ALL - América Latina Logística S.A.
and its subsidiaries
Financial Statements
of December 31, 2009 and 2008
and Independent Auditors Report

INDEPENDENT AUDITORS REPORT

To
the management and shareholders of
ALL – América Latina Logística S.A.
Curitiba – PR

1. We have audited the balance sheets of ALL – América Logística S.A. and the consolidated balance sheets of ALL – América Logística S.A. and subsidiaries drawn up on December 31, 2009 and 2008, and the related statements of income, changes in financial position and cash flows for the periods then ended, as well as the statement of value added corresponding to the year ended December 31, 2008, prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2. Our audits were conducted in accordance with the auditing standards applicable in Brazil and comprised: a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control system of the Company and its subsidiary; b) checking, on a test basis, the evidences and records that support the amounts and accounting information disclosed, and c) evaluating the most significant accounting practices and estimates adopted by the Company's management, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred to in paragraph 1 fairly represent, in all material aspects, the equity and financial position of ALL – América Logística S.A. and the consolidated equity and financial position of ALL – América Logística S.A. and subsidiaries as of December 31, 2009 and 2008, and the results of its operations, the changes in its financial position and cash flows for the years then ended, as well as the value added referring to the year ended December 31, 2008, in conformity with the Brazilian accounting practices.

4. As mentioned in Note 5 (a), on October 20, 2006, indirect subsidiaries América Latina Logística Central S.A. ("ALL Central") and América Latina Logística – Mesopotámica S.A. ("ALL Mesopotámica"), executed, with the Argentine National State "Letters of Understanding", as part of the renegotiation process of its concession agreements. On the issue date of this Report, the Management of the subsidiaries and its counsels understand that the renegotiation process of the agreements has not been concluded yet, due to the absence of approval by the Executive Branch of such country. The main effects of the new contractual system which is being negotiated are also described in Note 5 (a). The subsidiaries estimated the recoverable amount of its permanent assets and taxes recoverable, on December 31, 2009, based on cash flow studies which take into consideration the changes proposed in the "Letters of Understanding" previously mentioned, which the Management of the subsidiaries deem as necessary to comply with its business plans. The recoverability of the amount of permanent assets and taxes recoverable, presently, depend on the approval by the Argentine National Executive Branch of the renegotiation of the concession agreement (previously approved by the "Comisión Bicameral de Seguimiento de Privatizaciones" of such country), and the successful implementation of the business plan developed by the Management. The resolution of these matters is still pending on the date of this Report and, subsequently, the present financial statements do not comprise any adjustment and/or reclassification from the effects that could derive from said uncertainties.

5. As described in Note 7, the indirect subsidiary ALL Central has interrupted the recognition of revenues linked to tolls of “Unidad Ejecutora del Programa Ferroviário Provincial (U.E.P.F.P.)” as from January 2002. This decision is basically founded on the lack of recognition of services rendered by said Unit. In 2004, ALL Central started a demand with the Federal Contentious Administrative Court of the province of Buenos Aires, requiring the payment of toll values referring to the period between 1993 and 1996. Supported by its legal advisors’ opinion, that the collection suit of the amounts filed against U.E.P.F.P. has a relatively high probability of success, the Management did not record provision for losses of the amount receivable recorded at ALL Argentina of approximately R$3,224 thousand (P$4,762 thousand). On the other hand, and due to the agreements executed with the previous shareholders, ALL Argentina records a liability of similar value, due to the obligation of reimbursing 50% of the recovered amounts, referring to tolls incurred in the periods preceding the acquisition date of ALL Central and ALL Mesopotámica. The financial statements described in paragraph 1 do not contemplate possible adjustments or reclassifications that could arise as a result of these discussions.

Curitiba, February 25, 2010

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

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

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

BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In thousands of R$)

		Parent Company		Consolidated	
	Note	12/31/09	12/31/08	12/31/09	12/31/08
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	1,139,520	929,500	2,573,725	2,642,731
Trade accounts receivable	7	32,777	47,111	186,418	154,347
Inventories				80,231	93,660
Credits with congeners				409	2,537
Lease and concessions	8			6,460	6,273
Recoverable taxes and contributions	9	44,723	71,672	277,895	337,120
Deferred income tax and social contribution	10	11,552	14,591	86,446	41,501
Dividends and interest on own capital		34,157	109,906		
Advances and other accounts receivables		5,423	8,019	77,938	36,135
Prepaid expenses		4,310		19,228	6,237
Total current assets		1,272,462	1,180,799	3,308,750	3,320,541
NON-CURRENT ASSETS					
LONG-TERM ASSETS					
Credits receivable from related companies	21	373,083	204,424	783	5,644
Lease and concessions	8			105,276	111,877
Debentures	11	109,691	98,001		
Recoverable taxes and contributions	9	6,599	4,535	315,909	242,267
Deferred income tax and social contribution	10	43,771	44,635	302,959	123,344
Refundable deposits and restricted amounts	20	3,038	1,390	294,386	268,590
Temporary investments				542	503
Advances for future investments			62,641		
Other realizable assets				13,774	15,438
Prepaid expenses				8,860	11,384
		536,182	415,626	1,042,489	779,047
PERMANENT ASSETS					
Investments	12	3,596,202	2,719,343	5,266	6,287
Intangible assets	13	1,509	843	2,561,898	2,721,307
Fixed assets	14	67,939	76,377	5,250,167	4,724,246
Deferred charges	15			206,404	214,146
		3,665,650	2,796,563	8,023,735	7,665,986
Total non-current assets		4,201,832	3,212,189	9,066,224	8,445,033
TOTAL ASSETS		5,474,294	4,392,988	12,374,974	11,765,574

The notes are an integral part of the financial statements.

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

BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In thousands of R$)

	Note	Parent Company		Consolidated	
		12/31/09	12/31/08	12/31/09	12/31/08
LIABILITIES					
CURRENT LIABILITIES					
Suppliers		12,622	144,561	552,290	986,844
Loans and financings	16	6,457	12,918	418,934	375,200
Debentures	17	32,139	199,574	71,197	261,368
Tax liabilities		5,288	4,071	96,042	214,057
Debt with congeners				2,875	11,469
Lease and concessions	19			24,639	25,268
Labor and social security liabilities				35,021	81,045
Advance from clients		23,584	32,047	67,638	78,002
Leasing	18			143,264	128,817
Tax and social security installments	25	434		64,233	18,844
Other accounts payable				4,080	10,254
Deferred income	24			2,065	2,203
Real Estate Credit Advances	23	10,950	14,420	173,184	63,833
Dividends and interest on own capital		7,873	42,210	7,996	42,333
Total current liabilities		99,347	449,801	1,663,458	2,299,537
NON-CURRENT LIABILITIES					
Loans and financings	16	262,156	261,721	2,455,867	2,518,286
Debentures	17	741,940	897,192	1,653,906	1,780,036
Debts payable from related companies	21	407,794	146,783	579	844
Provision for contingencies	20			208,576	297,964
Lease and concessions	19			959,870	855,826
Advances from clients				1,112	8,767
Provision for unrealized profit	22	13,361	14,105		
Leasing	18			931,347	750,824
Tax and social security installments	25	4,793		124,948	109,441
Real estate credit advances	23	106,812	117,761	499,272	558,709
Other long-term liabilities				11,289	43,738
Provision for unsecured liabilities in subsidiaries	12	20,828	7,680	4,651	768
Deferred income	24			24,448	26,375
Total non-current liabilities		1,557,684	1,445,242	6,875,865	6,951,578
Minority interest in subsidiaries				19,422	18,926
SHAREHOLDERS' EQUITY					
Capital stock	26	3,433,941	2,141,413	3,433,941	2,141,413
Capital reserve		(9,482)	(73,014)	(9,482)	(73,014)
Profit reserve		405,441	395,573	405,441	395,573
Accumulated profit (losses)				(1,034)	(2,412)
Assets adjustments		(12,637)	25,830	(12,637)	25,830
Advance for future capital increase			8,143		8,143
Total shareholders' equity		3,817,263	2,497,945	3,816,229	2,495,533
TOTAL LIABILITIES		5,474,294	4,392,988	12,374,974	11,765,574

The notes are an integral part of the financial statements.

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

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In thousands of R$)

		Parent Company		Consolidated	
	Note	12/31/09	12/31/08	12/31/09	12/31/08
Gross revenue from services					
Provision of cargo transportation services and other		611,388	505,047	2,814,802	2,834,462
Gross revenue deductions, mainly taxes (ICMS, ISS, PIS and COFINS)		(72,588)	(59,936)	(343,139)	(325,236)
Net revenue from services		538,800	445,111	2,471,663	2,509,226
Cost of services provided		(433,477)	(347,653)	(1,594,764)	(1,407,276)
Gross profit		105,323	97,458	876,899	1,101,950
Income from shareholding					
Equity accounting	12	173,761	200,854	(1,020)	(352)
Reversal (provision) for unsecured liabilities in subsidiaries	12	(11,894)	(8,465)	(2,250)	
Goodwill amortization in subsidiaries	13	(107,888)	(7,314)	(130,296)	(21,101)
Gain/loss in investments	12	(4,356)	(39,576)	(5,808)	(305)
		49,623	145,499	(139,374)	(21,758)
Other operating income (expenses)					
Selling		(143)	(2,211)	(7,233)	(15,398)
General and administrative		(11,608)	(12,226)	(116,153)	(114,660)
Other operating income (expenses), net		1,236	(4,308)	15,199	447
		(10,515)	(18,745)	(108,187)	(129,611)
Operating income before financial income		144,431	224,212	629,338	950,581
Financial expenses	29	(183,654)	(179,429)	(1,096,883)	(1,027,134)
Financial income	29	74,774	144,236	249,726	263,579
		(108,880)	(35,193)	(847,157)	(763,555)
Operating profit before taxes and minority interest		35,551	189,019	(217,819)	187,026
Provision for income tax and social contribution	28	(4,710)	(8,490)	(42,028)	(46,820)
Deferred income tax and social contribution	28	(566)	(5,181)	296,851	35,241
		(5,276)	(13,671)	254,823	(11,579)
Minority interest in subsidiaries				(5,351)	1,279
Net income for the period		30,275	175,348	31,653	176,726
Number of shares at the end of the period (in thousands)		3,437,512	2,884,178	3,437,512	2,884,178
Net income per one thousand shares at the end of the period - R$		8.8072	60.7965	9.2081	61.2743

The notes are an integral part of the financial statements.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In thousands of R$)

	Realized Capital Stock		Capital reserve				Profit Reserve					Other		
	Subscribed	Payable	Treasury Shares	Debentures Funding Cost	Recognized Granted Options	Goodwill in the issue of shares	Legal	Tax Incentives	For Investments	Retained Earnings	AFAC	Adjustment to assets	Accumulated Translation Adjustments	Total
Balance on December 31, 2007	**2,152,711**	**(11,298)**	**(27,343)**		**31,516**	**32**	**31,338**		**395,725**	**(160,836)**	**1,335**			**2,413,180**
Net income (loss) for the year										175,348				175,348
Allocations														
Dividends										(41,646)				(41,646)
Other allocations							8,767		(38,336)	29,569				
Capital payment	627	(627)												
Delara debt payment			71,410						(4,355)					67,055
Purchase of own shares			(168,395)											(168,395)
Effect of assets adjustments in subsidiaries								2,434		(2,435)		(1,368)	7,399	6,030
Investment foreign exchange variation												16,141		16,141
Equity adjustments - Law 11.638													3,658	3,658
Stock options:														
Reserve for options granted					19,766						6,808			26,574
Deferred income tax and social contribution - Law 11,638 (effect in subsidiaries)														
Balance on December 31, 2008	**2,153,338**	**(11,925)**	**(124,328)**		**51,282**	**32**	**40,105**	**2,434**	**353,034**		**8,143**	**14,773**	**11,057**	**2,497,945**
Net income (loss) for the year										30,275				30,275
Allocations														
Dividends										(7,190)				(7,190)
Other allocations							1,514			(1,514)				
Investment foreign exchange variation												(32,915)		(32,915)
Deferred effect of mark-to-market of hedge operations													7,167	7,167
Mark-to-market of investment held for sale													(12,719)	(12,719)
Capital increase from debentures conversion	1,292,528													1,292,528
Cost of funding capitalized debentures				(19,439)										(19,439)
Reserve for tax incentive								27,517	(5,946)	(21,571)				
Stock options:														
Reserve for options granted					20,181									20,181
Exercised options			67,172		(4,382)				(37,345)		(8,143)			17,302
Deferred income tax and social contribution - Law 11,638 (effect in subsidiaries)									24,128					24,128
Balance on December 31, 2009	**3,445,866**	**(11,925)**	**(57,156)**	**(19,439)**	**67,081**	**32**	**41,619**	**29,951**	**333,871**			**(18,142)**	**5,505**	**3,817,263**

The notes are an integral part of the financial statements.

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

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In thousands of R$)

	Parent Company		Consolidated	
	12/31/09	12/31/08	12/31/09	12/31/08
Operating activities				
Net income for the year	30,275	175,348	31,653	176,726
Expenses (income) that do not affect cash and cash equivalents				
Depreciation and amortization	8,496	14,252	391,819	339,601
Equity accounting	(173,761)	(200,854)	1,020	352
Provision for unsecured liabilities	11,894	8,465	2,249	
Goodwill amortization	107,888	7,314	130,296	21,101
Deferred income tax and social contribution	566	5,179	(296,851)	(42,655)
Provision for unrealized profit	(744)	(744)		
Realization of deferred revenues			(2,065)	9,397
Exchange variation and charges on financings and debentures	(41,469)	283,494	(28,448)	(59,876)
Stock Options	5,072	4,374	20,181	19,763
Minority interest			5,351	(1,155)
	(51,783)	296,828	255,205	463,254
Increase (decrease) in asset accounts				
Trade accounts receivable	14,334	(46,035)	(32,070)	(16,029)
Storehouse		130	13,429	(30,729)
Recoverable taxes	28,222	(20,180)	57,874	(264,399)
Dividends and interest on own capital	75,749	(76,747)		
Other assets	29,904	(61,888)	(55,405)	(30,005)
	148,209	(204,720)	(16,172)	(341,162)
Increase (decrease) in liabilities account				
Suppliers	(131,939)	125,442	(434,554)	302,991
Payroll and social charges			(46,024)	47,235
Taxes, fees and contributions	6,444	2,837	(57,120)	29,213
Lease and concessions payable			103,415	294,771
Other liabilities	(7,917)	(15,050)	(10,893)	(160,072)
	(133,412)	113,229	(445,176)	514,138
Operating cash generation (use)	(36,986)	205,337	(206,143)	636,230

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

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In thousands of R$)

	Parent Company		Consolidated	
	12/31/09	12/31/08	12/31/09	12/31/08
Investment Activities				
Acquisition (increase) of interest	(843,764)	355,083		776
Acquisition of fixed assets	(86)	(87,499)	(716,827)	(621,919)
Inventories in fixed inversion			(66,320)	(14,546)
Leasing			(167,774)	(165,639)
Cash generated by (used in) investment activities	(843,850)	267,584	(950,921)	(801,328)
Financing activities				
Financing				
Funding	2,565	179,264	426,025	2,133,193
Amortization	(316,683)	(2,006)	(885,209)	(1,189,313)
Capital increase and AFAC	1,291,507	6,808	1,291,507	6,808
Asset adjustments		41,221		25,832
Share repurchase		(101,340)		(101,340)
Leasing			297,263	165,638
Dividends and interest on own capital	(41,528)	(51,287)	(41,528)	(51,287)
Related parties	154,995	124,188		2,452
Cash generated by (used in) financing activities	1,090,856	196,848	1,088,058	991,983
Cash and cash equivalents increase (reduction)	210,020	669,769	(69,006)	826,885
Cash and cash equivalents initial balance	929,500	259,731	2,642,731	1,815,846
Cash and cash equivalents final balance	1,139,520	929,500	2,573,725	2,642,731
Cash and cash equivalents increase (reduction)	210,020	669,769	(69,006)	826,885

The notes are an integral part of the financial statements.

