian Federal Revenue Secretariat amounting to R$ 327,186, referring to the following alleged violations: disallowance of goodwill from operations based on future profitability, disallowance of finance costs and capital gains from the disposal of interests in companies of the same economic group, in view of partial recognition of the goodwill amount. ALL S.A. filed an appeal in September 2011. A decision by the Curitiba Federal Tax Appeals Division (DRF) partially upheld the appeal filed by the company, reducing the tax assessment amount to R$ 272,271. The Company filed a Voluntary Appeal with CARF to partially change this decision, which maintained part of the tax debt. For this lawsuit, the likelihood of loss is considered possible.

Social security contributions - Stock Options - A tax assessment was served by the Brazilian Federal Revenue Secretariat at an updated amount of R$ 29,252 with reference to the alleged social security contributions on the Company's Stock Option Plans, considered as compensation by the Federal Revenue Service. The Company presented a defense claiming that the Stock Option Plans are merely of a commercial nature. The Curitiba Federal Tax Appeals Division (DRF) issued a decision maintaining the tax debt in full. The company filed a Voluntary Appeal with the Administrative Board of Tax Appeals (CARF) which, in May 2013, issued a partially favorable decision. The company is awaiting the publication of the decision by CARF to ascertain the amount by which the assessment has been reduced. For this lawsuit, the likelihood of loss is considered possible.

IRRF - ALL Malha Paulista requested the offsetting of credits from the negative balance of income tax for 2009, with a computation period from January 1, 2008 to December 31, 2008. The Brazilian Federal Revenue Service, after judging the offsetting carried out, decided to partially approve the claim and disallow a portion of the tax credit because it understands that "the corresponding revenue was not considered for taxation purposes". The debt arising from the disallowance currently totals R$ 52,084. The Brazilian Federal Revenue Service understands that the Company does not have the right to offset the IRRF on income arising from swap transactions. The Company filed an objection against the decision, alleging that the income tax withheld on any financial investments, including hedge operations, may be offset against the income tax due upon the calculation of taxable income, according to Article 76 of Law 8,981/1995. Consequently, the Company is claiming the totality of the credit rights from the negative balance of IRPJ indicated in the Payment Receipts and/or Requests for Offsetting (PER/DCOMP), which is the subject matter of the proceedings. Currently, the Company is awaiting a decision regarding the objection filed. For this lawsuit, the likelihood of loss is considered possible.

(All amounts in thousands of reais unless otherwise stated)

<u>Payment in installments of MP 470</u> - ALL Malha Sul and ALL Intermodal had their requests for installment payment under Provisional Measure (MP) 470, of October 13, 2009, partially granted by the Brazilian Federal Revenue because the tax authority understands that the companies did not have a sufficient balance of income tax and social contribution losses to offset the debts included in this installment payment. The partial granting of the installment payment requests originated the administrative proceedings of ALL Malha Sul and ALL Intermodal, the current amounts of which are R$ 89,439 and R$ 10,165, respectively. Both administrative proceedings are closed. With regard to ALL Malha Sul, the company obtained an injunction in court to suspend the payment of the credit. ALL Intermodal is awaiting the appeal to suspend the payment of this debt. For these lawsuits, the likelihood of loss is considered possible.

Due to the characteristics of the Brazilian legal and regulatory environment, it is not possible to reliably estimate the time it will take for these lawsuits to be resolved.

18. Related party transactions

Entities considered related parties are reported in Note 3.

	Parent											
	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenue		Expenses/Costs	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Subsidiaries												
ALL Argentina	9,975	-	-	88,460	5,219	-	4,347	4,348	-	-	-	-
ALL Equipamentos	-	-	-	98	-	-	270	-	-	-	-	-
ALL Malha Norte	-	-	-	-	-	257	-	-	-	11,463	-	-
ALL Malha Oeste	-	-	-	-	-	-	39	-	-	-	-	-
ALL Malha Paulista	2,918	-	-	-	-	-	-	-	22,524	43,942	-	-
ALL Malha Sul	3,674	-	-	203	8,430	2,057	2	-	-	1,100	-	-
ALL Overseas	-	-	232	214	-	-	-	-	-	-	-	-
ALL Participações	-	-	-	-	-	-	11	11	-	-	-	-
ALL Rail Management	-	-	-	-	-	-	-	-	-	-	-	-
Araucária Rail Technology S.A.	-	-	-	4,479	-	-	-	-	-	-	-	-
ALL Serviços	-	-	-	-	70	64	2,359	-	-	-	215	1,398
Brado Logística	76	76	-	-	-	-	-	-	-	-	-	-
Boswells	-	-	-	-	-	-	12,762	12,762	-	-	-	-
Santa Fé	-	-	-	2,048	-	-	-	-	-	-	-	-
Associates					-							
PGT	-	-	-	-	-	-	77	77	-	-	-	-
	16,643	76	232	95,502	13,719	2,378	19,867	17,198	22,524	56,505	215	1,398

Related party transaction terms and conditions

Related party transactions are carried out strictly in accordance with the agreed-upon conditions and at adequate prices.

The Company and its related parties carry out operating and financial transactions arising from the leasing of terminals, rolling stock (locomotives and wagons), machinery and equipment, warehouses, freight pallets, as well as funds required to maintain the Company's operations.

(All amounts in thousands of reais unless otherwise stated)

Outstanding balances at the end of the period are free from interest, and some transactions have no specified maturity date. Some of these transactions are settled within the financial year, always in cash or through offsetting.

There is no insurance coverage for related party transactions.

For the period ended June 30, 2013, there was no contingency in relation to related party receivables. This assessment is made every financial year, by examining related parties' financial positions and the market in which each party operates. The Company did not record a provision for the impairment of trade receivables on existing balances.

The subsidiary ALL Malha Norte has a debenture transaction with BNDES Participações S.A. (a stockholder of ALL), bearing market interest amounting to R$ 270,885 at June 30, 2013, maturing through June 2016.

