(A free translation of the original in Portuguese)

ALL - América Latina Logística S.A. and its subsidiaries

Quarterly information in accordance with accounting practices adopted in Brazil and consolidated quarterly information prepared in accordance with International Financial Reporting Standards (IFRS) at June 30, 2014

(A free translation of the original in Portuguese)

Report on the review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of ALL - América Latina Logística S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of the review

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

Conclusion on the parent company interim information

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

(A free translation of the original in Portuguese)

Conclusion on the consolidated interim information

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

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the six month period ended June 30, 2014. These statements are the responsibility of the Company's management and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Curitiba, August 5, 2014

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

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

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

BALANCE SHEETS
PERIODS ENDED JUNE 30, 2014 AND DECEMBER 31, 2013
(In thousands of reais) (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		6/30/2014	12/31/2013	6/30/2014	12/31/2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	40,279	94,009	2,372,834	2,917,636
Trade receivables	5	23,415	39,757	530,887	423,185
Inventories		2,557	2,557	252,292	166,343
Intercompany loans receivable		-	-	219	769
Prepayment of lease agreements	6	-	-	6,186	6,186
Taxes and contributions recoverable	7	901	901	478,349	418,067
Income tax and social contribution recoverable	7	68,961	72,973	122,394	132,834
Derivative instruments	15	-	6,162	-	-
Dividends and interest on capital		33,209	81,209	479	-
Advances and other receivables		28,580	27,670	228,577	230,054
Prepaid expenses		1,562	5,223	10,251	13,251
Total current assets		199,464	330,461	4,002,468	4,308,325
NON-CURRENT ASSETS					
LONG-TERM RECEIVABLES					
Trade receivables	5	27,238	30,090	27,238	30,090
Long-term receivables from related parties	19	7,049	2,322	-	-
Prepayment of lease agreements	6	-	-	72,888	75,982
Derivative instruments	15	10,955	8,880	-	-
Taxes and contributions recoverable	7	-	-	471,807	416,841
Income tax and social contribution recoverable	7	-	-	47,618	44,308
Deferred income tax and social contribution	8	-	-	703,977	661,120
Refundable deposits and restricted amounts	18	4,780	5,244	328,073	330,166
Other receivables		38,484	39,201	105,992	103,372
Prepaid expenses		-	-	5,780	5,253
		88,506	85,737	1,763,373	1,667,132
Investments	10	8,760,293	8,395,524	1,970,228	1,925,334
Intangible assets	11	5,171	69	2,391,567	2,410,244
Property and equipment	12	381	55,587	9,074,728	8,570,681
		8,765,845	8,451,180	13,436,523	12,906,259
Total non-current assets		8,854,351	8,536,917	15,199,896	14,573,391
TOTAL ASSETS		9,053,815	8,867,378	19,202,364	18,881,716

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

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

BALANCE SHEETS
PERIODS ENDED JUNE 30, 2014 AND DECEMBER 31, 2013
(In thousands of reais) (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		6/30/2014	12/31/2013	6/30/2014	12/31/2013
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade payables		45,087	81,720	907,876	721,113
Borrowing	13	82,737	83,865	811,590	893,322
Debentures	14	396,336	135,575	506,576	241,154
Derivative instruments	15	-	-	28,227	9,630
Taxes payable		5,182	6,735	52,114	27,054
Intercompany loans payable		-	-	9,215	2,541
Leases and concessions	17	-	-	18,597	17,878
Labor and social security obligations		241	502	95,313	111,752
Advances from customers		79,453	-	119,402	186,469
Leases	16	-	-	507,916	365,466
Taxes and social security contributions payable in installments	23	-	-	26,005	25,382
Other payables		9,128	9,128	49,510	48,954
Deferred revenue	22	-	-	2,611	2,611
Advances on real estate credits	21	34,606	34,558	156,354	155,264
Dividends and interest on capital		5,251	8,331	217	12,564
Total current liabilities		658,021	360,414	3,291,523	2,821,154
NON-CURRENT LIABILITIES					
Borrowing	13	85,884	88,869	3,047,445	3,084,154
Debentures	14	1,692,723	1,945,797	2,450,886	2,722,485
Derivative instruments	15	-	-	9,854	21,563
Payables to related parties	19	33,609	35,021	-	-
Provision for contingencies	18	-	-	183,934	210,671
Leases and concessions	17	-	-	1,763,070	1,647,383
Provision for unrealized profits	20	10,014	10,386	-	-
Leases	16	-	-	1,281,484	1,313,080
Taxes and social security contributions payable in installments	23	-	-	142,927	146,323
Advances on real estate credits	21	34,017	43,356	241,660	280,681
Other liabilities		-	-	20,644	22,248
Provision for net capital deficiencies in subsidiary	10	48,145	40,555	-	-
Deferred revenue	22	1,991,237	1,991,237	2,012,395	2,013,699
Total non-current liabilities		3,895,629	4,155,221	11,154,299	11,462,287
Total liabilities		4,553,650	4,515,635	14,445,822	14,283,441
EQUITY	24				
Capital		3,448,283	3,448,283	3,448,283	3,448,283
Capital reserves		313,360	315,100	313,360	315,100
Revenue reserves		708,947	708,947	708,947	708,947
Retained earnings		101,362	-	101,362	-
Carrying value adjustments		(71,787)	(120,587)	(71,787)	(120,587)
		4,500,165	4,351,743	4,500,165	4,351,743
Non-controlling stockholders		-	-	256,377	246,532
Total equity		4,500,165	4,351,743	4,756,542	4,598,275
TOTAL LIABILITIES AND EQUITY		9,053,815	8,867,378	19,202,364	18,881,716

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

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

STATEMENTS OF INCOME
PERIODS ENDED JUNE 30, 2014 AND 2013
(All amounts in thousands of reais, except earnings per share) (A free translation of the original in Portuguese)

		Parent company				Consolidated			
		Period ended		Quarter ended		Period ended		Quarter ended	
	Note	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Continuing operations									
Net services revenue	29	31,250	26,023	19,758	10,466	1,982,514	1,872,471	1,076,628	1,034,492
Cost of services		(27,214)	(28,514)	(12,729)	(14,525)	(1,114,621)	(1,038,903)	(575,819)	(525,795)
Gross profit		4,036	(2,491)	7,029	(4,059)	867,893	833,568	500,809	508,697
Results of investments									
Equity in the result of subsidiaries	10	275,221	320,423	183,003	225,913	2,502	16,159	4,159	(448)
Provision for net capital deficiencies in subsidiaries	10	(13,822)	(15,057)	3,052	(13,723)	-	-	-	-
Gain/losses on investments	10	(1)	(95,926)	-	(95,928)	(1,032)	(96,464)	-	(95,931)
		261,398	209,440	186,055	116,262	1,470	(80,305)	4,159	(96,379)
Other operating income (expenses)									
Sales		-	-	-	-	(9,042)	(9,535)	(4,229)	(2,854)
General and administrative		(29,733)	(24,983)	(21,073)	(13,791)	(114,119)	(94,506)	(56,608)	(51,860)
Other operating income (expenses), net	29	260	6,649	224	6,693	3,580	(1,938)	(755)	634
		(29,473)	(18,334)	(20,849)	(7,098)	(119,581)	(105,979)	(61,592)	(54,080)
Operating profit before finance result		235,961	188,615	172,235	105,105	749,782	647,284	443,376	358,238
Finance costs	26	(139,435)	(112,961)	(80,706)	(57,519)	(747,283)	(568,467)	(404,266)	(283,524)
Finance income	26	5,211	32,077	2,546	14,369	121,731	76,218	58,401	33,143
		(134,224)	(80,884)	(78,160)	(43,150)	(625,552)	(492,249)	(345,865)	(250,381)
Operating profit before taxes		101,737	107,731	94,075	61,955	124,230	155,035	97,511	107,857
Current income tax and social contribution	8	-	-	-	-	(58,116)	(40,596)	(38,804)	(25,117)
Deferred income tax and social contribution	8	-	-	-	-	45,520	12,717	41,174	(473)
		-	-	-	-	(12,596)	(27,879)	2,370	(25,590)
Profit from continuing operations		101,737	107,731	94,075	61,955	111,634	127,156	99,881	82,267
Discontinued operations									
Loss from discontinued operations	30	(504)	(148,152)	(286)	(136,307)	(553)	(163,207)	(314)	(150,031)
Profit for the period		101,233	(40,421)	93,789	(74,352)	111,081	(36,051)	99,567	(67,764)
Profit attributable to									
Owners of the Company						101,233	(40,421)	93,789	(74,352)
Non-controlling interests						9,848	4,370	5,778	6,588
Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the year (expressed in R$ per share)									
Basic earnings (loss) per share									
Per common share - continuing operation	27					0.1489	0.1575	0.1377	0.0906
Per common share - discontinued operation	27					(0.0007)	(0.2166)	(0.0004)	(0.1993)
Diluted earnings (loss) per share									
Per common share - continuing operation	27					0.1477	0.1539	0.1366	0.0885
Per common share - discontinued operation	27					(0.0007)	(0.2117)	(0.0004)	(0.1947)