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

STATEMENTS OF ADDED VALUE FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(In thousands of R$)

	Parent Company		Consolidated	
	12/31/09	**12/31/08**	**12/31/09**	**12/31/08**
Revenues				
Sale of services	539,742	446,857	2,483,358	2,515,948
Other revenues	1,276	4,437	294,049	243,797
Allowance for doubtful accounts - Reversal/(Recording)	(260)	(500)	(858)	(8,247)
	540,758	**450,794**	**2,776,549**	**2,751,498**
Inputs acquired from third parties				
Cost of services sold	(425,648)	(339,704)	(751,258)	(636,039)
Materials, energy, outsourced services and other	(5,478)	(16,244)	(264,184)	(157,758)
Assets losses/recovery	(117,512)	(47,424)	(220,436)	(133,778)
Other	(8)	(273)	(12,457)	(6,453)
	(548,646)	**(403,645)**	**(1,248,335)**	**(934,028)**
Gross value added	**(7,888)**	**47,149**	**1,528,214**	**1,817,470**
Depreciation, amortization and depletion	(8,633)	(6,988)	(368,594)	(318,738)
Net value added produced by the entity	**(16,521)**	**40,161**	**1,159,620**	**1,498,732**
Value added received in transfer				
Equity accounting	161,867	192,390	(3,270)	(352)
Financial revenues	74,774	142,964	249,726	257,402
	236,641	**335,354**	**246,456**	**257,050**
Total value added to distribute	**236,641**	**375,515**	**246,456**	**1,755,782**
Distribution of value added				
Personnel				
Direct compensation		2,434	144,146	330,514
Benefits		4,376	21,156	50,371
FGTS			7,686	6,898
		6,810	**172,988**	**387,783**
Taxes, charges and contributions				
Federal	5,476	13,703	(217,528)	47,910
State			16,973	16,909
Municipal	5,460	40	17,197	1,593
	10,936	**13,743**	**(183,358)**	**66,412**
Third party capital remuneration				
Interest	178,036	186,200	1,081,792	1,013,671
Rentals	873	414	297,134	108,635
	178,909	**186,614**	**1,378,926**	**1,122,306**
Own capital compensation				
Interest on own capital		(7,000)	516	3,834
Dividends	7,190	41,645	7,190	41,645
Retained earnings	23,085	133,703	24,463	135,081
Minority interest in retained earnings			5,351	(1,279)
	30,275	**168,348**	**37,520**	**179,281**
Total distributed value added	**220,120**	**368,705**	**1,406,076**	**1,755,782**

The notes are an integral part of the financial statements.

(In thousands of Reais, except when stated otherwise)

1 Operations

a) The Company

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

The Company's main corporate objectives are:

- to hold interest in other companies, ventures and consortia, the purpose of which is related to transportation services, including rail transportation;
- to perform activities relating to transportation services, such as logistics, intermodal transportation, port operations, movement and storage of goods, operation and administration of storage warehouses and general warehouses;
- to acquire, lease or lend locomotives, wagons and other rail equipment to third parties;

On May 31, 2004, ALL joined the Special Corporate Governance Practices - Level 2 implemented by the São Paulo Stock Exchange (BOVESPA), where its shares are traded.

The Company operates rail transportation in Southern Brazil through ALL – América Latina Logística Malha Sul, and in the Central West region and State of São Paulo through the subsidiaries, ALL – América Latina Logística Malha Paulista, ALL – América Latina Logística Malha Norte and ALL – América Latina Logística Malha Oeste S.A. It operates in Argentina through its subsidiary ALL - América Latina Logística – Argentina S.A. (ALL Argentina), holding company of ALL - América Latina Logística - Central S.A. (ALL Central) and ALL - América Latina Logística - Mesopotámica S.A. (ALL Mesopotámica), and also provides road transportation services in Brazil through ALL - América Latina Logística Intermodal S.A. (ALL Intermodal).

Concession terms are as follows:

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

All companies comprising ALL Group are listed in Note 4.

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

Santa Fé Vagões S.A., on August 11, 2005, the Company and Millinium Investmentos Ltda. ("Millinium"), subsidiary of the Indian company Besco Engineering and Services Private Limited, executed some agreements to establish Santa Fé Vagões S.A. Its corporate purpose is manufacture, maintain, sell, and trade items and services related to rolling stocks, rail systems, traction equipment, trails, signaling, and mechanical equipment related to rail activities, in addition to its parts and components, as well as the import, export, purchase, sale, distribution, lease, rental and loan of railcars, machinery, equipment and inputs related to rail activities.

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

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

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

The concession agreements of these subsidiaries may be terminated in view of the following events: expiration of the contractual term; expropriation; forfeiture; termination; annulment and bankruptcy; or extinguishment of the concessionaire.

The main impacts of the extinguishment of any of the concessions would be as follows:

- all rights and privileges transferred to the Companies will return to the Federal Government, together with leased assets and those resulting from investments that are considered reversible by the Federal Government for being necessary to the continuous rendering of services under the concession.

- the assets considered reversible will be indemnified by the Federal Government at the residual cost value, calculated in accordance with the accounting records of the Companies, net of depreciation; this cost will be subject to technical and financial analyses by the Federal Government. Any and all improvements made to the permanent track superstructure will not be considered as investments for indemnification purposes.

c) Corporate restructuring

ALL's management approved a corporate restructuring aiming to adjust and optimize the Company's operational and corporate structure. The process started in December 2007 and was partially accomplished during 2008.

The phases that have already been concluded, as well as the companies involved, are described in detail in Note 1c to the financial statements for that period.

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

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

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

Based on the Protocol and Justification of Total Split-off and on the financial appraisal report issued by a specialized company, Multimodal's split shareholders' equity was R$547,133, and each split portion was distributed as follows:

(i) The overall amount of Multimodal's net assets split and merged into ALL Malha Oeste was R$119,182, corresponding to R$74,117 once the interest held by Multimodal in ALL Malha Oeste was excluded.

(ii) The overall amount of Multimodal's net assets split and merged into ALL Malha Paulista was R$32,544, corresponding to R$174,016 once the interest held by Multimodal in ALL Malha Paulista was excluded.

(iii) The overall amount of Multimodal's net assets split and merged into ALL Malha Norte was R$395,406, corresponding to zero once the interest held by Multimodal in ALL Malha Norte was excluded.

All the net assets were appraised at book value based on the elements contained in the Company's financial statements as of November 30, 2009, as stated in the financial appraisal report, duly adjusted to reflect the subsequent material events that took place between the split-off reference date and the appraisal date.

(In thousands of Reais, except when stated otherwise)

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

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

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

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

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

2 Summary of the Main Accounting Practices

The accounting practices adopted by the Company in the preparation of these financial statements were:

2.1. Determination of income

The selling revenues are being presented gross, that is, they include taxes and discounts levied on them, which are presented as write-down to revenues. The operations income is determined according to the accrual basis of accounting for the year. Service selling revenue is recognized in the result when its value may be reliably measured. All risks and benefits inherent to services are transferred to the borrower. Revenue is not recognized if there is a significant doubt regarding its realization. The input over services carried out is included in the cost of the service rendered. Interest revenues and expenses are recognized by the effective interest rate method in the item financial revenues/expenses.

2.2. Translation of balances stated in foreign currency:

2.2.1. Functional currency and financial statements presentation currency:

The Company's functional currency is the Real, the same currency for the preparation and presentation of the parent company's (Company) and consolidated financial statements. The financial statements of each subsidiary included in the Company's consolidation and those used as basis for investment evaluation by the equity method of accounting are prepared based on the functional currency of each entity. Concerning subsidiary ALL Argentina, the

Management concluded that since this company is administratively, financially and operationally independent, it is not characterized as an extension of the commercial activities of the parent company in Brazil and was not treated as a Company's branch. Thus, its assets, liabilities, revenues, expenses and cash flows are not considered in Reais and are not distributed, line by line, in the financial statements of the parent company. The effects of its operations are recognized in the parent company by equity accounting. The functional currency of the aforementioned subsidiary is the Argentine Peso (P$). For the consolidation of the financial statements, the balance sheet of said subsidiary was translated using the Argentine Peso (P$) quotation on the year's closing date and the average monthly quotation of the Argentine Peso (P$) was used to translate its results, and the effects of such exchange rate variation on the initial investment of each year were allocated to the "Adjustments to currency translation" account, under Shareholders' Equity. For the subsidiaries Boswells S.A. and Overseas S.A., the Management concluded that they are not independent from the Parent Company's operations and, therefore, should adopt the Real as functional currency and should be consolidated in the Parent Company's financial statements. However, this procedure was not adopted on December 31, 2009 and 2008, since its effects were not relevant.

2.2.2. Transactions stated in foreign currency:

The monetary assets and liabilities stated in foreign currency are translated to the functional currency, using the exchange rate prevailing on the date of the respective balance sheets. The gains and losses resulting from the restatement of these assets and liabilities verified between the exchange rate prevailing on the transaction date and the end of the years are recognized as financial revenues or expenses in the result.

2.3. Financial instruments

Financial instruments are only recognized as from the date in which the Company becomes part of the contractual provisions of the financial instruments. Once recognized, they are initially recorded at their fair value plus the transaction costs that are directly attributable to their acquisition or issue, except in cases of financial assets and liabilities classified in the category at fair value through the result, in which such costs are directly recorded in the year's result. Its subsequent measurement occurs on each balance sheet date, according to the rules established for each classification type of financial assets and liabilities.

2.3.1. Financial assets

Financial Assets are classified among the categories below, according to the purpose to which they were acquired or issued:

a) Financial assets measured at fair value through the result: they include held-for- trading financial assets and assets stated in the initial recognition at fair value through the result. They are classified as held-for-trading if originated with the purpose of selling or repurchasing in the short-term. Derivatives are also classified as held-for-trading, except for those set as hedge instruments. On each balance sheet date they are measured at their fair value. Interests, monetary restatement, exchange rate variation and variations from fair value valuation are recognized in the result when included in line of financial revenues or expenses.

b) Held-to-maturity investments: non-derivative financial assets with fixed or determinate payment with defined maturities to which the Company has the intention and the ability to hold to maturity. After initial recognition they are measured by the amortized cost by the effective interest rate method. This method uses a discount rate that, when applied to estimated future receivables, throughout the expected effectiveness of the financial instrument, results in the net book value. Interests, monetary restatement, exchange rate variation, less impairment, when applicable, are recognized in the result when incurred in the line of financial revenues or expenses.

c) Loans granted and receivables: non-derivative financial assets with fixed or determinable payment but not quoted in active market. After the initial recognition, they are measured by the amortized cost by the effective interest rate method. Interests, monetary restatement, exchange rate variation, less impairment, when applicable, are recognized in the result when incurred in the line of financial revenues or expenses.

d) Available-for-sale: Financial assets that are not qualified in the categories 2.3.1.a. to 2.3.1.c. above. On each balance sheet date they are measured by their fair value. Interests, monetary restatement, exchange rate variation, less impairment, when applicable, are recognized in the result when incurred, and the variations arising from the difference between the investment value restated by the contractual terms and the valuation to fair value are recognized in shareholders' equity in the account of adjustment to asset valuation while the asset is not realized, being reclassified to the result after the realization, net of tax effects.

Main financial assets recognized by the Company are: cash and cash equivalents, financial investments, securities and trade accounts receivable.

2.3.2. Financial liabilities

Financial Liabilities are classified among the categories below, according to the nature of the contracted or issued financial instruments:

a) Financial liabilities measured at fair value through the result: they include financial liabilities usually traded before maturity, liabilities set in the initial recognition at fair value through the result and derivatives, except for those set as hedge instruments. On each balance sheet date, they are measured by their fair value. Interests, monetary restatement, exchange rate variation and fair value valuation variation, when applicable, are recognized in the result when incurred.

b) Financial liabilities not measured at fair value: non-derivative financial liabilities that are not usually traded before maturity. After the initial recognition, they are measured by the amortized cost by the effective interest rate method. Interests, monetary restatement, exchange rate variation, when applicable, are recognized in the result when incurred.

The main financial liabilities recognized by the Company are: accounts payable to suppliers, unrealized gains and losses in transactions with derivatives, loans and financing and debentures.

2.3.3. Market value

The market value of financial instruments actively traded on organized markets is determined based on the values quoted in the markets on the balance sheet closing date. If there is no active market, the market value is determined by means of evaluation techniques. These techniques include the use of recent market transactions between independent parties, reference to similar financial instruments market value, analysis of the discounted cash flows and other evaluation models.

2.4. Cash and cash equivalents

They include cash, positive balances in checking account, financial investments redeemable within 90 days and with risk of change of its market value only in the application with pre-fixed rates. Most of the financial investments included in cash equivalents are classified in the category "available for sale". The profitability conditions of these investments are presented in Note 6.

2.5. Trade accounts receivable

They are presented at realization values, and trade accounts receivable in the foreign market are restated based on the exchange rate effective on the financial statement date. A provision was recorded in an amount deemed sufficient by the Management for doubtful credits and takes into account the client portfolio profile, the economic scenario and specific risks. Information related to accounts receivable and provision for doubtful accounts are stated in Note 7.

2.6. Inventories

Assessed at acquisition average cost, not exceeding their market value. Provisions for low turnover or obsolete inventories are recorded by the Management when deemed necessary.

2.7. Lease and concessions

The Company and its subsidiaries adopt the practice of acknowledging its commitments related to Lease and Concession agreements in a linear monthly pattern. Therefore, the appropriated installments are written-off when paid. Total amounts owed pegged to these agreements are not fully registered (recording of assets and liabilities), as alternative set forth by the current Brazilian accounting practices.

The amounts prepaid at the beginning of the Concessions were linearly allocated to the income by the agreement terms. Charges recorded in the income during the grace period of agreements are held as obligations payable and are written-off as the current installments are paid.

2.8. Investments

Investments in subsidiaries and direct and affiliated companies (in which the Company has material influence) are evaluated by the equity accounting method (Note 12). The other permanent investments are recorded at acquisition cost less provision for depreciation, when applicable.