There are some guarantees given to or received from related parties, payable or receivable, as follow:

	Guaranteed entity				
	ALL S.A.	ALL Malha Sul	ALL Malha Paulista	ALL Malha Norte	Total
Guarantors					
ALL S.A. (parent company)					
Debentures	-	180,359	168,896	347,984	697,239
BNDES	-	172,417	73,634	-	246,051
CCB	-	585,688	-	-	585,688
Other	-	5,718	-	46,898	52,616
	-	944,182	242,530	394,882	1,581,594
ALL Malha Sul					
Debentures	2,162,492	-	-	-	2,162,492
ALL Malha Norte					
Debentures	1,978,818	-	-	-	1,978,818
ALL Malha Paulista					
Debentures	1,978,818	-	-	-	1,978,818
ALL Malha Oeste					
Debentures	1,978,818	-	-	-	1,978,818
ALL Intermodal					
Debentures	183,674	-	-	-	183,674
CCB	-	329,599	-	-	329,599
	183,674	329,599	-	-	513,273

The Company has adopted the corporate governance practices recommended and/or required by the applicable legislation, including those established in the Differentiated Corporate Governance Practices Regulations - New Market, published by the São Paulo Futures, Commodities and Securities Exchange (BM&FBOVESPA S.A.).

Decisions regarding all of the Company's transactions are submitted to the Board of Directors, the Executive Board or the Statutory Audit Committee, according to the attributes described in the bylaws. Accordingly, all transactions, especially those with related parties, were submitted to the relevant decision-making bodies of the Company, according to the rules in force. Moreover, in conformity with Law 6,404/76 and subsequent amendments, any member of the Company's Board of Directors who has a conflict of interest with the

(All amounts in thousands of reais unless otherwise stated)

Company cannot vote in any meeting of the Board or participate in any transaction or business involving these interests.

19. Provision for unrealized profits

At December 31, 2001, the Company sold to its subsidiary ALL Malha Sul the right to use the rail segments from Presidente Epitácio to Rubião Junior and Pinhalzinho/Apiaí to Iperó, for the market value of R$ 22,387. This amount was supported by an appraisal report prepared by an independent appraising company at the same date. At December 31, 2001, the Company set up a provision for unrealized profits amounting to R$ 19,312 for this transaction, recorded in long-term liabilities. Up to June 30, 2013, R$ 8,554 (R$ 8,182 up to December 31, 2012) was realized. The realization of the profit is recognized on a straight line basis over the period of the right of use.

20. Advances on real estate credits (CRI) - consolidated

The Company and its subsidiary ALL Malha Norte entered into agreements assigning credits arising from leased terminals, with the following balances:

		6/30/2013		12/31/2012	
		Current liabilities	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
ALL S.A. (parent company)	(i)	43,375	119,495	43,375	133,304
ALL Malha Norte	(ii)	107,655	202,501	107,655	228,560
		151,030	321,996	151,030	361,864

The balance is composed of two CRI operations:

(i) CRI I: On February 29, 2008, the Company entered into an agreement with CIBRASEC assigning credits arising from the leasing of the Terminal Intermodal de Tatuí. CIBRASEC, in turn, issued Real Estate Receivables Certificates (CRI) which are remunerated at the rate of 12.38% p.a., from the issue date to the maturity date of each CRI. The effective terms and maturities are fixed, and the first CRI matured in March 2009 and the last one matures in 2018. The financial charges on this transaction are allocated on a monthly basis to the statement of operations.

(ii) CRI II: On November 28, 2008, ALL Malha Norte executed with CIBRASEC an agreement assigning credits arising from the leasing of the Terminal de Alto Araguaia (Mato Grosso). CIBRASEC, in turn, issued Real Estate Receivables Certificates (CRI) which are remunerated based on CDI + 2.6% p.a., from the issue date to the maturity date of each CRI. The effective terms and maturities are fixed, and the first CRI matured in November 2009 and the last one matures in 2018. The financial charges on this transaction are allocated on a monthly basis to the statement of operations.

21. Deferred revenue - consolidated

6/30/2013		12/31/2012	
Current liabilities	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**

Parent					
Vetria Mineração S.A:	(iv)	-	1,997,183	-	1,997,183
Subsidiaries					
ALL Intermodal	(i)	34	387	34	404
ALL Malha Norte	(ii)	1,528	9,015	1,528	9,778
ALL Malha Paulista	(iii)	858	12,067	858	12,497
ALL Malha Sul	(iii)	191	2,298	191	2,394
		2,611	2,020,950	2,611	2,022,256

(i) This refers to deferred revenue arising from capital contributions in the form of free leases of land (up to 2025) made by ALL Intermodal to Rhall Terminais Ltda., allocated over the remaining concession agreement period on a straight line basis.

(ii) This arises from revenue earned from the sale of 28 locomotives, and subsequent lease-back agreements with Banco Itaú, which expire through 2018.

(iii) This arises from agreements entered into with communications companies, whose purpose was to assign the right of way of the track for fiber optic cables to be installed while the Cargo Railroad Transportation Utility Service Concession Agreement remains in effect (through 2028), and is allocated to the statement of operations on a straight line basis over the remaining concession period.

(iv) Investment in Vetria, with a counter-entry within deferred revenue in long-term liabilities, which will be deferred in accordance with the depletion and sale of the ore.

22. Taxes and social security contributions payable in installments - consolidated

	6/30/2013		12/31/2012	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Law 11,941/09 (i)	28,548	150,117	33,452	160,831
Education allowance	343	-	343	-
Service Tax (ISS)	385	65	385	322
Social security contribution (INSS)	551	-	684	-
ICMS/Value-added Tax (IVA)	196	-	260	-
	30,023	150,182	35,124	161,153

(i) In order to reduce their exposure to tax risk, the Company and its subsidiaries during the 4th quarter of 2009 enrolled with the Program for Debt Payment in Installments of the General Counsel to the National Treasury (PGFN) and Federal Revenue Secretariat (SRF), created through Law 11,941/09, which was approved in June 2011.

The Company has been paying the installments promptly.

23. Equity

a) Share capital

(All amounts in thousands of reais unless otherwise stated)

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

	6/30/2013	12/31/2012
Common shares	687,664,312	687,664,312

The Company is authorized to increase its capital, irrespective of a change in its bylaws, up to the limit of 820,000,000 common shares.

b) Treasury shares

In the first semester of 2013, 1,206,748 shares were used (1,387,864 at December 31, 2012) to settle share options exercised during the period. The transfers were recorded at the weighted average cost of treasury shares (R$ 9.15).