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

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

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
PERIODS ENDED JUNE 30, 2014 AND 2013
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent company				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Profit for the year	101,233	(40,421)	93,789	(74,352)	111,081	(36,051)	99,567	(67,764)
Items to be reclassified to profit (loss)								
Foreign exchange gains (losses) on investments abroad	4,386	8,447	583	15,735	4,386	8,447	583	10,019
Mark-to-market effects on hedge instruments	67,489	(158,495)	17,625	(112,822)	67,489	(158,495)	17,625	(112,822)
Tax effects on carrying value adjustments	(22,946)	53,888	(5,992)	(1,401)	(22,946)	53,888	(5,992)	(1,401)
Total comprehensive income (loss), net of taxes	**150,162**	**(136,581)**	**106,005**	**(172,840)**	**160,010**	**(132,211)**	**111,783**	**(171,968)**
Profit attributable to:								
Owners of the Company	150,162	(136,581)	106,005	(172,840)	150,162	(136,581)	106,005	(172,840)
Non-controlling interests	-	-	-	-	9,848	(1,346)	5,778	872
	150,162	**(136,581)**	**106,005**	**(172,840)**	**160,010**	**(137,927)**	**111,783**	**(171,968)**

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

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

STATEMENTS OF CHANGES IN EQUITY
PERIODS ENDED JUNE 30, 2014 AND 2013
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Paid up capital		Capital reserves				Revenue reserves					Carrying value adjustments						
	Subscribed	To be paid up	Treasury shares	Cost of debentures issued	Options granted	Results from transactions with non-controlling interests and goodwill	Legal reserve	Tax incentives	For investments	Retained earnings	Funds for capital increase	Cumulative translation adjustments	Deemed cost	Mark-to-market gains (losses) - hedge	Available-for-sale investments marked to market	Total	Non-controlling stockholders	Total equity
At December 31, 2012	**3,448,283**	**(14,342)**	**(51,108)**	**(19,439)**	**97,503**	**55,853**	**77,726**	**187,864**	**443,019**	**-**	**12,191**	**(13,900)**	**4,708**	**(24,610)**	**-**	**4,203,748**	**72,674**	**4,276,422**
Profit for the year	-	-	-	-	-	-	-	-	-	(40,421)	-	-	-	-	-	(40,421)	4,370	(36,051)
Foreign exchange gains (losses) on investments abroad	-	-	-	-	-	-	-	-	-	-	-	8,447	-	-	-	8,447	(5,716)	2,731
Mark-to-market gains (losses) - hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(98,252)	-	(98,252)	-	(98,252)
Tax effects of carrying value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,355)	-	(6,355)	-	(6,355)
Parent company adjustments	-	-	-	-	-	-	-	-	-	-	-	162	(162)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	(40,421)	-	8,609	(162)	(104,607)	-	(136,581)	(1,346)	(137,927)
Cost difference in the purchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on transactions with non-controlling interests	-	-	-	-	-	5,038	-	-	-	-	-	-	-	-	-	5,038	-	5,038
Share base payment transactions																		
Reserve for options granted (note 23)	-	2,429	6,063	-	(346)	-	-	-	(10,125)	-	-	-	-	-	-	(1,979)	-	(1,979)
Options exercised	-	-	-	-	-	-	-	-	-	-	157	-	-	-	-	157	-	157
Advance on future capital increase	-	11,913	-	-	901	-	-	-	-	-	(12,348)	-	-	-	-	466	-	466
Total transactins with owners of the company	-	14,342	6,063	-	555	5,038	-	-	(10,125)	-	(12,191)	-	-	-	-	3,682	-	3,682
At June 30, 2013	**3,448,283**	**-**	**(45,045)**	**(19,439)**	**98,058**	**60,891**	**77,726**	**187,864**	**432,894**	**(40,421)**	**-**	**(5,291)**	**4,546**	**(129,217)**	**-**	**4,070,849**	**71,328**	**4,142,177**
At December 31, 2013	**3,448,283**	**-**	**(42,291)**	**(19,439)**	**94,854**	**281,976**	**78,377**	**187,864**	**442,706**	**-**	**-**	**(17,312)**	**4,211**	**(107,486)**	**-**	**4,351,743**	**246,532**	**4,598,275**
Profit for the year	-	-	-	-	-	-	-	-	-	101,233	-	-	-	-	-	101,233	9,848	111,081
Foreign exchange gains (losses) on investments abroad	-	-	-	-	-	-	-	-	-	-	-	4,386	-	-	-	4,386	-	4,386
Mark-to-market gains (losses) - hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	67,489	-	67,489	-	67,489
Tax effects of carrying value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,946)	-	(22,946)	-	(22,946)
Adjustments in associates	-	-	-	-	-		-	-	-	129	-	-	(129)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	101,362	-	4,386	(129)	44,543	-	150,162	9,848	160,010
Gains on transactions with non-controlling interests (note 10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)
Share-based payment transactions																-		
Reserve for options granted (note 24)	-	-	(16,080)	-	14,340	-	-	-	-	-	-	-	-	-	-	(1,740)	-	(1,740)
Total transactins with owners of the Company	-	-	(16,080)	-	14,340	-	-	-	-	-	-	-	-	-	-	(1,740)	(3)	(1,743)
At June 30, 2014	**3,448,283**	**-**	**(58,371)**	**(19,439)**	**109,194**	**281,976**	**78,377**	**187,864**	**442,706**	**101,362**	**-**	**(12,926)**	**4,082**	**(62,943)**	**-**	**4,500,165**	**256,377**	**4,756,542**