2.9. Fixed assets

Recorded at the acquisition, formation or construction cost (including interest and other financial charges linked to projects or constructions). The asset depreciation is calculated based on the straight-line method to the rates mentioned in Note 14 and considers the estimated economic useful life of the assets. The capitalized financial charges are depreciated considering the same criteria and useful life determined for the fixed item which were incorporated. The fixed assets are net of PIS/COFINS and ICMS credits and the counter-entry is recorded under recoverable taxes and contributions.

Expenses incurred with maintenance and repair are only accounted for if the economic benefits associated to these items are probable and the values reliably measured, whereas other expenses are directly registered in the result when incurred.

2.10. Leasing

The financial leasing contracts are recognized in fixed assets and in leasing liabilities, by the lowest between the present value of the contracted minimum mandatory installments and the assets fair value, plus, when applicable, direct initial costs incurred in the transaction. The amounts recorded in fixed assets are depreciated by the lowest term between the estimated economic useful life of the assets and the estimated term of the leasing contract. Implicit interest in liabilities recognized from loans and financings are appropriated to result according to the contract's effectiveness according to the effective interest rate method. Operating leasing contracts are recognized as expenses under a systematic basis that represents the period in which the benefits over leasing assets are obtained, even if such payments are not made under this same basis.

2.11. Intangible assets

Intangible assets separately acquired are measured in the initial recognition at acquisition cost and, after that, less accrued amortization and impairment, when applicable.

The goodwill recorded upon the acquisition of subsidiaries that hold concession agreements, and that has as economic fundament expectations of future profitability, are amortized over the remaining concession term, on a straight-line basis or based on the curve of future economic benefits generation (see Note 13). Impairment tests are conducted annually (on December 31) and whenever circumstances indicate book value impairment. Goodwill impairment is determined by means of appraising the recovery amount of each cash-generating unit (or group of cash-generating units) to which the goodwill refers. When the recoverable amount of the cash-generating unit is lower that its book value, the impairment is recognized. Goodwill impairments cannot be reversed in future periods.

Intangible assets with defined useful life are amortized according to their estimated economic useful life and, when impairment indicators are identified, they are submitted to an impairment test.

2.12. Provision for assets recovery

The Management annually revises the net book value of the assets aiming at evaluating events or changes in economic, operating or technological circumstances that can indicate impairment. When such evidences are identified, and the net book value exceeds the recoverable value, it is created a provision for deterioration, adjusting the net book value to the recoverable value. These losses, if recognized, are classified in the income statement in the expense categories consistent with the purpose of the affected asset.

(In thousands of Reais, except when stated otherwise)

2.13. Deferred assets

Deferred assets existing at the adoption of Law 11,638/07 continue to be amortized and are tested for impairment annually on December 31, individually or at the cash-generating unit level, depending on the case, and whenever circumstances indicate book value impairment.

2.14. Advances for future capital increase

The Company records the amounts related to advances for future capital increase, received from participants of the Stock option plan described in Note 27, in shareholders' equity account, considering the control and expectation that the Company has for resolution on conversion of advances in capital increase.

2.15. Other assets and liabilities

A liability is recognized in the balance sheet when the Company has a legal liability or recorded as a result of a past event, and it is probable that an economical resource be required for its settlement. The provisions are recorded considering the best estimated of the risk involved.

The indirect subsidiary ALL Malha Oeste sponsors a private pension plan with the company HSBC Pension Fund (Note 32). The plan is annually revised by an independent actuary, the last version was completed on October 31, 2009.

An Asset is recognized in the balance sheet when it is probable that its future economical benefits will be generated in behalf of the Company and its cost or value can be safely measured.

The assets and liabilities are classified as current when their realization or settlement is probable to occur in the next twelve-month period. If not, they will be stated as non-current.

2.16. Taxation

Selling revenues from operations performed in Brazil are subject to the following taxes and contributions, at the following basic rates:

Taxes/Contribution			Rate (%)
PIS	-	Social Integration Program	1.65
COFINS	-	Tax for Social Security Financing	7.60
ICMS	-	Value Added Tax on Sales and Services	From 7 to 17

These charges are presented as sales deductions in the statement of income. The credits deriving from the non-cumulativity of PIS/COFINS are presented minus of the cost of services rendered in the statement of income. Debts deriving from the financial revenues and the credits from financial expenses are presented deductively in these lines of the statement of income.

Taxation on profit of companies headquartered in Brazil comprises the income tax and social contribution. Income tax is calculated on the taxable income at the 15% rate, increased of a 10% additional for profits that exceed R$240 in the 12-month period, whereas the social contribution is calculated at the 9% rate on the taxable income, recognized by the accrual method of accounting. Therefore, inclusions of expenses to the book profit, temporarily non-deductible, or revenue exclusions, temporarily non-taxable, considered for determination of the current taxable income generate deferred taxable credits or debits.

Certain subsidiaries record the provision for income tax and social contribution on net income, adopting the taxable income computed based on a percentage of gross sales or the taxation rules of the countries where these are located.

Prepayments or amounts subject to offset are stated in the current or non-current assets, according to the estimate of its realization.

Deferred tax credits arising from tax loss or negative basis of social contribution are only recognized to the extent that a positive tax basis is likely to exist for a period of up to 10 years to which the temporary differences can be used. Some subsidiaries present a history of recurring losses and, therefore, do not comply with criteria which rule the recognition of tax credits of such type, which are only recognized when their benefits are used. The potential tax credit unrecognized in the financial statements is disclosed in Note 10.

2.17. Governmental subsidies and assistances

Governmental subsidies and assistances are recognized when there is reasonable assurance that the conditions set forth by the authority were complied with and that they will be obtained. These subventions are recorded as revenue in income for the period necessary to compare with the expenses the governmental subsidies or assistance intend to offset and subsequently, these are allocated to the tax incentive reserve in shareholders' equity.

2.18. Share-based payments

The Company's main executives and managers receive a portion of their compensation as share-based payment settled upon the delivery of shares. The costs of these transactions are initially recognized in the result during the period in which the services were received in return of the "options granted recorded in the shareholders' equity" account, and measured by its fair value in the moment when the compensation programs are granted.

2.19. Adjustment to present value of assets and liabilities

The long-term monetary assets and liabilities are adjusted to its present value, and the short-term ones, when their effect is deemed material regarding the financial statements considered together. The adjustment to present value is calculated considering the contractual cash flows and the express interest rate, and in certain cases implied, of the respective assets and liabilities. Thus, the interests implicit in revenues, expenses and costs associated to these assets and liabilities are discounted aiming at recognizing them according to the accrual basis of accounting. Later, these interests will be reallocated to the lines of financial expenses and revenues in the result through the use of the effective interest rate method in relation to contractual cash flows. The implied interest rates applied were determined based on assumptions and are considered accounting estimates.

2.20. Accounting estimates

They are used for measuring and recognizing certain assets and liabilities of the Company's and its subsidiaries' financial statements. To determine theses estimates were considered experiences from past and current events, assumptions related to future events and other objective and subjective factors. Relevant items subject to estimates include: the selection of the useful lives of fixed and intangible assets; provision for doubtful accounts; provision for inventory losses; provision for investment losses; fixed and intangible assets value recovery analysis; deferred income tax and social contributions; rates and terms applied for determining the adjustment to present value of certain assets and liabilities; provision for contingencies; measuring the fair value of share-based compensation and of financial instruments; the considerations on the recognition and measurement of the development costs capitalized as intangible assets and estimates for disclosing the sensitivity analysis chart of financial instruments deriving pursuant to CVM Rule n° 475/08. The settlement of the transactions involving these estimates may result in amounts significantly conflicting with those recorded in the financial statements due to inaccuracies inherent to the process of its determination. The Company revises its estimates and assumptions at least quarterly.

2.21. Statements of cash flow and value added

The statements of cash flow were prepared and are presented according to CVM Resolution 547 of August 13, 2008, which approved the accounting pronouncement CPC 03 – Statement of cash flows, issued by the Accounting Pronouncement Committee (CPC). The statements of value added were prepared and are presented according to CVM Resolution 557 of November 12, 2008, which approved the accounting pronouncement CPC 09 – Statement of Value Added, issued by the CPC.

For comparison purposes, the lines of stock options and dividends paid were reclassified in cash flow for 2008.

3 Preparation and Presentation Basis of the Financial Statements

The authorization for completing the preparation of these financial statements took place at the board of executive officers' meeting held on February 10, 2010.

The financial statements were prepared based on the accounting practices adopted in Brazil and on the rules of the Brazilian Securities and Exchange Commission (CVM), complying with the accounting guidelines from the corporate law (Law 6404/76) which include the new provisions introduced, amended and revoked by Law 11,638 of December 28, 2007 and by Law 11,941, of May 27, 2009. The financial statements should be analyzed along with those of fiscal year ended December 31, 2008.

(In thousands of Reais, except when stated otherwise)

4 Consolidated Financial Statements

a) Ownership in subsidiaries

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

	Ownership %	
	12/31/09	12/31/08
Direct Subsidiaries		
ALL - América Latina Logística Intermodal S.A. (ALL Intermodal)	100.00	100.00
ALL - América Latina Logística Malha Oeste S.A. (ALL Malha Oeste)	100.00	11.74
ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)	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	99.99
Boswells S.A.	100.00	100.00
Santa Fé Vagões S.A. (Santa Fé)	100.00	39.99
ALL - América Latina Logística Centro-Oeste Ltda (ALL Centro-Oeste)	99.99	
ALL - América Latina Logística Equipamentos Ltda (ALL Equipamentos)	99.99	
ALL - América Latina Logística Tecnologia Ltda (ALL Tecnologia)	99.90	
BLL SPE Ltda	99.99	99.99
ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)	97.96	
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
ALL - América Latina Logística Rail Tec (ALL Rail Tec)	51.00	51.00
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	51.00	51.00
Multimodal Participações Ltda (Multimodal)		100.00
Indirect Subsidiaries		
ALL Intermodal's Investee		
ALL - América Latina Logística Armazéns Gerais Ltda (ALL - Armazéns Gerais)	99.99	99.99
Rhall Terminais Ltda	30.00	30.00
Armazéns Gerais's Investee		
PGT Grains Terminal S.A. (PGT)	100.00	99.99
Multimodal Participações Ltda's Investee		
Nova Brasil Ferrovias S.A.		100.00
Ferronorte Locadora de Vagões S.A. (Ferronorte Locadora)		100.00
ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)		99.72
ALL - América Latina Logística Centro-Oeste Ltda (ALL Centro-Oeste)		99.99
ALL - América Latina Logística Equipamentos Ltda (ALL Equipamentos)		99.99
ALL - América Latina Logística Tecnologia Ltda (ALL Tecnologia)		99.90
ALL - América Latina Logística Malha Oeste S.A. (ALL Malha Oeste)		88.26
Nova Brasil Ferrovias's Investee		
ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)		97.55
Malha Paulista's Investee		
Portofer Transporte Ferroviário Ltda (Portofer)	50.00	50.00
Malha Norte's Investee		
Terminal XXXIX de Santos S.A. (Terminal XXXIX)	50.00	50.00
Portofer Transporte Ferroviário Ltda (Portofer)	50.00	50.00
Tenorte S.A.		100.00
ALL Argentina's Investee		
ALL - América Latina Logística Central S.A. (ALL Central)	73.55	73.55
ALL - América Latina Logística Mesopotámica S.A. (ALL Mesopotámica)	70.56	70.56
ALL Participações' Investee		
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	49.00	49.00
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	9.04	9.04
BLL SPE Ltda	0.01	0.01
ALL - América Latina Logística Tecnologia Ltda (ALL Tecnologia)	0.10	0.10
ALL - América Latina Logística Centro-Oeste Ltda (ALL Centro-Oeste)	0.01	0.01
ALL - América Latina Logística Equipamentos Ltda (ALL Equipamentos)	0.01	0.01

(In thousands of Reais, except when stated otherwise)

ALL Central and ALL Mesopotámica have the following minority interest breakdown on December 31, 2009.

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

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

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

For Companies ALL Argentina (direct subsidiary), ALL Central (indirect subsidiary), ALL Mesopotámica (indirect subsidiary), headquartered in Argentina, Overseas(direct subsidiary), headquartered in the Bahamas, and Boswells S.A. (direct subsidiary), headquartered in Uruguay, analyses were carried out with a view to adapting the accounting principles adopted in said countries to the accounting principles adopted in Brazil. Except for the indirect subsidiaries ALL Central and ALL Mesopotámica, which amortize the organization expenditures and pre-operating costs under the item deferred permanent assets for periods which differ from the criteria used in the balance sheets in compliance with Brazilian rules and which did not generate a significant effect in the Company's financial statements (parent company and consolidated), no other differences in accounting practices were identified.

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

b) The main consolidation procedures are:

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

(In thousands of Reais, except when stated otherwise)

	Shareholders' Equity		Net profit (loss) for the year	
	12/31/09	12/31/08	12/31/09	12/31/08
Parent Company	3,817,263	2,497,945	30,275	175,348
Gain (Loss) on the variation of shareholding	(1,034)	(2,412)		
Realization on the year of gain on the variation of shareholding			1,378	1,378
Consolidated	3,816,229	2,495,533	31,653	176,726

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

For subsidiaries located abroad, their assets, liabilities and result regarding the period ended December 31, 2009 were translated into reais by the exchange rate at the closing balance sheet date, R$0.457693 for P$1.00 (Argentine Peso) (on December 31, 2008 – R$0.677391 for P$1.00) for the Companies headquartered in Argentina; and R$1.7412 for US$1.00 (North American dollar) (on December 31, 2008 – R$2.3370 for US$1.00 for the other subsidiaries located abroad. The exchange gains (losses) of foreign-currency denominated investments are recorded in the shareholders' equity, under item "translation accumulated adjustment".

5 Argentinean subsidiaries - relationship with the Granting Authorities

a) Renegotiation of the concession agreement

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

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

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

On July 18, 2005, Provisions 18/2005 and 19/2005 of the Unit for Renegotiation and Analysis of Public Services Agreements were published on the Official Bulletin of the Argentine Government, relative to the letter of understanding resulting from renegotiations for commitments of the concession agreement between ALL Central and ALL Mesopotámica with the Argentine Government. On October 20, 2006, ALL Central and ALL Mesopotámica executed new letters of understanding with the Unit for Renegotiation and Analysis of Public Services Agreements in order to replace the prior letter. The effects and commitments arising from these are reflected in the financial statements, even considering that the referred letters shall be approved by the President of the Republic of Argentina. The referred Letters mainly establish the following:

(i) Annual investment plan

As of January 2006, the concessionaries must investment on a yearly basis an amount equivalent to 9.5% of total net revenues of ALL Central and ALL Mesopotámica related to the previous year. In the year ended December 31, 2009, these Companies made investments at the amount of R$17,812 (R$22,537 on December 31, 2008) and R$8,295 (R$9,100 on December 31, 2008), respectively, which are higher than the minimum assumed commitments.

(ii) Concession fee (“canon”)

As of January 1, 2006, the amount corresponding to 3% of total net revenues of ALL Central and ALL Mesopotámica referring to the previous year will be considered concession fee (“canon”). During the year ended December 31, 2009, these Companies recorded expenses of R$3,051 (R$3,686 on December 31, 2008) and R$918 (R$1,237 on December 31, 2008) respectively, having as counter-entry the lease and concession payable account.