During the first six-month period of 2013 and the fiscal year 2012, the Company did not repurchase any shares.

At June 30, 2013, the Company held 4,384,862 common shares in treasury (5,591,610 at December 31, 2012), at an average cost of R$ 9.15 (R$ 9.15 at December 31, 2012).

c) Distribution of dividends and interest on capital

Stockholders are entitled to a minimum mandatory dividend of 25% on profits adjusted under the terms of Article 202, Law 6,404/76, as amended and revoked by Law 11,638, of December 28, 2007, and Law 11,941, of May 27, 2009.

d) Revenue reserve

Pursuant to the Brazilian Corporation Law, a legal reserve must be set up based on the profit for the year, at the rate of 5% before any other allocation, and should not exceed 20% of capital.

A reserve for investments is set up based on the bylaws and supported by the Company's investment plan represented by uses and sources approved by the Board of Directors and pursuant to Article 194 of Law 6,404/76 and subsequent amendments, which determines that this reserve shall not exceed the Company's subscribed capital. An amount not less than 25% and not exceeding 75% of the profit for the year, adjusted under Article 202 of Law 6,404/76, is transferred to this reserve with a view to financing the expansion of the Company and its subsidiaries' activities, including through the subscription of capital increases or the development of new ventures.

e) Advances on future capital increases

The amounts received as advances on future capital increases, arising from contributions to the Stock Option Plan, described in Note 24, are recorded in Equity. When recorded in the Company´s shareholders equity, the advance for future capital increase relates to a commitment to convert a fixed quantity of shares by a pre-established fixed price.

f) Tax incentives - SUDAM

On September 26, 2007, ALL - Malha Norte filed with the Superintendency for the Development of the Amazon (SUDAM) a claim for the right to reduce the IRPJ (corporate income tax) and non-refundable surcharges computed on its operating profit (as defined), since it is located in the area which comprises the Legal Amazon, and the transportation sector is considered a priority for regional development, according to Item I, Article 2, Decree 4,212 of April 26, 2002.

The benefit was granted by the Federal Revenue Secretariat (SRF) through the Executive Declaratory Act 504, of November 28, 2008, after SUDAM issued certificate of income tax reduction 135/2008, whereby ALL Malha Norte was granted a 75% reduction in IRPJ and non-refundable surcharges on its operating profits for a ten year period, from 2008 and expiring in 2017.

The legal grounds for benefit recognition was created by Provisional Measure 2,199-14, Article 1 of August 24, 2001 and with the wording set forth in Law 11,196 of November 21, 2005. The effect of the 75% reduction in IRPJ and non-refundable surcharges calculated up to June 30, 2013 on profits from tax incentive operations was R$ 34,338 (R$ 31,707 at June 30, 2012), recorded as a reduction in the IRPJ and CSLL expenses for the subsidiary ALL Malha Norte, according to CPC 07 issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by CVM Resolution 555, of November 12, 2008.

The tax incentives are intended to increase and maintain investment in the Legal Amazon region, by fostering the development of that region through increased employment, income and production levels, contributing to an increase in the collection of local, state and federal taxes.

Should the beneficiary company fail to comply with the objectives and provisions of the program, which may be characterized as a misuse of funds, the SUDAM decision-making board will cancel the approved incentives, and the beneficiary company will have to pay to the relevant bank any amounts received, restated at the same index used for federal taxes, at the receipt date, plus a 10% fine and monthly interest on arrears of 1%, less, in the case of investments in debentures, installments already amortized (Law 8,167/91, Article 12, paragraph 1, items I and II, the latter including the wording set forth in Provisional Measure 1,740-31, of May 6, 1999).

The Company has duly fulfilled the conditions related to incentives and there are no other contingencies related to these incentives.

24. Share-based compensation

Expenses recorded for employee services during the periods, arising from share-based payment transactions to be settled by delivery of equity instruments, amounted to R$ 4,347 at June 30, 2013 (R$ 10,700 at June 30, 2012).

Stock option plan:

At the Extraordinary General Meeting of April 1, 1999, the stockholders approved the Company's Stock Option Plan (the "Plan"), for its management, employees and service providers (the "Beneficiaries"). The Plan establishes general parameters including the following:

The Board of Directors, at its sole discretion, assigned the administration of the Plan to a Stock Options Management Committee ("Committee"), which is comprised of all Board members and was created exclusively for this purpose. Plan managers are responsible for periodically implementing stock option plans, and establishing, among eligible individuals, those to whom options will be granted and the specific applicable rules, considering the general Plan rules ("Program").

(All amounts in thousands of reais unless otherwise stated)

The volume of stock options is subject to an annual limit of 1.5% of the Company's capital for the granting of options, and up to 5% of the Company's capital stock for the total options granted.

Programs may include two groups of beneficiaries, with different agreement types, herein referred to as "Agreement A" (common to all programs) and "Agreement B" (included from the 2006 Program onwards).

Under "Agreement A", a beneficiary must pay 10% of the share amount, upon execution of the agreement, as a condition for joining the stock option plan, to acquire the right to make annual contributions for the acquisition of 18% of total shares, so that, by the end of the fifth year, the beneficiary will have made contributions for the acquisition of 100% of the shares. The contribution amount (option price) is adjusted by the IGP-M variations.

Agreement B is different from Agreement A in the following respect:

(i) The acquisition of the right to make contributions for share acquisitions changes from 10% on the grant date and 18% in subsequent years, as in 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 the event that a beneficiary of Agreement B is dismissed from the Company without cause, the Committee may, at its discretion, change the acquisition schedule of the right to make contributions for share acquisitions to 18% per year, as per the schedule of Agreement A.

The exercise price is defined by the Committee based on the stock market price. Options granted expire ten years from the vesting date.

The Plan does not provide for the settlement of the options in cash, nor is there a history of this practice by the Company. As a result, the fair value of the options is estimated on the grant date by means of the Black & Scholes option pricing model, considering the applicable terms and conditions under which the options were granted.