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

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

STATEMENTS OF CASH FLOWS
PERIODS ENDED JUNE 30, 2014 AND 2013
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Operating activities				
Profit for the period	101.233	(40.421)	111.081	(36.051)
Expenses (income) not affecting cash and cash equivalents				
Depreciation and amortization (note 29)	1.329	1.130	249.659	221.300
Equity in the results of investees and gains/losses on investments	(271.436)	(224.497)	(1.470)	80.305
Provision for net capital deficiency (note 10)	10.037	15.057	-	-
Goodwill amortization (note 29)	28.018	28.167	28.018	28.167
Deferred income tax and social contribution (note 8)	-	-	(45.520)	(12.717)
Provision for unrealized profits (note 20)	(372)	(372)	-	-
Realization of deferred revenue	-	-	(1.305)	(1.305)
Interest on foreign exchange variations on borrowing and debentures	12.712	(3.682)	44.991	(11.307)
Stock option granting	(435)	1.086	(1.739)	(356)
Results from discontinued operations	504	148.152	553	163.207
	(118.410)	(85.836)	384.268	420.787
Changes in assets				
Trade receivables	98.647	(12.876)	(171.828)	(41.488)
Inventories	-	2.596	(85.949)	(96.937)
Taxes and contributions recoverable	4.012	(594)	(86.380)	(76.921)
Dividends and interest on capital	48.000	-	(479)	2.539
Cash and cash equivalents from discontinued operations (note 30)	-	-	(478)	(29.055)
Other assets	4.171	(15.353)	(13.353)	(545)
	154.830	(26.227)	(358.467)	(242.407)
Changes in liabilities				
Trade payables	(37.523)	5.397	198.329	(41.117)
Labor and social security obligations	(261)	(187)	(16.444)	(1.758)
Taxes payable	(1.554)	(6.252)	23.877	14.221
Income tax and social contribution paid	-	-	(7.320)	(24.973)
Leases and concession payables	-	-	116.406	80.949
Other liabilities	-	-	(11.945)	(6.874)
	(39.338)	(1.042)	302.903	20.448
Net cash provided by (used in) operating activities	**(2.918)**	**(113.105)**	**328.704**	**198.828**
Investment activities				
Disposals (Purchases) of property and equipment, net (note 12)	49.459	286	(627.052)	(479.667)
Acquisition of investments	(76.618)	(345.062)	-	-
Net cash used in investing activities	(27.159)	(344.776)	(627.052)	(479.667)
Financing activities				
Financing				
New borrowing and financing	5.403	-	328.157	584.707
Repayment of borrowing and financing	(19.839)	(11.749)	(562.263)	(746.574)
Capital increase and funds for capital increase	-	-	-	(19.868)
Dividends and interest on capital	(3.080)	(52.778)	(12.347)	(56.383)
Related parties	(6.137)	2.956	-	-
Net cash used in financing activities	(23.653)	(61.571)	(246.453)	(238.118)
Decrease in cash and cash equivalents	**(53.730)**	**(519.452)**	**(544.802)**	**(518.957)**
Cash and cash equivalents at the beginning of the period	94.009	881.213	2.917.636	2.508.360
Cash and casn equivalents at the end of the period	40.279	361.761	2.372.834	1.989.403
Decrease in cash and cash equivalents	**(53.730)**	**(519.452)**	**(544.802)**	**(518.957)**

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

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

STATEMENTS OF VALUE ADDED
PERIODS ENDED JUNE 30, 2014 AND 2013
(All amounts in thousands of reais) (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenue				
Sales of services	34,472	29,134	2,267,057	2,127,311
Other income	363	6,897	15,306	31,739
Provision for impairment of trade receivables	-	-	(6,855)	(6,247)
	34,835	**36,031**	**2,275,508**	**2,152,803**
Inputs acquired from third parties				
Cost of services	3,234	783	(433,651)	(513,748)
Materials, electricity, outsourced services and other	(26,906)	(12,356)	(209,341)	(113,499)
Impairment/Recovery of assets	(154)	76	(3,476)	2,826
Other	2	(248)	2,874	(33,677)
	(23,824)	**(11,745)**	**(643,594)**	**(658,098)**
Gross value added	**11,011**	**24,286**	**1,631,914**	**1,494,705**
Depreciation and amortization	(29,343)	(29,297)	(275,838)	(249,467)
Net value added generated by the entity	**(18,332)**	**(5,011)**	**1,356,076**	**1,245,238**
Value added received through transfer				
Equity in the results of investees	261,398	209,440	1,470	(80,305)
Discounted operations	(504)	(148,152)	(553)	(163,207)
Finance income	8,217	32,077	121,731	76,218
	269,111	**93,365**	**122,648**	**(167,294)**
Total value added to distribute	**250,779**	**88,354**	**1,478,724**	**1,077,944**
Distribution of value added				
Personnel				
Direct remuneration	1,828	10,626	174,897	151,706
Benefits	(433)	1,066	22,628	24,964
Government Severance Indemnity Fund for Employees (FGTS)	-	183	8,896	7,926
	1,395	**11,875**	**206,421**	**184,596**
Taxes and contributions				
Federal	3,692	3,590	182,701	209,162
State	-	-	63,112	35,025
Municipal	-	349	4,881	4,729
	3,692	**3,939**	**250,694**	**248,916**
Third party capital remuneration				
Interest	142,441	112,961	747,283	568,467
Rentals	2,018	-	163,245	112,016
	144,459	**112,961**	**910,528**	**680,483**
Remuneration of own capital				
Retained earnings	101,233	(40,421)	101,233	(40,421)
Interest of non-controlling stockholders in retained earnings	-	-	9,848	4,370
	101,233	**(40,421)**	**111,081**	**(36,051)**
Total value added distributed	**250,779**	**88,354**	**1,478,724**	**1,077,944**

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

1. General information

a) The Company

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

The Company's main activities are:

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

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

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

Since October 22, 2010, the Company's shares have been traded in the "New Market" segment of the São Paulo Stock Exchange (Bovespa).

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

The concession terms are as follows:

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

A list of all the companies that make up the ALL Group is provided in Note 3.

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

Track Logística was organized on April 7, 2010, and its main business purposes are rendering general cargo logistics operating services; managing and operating ports, terminals, distribution centers, warehouse units, and bonded warehouses; and investing in other companies, among others. It has not started its activities yet.

Brado Holding was organized on July 9, 2010, and its main business purpose is holding interests in other entities, consortia or ventures, either locally or abroad. On April 1, 2011, Brado Holding acquired an 80% interest in Brado Logística e Participação S.A. The interest in Brado Logística increased to 62.22% on August 5, 2013 after the contribution made by the new investor FI-FGTS, as disclosed in Note 10.

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

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

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

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

On March 5, 2009, the Company and its subsidiaries established a relationship with Rumo Logística Operadora Multimodal S.A. (Rumo) in order to improve sugar transport by rail from the State of São Paulo to the Port of Santos. This relationship, established to develop a partnership between the parties, foresees a number of investments, including the duplication of the Campinas-Santos stretch, the acquisition of wagons and locomotives and improvements in the structures of loading and unloading terminals.

Rumo owns the terminals and rolling stock, while the Federal Government owns the railway, which is under the concession and control of ALL Malha Paulista S.A. Rumo's contributions are remunerated through a fee established by R$/ton, in accordance with specific volumes transported by the rail to the Port of Santos. The railway freight tariff is determined on the agreement and ensures competitiveness with the road transportation.

The project's investments can be divided into two different types and, therefore, are treated as follows:

i. The amount invested in rolling stock, owned by Rumo, refers to operational leases, in accordance with the rules defined by CPC 06, and the costs related to this leasing are accounted as operating costs under market conditions.

ii. The amount invested in railways, owned by the Federal Government and under the concession and control of ALL Malha Paulista S.A., refers to a fixed assets of the Company which is accounted under Lease – Rent Incentive. This financing generates financial expenses and its consequent payment reduces its balance.

Therefore, the fees that remunerate Rumo's investments are divided in two, a part being considered as operational lease of rolling stock and a part as the lease payment.

On April 15, 2014, as informed through a Material Fact, the Company Board of Directors approved a Proposal sent on February 24, 2014 by Rumo Logística Operadora Multimodal ("Rumo"), aiming at combining the activities of ALL and Rumo, through the merger of ALL shares by Rumo, pursuant to Article 252 of Law 6,404/76 ("Brazilian Corporation Law").

As a result of the Proposal's approval, the Boards of Directors of ALL and Rumo signed, on this date, the Protocol and Justification of Merger of ALL - América Latina Logística S.A. shares by Rumo Logística Operadora Multimodal S.A. ("Protocol and Justification").