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

(iii) Rights and obligations comprising the mutual claims

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

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

(In thousands of Reais, except when stated otherwise)

b) Approval for transfer of shares

In May 1999, the Company entered into a purchase agreement with the five shareholders for the total number of shares of ALL Argentina and a usufruct agreement over the rights (both economic and political) over shares of ALL Argentina. The purchase agreement is currently pending approval by the Argentine Government, which must give its approval so that the share transfer may become official. The term of the usufruct agreement is 20 years, automatically renewable if, up to the expiration of the agreement, the Argentine Government does not express an opinion with regard to the approval for the transaction. Should authorization be denied by the Government, the five shareholders irrevocably undertake to exercise the voting right over shares of ALL Argentina, in accordance with the Company's instructions.

6 Cash and cash equivalents

		Parent Company		Consolidated	
		12/31/09	12/31/08	12/31/09	12/31/08
Cash and Banks		210	821	33,502	23,882
Financial Investments available for sale					
CDBs	(i)	799,749	804,023	1,346,001	2,063,429
Pre Rate	(ii)	325,316	109,225	1,002,493	439,283
FAQ Exclusive	(iii)	18	2,292	24,779	35,280
FI Exclusive	(iv)	14,227	13,139	166,950	80,857
		1,139,310	928,679	2,540,223	2,618,849
		1,139,520	929,500	2,573,725	2,642,731

The financial investments are represented by:

(i) investments in Bank Deposit Certificates (CDBs) with rates indexed to the variation of the Interbank Deposit Certificate – CDI (average rate of 102% of the CDI) and daily liquidity;

(ii) investments in CDBs with pre-fixed rate – CDI (average rate of 15.1% p.a.);

(iii) investments in Exclusive FAQ; and

(iv) investments in Exclusive FI with assets pegged to CDI and LFTs.

(In thousands of Reais, except when stated otherwise)

7 Trade accounts receivable - consolidated

	12/31/2009	12/31/2008
Trade accounts receivable		
In Brazil	178,380	141,176
In Argentina	23,740	36,370
	202,120	177,546
(-) Provision for doubtful accounts		
In Brazil	(5,967)	(8,616)
In Argentina	(9,735)	(14,583)
	(15,702)	(23,199)
	186,418	154,347

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

ALL Central has been collecting, under the administrative scope, amounts derived from toll revenues receivable from "Unidad Ejecutora del Programa Ferroviário Provincial" ("U.E.P.F.P.") in the amount of R$2,179 (P$4,762 thousand). The probability of success in the realization of such asset was classified as probable by our legal advisors. As mentioned above, for those amounts resulting from toll revenue, the chances of losses of which were classified as probable, provisions for doubtful accounts were recorded.

8 Lease and concessions – consolidated

	12/31/09		12/31/08	
	Current assets	Long-term assets	Current assets	Long-term assets
Lease				
ALL Malha Oeste	166	2,554	166	2,719
ALL Malha Paulista	2,025	32,946	1,848	35,104
ALL Malha Sul	2,734	44,206	2,734	46,941
Prepaid right of way				
ALL Malha Sul	1,261	21,206	1,261	22,466
Concessions				
ALL Malha Oeste	17	200	17	218
ALL Malha Paulista	107	1,734	97	1,848
ALL Malha Sul	150	2,430	150	2,581
	6,460	105,276	6,273	111,877

(In thousands of Reais, except when stated otherwise)

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

	Lease and Concession Agreements						
	Duration in years	Agreement value	Amount paid in cash	Balance	Quarterly installments	Date of first payment	Restatement index
Leases							
ALL Malha Oeste	30	56,440	4,969	51,471	112	1/15/1998	IGP-DI
ALL Malha Paulista	30	230,160	52,793	177,367	112	12/15/2000	IGP-DI
ALL Malha Sul	30	202,112	82,032	120,080	112	1/15/1999	IGP-DI
Concessions							
ALL Malha Oeste	30	3,118	409	2,709	112	1/15/1998	IGP-DI
ALL Malha Paulista	30	12,252	2,917	9,335	112	12/15/2000	IGP-DI
ALL Malha Sul	30	10,830	4,510	6,320	112	1/15/1999	IGP-DI

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

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

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

9 Recoverable taxes and contributions

	12/31/09		12/31/08	
	Current assets	Long-term assets	Current assets	Long-term assets
Parent Company				
Withholding income tax - IRRF	35,179	6,599	64,729	4,535
Recoverable IR and CS – prepayment	8,592		6,541	
Other	952		402	
	44,723	6,599	71,672	4,535
Subsidiaries				
Value added Tax on Sales and Services – ICMS	76,668	68,272	60,150	55,545
Tax on Value Added – IVA	4,465	2,926	4,496	6,269
Withholding income tax - IRRF	69,344	5,196	140,700	4,999
Recoverable IR and CS - prepayment	28,614	2,620	24,896	2,620
COFINS – rate increase	3,597		7,154	
Federal Tax Credits to offset PIS/COFINS	45,662	127,496	21,191	103,608
IPI (tax on manufactured products)	807	101,961	576	63,853
Other	4,015	839	6,285	838
	233,172	309,310	265,448	237,732
Consolidated	277,895	315,909	337,120	242,267

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

(In thousands of Reais, except when stated otherwise)

The credit recorded, in the amount of R$101.961, is net of provision for present value adjustment, considering the current history of realization through Federal Revenue writ of payment and the different between these securities' restatement rate and the CDI rate on the balance sheet date.

10 Deferred income tax and social contribution

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

	12/31/09		12/31/08	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	2,413	31,505	8,202	28,363
On temporary differences	6,081	681	2,527	4,455
	8,494	32,186	10,729	32,818
Social contribution credits				
On negative bases	869	11,342	2,953	10,213
On temporary differences	2,189	243	909	1,604
	3,058	11,585	3,862	11,817
	11,552	43,771	14,591	44,635

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

	12/31/09		12/31/08	
	Current assets	Long-term assets	Current assets	Long-term assets
Income tax credits				
On tax losses	12,618	198,223	19,342	56,705
On temporary differences	50,945	27,189	11,137	35,915
	63,563	225,412	30,479	92,620
Social contribution credits				
On negative bases	4,543	68,156	7,014	20,172
On temporary differences	18,340	9,391	4,008	10,552
	22,883	77,547	11,022	30,724
	86,446	302,959	41,501	123,344

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

(In thousands of Reais, except when stated otherwise)

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

	Parent Company	Consolidated
2010	11,552	87,241
2011	4,013	29,078
2012	4,326	34,730
2013	4,764	40,900
2014	5,184	44,280
2015 onwards	25,484	153,176
Total	55,323	389,405

The indirect subsidiaries ALL Central and ALL Mesopotámica, based on the generation expectation of future results and by the accounting practices adopted in Brazil, acknowledged deferred income tax credits which amount to R$10,003 on December 31, 2009 (R$7,382 on December 31, 2008). Tax losses, according to the Argentine tax legislation, prescribe in 5 years, period considered enough by the management for the full recovery of the deferred income tax.

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

On the other hand, the subsidiary ALL Malha Norte met the conditions for partial recognition of tax credits on losses in the current year in the amount of R$224,785.

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

(In thousands of Reais, except when stated otherwise)

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

	Parent Company			Consolidated
	12/31/09		12/31/08	
	IR	CS	IR	CS
Tax losses and negative basis				
ALL S.A. (parent company)	184,915	184,942	146,261	146,288
ALL Argentina - consolidated	25,437		2,242	
ALL Intermodal	16,764	16,599	9,662	10,020
ALL Malha Norte	996,949	997,722	1,051,553	1,051,894
ALL Malha Oeste	377,810	376,321	357,782	356,293
ALL Malha Paulista	960,319	961,093	960,318	961,063
ALL Malha Sul	104,834	105,278	140,607	141,050
Santa Fé Vagões	10,952	10,952		
Ferronorte Locadora de Vagões			1,105	1,105
	2,677,980	2,652,907	2,669,530	2,667,713
Temporary differences				
ALL S.A. (parent company)	125,006	125,006	27,925	27,925
ALL Argentina - consolidated	3,143		18,848	
ALL Intermodal	14,731	14,731	14,359	14,359
ALL Malha Norte	197,461	197,461	139,551	139,551
ALL Malha Oeste	48,376	48,376	61,154	61,154
ALL Malha Paulista	265,056	265,056	331,304	331,304
ALL Malha Sul	155,560	155,560	98,322	98,322
Santa Fé Vagões	1,208	1,208		
	810,541	807,398	691,463	672,615

Deferred tax credits of tax losses, negative bases and temporary differences are partially recorded in the balance sheet in the consolidated amount of R$389,405, as previously demonstrated in this note.

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

11 Long-term investments – debentures

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

With the partial split-off of Multimodal Participações Ltda., the balance of debentures was merged into the parent Company ALL Malha Paulista.

(In thousands of Reais, except when stated otherwise)

						Long-term Assets	
Tranche	Issue Date	Amount	Final Maturity	Annual Yield	Effective rate	12/31/09	12/31/08
1st issue	10/2/2006	53,501	10/2/2016	CDI+4%	18.61%	109,691	98,001
						109,691	98,001

12 Investments

a) Chart of interest in subsidiaries and affiliated companies

	Number of shares/ quotas held				% Interest			
	Common/quotas		Preferred		Total		Voting	
	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08
ALL Intermodal	63,844,232	63,844,232			100.00%	100.00%	100.00%	100.00%
ALL Malha Oeste	459,057,998	53,894,164	19,402,076	2,277,836	100.00%	11.74%	100.00%	11.74%
ALL Malha Paulista	702,275,954		1,298,592,011		100.00%		100.00%	
ALL Malha Sul	12,581,336,962	12,581,336,962	19,141,176,667	19,141,176,667	100.00%	100.00%	100.00%	100.00%
ALL Overseas	12,000	12,000			100.00%	100.00%	100.00%	100.00%
Boswells	3,265,000	3,265,000			100.00%	100.00%	100.00%	100.00%
Santa Fé	100,000	50,000	100,000	29,996	100.00%	39.99%	100.00%	39.99%
ALL Centro-Oeste	499,999				99.99%		99.99%	
ALL Equipamentos	25,244,748				99.99%		99.99%	
ALL Participações	11,878,448	11,878,448			99.90%	99.90%	99.99%	99.99%
ALL Tecnologia	999				99.99%		99.99%	
BLL SPE	499	499			99.99%	99.99%	99.99%	99.99%
ALL Malha Norte	687,289,249		2,949,584		97.96%		97.96%	
ALL Argentina	3,000,288	3,000,288	5,825,560	5,825,560	90.96%	90.96%	90.96%	90.96%
ALL Rail Tec	5,100	5,100			51.00%	51.00%	51.00%	51.00%
ALL Sisa	10,200	10,200			51.00%	51.00%	51.00%	51.00%
Multimodal Participações		2,186,474,844				100.00%		100.00%

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

							Parent Company				
		Subsidiaries/Affiliated Companies			Equity Accounting		Value of Investments		Goodwill		Received
		Shareholders' Equity	Income for the year	Distributed Dividends	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08	Dividends
Direct Subsidiaries											
ALL Argentina	(i)	38,136	(28,182)		(25,635)	(5,558)	45,462	99,561			
ALL Centro-Oeste	(ii)	453	(47)		(3)	1,431	453				
ALL Equipamentos	(ii)	25,245	32,232	32,232	2,716	27,662	25,242				32,229
ALL Intermodal		122,728	(4,960)		(4,960)	67,113	122,728	127,688			
ALL Malha Norte		609,925	209,925		205,642		601,444		2,049,116		
ALL Malha Oeste		119,315	(6,022)		(6,289)	2,016	119,315	6,441	123,557		
ALL Malha Paulista		30,874	(2,622)		(2,622)		30,874		355,336		
ALL Malha Sul		104,658	(210,573)		(210,573)	(49,505)	104,658	146,195			
ALL Overseas		5,033	(6)		(6)	(85)	5,033	6,763			
ALL Participações						(7,535)					
ALL Sisa		7				(1)	4	6			
ALL Tecnologia	(ii)	1	1,802	1,802	172	1,751	1				1,801
Boswells		12,344	(11,648)		(11,648)	(5,005)	12,344	21,805			
Multimodal Partic.	(iii)				226,637	168,442		2,204,594			
Rail Tec		658	648		330	128	335	1			
Santa Fé Vagões									300	350	
Logispar										105,939	
					173,761	200,854	1,067,893	2,613,054	2,528,309	106,289	

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

(In thousands of Reais, except when stated otherwise)

(i) ALL Argentina has an Advance for Future Capital Increase (AFAC) recorded in its Shareholders' Equity, at the amount of R$119,170 (R$176,373 on December 31, 2008) carried out by ALL Holding, which fully recognizes the AFAC in its investment until it is paid-up.

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

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

c) Subsidiaries with negative shareholders' equity

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

	Subsidiaries		Parent Company			
			Reversal (Provision) unsecured liabilities		Provision for unsecured liabilities	
	Unsecured Liabilities	Income for the period	12/31/09	12/31/08	12/31/09	12/31/08
Direct subsidiaries						
ALL Participações	(7,307)	(2,544)	(2,544)	(6,248)	7,307	7,616
Santa Fé	(13,521)	(6,686)	(9,350)	(2,217)	13,521	64
			(11,894)	(8,465)	20,828	7,680

d) Investment losses

Investee		Loss/Gain
Santa Fé	(i)	(4,108)
Ferronorte Locadora Vagões	(ii)	(219)
Other		(29)
		(4,356)

(i) On April 30, 2009, Santa Fé Vagões S.A. transferred 50,000 common shares and 69,996 preferred shares held by Millinium Investimentos Ltda to ALL – América Latina Logística S.A. This transfer increased the interest of ALL – América Latina Logística S.A. from 39.99% to 100.00%. Due to the investee's unsecured liabilities, the Company recognized investment losses.

(ii) The Company recognized an investment loss resulting from the extinguishment of the investee Ferronorte Locadora de Vagões.

(In thousands of Reais, except when stated otherwise)

In the consolidated balance sheet, investments breakdown as follows:

	Consolidated	
	Book value of investments	
	12/31/09	12/31/08
Appraised by the equity accounting method		
Rhall Terminals	1,615	1,546
TGG	3,651	4,741
	5,266	6,287

13 Intangible assets – consolidated

		12/31/09			12/31/08	Depreciation
		Cost	Accumulated Depreciation	Net	Net	annual weighted average rates
Goodwill in investment acquisition						
ALL Argentina	(ii)	45,830	(28,396)	17,434	27,703	6.81%
ALL Malha Oeste	(i)	124,339	(782)	123,557	128,247	3.54%
ALL Malha Paulista	(i)	355,873	(537)	355,336	50,257	1.96%
ALL Malha Norte	(i)	2,054,448	(5,332)	2,049,116		0.53%
Multimodal Participações	(iii)				2,372,303	0.43%
Logispar	(iv)	122,283	(122,283)		105,938	5.94%
Santa Fé	(i)	1,155	(678)	477	350	10.00%
		2,703,928	(158,008)	2,545,920	2,684,798	
Application Systems – *Software*		50,643	(34,665)	15,978	36,372	20.00%
Brands and Patents					137	Undefined
		2,754,571	(192,673)	2,561,898	2,721,307	

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

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

(ii) Goodwill in ALL Argentina is based on the future profitability at the time the shares of ALL Central and ALL Mesopotámica were acquired on May 26, 1999, and has been amortized on a straight-line basis over the concession period. The original amount recorded in Argentine pesos is P$67,657 thousands.