The following table shows the number (No.) and weighted average exercise price in Reais (MPPE) of stock options and the corresponding changes for the period:

	2013		2012	
	No.	MPPE	No.	MPPE
Opening balance	11,597,787	12.63	8,310,924	12.73
New grants	-	-	5,490,000	9.30
Lost	(4,010,325)	12.50	(1,383,532)	-
Exercised	(89,095)	10.12	(819,605)	5.11
Closing balance	**7,498,367**	13.35	**11,597,787**	12.63
Vested	-		6,480,503	
Not vested	7,498,367		5,117,284	

(All amounts in thousands of reais unless otherwise stated)

Up to the first semester of 2013, 89,085 shares were exercised, which weighted average price was R$10.05. In 2012, the weighted average price was R$ 9.75.

On August 3, 2009, the Stock Options Management Committee canceled the 2007 and 2008 Programs, and exchanged the options not exercised by plan beneficiaries for options under a new 2009 Program, at a ratio of nine to five. Thus for every nine options included in the canceled tranches (2007 and 2008 Programs), the affected beneficiaries received five 2009 Program options of the same type and class, originating on the same date, with the following characteristics: (i) volume of shares: 6,850,805 shares, of which 1,350,000 are common shares and 5,400,000 are preferred shares, (ii) share price: R$ 2.20, equivalent to R$ 11.00 per Unit, (iii) acquisition of the right to acquire shares restarts from zero (terms related to the 2007 and 2008 Programs are not taken into consideration), and (iv) five year vesting period, 20% p.a.

On February 6, 2012, the Committee approved the 2012 Program, which also differs from the general rule since the beneficiary must contribute 10% of the share amount upon execution of the agreement as a condition of being entitled to the right to purchase shares, and therefore being entitled to make gradual contributions: 5% in the first year, 15% in the second year, 20% in the third year, 25% in the fourth year and 25% in the fifth and last year. Another difference of this Program in relation to the previous ones is that beneficiaries are subject to a lock-in period of two years from each option exercise date.

If the issue of new shares is necessary, the Company records the contributions in its books, based on the individual controls of each beneficiary, as an advance on future capital increases, within equity. Upon approval at a General Meeting, this amount is recorded as capital. For the specific case of contributions of approximately 30% for option acquisitions, the Company records a capital increase from the second base date, in compliance with Law 6,404/76 and subsequent amendments.

The weighted average of the remaining stock option contractual term was 6,43 years at June 30, 2013. The minimum and maximum option exercise prices at June 30, 2013 were R$ 17.40 and R$ 10.23, respectively.

The following table lists the assumptions included in the model used to estimate the latest fair value of the grant options:

	2013
Expected volatility (%)	36.4%
Interest rate free from risk (%)	6% + IGPM
Expected option life (years)	6
Weighted average share price (R$)	11
Pricing model used	Black & Scholes

The expected option life is based on historical data and does not necessarily indicate a pattern of exercise that will actually occur. Expected volatility reflects the assumption that the five year volatility history prior to the grant date indicates a future trend, which may not reflect the actual results.

Restricted Share Option Program

In the meeting held on September 1, 2010, the Committee approved the Restricted Share Option program. This program involved granting options, equivalent to 3,000,000 shares, to a certain group of employees and managers of the Company, on a non-transferable basis, whose exercise was cumulatively subject to: (i) maintaining their employment relationship with the Company through December 31, 2012, (ii) meeting their individual operating goals, and (iii) the Company succeeding in meeting its EBITDA goals.

During the vesting period, 1,056,250 options were lost, and at the end of the period of the subtotal remaining (1,943,750 options), 57.50% were delivered to the beneficiaries according to the Program rules. The exercise price was R$ 0.01 per share. As the exercise price is close to zero, the fair value of each option is equivalent to the market value of the share on the program grant date (R$ 16.50).

In a meeting held on October 23, 2012, the Committee approved the possibility of the outstanding unexercised options based on the EBITDA target for 2012 being restored and exercised by employees and administrators conditioning cumulatively: (i) to maintain their working relationships with the Company until December 31, 2014, (ii) to achieve individual and operational targets, and (iii) the Company achieving its EBITDA targets for 2014.

The exercise price remains R$ 0.01 per share. As the exercise price is close to zero, the fair value of the option, related to the undelivered balance in 2012, is equivalent to the market value ofeach share on the date of this new grant (R$ 9.46).

25. Net finance result

	Parent				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Interest on indebtedness/debentures/sureties	(99,930)	(104,102)	(52,474)	(48,721)	(337,679)	(338,890)	(165,589)	(160,677)
Fines/Interest - Tax/Suppliers/Wagons	(11,247)	(1,060)	(10,583)	4,931	(99,979)	(83,102)	(49,148)	(47,086)
Interest on leases and concessions	-	-	-	-	(118,299)	(119,977)	(59,710)	(61,726)
Customers/PVA/Other	(1,784)	(77)	5,538	(56)	(12,510)	(2,142)	(9,077)	(1,046)
Total finance costs	(112,961)	(105,239)	(57,519)	(43,846)	(568,467)	(544,111)	(283,524)	(270,535)
Income from financial investments	21,610	29,324	9,287	12,565	75,335	78,752	34,642	34,352
Remuneration of debentures	10,467	7,652	5,523	5,653	-	-	-	-
PVA/Other	-	499	(441)	48	883	4,573	(1,499)	2,577
Total finance income	32,077	37,475	14,369	18,266	76,218	83,325	33,143	36,929
Net finance result	(80,884)	(67,764)	(43,150)	(25,580)	(492,249)	(460,786)	(250,381)	(233,606)

26. Earnings (loss) per share

The following table sets forth the earnings per share calculation of the discontinued and continued operations (in thousands, except for the amounts per share):

Continued operations

	Consolidated			
	Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Basic earnings (loss) per share				
Numerator				
Profit (loss) attributed to the Company's stockholders	107,731	168,386	61,955	161,832
Denominator (in thousands of shares)				
Weighted average number of common shares	683,996	682,752	683,996	682,752
Basic earnings (loss):				
Per common share	0.1575	0.2466	0.0906	0.2370
Diluted earnings (loss) per share				
Numerator				
Profit (loss) attributed to the Company's stockholders	107,731	168,386	61,955	161,832
Denominator (in thousands of shares)				
Weighted average number of common shares	683,996	682,752	683,996	682,752
Dilution effect				
Stock options	7,498	15,981	7,498	15,981
Weighted average number of common shares adjusted by the dilution effect	691,494	698,733	691,494	698,733