The Merger of Shares was approved by stockholders at an Extraordinary General Stockholders Meeting of May 8, 2014. The effective Merger of Shares remains subject to the approval of the Brazilian Antitrust Authority ("CADE"), the Brazilian National Land Transportation Agency ("ANTT"), and any other public administration bodies whose authorizations may be required, as well as to any other conditions precedent established in the Proposal.

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

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

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

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

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

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

2. Accounting policies

The significant accounting policies used in preparing this consolidated quarterly information are consistent with the practices adopted in preparing the financial statements for 2013, and consequently should be read together with the complete consolidated financial statements for the year ended December 31, 2013, stated in Note 2 to the referred financial statements. The financial statements for the year ended December 31, 2013 were disclosed on February 26, 2014.

On January 1, 2014, the Company changed the calculation basis of the social security contribution to the National Institute of Social Security (INSS), as established in Law 12546/2011 – Exoneration of the tax burden on payroll, amended in 2013 through Law 12844/2013, and started calculating the INSS amount payable at 1% of gross revenue and not on payroll. As a result of this change, the Company started to record the social security contribution prospectively as a deduction from gross revenue and no longer as a labor cost. This change caused an effect in Net Revenue of R$ 25,380 in the consolidated financial statements at June 30, 2014.

The issue of these financial statements was authorized at the Board meeting held on July 10, 2014.

3. Basis of consolidation

Consolidated quarterly information

a) Subsidiaries

The consolidated quarterly information comprises the quarterly information of ALL – América Latina Logística S.A. and its subsidiaries at June 30, 2014, as follows:

	Ownership interst %	
	6/30/2014	12/31/2013
Direct subsidiaries		
ALL - América Latina Logística Intermodal S.A. (ALL Intermodal)	100.00	100.00
ALL - América Latina Logística Malha Oeste S.A. (ALL Malha Oeste)	100.00	100.00
ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)	100.00	100.00
ALL - América Latina Logística Malha Sul S.A. (ALL Malha Sul)	100.00	100.00
ALL - América Latina Logística Participações Ltda. (ALL Participações)	100.00	100.00
Boswells S.A.	100.00	100.00
Track Logística S.A.	100.00	100.00
Brado Holding S.A.	100.00	100.00
ALL - América Latina Logística Serviços Ltda. (ALL Serviços)	99.99	99.99
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	99.99	99.99
ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)	99.24	99.24
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
Paranagua S.A.	99.83	99.83
ALL - América Latina Logística Rail Management Ltda (ALL Rail Management)	50.01	50.01
Jointly-controlled subsidiary		
Vetria Mineração S.A	50.38	50.38
Indirect subsidiaries		
Investees of ALL Intermodal		
ALL - América Latina Logística Armazéns Gerais Ltda (ALL Armazéns Gerais)	100.00	100.00
Ritmo Logística S.A	65.00	65.00
Investee of ALL Armazéns Gerais		
PGT Grains Terminal S.A. (PGT)	100.00	100.00
Investee of ALL Malha Paulista		
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investees of ALL Malha Norte		
Terminal XXXIX de Santos S.A. (Terminal XXXIX)	50.00	50.00
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investees of ALL Argentina		
ALL - América Latina Logística Central S.A. (ALL Central)	73.55	73.55
ALL - América Latina Logística Mesopotámica S.A. (ALL Mesopotámica)	70.56	70.56
Investees of ALL Participações		
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	9.04	9.04
ALL - América Latina Logística Serviços Ltda. (ex ALL Tecnologia)	0.01	0.01
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	0.01	0.01
Paranagua S.A.	0.17	0.17
Investee of Brado Holding		
Brado Logistica e Participações S.A.	62.22	62.22
Investee of Brado Logística Participações S.A		
Brado Logística S.A	100.00	100.00

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

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

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

b) Jointly-controlled subsidiaries

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

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

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

c) Associates

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

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

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

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

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

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

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

d) Transactions with non-controlling interests

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

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

e) Business combinations

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

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

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

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

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

4. Cash and cash equivalents

		Parent company		Consolidated	
		6/30/2014	12/31/2013	6/30/2014	12/31/2013
Cash and banks		2,506	3,261	11,675	17,540
Financial investments					
Post-fixed CDBs	(i)	33,578	70,263	1,543,634	1,725,101
Fixed CDBs	(ii)	-	-	151,133	143,470
Government bonds	(iii)	2,959	15,220	404,080	792,957
Funds	(iv)	1,236	5,265	262,312	238,568
		37,773	90,748	2,361,159	2,900,096
		40,279	94,009	2,372,834	2,917,636

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

(i) Investments in Bank Deposit Certificates (CDB) with rates linked to the Interbank Deposit Certificate (CDI) variation (average rate of 101% of CDI);

(ii) Investments in CDBs with average fixed rate of 11.02%;

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

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

5. Trade receivables

	Parent company		Consolidated	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Trade receivables				
In Brazil	50,653	69,847	596,628	487,738
In Argentina	-	-	9,237	12,667
	50,653	69,847	605,865	500,405
(-) Provision for the impairment of trade receivables				
In Brazil	-	-	(38,883)	(35,304)
In Argentina	-	-	(8,857)	(11,826)
	-	-	(47,740)	(47,130)
	50,653	69,847	558,125	453,275
Current assets	23,415	39,757	530,887	423,185
Non-current assets	27,238	30,090	27,238	30,090

At June 30, 2014 and December 31, 2013, the balance of trade receivables, by maturity, was as follows:

Period	Amount not yet due and with no impairment	Overdue balances					Provision for impairment of trade receivables	Total
		< 30 days	31 - 60 days	61 - 90 days	91 - 180 days	> 181 days		
6/30/2014	209,720	89,942	33,073	44,338	115,431	113,361	(47,740)	558,125
12/31/2013	210,076	99,757	61,481	22,459	59,502	47,130	(47,130)	453,275

Provision for impairment of trade receivables

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

6. Lease prepayments – Consolidated

	6/30/2014		12/31/2013	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Leases				
ALL Malha Oeste	166	1,794	166	1,877
ALL Malha Paulista	2,025	23,663	2,025	24,676
ALL Malha Sul	2,734	31,902	2,734	33,269
Right-of- way prepayments				
ALL Malha Sul	1,261	15,529	1,261	16,160
	6,186	72,888	6,186	75,982

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

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

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

7. Taxes and contributions recoverable

	06/30/2014		12/31/2013	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Parent company				
Income tax and social contribution recoverable - prepayment	68,961	-	72,973	-
Other	901	-	901	-
	69,862	-	73,874	-
Subsidiaries				
ICMS (i)	263,177	150,349	220,822	131,852
Value-added tax (IVA)	-	-	826	-
Income tax and social contribution recoverable - prepayment	53,433	47,618	59,861	44,308
Federal tax credits to be offset - PIS/COFINS	175,046	188,237	160,822	171,134
Excise tax - IPI (ii)	32,014	87,118	32,015	87,118
Other	7,211	46,103	2,681	26,737
	530,881	519,425	477,027	461,149
Consolidated				
Taxes and contributions recoverable	478,349	471,807	418,067	416,841
Income tax and social contribution recoverable	122,394	47,618	132,834	44,308
	600,743	519,425	550,901	461,149

(i) ICMS credits related to the acquisition of inputs and diesel used in the rendering of transportation services.

(ii) Tax credits arising from an ordinary lawsuit with a final decision, which are being used to offset federal debt.