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

(iv) Goodwill written off due to provision for impairment, as disclosed below.

Goodwill impairment test

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

- Malha Norte (comprised of the companies ALL Malha Paulista, ALL Malha Oeste and ALL Malha Norte); and

- Malha Argentina (comprised of the companies that operate in Argentina).

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

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

(In thousands of Reais, except when stated otherwise)

14 Fixed assets - consolidated

	12/31/09			12/31/08	Depreciation
	Cost	Accumulated Depreciation	Net	Net	annual average rates (%)
Improvements in third parties' assets					
Locomotives	828,082	(277,768)	550,314	489,911	8.74%
Railcars	448,230	(161,626)	286,604	249,221	9.89%
Track	1,385,035	(243,461)	1,141,574	854,805	4.29%
Other	152,940	(47,677)	105,263	115,368	5.34%
	2,814,287	(730,532)	2,083,755	1,709,305	
Own fixed assets in use					
Locomotives	581,743	(138,118)	443,625	504,785	5.58%
Railcars	335,233	(92,983)	242,250	249,710	6.96%
Track	1,019,380	(125,246)	894,134	892,773	0.91%
Assets in use supplies	110,804		110,804	45,174	
Land	19,921		19,921	19,921	
Buildings	60,226	(20,309)	39,917	41,578	5.20%
Furniture and fixtures	14,135	(10,101)	4,034	3,039	10.00%
Road vehicles	48,687	(29,667)	19,020	27,097	14.54%
Data processing equipment	67,169	(42,165)	25,004	8,754	19.71%
Telecommunications and signaling equipment	49,673	(31,776)	17,897	21,247	9.70%
Equipment for track maintenance and rail transportation	120,117	(29,476)	90,641	95,055	9.94%
Aircraft	14,586	(2,111)	12,475	11,479	10.00%
Machinery and equipment	3,754	(1,650)	2,104	1,236	10.00%
Other	98,110	(39,566)	58,544	124,412	10.00%
	2,543,538	(563,168)	1,980,370	2,046,260	
Leasing					
Locomotives	198,722	(19,847)	178,875	660,302	11.95%
Railcars	791,034	(110,822)	680,212	91,299	14.28%
Trucks	3,146	(673)	2,473		21.43%
Civil Work	17,300	(1,180)	16,120		9.09%
Equipment	17,286	(1,245)	16,041		10.00%
	1,027,488	(133,767)	893,721	751,601	
Fixed Assets in course					
Locomotives	51,129		51,129	92,753	
Railcars	60,433		60,433	34,765	
Permanent Track	100,525		100,525	76,411	
Road vehicles	15		15	488	
Other	80,219		80,219	12,663	
	292,321		292,321	217,080	
	6,677,634	(1,427,467)	5,250,167	4,724,246	

During the year ended December 31, 2009, the amount of R$20,099 (R$26,186 on December 31, 2008) as accounts of fixed assets in course were capitalized, related to financial charges created by loans that financed such fixed assets.

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

(In thousands of Reais, except when stated otherwise)

15 Deferred charges – consolidated

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

		12/31/09			12/31/08
		Cost	**Accumulated Amortization**	**Net**	**Net**
Pre-operating Expenses					
ALL Central	(i)	10,470	(4,548)	5,922	9,410
ALL Malha Norte	(ii)	645,296	(463,361)	181,935	184,481
ALL Mesopotámica	(i)	2,196	(833)	1,363	2,166
ALL Malha Sul	(iii)	24,736	(7,863)	16,873	17,856
PGT		160	(69)	91	123
Santa Fé		278	(58)	220	110
		683,136	(476,732)	206,404	214,146

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

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

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

(In thousands of Reais, except when stated otherwise)

16 Loans and financing

	Annual Charges	Effective rate	Maturity	12/31/09	12/31/08
Parent Company					
in domestic currency					
Commercial Banks	107% of CDI	9.32%	July 2015	207,368	211,846
Investments BNDES	TJLP+1,8%	7.96%	Quarterly/Monthly until June 2017	62,820	62,887
In foreign currency (exchange variation linked to the US$, with swap to CDI)					
Swap transactions				(1,575)	(94)
Parent company total				**268,613**	**274,639**
Subsidiaries					
In domestic currency					
ALL Malha Sul				**1,308,169**	**1,287,350**
CCB	108% of CDI	9.57%	July 2010	114,372	116,569
	CDI + 1,25%	10.19%	September 2015	326,971	328,429
	CDI + 1,25%	10.10%	October 2014	95,670	85,800
Investments					
BNDES	TJLP + 5,25%	11.25%	Quarterly/Monthly until April 2010	6,980	27,770
	Umbndes + 6,63%		Quarterly/Monthly until April 2012		66,641
	TJLP + 2,5%	8.60%	Quarterly/Monthly until June 2017	271,901	326,521
	TJLP + 1,5%	7.40%	Quarterly/Monthly until June 2022	80,254	8,041
	TJLP + 1,5%	7.50%	Quarterly/Monthly until June 2022	8,051	
	TJLP + 1,8%	7.80%	Quarterly/Monthly until June 2017	138,007	58,207
NCC	105,9% of CDI	9.34%	July 2015	61,345	62,388
	107,0 % of CDI	9.43%	March 2013	203,206	205,374
FINAME	TJLP + 3,75%	9.75%	January 2017	1,412	1,610
ALL Intermodal				**23,512**	**32,477**
Investment BNDES FINAME	TJLP + 3,6%	9.60%	Quarterly/Annually until December 2013	23,512	32,477
Nova Brasil Ferrovias					**132,391**
Commercial Banks	IGP-M	IGPM	January 2023		19,079
Investments BNDES	TJLP + 2,5%	8.63%	October 2017		108,379
	TJLP + 1,5%	7.94%	October 2022		4,933
ALL Malha Paulista				**259,454**	**151,777**
Investments BNDES	TJLP + 5% p.a.	11.00%	Quarterly/Annually until March 2018		144,763
	TJLP + 1,4% p.a.	7.46%	Quarterly/Monthly until June 2020	126,942	
	TJLP + 1,5%	7.94%	Quarterly/Monthly until October 2022	4,951	
	TJLP + 2,5%	8.63%	Quarterly/Monthly until October 2017	108,698	
	Umbndes + 6%	12.00%	Quarterly/Annually until January 2013		7,014
CG	IGP-M	IGP-M	January 2023	18,863	

(In thousands of Reais, except when stated otherwise)

Continued	Annual Charges	Effective rate	Maturity	12/31/09	12/31/08
ALL Malha Norte				**880,202**	**920,878**
Investments BNDES	TJLP + 1,5% p.a.	7.50%	Quarterly/Annually until September 2016	569,261	676,940
	TJLP + 3%	9.00%	Quarterly/Annually until January 2016	191,519	222,735
	TJLP + 2,71%	8.71%	Quarterly/Monthly until January 2029	80,281	
	TJLP +1,4%	7.66%	Quarterly/Monthly until January 2020	29,630	
Finame	TJLP + 4%	10.00%	Quarterly/Annually until March 2009		4,801
Leasing	CDI + 1,5%	10.18%	March 2011	9,511	16,402
ALL Malha Oeste				**36,656**	
Investments BNDES	TJLP + 1,4%	7.61%	Quarterly/Monthly until June 2020	36,656	
Terminal XXXIX				**2,544**	**3,887**
Investments - BNDES	TJLP + 6%	12.00%	Quarterly/Annually until December 2010	2,544	3,887
Santa Fé Vagões				**1,141**	**6,057**
Commercial Banks				1,141	6,057
				2,511,678	**2,534,817**
In foreign currency (exchange variation linked to the US$, with swap to CDI)					
ALL Malha Sul				**2,735**	**(7,431)**
Swap transactions				2,735	(7,431)
ALL Malha Norte				**9,033**	**3,826**
Swap transactions				9,033	3,826
ALL Intermodal				**57**	**(52)**
Swap transactions				57	(52)
Boswells					**4,887**
CG					4,887
				11,825	**1,230**
In domestic currency					
ALL Malha Sul				**1,902**	
Swap transactions				1,902	
In foreign currency (exchange variation linked to Argentine Peso- P$)					
ALL Argentina				**80,783**	**82,800**
Commercial Banks	22.37%	22.37%	February 2010	12,888	17,587
Mortgaged - Debt 4	14,5%+VC	14,5%+VC	March 2010	16,813	8,249
Itaú Argentina - Debt 6	24.07%	24.07%	May 2010	41,238	51,456
Itaú London - Debt 2	10.95%	10.95%	January 2009		2,217
Working Capital	13.68%	13.68%	January 2010	9,844	3,291
Total subsidiaries				**2,606,188**	**2,618,847**
Total consolidated				**2,874,801**	**2,893,486**
Portion in the current liabilities				(418,934)	(375,200)
Portion in the long-term liabilities				2,455,867	2,518,286

(In thousands of Reais, except when stated otherwise)

Breakdown by maturity year of long-term liabilities:

	12/31/09
2011	263,446
2012	277,451
2013	641,929
2014	548,814
2015	355,775
As from 2016	368,452
Total	2,455,867

Abbreviations:

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

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

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

The financing agreements with BNDES are guaranteed pursuant to each contract, by bank surety, with a cost between 1.0% and 2.5% p.a. or by real guarantees (assets) and an escrow account.

When the Company contracts foreign currency financing in Brazil, there are swaps protecting the Brazilian real against the US dollar, translated into a CDI percentage, according to market conditions.

The loans obtained from BNDES, as shown above, allocated to investments, are subject to the compliance with certain financial liquidity ratios related to the net debt and financial results.

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

Year	2009	2010	2011	2012	2013
Consolidated net debt/consolidated EBITDA	3.0	3.0	3.0	2.5	2.5

The index corresponds to the ratio of the Net Debt by the consolidated EBITDA of the last 12 months, in the maximum limit of:

(In thousands of Reais, except when stated otherwise)

Year	2009	2010	2011	2012	2013
Consolidated net debt/consolidated EBITDA	2.5	2.5	2.5	2.5	2.5

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

Year	2009	2010	2011	2012	2013
Consolidated EBITDA/financial income	2.00	2.00	2.00	2.00	2.00

17 Debentures

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

						12/31/09		12/31/08	
Tranche	Date	Amount	Final Maturity	Annual Yield	Effective Rate	Current liabilities	Long-term liabilities	Long-term liabilities	Long-term liabilities
Parent Company									
4th issue	10/01/04	135,000	10/01/09	110% of CDI	10.41%			137,912	
5th issue	09/01/05	200,000	09/01/12	CDI + 1,50%	10.55%	6,236	197,550	9,861	182,695
6th issue	07/01/06	700,000	07/01/11	DCI + 1,50%	10.84%	25,903	544,385	51,801	700,000
7th issue - (i)	11/17/09	5	10/02/12	IPCA + 3%	7.31%		5		
						32,139	741,940	199,574	882,695
Direct Subsidiaries									
ALL Malha Sul									
3th issue	09/08/08	166,666	07/31/18	108% of CDI	9.85%	2,197	162,397	7,480	166,667
ALL Malha Norte									
1st issue	07/01/97	100,000	06/30/16	TJLP + 1,5%	7.50%	9,324	248,982	9,312	248,683
2nd issue	04/10/00	60,000	05/01/15	TJLP + 4%	10.00%	9,766	48,829	9,652	46,796
3rd issue	01/14/02	40,000	05/04/15	TJLP + 4%	10.00%	6,261	31,303	5,122	30,000
5th issue	12/03/03	60,000	12/03/09	CDI + 1,50%				2,706	
6 th issue	09/08/08	166,666	07/31/18	108% of CDI	9.83%	5,755	162,397	7,480	166,667
Debentures	07/01/97	100,000	06/30/16	% RL			95,661	12,743	71,861
						31,106	587,172	47,015	564,007
ALL Malha Paulista									
1st issue	09/10/08	166,666	07/31/18	108% of CDI	9.83%	5,755	162,397	7,299	166,667
						5,755	162,397	7,299	166,667
Consolidated						71,197	1,653,906	261,368	1,780,036

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

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

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

(In thousands of Reais, except when stated otherwise)

18 Leasing – consolidated

18.1 Financial leasing

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

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

On December 31, 2009 and 2008, balance of liabilities related to financial leasing contracts is:

	12/31/09		12/31/08	
Assets	**Current Liabilities**	**Long-term Liabilities**	**Current Liabilities**	**Long-term Liabilities**
ALL Malha Sul				
Rail Cars	72,017	387,395	60,062	426,348
ALL Malha Norte				
Locomotives and rail cars	60,216	418,505	68,098	323,819
ALL Malha Paulista				
Loomotives	11,031	125,447	657	657
	143,264	931,347	128,817	750,824

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

(In thousands of Reais, except when stated otherwise)

18.2 Operating leasing

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

19 Leasing and concessions

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

	12/31/09		12/31/08	
	Current Liabilities	Long-term Liabilities	Current Liabilities	Long-term Liabilities
Leasing				
ALL Malha Sul	10,930	36,040	11,126	40,061
ALL Argentina	13,120		13,543	
ALL Malha Paulista		500,933		450,698
ALL Malha Oeste		374,690		322,365
Concession				
ALL Malha Sul	589	2,122	599	2,337
ALL Malha Paulista		26,365		23,721
ALL Malha Oeste		19,720		16,644
	24,639	959,870	25,268	855,826

ALL Malha Sul - Lease and concession amounts of the subsidiary ALL Malha Sul are appropriated on a straight-line basis under liabilities and results over the period of the respective agreements, accrued of IGP-DI variation and interest at agreed rates. Amounts relating to the grace period (1997 to 1999) have been restated and paid over the remaining concession period.

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

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

Considering that ALL Malha Norte depends on ALL Malha Paulista's lines, to the continuity of its transportation operations, started in the states of Mato Grosso and Mato Grosso do Sul and ended in Santos (São Paulo state). ALL Malha Norte entered with ALL Malha Paulista, on January 10, 2006, into a Private Instrument of Guarantee Agreement, by which it made the judicial deposit in favor of ALL Malha Paulista, in the amount of R$115,629 (R$115,059 on December 31, 2008).

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

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

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

ALL Malha Norte - On May 19, 1989, the direct subsidiary ALL Malha Norte entered with the Federal Government into a Concession Agreement for the establishment of a cargo rail transportation system, comprising the construction, operation, exploration and conservation of a railroad between Cuiabá (Mato Grosso state) and: a) Uberaba/Uberlândia (Minas Gerais state), b) Santa Fé do Sul (São Paulo State), c) Porto Velho (Rondônia state) and d) Santarém (Pará state). The term of this concession lasts 90 years, renewable for the same period and 10 years may be granted before the end of the contractual term.

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

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

ALL Malha Oeste - Due to a judicial discussion, this direct subsidiary cancelled the concession and lease payment.