Diluted earnings (loss):				
Per common share	0.1558	0.2410	0.0896	0.2316

Discontinued operations

	Consolidated			
	Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Basic earnings (loss) per share				
Numerator				
Profit (loss) attributed to the Company's stockholders	(148,152)	(16,788)	(136,307)	(7,871)
Denominator (in thousands of shares)				
Weighted average number of common shares	683,996	682,752	683,996	682,752
Basic earnings (loss):				
Per common share	(0.2166)	(0.0246)	(0.1993)	(0.0115)
Diluted earnings (loss) per share				
Numerator				
Profit (loss) attributed to the Company's stockholders	(148,152)	(16,788)	(136,307)	(7,871)
Denominator (in thousands of shares)				
Weighted average number of common shares	683,996	682,752	683,996	682,752
Dilution effect				
Stock options	7,498	15,981	7,498	15,981
Weighted average number of common shares adjusted by the dilution effect	691,494	698,733	691494	698,733
Diluted earnings (loss):				
Per common share	(0.2142)	(0.0240)	(0.1971)	(0.0113)

27. Segment information

Information per business segment, for the periods ended June 30, 2013 and 2012, is as follows:

Results by business segment

Description	Agricultural commodities (i)		Manufactured products (ii)		Brado		Ritmo/Rodoviário		Total	
	06/30/13	06/30/12	06/30/13	06/30/12	06/30/13	06/30/12	06/30/13	06/30/12	06/30/13	06/30/12
Net revenue	1,305,007	1,113,099	308,817	306,961	133,594	109,956	125,053	115,535	1,872,471	1,645,551
Cost of services	(599,437)	(560,988)	(220,447)	(178,176)	(105,774)	(90,814)	(113,245)	(107,141)	(1,038,903)	(937,119)
Gross profit	705,570	552,111	88,370	128,785	27,820	19,142	11,808	8,394	833,568	708,432
EBIT	558,659	506,114	67,925	109,392	12,145	10,617	8,555	6,073	647,284	632,196

The Company is organized into business units based on the major markets in which it operates. The Company's operations are divided into four business units. TIn Brazil, the two business rail units are:

(i) Agricultural commodities - comprising transportation of products such as soybeans, soy meal, fertilizers, sugar, corn, wheat, rice, among others.

(ii) Manufactured products (railroad and intermodal transportation) - this refers to the transportation of steel products, wood, paper, pulp, food, containers, fuels, vegetable oil, products for civil construction, among others.

Segment performance is assessed based on the operating margin, which, in the table above, differs from that presented in the consolidated financial statements.

The Company's financing and investments (including finance income and costs) and taxes on income are managed at a consolidated level, and are not allocated to operating segments.

During the second quarter, the Argentina rail operations were discontinued. See note 29.

(All amounts in thousands of reais unless otherwise stated)

28. Other operating information

28.1. Other operating income/expenses

Other operating income

	Parent				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Disposal of unusable assets	-	-	-	-	-	82,649	-	81,998
Sales of property and equipment	6,524	8,320	6,524	640	2,911	12,086	2,911	5,368
Other	372	3,788	188	3,602	1,049	-	(2,771)	(125)
Total	**6,896**	**12,108**	**6,712**	**4,242**	**3,960**	**94,735**	**140**	**87,241**

Other operating expenses

	Parent				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Rates	241	13	13	1	3,903	628	2,449	564
Fuels not consumed in operations	6	-	6	-	733	1,230	(2,633)	800
Disposals of property and equipment	-	640	-	640	-	8,428	(420)	8,428
Write-off of unusable assets	-	-	-	-	1,262	80,959	(1,118)	77,880
Other	-	-	-	-	-	231	-	697
Total	**247**	**653**	**19**	**641**	**5,898**	**91,476**	**(1,722)**	**88,369**
	6,649	**11,455**	**6,693**	**3,601**	**(1,938)**	**3,259**	**1,862**	**(1,128)**

28.2. Depreciation, amortization and fuels included in the consolidated statement of operations

	Parent				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Fuels	3	-	3	-	280,284	258,444	159,091	131,874
Outsourced services	7,419	2,082	5,137	2,082	198,435	103,805	101,898	103,805
Depreciation and amortization	29,297	29,937	14,789	14,969	249,467	226,484	118,576	117,452

28.3. Net revenue

	Parent				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Gross revenue	29,134	85,849	11,555	67,228	2,127,311	1,889,701	1,186,898	1,048,854
(-) Deductions (taxes, discounts and cancellations)	(3,111)	(3,095)	(1,089)	(1,355)	(254,840)	(244,150)	(152,406)	(123,983)
Net revenue	**26,023**	**82,754**	**10,466**	**65,873**	**1,872,471**	**1,645,551**	**1,034,492**	**924,871**

29.Discontinued operations

Resolution 436/2013, of June 3, 2013, of the Argentinian Transportation Ministry, establishes the termination of the Concession Agreement for the provision of cargo railroad transportation services corresponding to the National Railroad Network of Argentina, carried out by ALL Central and ALL Mesopotàmica. From the date of termination of the concession agreement, the parent company will present the accounting balances of these subsidiaries as discontinued operations, according to CPC 31/IFRS 5.