8. Deferred income tax and social contribution

The reconciliation of income tax and social contribution at the nominal rates compared to the effective rates for the periods ended June 30, 2014 and 2013 is as follows:

	Parent company		Consolidated	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013
Profit before taxation	101,737	107,731	124,230	155,035
Standard rate	34%	34%	34%	34%
Taxes at nominal rate	(34,591)	(36,629)	(42,238)	(52,712)
Tax adjustments for:				
Equity in the results of investees and provision for net capital deficiency	88,878	103,824	851	5,494
Differences in rates for companies taxed under the deemed profit method	-	-	3,205	1,596
Amortization of goodwill	(9,526)	(9,577)	(328)	(3,155)
Recognized (written off or unrecognized) taxes in the period	-	(28,751)		(10,733)
Effect of recognized (unrecognized) tax loss	(44,652)	(28,499)	(849)	(284)
Recording of stock options granted	-	(370)	-	(1,478)
Effect of rate decrease - Superintendency for the Development of the Amazon (SUDAM) incentive	-	-	29,552	34,601
Other permanent differences	(109)	2	(2,789)	(1,208)
Effective tax income (expense)	-	-	(12,596)	(27,879)
Current taxes	-	-	(58,116)	(40,596)
Deferred taxes	-	-	45,520	12,717

Deferred tax credits on tax losses and temporary differences held by the Company, as well as the portion recorded in the balance sheet at June 30, 2014 and December 31, 2013, are as follows:

	Consolidated	
	6/30/2014	**12/31/2013**
Tax losses	1,028,131	968,343
Amortization of goodwill	39,030	39,030
Provision for variable remuneration	7,990	16,772
Provision for tax credits	-	6,215
Provision for ICMS with difficult realization	8,550	5,032
Provision for tax issues	17,774	17,096
Provision for labor litigation	26,114	34,865
Provision for civil claims	14,860	15,338
Provision for impairment of trade receivables	18,165	16,548
Provision for unrealized profits	3,405	3,531
Unsettled hedge transactions	5,609	(578)
Provisions	46,536	42,270
RTT-related adjustments (i)	161,231	108,050
Total tax credits	**1,377,395**	**1,272,512**
(-) Unrecorded credits	673,418	611,392
(=) Net credits recorded	**703,977**	**661,120**

Reconciliation of deferred tax assets

	30/06/2014	**31/12/2013**
Opening balance	661,120	581,493
Adjustments of balances of subsidiaries	-	761
Acquisitions of subsidiaries	(2,663)	(3,713)
Tax income/(expenses) recorded in the statement of income	45,520	98,827
Effect of deferred income tax on discontinued operations	-	(16,248)
Closing balance	**703,977**	**661,120**

(i) Deferred credits on the Transitional Tax System (RTT) adjustments refer to lease operations, derecognition of deferred assets and adjustment to present value.

Deferred tax assets are expected to be realized as follows:

	Consolidated	
	6/30/2014	**12/31/2013**
2014	62,941	84,372
2015	70,872	61,780
2016	77,260	74,443
2017	81,362	76,663
2018	56,182	54,613
After 2019	355,360	309,249
Total	703,977	661,120

Income tax and social contribution losses generated in the parent company and its Brazilian subsidiaries may be carried forward indefinitely and will be offset against future taxable profit, in accordance with applicable tax legislation. These amounts are supported by a recoverability study approved by the Board of Directors on February 6, 2014.

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

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

On May 14, 2014, Law nº 12.973/14 was published, which converted Provisional Measure nº 627, that, among others issues, revocates the Transition Tax System (RTT). This Law will still be regulated, however, in the Company's assessment, the early adoption in 2014, or not, will not bring significant future impacts on the Company's consolidated financial statements.

9. Private debentures

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

On August 28, 2013, ALL Malha Norte, based on contractual predictability, requested the debenture holder of the Series 1, ALL Holding, the prepayment of the respective series. ALL Holding agreed to the request, and therefore, the first series of the seventh issue of ALL Malha Norte was settled.

Debenture balances are recorded by the Company as follows:

Malha Norte						Long-term receivables	
Series	Date of issue	Amount	Final maturity	Annual remuneration	Effective rate	6/30/2014	12/31/2013
Private Debentures	(i) 04/30/2012	100,000	05/02/16	CDI + 1.70%	12.34%	123,409	106,259

(i) The balance of private debentures of ALL Malha Oeste is eliminated in the Consolidated.

10. Investments

a) Interest in subsidiaries and associates

		Changes							
	12/31/2013	Equity in the results of subsidiaries	Capital increase/decrease	Advance on future capital increase	Adjustments	Gain/loss on investment	Results from discontinued operations	Foreign exchange variations - equity	6/30/2014
Investment:									
ALL Malha Sul	942,216	(71,869)	-	75,000	849	-	-	-	946,196
ALL Intermodal	185,758	(5,419)	-	-	-	-	-	-	180,339
ALL Serviços	100	14,187	-	-	-	-	-	-	14,287
ALL Equipamentos	286	(1)	-	-	-	-	-	-	285
ALL Malha Paulista	894,380	139,432	-	-	(327)	-	-	-	1,033,485
ALL Malha Norte	1,791,767	188,700	-	-	(324)	-	-	-	1,980,143
Boswels	12,999	(14)	-	-	-	-	-	10	12,995
Rail Management	218	930	-	-	-	-	-	-	1,148
Brado Holding	334,457	12,777	-	-	-	-	-	-	347,234
Vetria Mineração S.A	1,892,295	(3,501)	-	-	43,424	-	-	-	1,932,218
	6,054,476	**275,222**	**-**	**75,000**	**43,622**	**-**	**-**	**10**	**6,448,330**
Net capital deficiency:									
ALL Participações	(10,237)	(52)	-	-	-	-	-	2,526	(7,763)
ALL Argentina	(9,735)	-	-	-	-	-	(504)	2,433	(7,806)
Paranaguá S.A.	1,069	(2,507)	1,618	-	-	(1)	-	(590)	(411)
ALL Malha Oeste	(20,583)	(11,264)	-	-	(318)	-	-	-	(32,165)
	(39,486)	**(13,823)**	**1,618**	**-**	**(318)**	**(1)**	**(504)**	**4,369**	**(48,145)**
	6,014,990	**261,399**	**1,618**	**75,000**	**43,304**	**(1)**	**(504)**	**4,386**	**6,400,185**

						Parent company					
		Subsidiaries /associated		Equity in the results of		Investment value		Goodwill		Total investments	
		Equity	Result for the period	06/30/2014	06/30/2013	06/30/2014	12/31/2013	06/30/2014	12/31/2013	06/30/2014	12/31/2013
Direct subsidiaries											
ALL Malha Sul		946,196	(71,869)	(71,869)	(7,983)	946,196	942,216	-	-	950,410	942,216
ALL Intermodal		180,339	(5,419)	(5,419)	2,645	180,339	185,758	-	-	180,339	185,758
ALL Overseas	(i)	-	-	-	366	-	-	-	-	-	-
ALL Serviços		14,289	14,189	14,187	9,618	14,287	100	-	-	14,287	100
ALL Equipamentos		286	(1)	(1)	62	285	286	-	-	285	286
ALL Malha Paulista		1,033,486	139,432	139,432	113,078	1,033,485	894,380	282,907	292,411	1,316,392	1,186,791
ALL Malha Norte		1,995,307	190,145	188,700	196,027	1,980,143	1,791,767	1,936,170	1,950,992	3,928,685	3,742,759
Boswels		12,995	(14)	(14)	10	12,995	12,999	-	-	12,995	12,999
ALL Malha Oeste		-	-	-	(11,081)	-	-	92,886	96,576	92,885	96,576
Rail Management		2,295	1,860	930	566	1,148	218	-	-	1,148	218
Brado Holding		347,233	12,777	12,777	3,389	347,234	334,457	-	-	347,234	334,457
Paranaguá S.A.		(412)	(2,510)	-	-	-	1,069	-	-	-	1,069
Vétria Meneração S.A		3,813,160	(6,950)	(3,502)	13,726	1,932,218	1,892,295	-	-	1,932,218	1,892,295
				275,221	320,423	6,448,330	6,055,545	2,311,962	2,339,979	8,776,878	8,395,524

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

(i) Overseas was disposed of on December 31, 2013. ALL no longer holds any interest in this company.