(In thousands of Reais, except when stated otherwise)

The direct subsidiary acquired Financial Treasury Bills (LFTs) as collateral for Grant and leasing values due to RFFSA (Rede Ferroviária Federal S.A.) – overdue and to the Union, resulting from the court plead related to the economic distress process of ALL Malha Oeste, which is under litigation.

In March 2008, the Company was authorized to release applications LFTs, replacing them by bank guarantees at the amount of R$264,210. LTFs redemption took place in May 2008. For future installments, the guarantee is complemented at the maturity of each installment.

The Company's Management amended the accounting estimate used to appreciate the liabilities. Represented by legal opinions from the quarter ended June 30, 2008, it restates the balance by SELIC, index which restates the guarantee letters that assure the liabilities. This amendment resulted a reversal of approximately R$54,000 in 2008.

20 Court deposits and provision for contingencies – consolidated

			Contingencies			
	Court deposits		Probable		Possible and remote	
	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08
Labor claims						
In Brazil	154,903	130,154	147,988	198,926	886,140	917,397
Civil, regulatory and environmental claims						
In Brazil	134,515	133,468	23,776	23,003	319,200	398,065
In Argentina			6,138	8,824		
Tax claims						
In Brazil	4,968	4,968	30,674	67,211	232,382	217,316
	294,386	268,590	208,576	297,964	1,437,722	1,532,778

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

a) Labor contingencies

The subsidiaries discuss several labor claims, and on December 31, 2009 the Company recorded a provision of R$147,988 (R$198,926 on December 31, 2008), in the consolidated, to deal with those cases which its attorneys deem as probable losses. The provisioned amount reduction, in relation to previous year, was basically due to the agreements executed by the Company during the period.

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

The parent company ALL Malha Sul is defendant in a labor lawsuit referring to a readmittance claim in the amount of R$18,597; the company's legal advisors consider the chance of losing this lawsuit as possible.

b) Civil, regulatory and environmental contingencies

Civil

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

Regulatory

Among the relevant lawsuits, although with a possible chance of loss, on behalf of ALL Malha Sul, there is an indemnification action being handled in the State of Rio de Janeiro, in which RFFSA pleads abandonment of public property and rail segments, requiring the restoration of various stations and the maintenance of the right of way. It is worth pointing out that ALL, in strict compliance with the Concession and Lease Agreements, performs the maintenance of rail segments and also the restoration of stations which are being returned to RFFSA, when necessary, in perfect condition of conservation and use.

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

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

ALL Malha Paulista required an expert inspection for determination of the new value of the lease and concession installments, as well as discontinuance of the payment of due and falling due installments until the effective expert inspection for determination of the adequate value. In July 2005, the injunction was granted, but in September 2005, it was reversed by the Regional Federal Court of Rio de Janeiro. The proceeding still has no judgment and awaits the final conclusion of expert report and its presentation. The value related to the lease installments was being deposited in court until September 2007, when the Company obtained a judicial authorization to replace the judicial deposits for a banking guarantee letter. On December 31, 2009, R$115,629 (R$115,059 on December 31, 2008) remained deposited.

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

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

Environmental

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

c) Tax contingencies

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

No provision was established for tax lawsuits whose chances of losses are deemed as possible or remote. Therefore, no provision was made for such issues. For those considered as probable losses, a provision at the amount of R$29,720 (R$67,211 on December 31, 2008) was recorded.

ICMS Exportação - The State Treasury Department of São Paulo drawn up notices of infractions against ALL Malha Sul, current amounts of which total approximately R$59,354, due to non-payment of ICMS referring to the rendering of goods freight transportation services destined to exports and use of ICMS credits supposedly not authorized by law.

ALL Malha Oeste received a tax deficiency notice referring to the same issue in the amount of approximately R$20,816. All the tax deficiency notices are currently under administrative discussion in the State of São Paulo. It is worth pointing out that the superior courts have already established that ICMS tax should not be levied on the transportation of goods to be exported, pursuant to the provision in Article 155 of the Federal Constitution.

ALL Malha Norte filed an Action for Annulment of tax debit, taking into consideration that the company was sued for not paying ICSM on the transportation of goods destined abroad, considering the amount involved of R$9,432. In 2007, ALL Malha Norte obtained a judicial decision in the first court canceling the notice of infraction and declaring that ICSM is not due in the transportation of merchandise for export, upon delivery in the ports.

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

PIS/COFINS – Mutual Traffic – ALL Malha Paulista was notified for not paying PIS and COFINS in relation to the mutual traffic and right of way revenues, at the amount of R$72,962, in the period from 1999 to 2006 (cumulative PIS and COFINS). The company understands that the chance of loss is remote, once the amounts under discussion have already been paid, previously, by the concessionaries responsible for the transportation in the origin.

IPTU – ALL Malha Sul and ALL Malha Paulista have approximately R$7,990 thousand and R$11,885 thousand related to IPTU levied on the Federal Government's properties, which, due to the concession granted, are held thereby with the purpose of providing railroad transportation public services. However, the Federal Constitution sets forth that there is no tax levy on Federal Government's assets and the Company already has several favorable decisions.

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

Regarding the abovementioned issue, there is still the approximate amount of R$2,943 of tax deficiency notices issued by the Municipality of Santos, which are purpose of administrative discussion.

The subsidiary ALL Malha Oeste received a tax deficiency notice referring to ICMS resulting from the different rate on interstate transportation in the amount of R$8,985. The company's legal advisors consider this notice as involving a possible loss.

(In thousands of Reais, except when stated otherwise)

21 Related-Party Transactions

Companies considered related parties are disclosed in note 4.

	Parent Company							
	Long-term assets		Long-term liabilities		Revenues		Expenses/Costs	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Subsidiaries								
ALL Argentina	685	854	4,991	6,023				
ALL Armazéns Gerais	6,445		22,489	31,802				
ALL Centro-Oeste			453	1,933				
ALL Equipamentos	133			10,366	35,018	27,390		
ALL Intermodal	26,904			32,126				
ALL Malha Norte	3	27,515	373,231					
ALL Malha Oeste			4,537	42,076				
ALL Malha Paulista	124,547	79,697			40,974	45,451		4,312
ALL Malha Sul	162,349	84,125				11,916	424,907	120,264
ALL Overseas	182	245						
ALL Rail Tec			555					
ALL Tecnologia			1,459		118	8,789	400	4,614
Multimodal						81,274		
Nova Brasil Ferrovias				21,767				
Santa Fé	26,146	2,904						
Associated companies								
PGT			79	690				
Portofer	25,689	9,084						
	373,083	204,424	407,794	146,783	76,110	174,820	425,307	129,190

a) Credits and debits with associated companies

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

The Company held investment in debentures with ALL Malha Sul until December 2008 and with Multimodal until November 2009. With the Multimodal's split-off, this investment was transferred to ALL Malha Paulista, as in note 12. The financial income from these investments in the year ended December 31, 2009 was R$13,754 (R$81,274 on December 31, 2008).

b) Terms and conditions for related-party transactions

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

(In thousands of Reais, except when stated otherwise)

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

	Secured					
	ALL S.A.	Sul	Intermodal	Paulista	Norte	Total
Guaranteeing parties						
ALL S.A. (parent company)						
Debentures		172,985		172,985	172,985	518,955
BNDES		418,465		114,479	841,062	1,374,006
CCB		807,865				807,865
Other			3,657		96,158	99,815
		1,399,316	3,657	287,464	1,110,205	2,800,642
ALL Malha Sul						
Debentures	785,097					785,097
ALL Intermodal						
Debentures	785,097					785,097
CCB		330,336				330,336
	785,097	330,336				1,115,434
Total	1,570,195	1,729,652	3,657	287,464	1,110,205	4,701,174

In the period ended December 31, 2009, there was no contingency with accounts receivable related to debts with related-parties. This assessment is carried out on each fiscal year, considering the financial position of the related-parties and the operation market of each of them.

Transactions with other related parties

Management Compensation:

	2009	2008
Compensations	25,042	6,882
Share-based compensations (i)	12 ,308	6,259
	37,350	13,141

(i)The conditions are described in Note 27.

22 Provision for unrealized profit

On December 31, 2001, the parent company sold to the subsidiary ALL Malha Sul the right to use the segments from Presidente Epitácio to Rubião Junior and from Pinhalzinho/Apiaí to Iperó at the market value of R$22,387, supported by an appraisal report prepared by independent experts as of that date. On December 31, 2001, the parent company established a provision of R$19,312 for unrealized profit from this operation, recorded in long-term liabilities. Up to December 31, 2009 the amount of R$5,951 (R$5,207 up December 31, 2008) was realized.

(In thousands of Reais, except when stated otherwise)

23 Advances on real estate credits

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

		12/31/09		12/31/08	
		Current Liabilities	Long-term Liabilities	Current Liabilities	Long-term Liabilities
ALL S.A. (parent company)	(i)	10,950	106,812	14,420	117,761
ALL Malha Norte	(ii)	38,456	392,460	49,413	440,948
		49,406	499,272	63,833	558,709

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

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

24 Deferred income

		12/31/09		12/31/08	
		Current Liabilities	Non-current Liabilities	Current Liabilities	Non-current Liabilities
Subsidiaries					
ALL Intermodal	(i)	34	505	34	539
ALL Malha Norte	(ii)	1,242	9,938		
ALL Malha Paulista	(iii)	789	14,005	2,169	25,836
		2,065	24,448	2,203	26,375

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

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

(iii) This results from agreements entered into with communication companies, whose purpose is the assignment of the right of way of the track for the passage of optical fiber cables for the effectiveness period of the Concession Agreement of the Public Service of Cargo Rail Transportation (until 2028), appropriated on a straight-line basis to the result for the remaining term of the assignment of right.

(In thousands of Reais, except when stated otherwise)

25 Tax and Social Security Installments

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

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

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

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

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

Description	Parent Company	Consolidated
Principal	5,088	251,759
Fine (default, punitive and isolated)	4,758	54,049
Interest	1,944	174,164
Legal charges		9,398
Total Debits	**11,791**	**489,369**
Reductions (fines, charges)	(3,316)	(166,207)
Deductions with prejudice	(3,336)	(134,634)
Initial REFIS balance	**5,139**	**188,529**
Restatement	88	3,180
Amortizations		(10,791)
Refis installments on 12/31/2009	**5,227**	**180,919**
Other payments in installments		**8,263**
Payment of INSS in installments		1,143
Payment of ISS in installments		2,314
Payment of ICMS in installments		4,806
Balance of installments on 12/31/09	**5,227**	**189,181**
Short term	(434)	(64,233)
Long term	4,793	124,948

(In thousands of Reais, except when stated otherwise)

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

26 Shareholders' equity

a) Capital stock

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

	12/31/09	**12/31/08**
Common	1,268,741,120	988,837,255
Preferred	2,168,770,440	1,895,340,320
	3,437,511,560	2,884,177,575

The Company's authorized capital is R$5,000,000 and the Board of Directors is the appropriate body to resolve on the Capital increase within the referred limit, and there are not other limitations or conditions to make the capital increase within the authorized capital limit.

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

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

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

b) Treasury shares

On March 2, 2007, the Board of Directors approved the buyback of the Company's shares, traded on the São Paulo Stock Exchange, without decreasing the Capital Stock, in order to comply with the Company's obligations resulting from the stock option plans in the maximum amount of 1,100,000 Units, ratified by the Board of Directors on August 17, 2007 to 5,000,000 Units. With the end of the share buyback program mentioned above, the Company obtained an authorization to acquire more 5,000,000 Units, pursuant to the Board of Directors meeting of March 7, 2008.

On January 22, 2008 the Company also obtained an authorization from CVM to acquire 3,725,160 units comprised of shares issued by the Company itself to settle the liabilities with Mr. Wilson De Lara.

During 2008, the Company repurchased 9,205,000 Units for R$168,394, at a weighted average cost of R$18.12 per Unit. The minimum cost of R$9.50 and the maximum cost of R$22.00 per Unit were recorded at the acquisitions made in that period.

In 2008 118,468 Units were used to settle stock options exercised during that period. The transfer was recorded at the weighted average cost of shares held in treasury (R$19.04), generating losses of R$1,366 for the Company, recorded in the Investment Reserve account.

In 2009 22,081 Units were used to settle stock options exercised during that period. The transfer was recorded at the weighted average cost of shares held in treasury (R$18.20).

On December 31, 2009 the Company held 2,257,073 Units in Treasury (10,000,000 Units in 2008), at the unit cost of R$18,20 (R$18.20 in 2008).

In the 2009 fiscal year, 22,081 units were used to settle stock options exercised in the period. The transfer was recorded at weighted average cost of shares held in treasury (R$18.20).

On December 31, 2009 the Company had 2,257,072 Units held in Treasury (10,000,000 Units in 2008) at the unit price of R$18.20 (R$18.20 in 2008).

c) Distribution of dividends and interest on own capital

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

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

d) Profit reserve

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

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

e) Advances for future capital increase

The amounts received as advances for future capital increase, resulting from contributions to the Stock Option Plan, described in Note 27, are presented in a Shareholders' Equity account.

f) Managers' compensation

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

g) Tax incentives – SUDAM

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

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

The legal basis for the recognition of the benefit was enacted by Provisional Measure 2,199-14 in its article 1, of August 24, 2001 and wording of Law 11,196 of November 21, 2005. In 2009 the effect of the 75% reduction over IRPJ and non-refundable surcharges calculated over the exploration income was R$27,517 (R$2,434 in 2008), accounted as write-down to Income Tax and Social Contribution expenses according to CPC 07 of the Accounting Pronouncements Committee approved by CVM Resolution 555 of November 12, 2008.

27 Stock option plan

Expenses from services received from employees in the periods, arising from share-based payments to be settled upon the delivery of equity instruments were R$20,290 in 2009 (R$19,763 in 2008).

<u>Description of the share-based payment plan:</u>

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

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

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

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

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

(In thousands of Reais, except when stated otherwise)

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

(i) acquisition of the right to make the contributions for the acquisition of shares changes from 10% on the grant date and 18% in the following years, as in the Agreement A, to 10% on the grant date, 5% in the first year, 10% in the second, 15% in the third, 25% in the fourth and 35% in the fifth and last year. In case the beneficiary of the Agreement B withdraws from the Company without cause, the Committee may, at its discretion, change the acquisition schedule of the right to make contributions for the acquisition of shares, to 18% per year, such as the schedule of the Agreement A.

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

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

Transactions in the year:

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

	2009		**2008**	
	Number	MPPE	**Number**	MPPE
Opening balance	75,028,560	2.01	79,226,908	2.01
New grants	6,850,805	4.00	10,000,000	4.00
Lost	(13,540,346)	1.65	(5,278,743)	1.65
Exercised[1]	(8,606,200)	1.74	(8,919,605)	1.74
Closing balance	59,732,819	2.56	75,028,560	2.56

[1] The weighted average price of shares on the options' exercise date was R$2.60 in 2009 (R$2.46 in 2008).

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

(In thousands of Reais, except when stated otherwise)

The weighted average of remaining contractual term of options to be exercised at the end of the year is 7.7 years in 2009. The call price has a maximum and a minimum amount of R$2.71 and R$0.78 on December 31, 2009.