At June 30, 2013, the the results from discontinued operations are summarized as follows:

(All amounts in thousands of reais unless otherwise stated)

Results from discontinued operations

	Period ended		Quarter ended	
	06/30/13	06/30/12	06/30/13	06/30/12
Net revenue	93,149	112,398	41,127	64,560
Cost of services rendered	(108,397)	(103,212)	(49,893)	(56,360)
Gross profit (loss)	(15,248)	9,186	(8,766)	8,200
Selling, general and administrative expenses	(142,035)	(10,546)	(135,534)	(5,899)
Finance result	(7,809)	(17,681)	(3,661)	(9,569)
Loss before taxation	(165,092)	(19,041)	(147,961)	(7,268)
Income tax and social contribution	(3,022)	(566)	(1,578)	(375)
Deferred income tax and social contribution	(17)	752	(3,836)	(917)
Non-controlling interests	4,924	400	3,344	(94)
Loss from discontinued operations	(163,207)	(18,455)	(150,031)	(8,654)

Cash flow from discontinued operations

	6/30/2013	6/30/2012
Operating cash flow	(35,876)	(34,711)
Cash flow from investment activities	(10,377)	(25,251)
Cash flow from financing activities	17,199	67,090
Total cash flow	(29,054)	7,128

ALL Central and ALL Mesopotàmica still exist, however, they are unable to carry out the railway operations. Due to the loss of the concessions, ALL Argentina recorded a loss due to the impairment of its property and equipment of R$ 190,765, and wrote off the deferred tax assets recorded in its balance sheet, amounting to R$ 23,772, as well as of other credits of R$ 14,091, which were considered non-performing credits.

Additionally, there has been written-off the credits with related parties that would be converted in additional capital in the amount of R$ 95,930. Such write-off did not generate impact in the consolidated net income

Management has been analyzing alternatives to recover a portion of the investments made. However, to date, there is no expectation of the recovery of these amounts.

There were no asset and liability disposal groups classified as held for sale at June 30, 2013.

30. Insurance - consolidated

At June 30, 2013, the insurance cover established by the Company's management to cover losses and civil liability can be summarized as follows:

(All amounts in thousands of reais unless otherwise stated)

Line	Insurance by event	Amount insured		Duration
Operating railroad risks	Assets - material damage and loss of profits	R$	60,000	9/15/2012 to 9/15/2013
Civil liability - railroad operations	Operations, pollution, employer's liability, vehicles (contingencies) and port activities	R$	10,000	4/30/2013 to 4/30/2014
Railroad cargo insurance	Civil liability of railroad cargo carrier (RCTF-C), railroad risk (RF) - per shipment	R$	2,200	6/30/2012 to 7/31/2013

The scope of work of our independent auditors did not include a review of the adequacy of the insurance coverage. The adequacy was assessed and evaluated by management.

31.Financial instruments

At June 30, 2013, the Company and its subsidiaries had the following financial instruments:

	Carrying amount		Fair value	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Financial assets				
Cash and cash equivalents	1,989,403	2,508,360	1,989,403	2,508,360
Trade receivables	432,627	392,797	432,627	392,797
Intercompany loans receivable	257	850	257	850
Advances and other receivables	240,642	126,817	240,642	126,817
Refundable deposits and restricted amounts	333,516	328,484	333,516	328,484
Total	**2,996,445**	**3,357,308**	**2,996,445**	**3,357,308**

	Carrying amount		Fair value	
Financial liabilities	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Debentures	3,128,362	3,140,354	3,128,362	3,140,354
Intercompany loans payable	3,122	2,786	3,122	2,786
Advances from customers	137,220	149,719	137,220	149,719
Finance leases	1,609,114	1,517,518	1,609,114	1,517,518
Borrowing	3,174,987	3,311,800	3,174,987	3,322,414
Advances on real estate credits	473,026	512,894	473,026	512,894
Trade payables	595,044	513,909	595,044	513,909
Total	**9,120,875**	**9,148,980**	**9,120,875**	**9,159,594**

The fair value of financial assets and liabilities represents the amount for which the instrument could be exchanged between willing parties in an arm's length transaction, rather than in a forced sale or liquidation. The following methods and assumptions were used in the fair value estimates:

- Cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their corresponding carrying amounts, mainly due to the short-term maturities of these instruments.

- The fair values of securities held for trading and debentures are based on the prices quoted at the date of the financial statements. The fair values of instruments not held for trading, bank loans and other financial debts, finance lease agreements, as well as other non-current financial liabilities, are equivalent to their carrying amounts, which correspond to the settlement value.

- The fair value of financial assets available for sale is obtained through market prices quoted in active markets, if any.

- The Company enters into derivative financial instruments with several counterparties, particularly financial institutions with investment grade ratings. Derivatives, which are valued using techniques based on data observable in the market, mainly refer to interest rate swaps and forward foreign exchange agreements. The most frequently used valuation techniques include swap and forward contract pricing models, with present value calculations. Models utilize various data, including counterparty credit quality, forward and spot foreign exchange rates and interest rate curves.

On April 1st, 2013, Vetria formalized the hedge accounting documentation, resulting from the payables royalties in dolars to the previous owners of Vetorial Mineração, as part of the company's purchase price, as far as the mine is depleted. Once the future income will be received in dolars as well, the operation has a natural hedge.

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

Key risk factors for the Company and its subsidiaries in relation to financial instruments are as follow:

a) Credit risk

The Company and its subsidiaries are potentially subject to credit risk on their trade receivables or investments with financial institutions. The procedures adopted to minimize commercial risk include selection of customers through proper credit risk analysis, as well as setting sales limits and short-term maturities of receivables. A provision has been made for the full amount of the estimated losses related to these receivables. As regards short-term investments, the Company and its subsidiaries make it their practice to invest only in low credit-risk financial institutions, according to the risk classifications of recognized ratings agencies. Management sets a maximum limit for investments, according to the equity and risk classification of each institution.

b) Interest rate risk

The Company has certain liabilities subject to floating interest rates, which generate exposure to floating market interest rate risk.

In order to avoid the effects of interest rate fluctuations on the results of the Company, floating to fixed rate swap agreements were made, so as to set fixed interest rates for a portion of the liabilities previously indexed to the CDI. The 3rd issue of debentures of ALL - América Latina Logística Malha Sul S.A., CCB maturing in 2014, the 9th issue of debentures of ALL - América Latina Logística S.A., the 8th issue of debentures of ALL - América Latina Logística Malha Norte and the 8th issue of debentures of LL - América Latina Logística S.A. are now at fixed interest rates. These swaps ensure that the interest rate effect on the Company's profit or loss is mitigated. These instruments are recorded as hedges.