During 2013, the following changes in capital were approved:

ALL Malha Sul

At the Extraordinary General Meeting held on April 12, 2013, the stockholders approved the merger of Santa Fé Vagões S.A, under the terms of Article 227 of Law 6404/76, with the transfer of all the net assets of Santa Fé. As a result of the merger, the capital of ALL Malha Sul will increase by R$ 8,654, through the issue of 8,453,865,470 common shares and 12,861,664,303 preferred shares, all book-entry and with no par value, at unit price of R$ 0.000406 per share. Accordingly, the capital was increased from R$ 1,096,615 to R$ 1,105,269, represented by 1,143,554,920,029 shares, of which 453,540,660,481 are common shares and 690,014,259,549 are preferred shares.

At the Board of Directors' meeting held on August 14, 2013, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 54,229, through the issue of 43,673,265,416 new common shares and 66,444,265,143 preferred shares at the price of R$ 0.00049246277 per share. Accordingly, capital was increased

to R$ 1,159,498, represented by 1,253,672,450,588 shares, of which 497,213,925,897 are common shares and 756,458,524,694 are preferred shares.

At the Board of Directors' meeting held on August 14, 2013, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 55,629, through the issue of 51,115,117,641 new common shares and 77,766,258,075 preferred shares at the price of R$ 0.00043162591 per share. Accordingly, capital was increased to R$ 1,215,127, represented by 1,382,553,826,304 shares, of which 548,329,043,538 are common shares and 834,224,782,766 are preferred shares.

At the Board of Directors' meeting held on August 14, 2013, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 150,000, through the issue of 154,938,066,189 new common shares and 237,721,919,405 preferred shares at the price of R$ 0.00038396561 per share. Accordingly, capital was increased to R$ 1,365,127, represented by 1,773,213,811,898 shares, of which 703,267,109,727 are common shares and 1,069,946,702,171 are preferred shares.

At the Board of Directors' meeting held on September 2, 2013, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 250,000, through the issue of 249,605,672,249 new common shares and 379,749,693,165 preferred shares at the price of R$ 0.000397233249 per share. Accordingly, capital was increased to R$ 1,615,127, represented by 2,402,568,177,312 shares, of which 952,872,781,976 are common shares and 1,449,695,395,336 are preferred shares.

At June 30, 2014, Malha Sul had recorded under equity the amount of R$ 75,000, received from its subsidiary ALL Holding, as advance for future capital increase. When recorded under Equity, the advance for future capital increase refers to a commitment to convert a fixed number of 208,491,019,307 shares at a previously established price of R$ 0.00035972772.

ALL Malha Paulista

At the Board of Directors' meeting held on April 29, 2013, the Board members approved a capital increase of this subsidiary by private subscription of shares, in the amount of R$ 220,000, through the issue of 779,153,583 new common shares and 1,440,747,917 new preferred shares at the price of R$ 0.099103 per share, pursuant to Article 170, paragraph 1, item II of Law 6404/76, based on the net book value per share. Accordingly, the capital was increased from R$ 1,488,237 to R$ 1,708,237, represented by 6,825,424,177 shares, of which 2,395,625,978 are common shares, and 4,429,798,199 are preferred shares, all of which are book-entry shares with no par value.

Paranagua S.A.

At the General Stockholders' Meeting held on January 8, 2014, the stockholders of Paranagua S.A. approved a capital increase in the amount of R$ 719, through the issue of 196,500 new common shares.

At the Extraordinary General Stockholders' Meeting held of March 24, 2014, the stockholders of Paranagua S.A. approved a capital increase in the amount of R$ 770, through the issue of 262,845 new common shares.

Acquisition of the investment in Vetria Mineração S.A

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

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

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

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

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

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

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

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

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

(d) Finally, ALL exchanged 5% of its investment in Vetria to offset the R$ 80 million payable to Triunfo, as reported in (a) above. Accordingly ALL, Vetorial and Triunfo held investments of 50.38%, 33.83% and 15.79%, respectively, in Vetria at December 31, 2012 and 2013. ALL's interest of 50.38% in Vetria was established contractually in the Association Agreement, one of the documents supporting the formation of Vetria, and reflects the contribution of ALL to the venture, represented by the feasibility of the iron ore logistics system.

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

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

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

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

The main conditions are:

- Raising the necessary funds for investment, including equity;
- Certification of the mineral reserves;
- Obtaining the required environmental licenses from the government authorities;

- Approval by the National Agency for Land Transport (ANTT) of the operating contracts between ALL and Vetria, and;
- Obtaining authorization from the National Agency of Water Transport (ANTAQ) for the implementation of the port operation.

Capital increase of Brado Participações e Logística S.A

On August 5, 2013, the new partner Fund for the Guarantee Fund for Length of Service (FI - FGTS) made a capital contribution of R$ 400,000 into the subsidiary Brado Logística e Participações S.A. The new partner now owns 22.22222% and the interests of the former stockholders were diluted proportionately. Thus, the Company now owns 62.22222%, compared to the previous interest of 80%.

With the entry of a new partner, 2,857,143 new shares were issued at unit value of R$ 0.0099933, increasing the capital of Brado by R$ 28,552, with the remaining value contributed, R$ 371,448, being recorded as goodwill regarding the issuance of shares.

The expenses incurred for the issuance of new shares in the amount of R$ 9,683 were recorded with the reduction of the goodwill balance described above.

The stockholders of FI-FGTS and the former stockholders will have the right to request the agreement's liquidity option, in which they can change the quantity of shares from Brado LP by a quantity of shares from ALL, considering the calculation of the exchange ratio of the economic value of Brado shares in face of the value of ALL shares, at the date the option is exercised.

Disposal of the interest in Araucária Rail Technology

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

Establishment of Paranaguá S.A

On July 23, 2013, the Company and its subsidiary ALL Participações, constituted Paranaguá S.A., with headquarters in Buenos Aires, Argentina. The main purpose of the company will be business management and services related to the management of assets, debt, guarantees, capital and companies in general.

b) Subsidiaries with net capital deficiency

Provisions were set up for the subsidiaries with net capital deficiency and are recorded in the balance sheet under non-current liabilities. The provisions were calculated as follows:

		Subsidiaries		Parent company			
		Net capital deficiency	Result for the period	Changes in the provision for capital deficiency for the period		Provision for capital deficiency	
				06/30/2014	06/30/2013	06/30/2014	12/31/2013
Direct subsidiaries							
ALL Participações		(7,763)	(52)	(52)	(15,057)	7,763	10,237
ALL Argentina	(i)	(7,806)	(504)	-	(148,152)	7,806	9,735
Paranaguá S.A.		(411)	(2,506)	(2,506)	-	411	-
ALL Malha Oeste		(32,165)	(11,264)	(11,264)	-	32,165	20,583
				(13,822)	(163,209)	48,145	40,555

(i) As presented in Note 30, ALL Argentina terminated the concession contracts for the provision of transportation services of its subsidiaries, discontinuing their operations from the date of termination of the contract.