The Company accounts for the contributions, based on the individual controls of each beneficiary, as advance for future capital increase, composing the shareholders' equity and after the deliberation at the General Meeting, the amount is recorded as capital stock. For the specific case of contributions of 30% made for the acquisitions of options, the Company accounts for the capital increase as from the second reference date, in compliance with Law 6,404/76.

The chart below shows the assumptions included in the model used to estimate the additional fair value of the options granted in 2009:

	2009	**2008**
Expected volatility (%)	36.4%	38%
Risk-free interest rate (%)	6% + IGPM	6% + IGPM
Expected life term of option (years)	5	10
Average weighted price of shares (R$)	11.00	20.00
Pricing model used	Black & Scholes	Black & Scholes

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

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

	Parent Company		**Consolidated**	
	12/31/09	**12/31/08**	**12/31/09**	**12/31/08**
Income (loss) before taxes	35,551	189,019	(217,819)	187,026
Nominal rate	34%	34%	34%	34%
Expense to nominal rate	(12,087)	(64,266)	74,058	(63,589)
Adjustments of taxes by:				
Rate difference on investments abroad				16,465
Equity in earnings and provision for unsecured liabilities	55,035	51,957	(1,112)	(352)
Effect of rate difference in companies levied by taxable income computed based on a percentage of gross sales		2,409	8,304	15,529
Income tax and social contribution recorded (written off or unrecorded) in the year	(51,065)	-	(88,055)	9,269
Addition and exclusion of Law 11,941/09 effects	5,312	-	3,424	-
Recording of stock options granted	(1,725)		(5,929)	
Funding costs capitalized debentures	6,609		6,609	
Effect of rate reduction SUDAM incentive			28,090	2,084
Other permanent differences	(5,276)	(11,262)	290,383	36,740
Effective income (expense)	(3,197)	(21,162)	315,772	16,146
Provision for current taxes	(566)	(5,181)	296,851	35,241
Deferred taxes	(5,276)	(13,671)	254,823	(11,579)

(In thousands of Reais, except when stated otherwise)

29 Net financial Income

	Parent Company		Consolidated	
	12/31/09	12/31/08	12/31/09	12/31/08
Interest on debt/debentures/guarantees	(158,156)	(178,542)	(716,324)	(680,213)
Fines/Interest/Suppliers/Rail Cars	(24,084)	(4,838)	(165,912)	(144,889)
Interest on leasing and concession		4,634	(176,568)	(141,686)
Costumers/AVP/Other	(1,414)	(683)	(38,079)	(60,346)
Total financial expenses	(183,654)	(179,429)	(1,096,883)	(1,027,134)
Revenue on financial investment	73,399	57,982	244,187	256,661
Compensation on debentures		81,274		
AVP/Other	1,375	4,980	5,539	6,918
Total financial income	74,774	144,236	249,726	263,579
Net financial income	(108,880)	(35,193)	(847,157)	(763,555)

30 Insurance – consolidated

On December 31, 2009, the insurance coverage established by the Company's Management to cover possible losses and civil liability, is summarized as follows:

Line of Business	Coverage by event	Sum Insured	Duration
Rail operating risks	Property – property damage and loss of profits	R$ 60,000	08/01/2009 to 08/01/2010
Civil liability - rail operations	Operations, pollution, employer, vehicles (contingencies) and port	R$ 10,000	04/30/2009 to 04/30/2010
Insurance for rail freight	Civil liability of the rail freight carrier (RCTF-C); rail risk (RF) – per shipment	R$ 2,200	06/30/2009 to 06/30/2010
Civil liability - trucks	Damages to third parties on domestic routes	R$ 300	11/13/2009 to 11/13/2010
	Damages to third parties on international routes	R$ 120	03/31/2009 to 03/31/2010
Insurance for road freight	Civil liability of the road freight carrier (RCTR-C) – accidents and (RCF-DC) theft; international road transportation	RCTR-C R$ 2.200 RCT-VI R$ 2.200 RCFD-C R$ 2.200	06/30/2009 to 06/30/2010

31 Financial instruments

On December 31, 2009, the Company and its subsidiaries had the following main financial instruments:

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

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

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

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

Debentures: the market value of the debentures issued by the Company and its subsidiaries are almost their face value on December 31, 2008.

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

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

a) Credit risk

The Company and its subsidiaries are potentially subject to credit risks arising from their trade accounts receivable or credits held with financial institutions generated by financial investments. The procedures adopted to minimize commercial risks include the selection of customers through adequate credit analyses, the definition of sales limits and short-term maturity of trade notes. Estimated losses with these debtors are fully provisioned. Regarding financial investments, the Company and its subsidiaries have as policy only to realize investments in institutions with low credit risk, pursuant to the risk rating assigned by first-class rating agencies. The Management establishes a maximum investment limit according to Shareholders' Equity and to each institution's risk rating.

b) Interest rate risk

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

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

(In thousands of Reais, except when stated otherwise)

Below is the interest rate risk sensitivity analysis, showing the estimated effects of change in income scenarios in the next 12 months, for swaps and their respective underlying assets for which the projections were made. The Management considered the CDI projected for 2009 a probable scenario, according to banking projections:

Interest Rate Appreciation Risk

R$ thousand

Operation	Risk	Notional Value	Fair Value on 12/31/2010	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Debentures 3rd issue	CDI	166,666	(1,908)	15,932	18,592	21,961
Swap Long Position- Counterparty HSBC	CDI	166,666	1,908	(15,932)	(18,592)	(21,961)
Debentures 5th issue	CDI	66,667	56	6,578	7,513	8,693
Swap Long Position - Counterparty Standard	CDI	66,667	(56)	(6,578)	(7,513)	(8,693)
CCB	CDI	90,489	(163)	9,989	11,497	13,423
Swap Long Position - Counterparty Santander	CDI	90,489	163	(9,984)	(11,492)	(13,417)
References						
CDI				8.65	10.65	12.64

Probable scenario based on banks' macroeconomic projections.

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

c) Foreign currency risk

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

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

(In thousands of Reais, except when stated otherwise)

Below is the exchange rate risk sensitivity analysis, showing the estimated effects of change in income scenarios for the next 12 months. The Management considered the exchange rate projected for 2009 a probable scenario, according to macroeconomic projections:

Foreign Currency Appreciation Risk						R$ thousand
Operation	**Risk**	**Probable Scenario**	**Fair value on 12/31/2010**	**Probable Scenario**	**+25%**	**+50%**
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk – Effect on investments:						
Investments	USD	3,943	3,943	0	1,016	2,032
Net effect on investments		**3,943**	**3,943**	**0**	**1,016**	**2,032**
Foreign currency appreciation risk – Effect on suppliers/imports:						
Long-term suppliers	USD	126,904	11,818	2,657	25,798	48,325
Swap Long Position per Counterparty:						
Counterparty Santander	USD	19,258	(512)	(331)	(413)	(496)
Counterparty HSBC	USD	76,531	(4,553)	(1,963)	(21,393)	(40,314)
Counterparty Votorantim	USD	17,894	(6,262)	(1)	(1)	(1)
Counterparty Standard	USD	13,221	(491)	(363)	(3,783)	(7,129)
Net Effect on suppliers/imports			**0**	**(0)**	**207**	**384**
References						
Dollar USD/R$				1.80	2.25	2.70
UMBNDES				0.04	0.04	0.05

Probable scenario based on banks' macroeconomic projections.

d) Financial charge deterioration risk

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

(In thousands of Reais, except when stated otherwise)

Below is the financial charges deterioration sensitivity analysis, showing the estimated effects of change in income scenarios for the next 12 months, considering as probable scenario the projected rates for the year 2009. Rates increases were simulated as alternative scenarios, considering that the Company has a net debt position:

Debt charges deterioration risk				R$ thousand
Operation	**Risk**	**Probable Scenario**	**+25%**	**+50%**
FINANCIAL ASSETS AND LIABILITIES				
CASH		**263,961**	**294,478**	**324,994**
Investments indexed to CDI	CDI	132,239	162,755	193,272
Pre-fixed investments	PRÉ	131,723	131,723	131,723
LOANS AND FINANCING				
FINANCING indexed to TJLP	TJLP	167,289	195,148	216,608
FINANCING indexed to CDI	CDI	86,746	95,545	111,946
Pre-Fixed FINANCING	PRE	8,693	8,693	8,693
SHORT POSITION - Swaps USD X %CDI	CDI	11,923	14,675	17,427
DEBENTURES indexed to CDI	CDI	112,938	126,206	146,007
Pre-fixed DEBENTURES	PRÉ	29,482	29,482	29,482
LOAN SUBSIDIARY ABROAD	PRE	13,104	13,104	13,104
IGPM	IGPM	560	699	858
References				
CDI		8.65	10.65	12.64
TJLP		6.00	7.50	9.00
IGPM		4.50	5.65	6.82

Probable scenario based on banks' macroeconomic projections.

(In thousands of Reais, except when stated otherwise)

e) CVM Rule 475

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

Fatir value of derivative operations by maturity

DESCRIPTION	REFERENCE VALUE (NOTIONAL)		FAIR VALUE		ACCUMULATED EFFECT CURRENT	
	12/31/09	12/31/08	12/31/09	12/31/08	AMOUNT RECEIVABLE/(RECEIVED)	AMOUNT PAYABLE/(PAID)
SWAP CONTRACTS:						
NET POSITION						
FOREIGN CURRENCY RISK						
MATURITIES USD x %CDI:						
1Q09	USD 0	USD 5,094	R$ 0	(R$ 353)	R$ 0	R$ 0
2Q09	USD 0	USD 38,182	R$ 0	R$ 827	R$ 0	R$ 0
3Q09	USD 0	USD 39,135	R$ 0	R$ 187	R$ 0	R$ 0
4Q09	USD 0	USD 48,229	R$ 0	R$ 372	R$ 0	R$ 0
1Q10	USD 10,699	USD 7,469	(R$ 6,775)	(R$ 1,251)	R$ 0	(R$ 6,775)
2Q10	USD 10,140	USD 0	(R$ 1,831)	R$ 0	R$ 0	(R$ 1,831)
3Q10	USD 27,449	USD 0	(R$ 3,186)	R$ 0	R$ 0	(R$ 3,186)
4Q10	USD 11,891	USD 0	(R$ 27)	R$ 0	R$ 0	(R$ 27)
MATURITIES EUR x %CDI:						
2Q09"	EUR 0	EUR 293	R$ 0	(R$ 16)	R$ 0	R$ 0
INTEREST RATES RISK						
MATURITIES PRE X FLOATING RATES						
3Q11*	R$ 0	R$ 700,000	R$ 0	(R$ 3,091)	R$ 0	R$ 0
3Q12*	R$ 0	R$ 200,000	R$ 0	(R$ 1,241)	R$ 0	R$ 0
4Q12*	R$ 66,667	R$ 0	(R$ 56)	R$ 0	R$ 0	(R$ 56)
3Q14*	R$ 75,000	R$ 0	(R$ 1,902)	R$ 0	R$ 0	(R$ 1,902)
1Q18*	R$ 150,000	R$ 0	R$ 1,909	R$ 0	R$ 1,909	R$ 0
3Q18*	R$ 166,666	R$ 0	R$ 3,973	R$ 0	R$ 3,973	R$ 0
TOTAL			**(R$ 7,895)**	**(R$ 4,565)**	**R$ 5,882**	**(R$ 13,777)**

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

The book value of derivatives is recorded in the account Loans and Financings (Current and Non-Current) in Liabilities. The effect of the fair value of derivatives for which there is hedge documentation is recorded in Assets Adjustments (Shareholders' Equity); for those derivatives where there isn't hedge documentation, the effect of the fair value is recorded in the account Loans and Financings in Current Liabilities. All derivatives are used as hedge (asset protection).

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

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

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

The fair value of the derivatives was calculated based on exchange curves and current BM&F interest rates on December 31, 2009 for future value projection, as well as DI future rate of

(In thousands of Reais, except when stated otherwise)

BM&F to carry these flows to present value. There is no margin deposit or guarantees of any type or amount, for none of the derivatives under consideration.

All gains and losses incurred by the Company, calculated at fair value, are recorded in Financial Income (Note 29).

32 Private social security

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

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

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

	12/31/09	12/31/08
Participants	106	166
Net assets	8,715	7,688
Sponsor contribution (% payroll)	0.53%	0.40%
Participation payroll	1,478	2,117

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

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

33 New Accounting Pronouncements

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

Optionally, the Company could have chosen the early adoption and applied the pronouncements during the year ended December 31, 2009, provided they were adopted in full. The Company chose not to do so for its 2009 financial statements.

The pronouncements already issued and that apply to the Company and its subsidiaries are:

- CPC 17 – Construction Contracts, approved by CVM Deliberation 576 of June 3, 2009;
- CPC 18 – Investment in Subsidiary and Associated Company, approved by CVM Deliberation 605 of November 26, 2009;
- CPC 20 – Borrowing Costs, approved by CVM Deliberation 577 of June 5, 2009;
- CPC 21 – Interim Statement, approved by CVM Deliberation 581 of July 31, 2009;
- CPC 22 – Information by segment, approved by CVM Deliberation 582 of July 31, 2009;
- CPC 23 – Accounting Policies, Changes in Estimates and Error Correction, approved by CVM Deliberation 592 of September 15, 2009;
- CPC 24 – Subsequent Event, approved by CVM Deliberation 593 of September 15, 2009;
- CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, approved by CVM Deliberation 594 of September 15, 2009;
- CPC 26 – Presentation of Financial Statements, Approved by CVM Deliberation 595 of September 15, 2009;
- CPC 27 – Fixed Assets, approved by CVM Deliberation 583 of July 31, 2009;
- CPC 30 – Revenues, approved by CVM Deliberation 597 of September 15, 2009;
- CPC 32 Taxes on Income, approved by CVM Deliberation 599 of September 15, 2009;
- CPC 33 – Employee Benefits, approved by CVM Deliberation 600 of October 7, 2009;
- CPC 36 – Consolidated Statements, approved by CVM Deliberation 608 of November 26, 2009;
- CPC 37 – Initial Adoption of the International Accounting Standards, approved by CVM Deliberation 609 of December 22, 2009;

- CPC 38 – Financial Instruments: Recognition and Measurement, approved by CVM Deliberation 604 of November 19, 2009;

- CPC 39 – Financial Instruments: Presentation, approved by CVM Deliberation 604 of November 19, 2009;

- CPC 40 – Financial Instruments: Reporting, approved by CVM Deliberation 604 of November 19, 2009;

- CPC 43 – Initial Adoption of Technical Pronouncements 15 through 40, approved by CVM Deliberation 610 as of December 22, 2009;

- ICPC 01 – Concession Agreements – approved by CVM Deliberation 611 of December 22, 2009;

- ICPC 09 – Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Accounting Method, approved by CVM Deliberation 618 of December 22, 2009;

- ICPC 10 – Interpretation about the Initial Application of Technical Pronouncements CPC 27, 28, 37 and 43, approved by CVM Deliberation 619 of December 22, 2009, to Fixed Assets and Properties for Investment.