An interest rate risk sensitivity analysis is presented below, showing the estimated effects of changes in scenarios on the profit or loss for the following twelve months, for swaps and corresponding hedged items. Management considered the CDI projection for 2013 as the probable scenario, according to the bank projections available from the Focus Bulletin of the Brazilian Central Bank:

(All amounts in thousands of reais unless otherwise stated)

The effect of exposure to changes in other interest rates is presented in item "d" below.

Interest rate appreciation risk

Operation	Risk	Notional amount	Fair value in 6/30/2013	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
3rd issue debentures	CDI	166,666	11,463	17,159	21,448	25,738
Asset position swap - Counterparty HSBC	Fixed rate	(166,666)	(11,463)	(17,159)	(21,448)	(25,738)
CCB	CDI	90,489	20,224	14,623	17,854	21,085
Asset position swap - Counterparty Santander	Fixed rate	(90,489)	(20,224)	(14,616)	(17,846)	(21,076)
9th issue debentures	CDI	367,590	(2,983)	41,310	50,095	58,881
Asset position swap - Counterparty Morgan Stanley	Fixed rate	(367,590)	2,983	(41,310)	(50,095)	(58,881)
8th issue debentures	CDI	539,160	(4,672)	60,681	73,586	86,492
Asset position swap - Counterparty Santander	Fixed rate	(539,160)	4,672	(60,681)	(73,586)	(86,492)
Net effect on results		**-**	**-**	**700**	**4,991**	**9,282**
References						
Average CDI (p.a.)				9.25%	11.56%	13.88%

The probable scenario relates to the following twelve months, based on bank macroeconomic projections.

Operation	Risk	06/30/13	Probable scenario	+25%	+50%
TAXES PAYABLE IN INSTALLMENTS					
Short-term	CDI	(35,252)	(3,261)	(4,076)	(4,891)
Long-term	CDI	(161,117)	(14,903)	(18,629)	(22,355)
Net effect on results		**(196,369)**	**(18,164)**	**(22,705)**	**(27,246)**
References					
Average CDI (p.a.)			9.25%	11.56%	13.88%

The probable scenario relates to the following twelve months, based on bank macroeconomic projections.

The result of the ineffective portion of the variation in the fair value of hedge instruments is immaterial.

In addition, the effect on profit or loss and equity is approximately the same.

c) Currency risk

This arises from the possibility of incurring losses due to fluctuations in foreign exchange rates, increasing liabilities related to trade payables or supply agreements in foreign currencies, as well as fluctuations reducing the value in Brazilian Reais of investments or other asset balances.

(All amounts in thousands of reais unless otherwise stated)

The Company uses derivative instruments solely to mitigate the effects of foreign exchange losses in Reais through forward purchases of foreign currency. Therefore, the Company takes out "Dollar-Real" swaps at the same amounts and with the same maturities as those items being hedged. The Company regularly monitors its currency risk exposure so as to ensure that the profit or loss on hedge transactions annuls the currency effect on its cash flow.

Below is the currency risk sensitivity analysis, showing the estimated effects of changes in profit or loss scenarios for the following twelve months. Management considered the foreign exchange rates projected for 2013 as the probable scenario, in line with macroeconomic projections.

Foreign currency appreciation risk

Operation	Risk	Notional amount (USD thousand)	Fair value in 6/30/2013	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk - Effect on investments:						
Financial investments	US$	2,219	4,882	111	1,359	2,607
Net effect on financial investments		**2,219**	**4,882**	**111**	**1,359**	**2,607**
Foreign currency appreciation risk - effect on trade payables/imports:						
Long-term trade payables	US$	(44,358)	(4,761)	(4,856)	(59,483)	(114,109)
Asset position swaps by counterparty:						
Counterparty HSBC	US$	35,222	3,641	3,849	47,144	90,440
Counterparty Santander	US$	1,807	143	200	2,452	4,703
Counterparty Itaú	US$	6,248	977	692	8,478	16,265
Net effect on trade payables/imports		**(1,081)**	**-**	**(115)**	**(1,408)**	**(2,702)**
References						
USD/R$				2.25	2.81	3.38

The probable scenario relates to the following twelve months, based on bank macroeconomic projections.

The result of the ineffective portion of the variations in the fair value of hedging instruments is immaterial. In addition, the effect on profit or loss and equity is approximately the same.

d) Net debt finance costs deterioration risk

This risk arises from the possibility of the Company incurring losses due to changes in interest rates and other indexes on its borrowing, which would increase its finance costs, or on its investments, which would reduce its finance income. In the parent company, this risk has an impact on net debt indexed to the CDI (total debt indexed to the CDI, investments indexed to the CDI). In order to partially hedge this exposure, management decided to take out swaps, as mentioned in item "b" of the interest rate risk table. The Company continues to monitor these indexes so as to assess the need to contract derivatives and mitigate the risk of changes in these rates.

Below is the finance costs deterioration sensitivity analysis, showing the estimated effects of changes in profit or loss scenarios for the following twelve months, considering the rates projected for 2013 as being a probable scenario. As alternative scenarios, an increase in rates was simulated, considering that the Company has a net debt position:

(All amounts in thousands of reais unless otherwise stated)

Debt financial charge deterioration risk

Operation	Risk	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES				
CASH				
Investments indexed at CDI	CDI	174,845	218,557	262,268
Fixed income investments	FIXED	-	-	-
Borrowing				
Financing indexed to the TJLP	TJLP	154,073	182,079	210,084
Financing indexed to the CDI	CDI	65,448	80,775	96,103
Financing fixed/floating rates through swaps, as in item b	FIXED / FLOATING	20,919	20,920	20,921
Liability position - Swaps USD X %CDI	CDI	-	-	-
Debentures indexed at CDI	CDI	167,182	200,548	233,914
Debentures fixed through swaps, as in item b	FIXED	125,549	147,236	168,922
IPCA	IPCA	45,636	50,486	55,336
Advances on real estate receivables indexed to the CDI	CDI	54,432	65,506	76,581
References				
Average CDI (p.a.)		9.25%	11.56%	13.88%
TJLP		5.00%	6.25%	7.50%
IPCA		5.73%	7.16%	8.60%

The probable scenario relates to the following twelve months, based on bank macroeconomic projections.