Investments in the consolidated balance sheet

Stated on the equity method of accounting	Investment carrying amount	
	06/30/2014	12/31/2013
Associates		
Rhall Terminais	3,436	3,251
TGG	14,611	12,876
Terminal XXXIX	17,367	15,836
Termag	2,597	1,076
Jointly-controlled subsidiaries		
Vetria Mineração S.A.	1,932,218	1,892,295
	1,970,229	1,925,334

11. Intangible assets – consolidated

		30/06/14			31/12/13	Average annual amortization rates %
		Cost	Accumulated amortization	Net	Net	
Goodwill on the acquisition of investments	(i)					
ALL Malha Oeste		125,277	(32,392)	92,885	96,576	5.10%
ALL Malha Paulista		350,904	(67,997)	282,907	292,411	4.76%
ALL Malha Norte		2,055,057	(118,885)	1,936,172	1,950,992	1.44%
Santa Fé		462	(462)	-	-	10.00%
		2,531,700	(219,736)	2,311,964	2,339,979	
Concession agreements	(ii)					
ALL Malha Oeste		3,118	(1,881)	1,237	1,288	3.33%
ALL Malha Paulista		12,252	(8,449)	3,803	3,935	3.33%
ALL Malha Sul		10,830	(6,283)	4,547	4,727	3.33%
		26,200	(16,613)	9,587	9,950	
Other		126,511	(56,495)	70,016	60,315	13.23%
		2,684,411	(292,844)	2,391,567	2,410,244	

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

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

(ii) Refers to the concession agreements of subsidiaries ALL Malha Oeste, ALL Malha Paulista and ALL Malha Sul, amortized over the agreement term since this asset has a finite useful life.

	At 12/31/13			Changes up to 06/30/2014				At 06/30/2014		
	Gross Cost	Accumulated amortization	Net	Additions	Changes that do not affect cash	Disposals	Amortization	Gross cost	Accumulated amortization	Net
Goodwill on the acquisition of investments	2,531,700	(191,721)	2,339,979	-	-	-	(28,015)	2,531,700	(219,736)	2,311,964
Concession agreements	26,200	(16,250)	9,950	-	-	-	(363)	26,200	(16,613)	9,587
Other	113,538	(53,223)	60,315	13,275	-	(302)	(3,272)	126,511	(56,495)	70,016
	2,671,438	**(261,194)**	**2,410,244**	**13,275**	-	**(302)**	**(31,650)**	**2,684,411**	**(292,844)**	**2,391,567**

Goodwill/concession rights impairment testing

Goodwill paid in business combinations was allocated to the Malha Norte cash-generating units (CGUs) for annual impairment testing purposes, as follows:

Malha Norte CGU

The recoverable value of Malha Norte CGU (consisting of the concessionaires Malha Norte, Malha Paulista and Malha Oeste) was determined in December 2013, by calculating the value-in-use from cash projections based on financial budgets approved by senior management for a five-year period and extended for the same period. The pre-tax discount rate applied to the cash flow projections is 9.8% p.a. and cash flow exceeding a ten-year period is estimated at a growth rate of 2.0%, which management considers to be adequate in terms of the growth projected for Brazil. As a result of this analysis, management identified no need to set up a provision for impairment for this CGU group, to which goodwill amounting to R$ 2,311,964 (R$ 2,339,982 at December 31, 2013) is allocated.

12. Property and equipment – consolidated

	6/30/2014			12/31/2013	Average annual depreciation rates %
	Cost	Accumulated depreciation	Net	Net	
Leasehold improvements					
Locomotives	1,438,098	(341,501)	1,096,597	980,349	4.00%
Wagons	709,873	(172,831)	537,042	520,287	3.33%
Track	3,199,463	(722,212)	2,477,251	3,037,234	4.42%
Other	249,505	(149,915)	99,590	106,312	5.34%
	5,596,939	(1,386,459)	4,210,480	4,644,182	
Own property and equipment in use					
Locomotives	194,707	(80,589)	114,118	154,478	4.00%
Wagons	178,322	(39,637)	138,685	179,607	3.33%
Track	1,957,122	(186,631)	1,770,491	1,054,116	1.48%
Warehouses	14,630	-	14,630	9,291	
Land	41,876	-	41,876	41,876	
Buildings	127,636	(39,372)	88,264	68,641	5.20%
Furniture and fittings	16,798	(13,670)	3,128	3,393	10.00%
Road vehicles	84,941	(24,979)	59,962	61,085	14.54%
Data processing equipment	109,935	(92,325)	17,610	21,320	19.71%
Telecommunications and signaling equipment	82,612	(41,130)	41,482	32,090	9.70%
Equipment for track and railroad transportation maintenance	100,497	(77,703)	22,794	26,935	9.94%
Aircraft	12,622	(2,189)	10,433	11,050	10.00%
Machinery and equipment	41,727	(15,328)	26,399	45,273	10.00%
Other	274,022	(82,008)	192,014	106,438	10.00%
	3,237,447	(695,561)	2,541,886	1,815,593	
Leases					
Locomotives	713,239	(163,511)	549,728	529,308	9.80%
Wagons	1,282,390	(508,791)	773,599	743,278	10.21%
Track	17,300	(8,372)	8,928	9,714	9.09%
Other	17,286	(9,023)	8,263	9,127	10.00%
	2,030,215	(689,697)	1,340,518	1,291,427	
Construction in progress					
Locomotives	12,930	-	12,930	35,818	
Wagons	315	-	315	55	
Track	907,177	-	907,177	754,163	
Other	61,422	-	61,422	29,443	
	981,844	-	981,844	819,479	
	11,846,445	(2,771,717)	9,074,728	8,570,681	

Summary of changes in property and equipment:

	At 12/31/13			Changes in the period					At 6/30/2014		
Classes of property and equipment	Gross cost	Accumulated depreciation	Net	Acquisitions	Changes that do not affect cash	Disposals	Transfers	Net depreciation	Accumulated cost	Accumulated depreciation	Net
Locomotives	1,518,570	(383,743)	1,134,827	216	(42,767)	-	156,786	(38,347)	1,632,805	(422,090)	1,210,715
Wagons	920,828	(220,934)	699,894	11,660	(77,778)	-	33,485	8,466	888,195	(212,468)	675,727
Track	4,909,231	(817,881)	4,091,350	-	(6,453)	(1,748)	255,555	(90,962)	5,156,585	(908,843)	4,247,742
Leases	1,905,338	(613,911)	1,291,427	-	113,014	-	11,863	(75,786)	2,030,215	(689,697)	1,340,518
Construction in Progress	818,418	-	818,418	608,949	131,894	(7,890)	(569,527)	-	981,844	-	981,844
Other	1,030,465	(495,700)	534,765	17,037	(1,367)	(1,172)	111,838	(42,919)	1,156,801	(538,619)	618,182
TOTAL	**11,102,850**	**(2,532,169)**	**8,570,681**	**637,862**	**116,543**	**(10,810)**	-	**(239,548)**	**11,846,445**	**(2,771,717)**	**9,074,728**

During the period ended June 30, 2014, R$ 73,595 (R$ 33,827 at June 30, 2013) was capitalized as construction in progress, related to financial charges generated by loans used to finance this construction.

The Company's main ongoing project is the duplication of the Campinas-Santos stretch of the railway, in which R$ 70,742 (R$ 64,317 at June 30, 2013) was accounted for in the period.

Leases and construction in progress

The carrying amount of property and equipment held under finance lease agreements at June 30, 2014 was R$ 1,330,518 (R$ 1,291,427 at December 31, 2013). As detailed in Note 16.1, finance lease agreements are classified as property and equipment and depreciated consistently with the criteria applicable to other property and equipment items.