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

34 CVM Rule 480/09

Pursuant to CVM Rule 480/09, the Board of Executive Officers declares having discussed, revised and agreed with the opinions stated in the independent auditors' report and with the financial statements relative to the fiscal year ended December 31, 2009.

The Management also declares that the Company does not have a capital budget proposal.

* * *

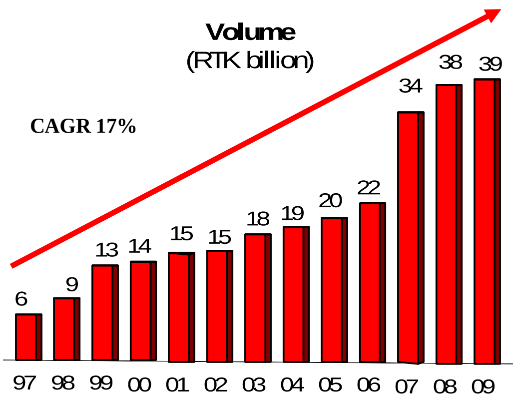
MANAGEMENT REPORT 2009

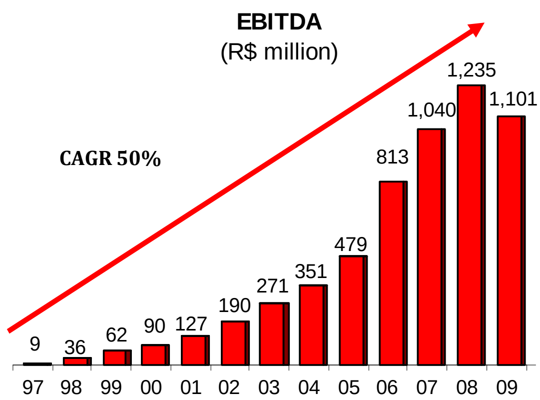
The purpose of América Latina Logística S.A. (Holding) is to hold interest in other companies as a shareholder or partner, and to develop, through its subsidiaries, activities related to the transportation of cargo and logistics. Its main subsidiaries are ALL Malha Sul, a rail concession of the south portion of Brazilian rail network and part of the south of São Paulo´s rail network; ALL Malha Norte, a rail concession in the state of Mato Grosso do Sul and south of Mato Grosso; ALL Malha Paulista another rail concession in the state of São Paulo; ALL Malha Oeste a rail concession covering the state of Mato Grosso do Sul and part of São Paulo´s rail network; ALL Argentina, which controls the ALL Central and ALL Mesopotâmica railroads in Argentina; and ALL Intermodal, a logistics company that explores intermodal cargo transportation services and activities related to highway transportation services and logistics operations. Comparisons, unless otherwise stated, refer to the same period in 2008. The financial and operating information that follows, unless otherwise stated, are presented in reais, according to the Brazilian Corporate Law. Consolidated results, unless otherwise stated, comply with the changes in the Brazilian Accounting Standards that came into effect in 2008 (Law 11,638) and may differ from previous released figures. Consolidated results, unless otherwise stated, exclude the results originating from Santa Fé Vagões.

OPERATING AND FINANCIAL HIGHLIGHTS

The year of 2009 was marked by a difficult market scenario, but at the same time, represented a very important step on the long term perspectives of our business. We set with Rumo (a subsidiary of Cosan) the biggest contract of our history, as Rumo will provide a total capex of R$1.2 billion in order to leverage sugar rail volumes, from current 2 million tons to 9 million tons in 4 years. We also started to build a 260 km rail line from Alto Araguaia to Rondonópolis, extending our main rail corridor further towards the Brazilian agricultural frontier. Additionally, we prepared the company to the next long term expansion moves, as we improved our capital structure by increasing the number of shares in our controlling group, raising R$1.3 billion in equity, and setting lines with BNDES to finance our next 3 years capex plan.

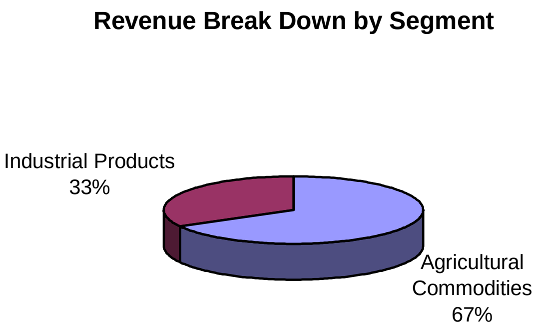
Consolidated Results

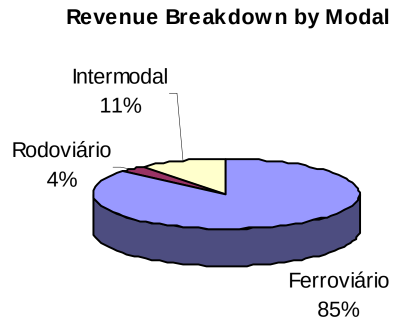




ALL's volume increased 1.9% from 38,205 million RTK to 38,935 million RTK in 2009, despite the very tough market scenario we faced during the year, with a significant drop in industrial production and 12% reduction in agricultural grain crop in our coverage area, showing once again the strong fundamentals of our business. Volumes increased 6.0% in agricultural commodities and 5.3% in industrial products with market share gains in all segments. However, the volume growth for this year was below our expectations due to the weak operational performance in 4Q09, severely impacted by unprecedented rainfall volumes in a major portion of our rail network. Gross revenues fell 1.7% from 2.822 million in 2008 to R$ 2.775 million in 2009.

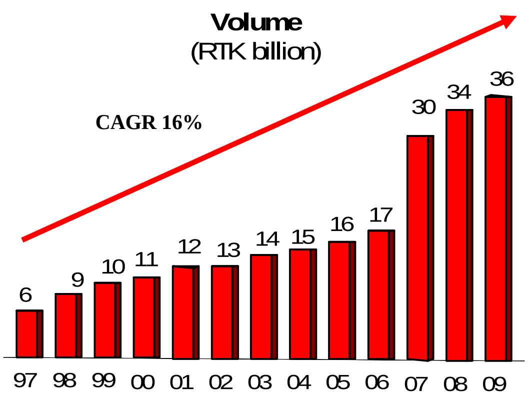
EBITDA went down 10.9% from R$ 1,235.2 million in 2008 to R$ 1,101.0 in 2009, mainly affected by very pressured yields in rail business in Brazil, an increase in operational costs in the 4Q09 and a poor performance in Argentina, where we faced very tough market and political environment. Consequently, our EBITDA margin decreased 4.3 percentage points to 45.1%.

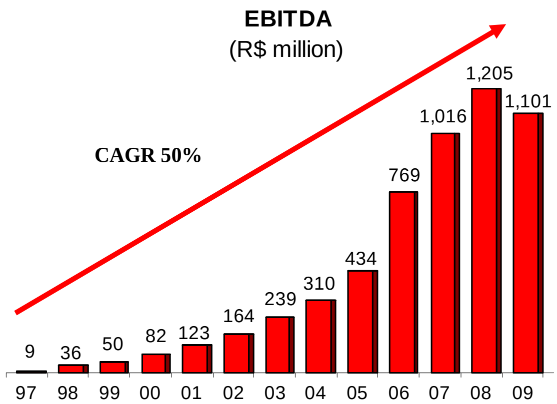




ALL's consolidated net income reached R$ 41.0 million in 2009, compared to a net income of R$ 179.0 million in 2008. Including the result coming from Santa Fé Vagões, net income decreased from an income of R$ 176.7 million in 2008 to an income of R$ 31.7 million in 2009.

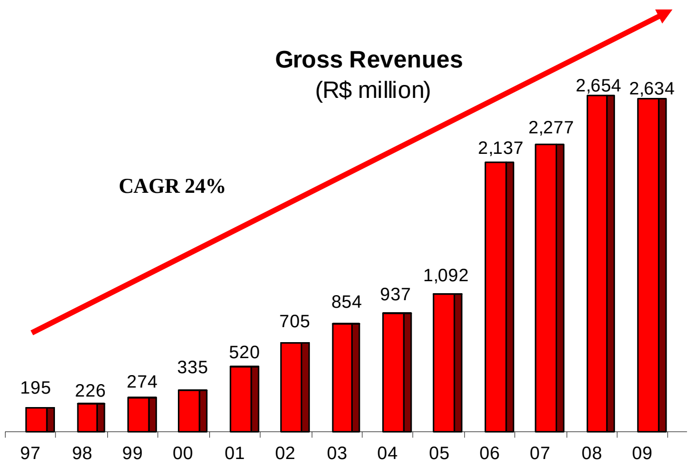
ALL BRASIL





Brazilian operation's gross revenues decreased 0.7%, mainly driven by (i) a 4.3% decrease in yileds and (ii) a 34.4% decrease in highway service's revenues; partially offset by the increase of 5.8% in transported volume, from 33,675 million RTK in 2008 to 35,631 million RTK in 2009.

(In thousands of Reais, except when stated otherwise)



We present below the 2009 results by business unit.

AGRICULTURAL COMMODITIES BUSINESS UNIT

Agricultural commodities volumes increased 6.0% in 2009 from 23,704 million RTK in 2008 to 25,136 million RTK in 2009 due to a 6.6% increase in front haul flows and a 1.8% increase in return cargo volumes.

Table 4 - Agricultural Commodities Products (million RTK)	**2009**	**2008**	**% Change**
Soy	9,964.7	8,529.0	16.8%
Soy Meal	3,695.2	3,731.6	-1.0%
Fertilizers	2,086.2	2,299.8	-9.3%
Sugar	2,869.2	3,139.6	-8.6%
Corn	5,336.9	5,021.9	6.3%
Wheat	710.3	447.4	58.8%
Rice	443.1	443.0	0.0%
Others	30.3	91.4	-66.8%
Total	**25,135.9**	**23,703.7**	**6.0%**

Gross revenues in agricultural commodities increased 1.9%, reaching R$ 1,806.8 million as compared to R$ 1,773.7 million in 2008, and average gross yield decreased 3.9%, to R$ 71.9 per thousand RTK, pressured by weak freight prices in the spot market and by the diesel price reduction realized by Petrobras in June 2009.

Agricultural commodities EBITDA decreased 7.4% from R$ 882.2 million in 2008 to R$ 817.3 million and EBITDA margin decreased 4.5 percentage points, from 55.5% in 2008 to 50.9% in 2009.

(In thousands of Reais, except when stated otherwise)

INDUSTRIAL PRODUCTS BUSINESS UNIT

In the industrial business unit volumes increased 5.3% from 9,971 million RTK in 2008 to 10,495 million RTK in 2009, despite of the strong reduction in industrial production in Brazil. That increase was mainly due to a 11.0% growth in Intermodal flows, as we have market share gains in all segments.

Table 6 - Intermodal Industrial Products (million RTK)	2009	2008	% Change
Steel Products	942.2	966.5	-2.5%
Wood Products	857.9	655.9	30.8%
Food Products	654.3	569.4	14.9%
Containers	1,050.3	936.0	12.2%
Others	691.4	652.0	6.0%
Total	**4,196.1**	**3,779.8**	**11.0%**

Table 7 - Pure Rail Industrial Products (million RTK)	2009	2008	% Change
Fuel Products	4,532.4	4,405.6	2.9%
Vegetal Oil	297.8	292.9	1.7%
Construction	1,468.6	1,492.6	-1.6%
Total	**6,298.8**	**6,191.2**	**1.7%**

Gross revenues from industrial products decreased 0.2%, from R$ 731.3 million in 2008 to R$ 729.9 in 2009, driven by a 5.2% decrease in gross yield, measured in R$/thousand RTK, partially offset by a 5.3% increase in transported volume.

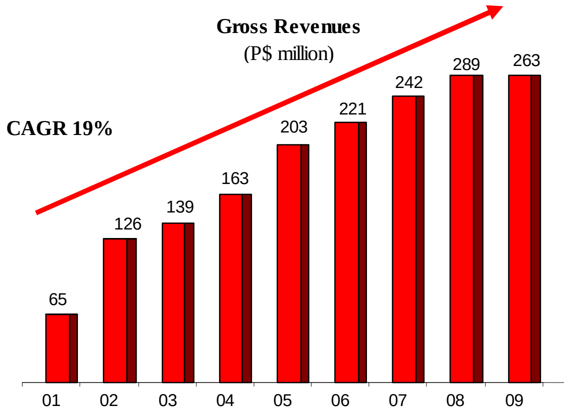
Industrial products EBITDA shrank 9.6%, from R$ 304.9 million in 2008 to R$ 275.8 million in 2009, and the EBITDA margin drop 4.9 percentage points from 50.0% in 2008 to 45.1% in 2009.

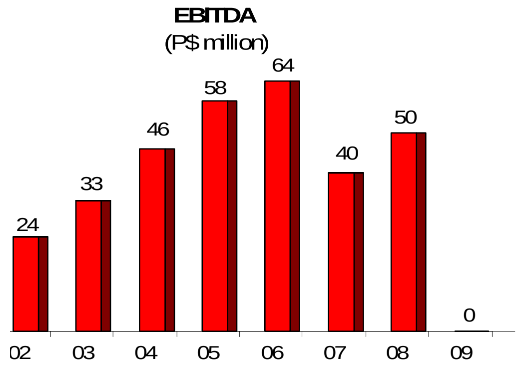
HIGHWAY SERVICE BUSINESS UNIT

Highway services volumes, measured in remunerated kilometers (RK), decreased 33.7%, mainly driven by the discontinuation of beverage distribution service for Ambev at the end of 2008 and the volume reduction in our automotive clients as a result of the economic recession. Gross revenues went down 34.4%, from R$ 148.7 million in 2008 to R$ 97.5 million in 2009

EBITDA from Highway services fell 54.6% from R$ 17.5 million in 2008 to R$ 7.9 million in 2009, whereas EBITDA margin decreased 3.8 percentage points reaching 9.3%.

ARGENTINA OPERATIONS





Volumes in ALL Argentina went down 27.0% in 2009, from 4,530 million RTK in 2008 to 3,305 million RTK, as we continue to face a very tough environment in the country, with a severe recession, an agricultural crop drop of more than 45% and partial blockages in our railroads.

ALL Argentina's gross revenues decreased 9.1% in Pesos, from P$ 289.1 million to P$ 262.8 million, reflecting the volume decrease aforementioned partially offset by a 24.6% increase in gross yield. In 2009, All Argentina's EBITDA decreased from P$ 50.1 million to a negative P$ 0.1 million. The Argentinean operation represents today 5% of our revenues and less than 1% of our EBITDA.

CVM Rule 381 of January 14, 2003

ALL – América Latina Logística S.A. in compliance with Letter/CVM/SEP/GEA-2/N.º 305/05 and CVM Rule 381 of January 14, 2003 (ratified by Circular Letter /CVM/SEP/SNC/Nº02/2005 of March 20, 2005) informs the market about the services hired by the Company and provided by its independent auditor Ernst & Young ("Auditor") during the year 2009:

(i) Review of direct taxes adherence, whose legal fees account for 1.7% of the audit fees;

Arbitration Clause

ALL – América Latina Logística S.A. is bound to arbitration at the Market Arbitration Chamber, pursuant to the Arbitration Clause in its by-laws.