e) CVM Instruction 475

The consolidated position of derivative financial instruments is as follows:

Fair value of transactions with derivative instruments by maturity

Description	REFERENCE VALUE		FAIR VALUE		ACCUMULATED EFFECT (CURRENT PERIOD)	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012	AMOUNT RECEIVABLE / RECEIVED	AMOUNT PAYABLE / PAID
SWAP CONTRACTS:						
NET POSITION						
CURRENCY RISK	US$	US$	R$	R$	R$	R$
[1] MATURITY USD X %CDI:						
4Q12	-	22,318	-	-	-	-
2Q13	-	1,470	-	(12)	-	-
4Q13	3,300	-	556	-	556	-
MATURITY EUR X % CDI:	EUR	EUR	R$	R$	R$	R$
1Q14"	1,378	-	143	-	143	-
INTEREST RATE RISK	R$	R$	R$	R$	R$	R$
[2] FIXED/FLOATING RATES - MATURITY:						
1Q13'	1,890,722	1,890,722	-	(16,812)	-	-
2Q13'	-	107,409	-	(5,109)	-	-
4Q13'	23,653	-	3,641	-	3,641	-
1Q14'	898,836	898,836	7,655	(413)	7,655	-
2Q14'	2,900	-	421		421	-
4Q14'	75,000	75,000	(20,224)	(23,127)	-	(20,224)
1Q18'	150,000	150,000	13,289	19,156	13,289	-
3Q18'	166,667	166,667	(11,463)	(28,836)	-	(11,463)
4Q20'	160,000	160,000	(16,418)	6,129	-	(16,418)
Total	**3,372,456**	**3,472,422**	**(22,399)**	**(49,024)**	**25,705**	**(48,105)**

1 The swap transactions of the USD x % CDI table above are carried out at an average liability position cost of 110% of the CDI and an asset position cost of foreign exchange variations, plus an average spread of 1%.

2 The fair value of derivatives is recorded as current and non-current borrowing, in liabilities, against: i) profit or loss, should the derivatives have no hedging documentation, and ii) carrying value adjustments (Equity), should derivatives have hedging documentation. In the second case, the fair value effect is recorded as borrowing in current liabilities. All derivatives are used as hedges.

We would point out that, at maturity, the negative or positive effects of these transactions are offset against the opposite effects on the asset or liability items whose risks are being hedged against.

The fair values of derivatives were estimated based on foreign exchange rate curves and current BM&F interest rates at June 30, 2013, for future value projections, as well as DI future rates of BM&F to bring this cash flow to its present value. There are no margin deposits or guarantees of any type or amount for any of these derivatives.

The effect on the Company's profit or loss at June 30, 2013 of the hedging of derivative financial instruments is a debit balance of R$ 26,336 (at June 30, 2012 a credit balance of R$ 10,227). Gains and losses from swaps related to the hedge structure recorded in equity amount to a credit balance of R$ 7,823 at June 30, 2013 (a debit balance of R$ 2,139 at June 30, 2012).

f) Fair value estimation

The carrying values (less provision for impairment) of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

The Company adopted CPC 40/IFRS 7 for financial instruments at fair value. The Company uses the following criteria to classify instruments in the hierarchy levels of fair value:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

At June 30, 2013 and 2012, the financial assets and liabilities measured or disclosed at fair value were classified at Level 2 of the fair value hierarchy, as they were determined using information derived by the market for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

g) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed with reference to the historical information regarding the default rates of the counterparties, as described below:

Group 1 - new customers/related parties (less than six months).

Group 2 - existing customers/related parties (more than six months) with no defaults in the past.

Group 3 - existing customers/related parties (more than six months) with some defaults in the past.

(All amounts in thousands of reais unless otherwise stated)

	6/30/13	12/31/12
Accounts receivable		
Counterparties without external credit ratings		
Group 1	317,045	353,567
Group 2	89,042	39,230
	406,087	392,797

32. Private pension plan

The direct subsidiary ALL Malha Oeste sponsors a Benefit Plan with a Multi-sponsored Entity, HSBC Fundo de Pensão. This plan has the predominant characteristics of a defined contribution plan during the reserve accumulation period. The only defined benefit element, in the accumulation period, is equivalent to six months' salary, at the most, paid in the event of death, disability or retirement, calculated according to the formulae and conditions established in the plan's regulations.

Contributions are made, on average, in the proportion of 67% by the sponsor and 33% by active plan participants. Contributions related to minimum benefits are fully made by the sponsor, as defined in an actuarial technical note, and are remeasured on an annual basis through actuarial assessments.

The plan is assessed on an annual basis by an independent actuary. The last actuarial assessment of the plan was made for December 31, 2012. The base date used in the assessment was October 2012.

	6/30/2013	12/31/2012
Participants	39	39
Total assets	10,329	10,329
Actuarial assets	2,892	2,892
Sponsor's contributions (% payroll)	0.89%	0.89%
Participation payroll	792	792

The plan also has a defined benefit portion in the concession phase, whose actuarial liability reflects the 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 8.04% p.a., being fully covered by the Plan's Net Assets, and an actual rate of return on assets of 8.74%, resulting in a return on assets of R$ 970.

The plan has financial coverage of actuarial liabilities, and a surplus of R$ 342 at December 31, 2012. This reserve relates to the remaining balance of the sponsor's contributions, arising from participants leaving the plan who partially redeemed their benefits, and who are no longer eligible for any plan benefits.

33.Subsequent events

On July 8, 2013, the Company through the Notice to Debentures Holders, issued the optional purchase offering of the 8th and 9th Debentures issues, which adhesion date is up to August 30, 2013. In case there is not adhesion to the offering, the current long-term balance of these issues will continued to be presented as noncurrent. The details of all debentures issued by the Company are described in Note 14.

On August, 5, 2013, the subsidiary Brado Logística e Participação S.A. had its shareholders' equity increased by R$ 400,000 through a capital contribution from the new partner Fundo de Garantia do Tempo de Serviço (FI-FGTS), which now holds 22.22222%. With this contribution the previous shareholders were proportionately diluted. The Company now owns 62.22222% share, compared to 80% previously held. The impact of this transaction to Parent will be measured and recognized in the next quarter.

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