13. Borrowings

	Annual charges	Effective rate	Maturity	06/30/2014	12/31/2013
Parent company					
In local currency					
Commercial banks	107.5% of the CDI	11.29%	July 2015	139,662	138,929
Investments BNDES	TJLP+1.8%	6.80%	Quarterly/monthly up to June 2017	28,959	33,805
Total parent company				**168,621**	**172,734**
Current portion				82,737	83,865
Long-term portion				85,884	88,869
Subsidiaries					
In local currency					
ALL Malha Sul				**1,326,443**	**1,462,859**
	CDI + 1.25%	11.84%	September 2015	221,528	220,843
	CDI + 1.23%	11.82%	October 2014	153,230	145,000
BNDES (Investments)	TJLP + 1.4%	6.40%	Quarterly up to July 2022	741,340	774,835
	TJLP + 2.5%	7.50%	Quarterly/monthly up to June 2017	129,318	150,925
	TJLP + 1.8%	6.80%	Quarterly/monthly up to June 2017	63,645	74,267
BNDES (FINAME)	TJLP + 3.75%	8.75%	January 2017	515	614
NCC	105.9% of the CDI	11.11%	July 2015	16,867	22,413
Ritmo				**37,407**	**36,301**
Commercial banks	CDI + 2.30%	10.04%	Monthly up to November de 2017	-	302
BNDES (FINAME)	2.50% Fixed rate BRL	2.50%	Monthly up to March 2017	37,407	35,999

Continued

	Annual charges	Effective rate	Maturity	06/30/2014	12/31/2013
ALL Malha Paulista				**486,402**	**482,639**
Investments BNDES	TJLP + 1.4% p.a.	6.40%	Quarterly/monthly up to June 2022	172,244	417,507
	TJLP + 2.5%	7.50%	Quarterly/monthly up to October 2017	314,158	65,132
ALL Malha Norte				**1,517,512**	**1,542,237**
Investments BNDES	TJLP + 1.5%	6.50%	Quarterly/monthly up to September 2016	81,022	135,269
	TJLP + 3%	8.00%	Quarterly/monthly up to January 2016	49,806	65,548
	TJLP + 2.71%	7.71%	Quarterly/monthly June 2029	512,775	521,516
	TJLP +1.4%	6.40%	Quarterly/monthly June 2022	182,143	165,306
BNDES (FINAME)	Fixed rate 2.50%	2.50%	Quarterly/monthly January 2023	127,654	87,999
NCE	URTJLP + 5.95%	10.95%	July 2015	110,342	104,726
	109% of the CDI	11.45%	September 2018	303,882	304,046
	112% of the CDI	11.79%	October 2018	149,888	150,873
FINIMP	3.10% Fixed rate USD	3.10%	March 2014	-	6,954
ALL Malha Oeste				**93,023**	**97,877**
Investments BNDES	TJLP + 1.4%	6.40%	Quarterly/monthly up to June 2022	93,023	97,877
Brado				**229,627**	**182,829**
Commercial banks (terminal)	260.1% of the CDI	20.98%	Up to June 2016	9,037	10,441
BNDES (FINAME)	TJLP + 1.5%	6.64%	Up to July 2023	166,486	113,942
NCE	8.66%	8.66%	Up to October 2014	7,000	6,000
Finem and BNDES automatic	TJLP + 3.85%	9.85%	Up to July 2022	47,104	52,446
In foreign currency (with exchange variation pegged to US$, with Swap for CDI)					
Total consolidated				**3,859,035**	**3,977,476**
Current portion				811,590	893,322
Long-term portion				3,047,445	3,084,154

Breakdown of long-term liabilities by maturity year:

	06/30/2014	12/31/2013
2015	573,928	692,780
2016	435,017	431,027
2017	516,613	510,232
2018	539,157	345,557
As from 2019	982,730	1,104,558
Total	**3,047,445**	**3,084,154**

Abbreviations:

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

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

Borrowing transactions are guaranteed by sureties granted by ALL Holding and its concessionaires, at the same agreed amounts and conditions, except for financed locomotives, wagons and trucks, for which the items themselves are pledged as guarantees.

Effective rates were calculated on an annual basis with reference to the average CDI rate of 10.46% for the year, TJLP of 5% for the year and IPCA of 6,52%.

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

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

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

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

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

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

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

Loan agreement covenants and penalties:

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

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

	2T13	3T13	4T13	1T14	2T14
Net debt / Adjusted EBITDA	2.43	2.24	2.17	2.48	2.39
Consolidated adjusted EBITDA /Finance result	3.37	3.43	3.58	3.42	3.38

14. Debentures – consolidated

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

						6/30/2014		12/31/2013	
Series	Date	Amount	Final maturity	Annual remuneration	Effective rate	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Parent company									
5th issue	09/01/05	200,000	09/01/14	CDI + 2.40%	13.11%	11,855	-	11,685	-
6th issue	07/01/06	700,000	07/01/14	CDI + 2.40%	13.11%	61,417	-	60,238	-
8th issue - 1st	04/15/11	539,160	04/15/16	CDI + 1.65%	15.44%	4,868	319,381	18,084	305,186
8th issue - 2nd	04/15/11	270,840	04/16/18	IPCA + 8.4%	12.28%	281,206	268,514	11,492	537,254
9th issue - 1st	08/22/11	145,769	07/15/16	CDI + 1.65%	12.28%	6,858	142,514	6,272	142,111
9th issue - 2nd	08/22/11	219,150	07/15/16	CDI + 1.65%	12.28%	10,377	214,783	9,494	214,198
10th issue	10/01/12	750,000	10/02/17	CDI + 1.30%	11.90%	19,755	747,531	18,310	747,048
						396,336	1,692,723	135,575	1,945,797
Direct subsidiaries									
ALL Malha Sul									
3rd issue	09/08/08	166,666	07/31/18	108% of the CDI	11.34%	6,824	164,931	6,175	164,649
						6,824	164,931	6,175	164,649
ALL Malha Norte									
1st issue	07/01/97	100,000	06/30/16	TJLP + 1.5%	6.50%	66,228	62,245	66,295	62,245
6th issue	09/08/08	166,666	07/31/18	108% of the CDI	11.34%	6,824	164,931	3,288	163,593
8th issue	10/18/12	160,000	10/19/20	10.10% Fixed BRL	10.10%	2,850	159,744	3,036	159,721
Debentures	07/01/97	100,000	06/30/16	% CDI	-	20,690	41,381	20,610	61,831
						96,592	428,301	93,229	447,390
ALL Malha Paulista									
1st issue	09/10/08	166,666	07/31/18	108% of the CDI	11.34%	6,824	164,931	6,175	164,649
						6,824	164,931	6,175	164,649
Consolidated						506,576	2,450,886	241,154	2,722,485

Rescheduling, covenants and guarantee clauses:

There is no re-pricing scheduled for any of the issues.

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

Some issues of the Company and its subsidiaries have guarantees provided by related parties, as detailed in Note 19 "Related party transactions".

At June 30, 2013, a Companhia, the Company, through a Notice to debenture holders, promoted deals for the optional acquisition of debentures of the fifth and sixth issues, which was valid up to August 30. The Company bought back the remaining 6,883 debentures from the 5th and 6th issues in the market, with all waivers obtained from the debenture holders, the maturity of the debt will remain unchanged.

In addition to these emissions, waivers of the debentures of the FI - FGTS (eighth and ninth issues) were obtained.

Subsidiary ALL Malha Norte has with BNDES Participações S.A., a stockholder of ALL, debentures convertible into shares, bearing market interest and amounting to R$ 190,544 at June 30, 2014, which mature through June 2016.

15. Derivative instruments

The derivative instruments of the Company and its subsidiaries are as follows:

	Annual charges	Maturity	06/30/2014	12/31/2013
Parent company				
In local currency				
Swap transactions	100% CDI	March 2018	10,955	10,545
	8.96% Fixed	January 2014	-	4,497
Total parent company			**10,955**	**15,042**
Current asset portion			-	6,162
Long-term receivable portion			10,955	8,880
Subsidiaries				
In local currency				
ALL Malha Sul			**-**	**3,174**
Currency forward contract		February 2014	-	3,174
ALL Malha Norte			**-**	**1,146**
Currency forward contract		February 2014	-	1,146
Swaps				
			(49,036)	**(50,555)**
ALL Malha Sul			**(22,519)**	**(23,457)**
Swap transactions			(22,519)	(23,457)
ALL Malha Paulista			**(5,168)**	**-**
Swap transactions			(5,168)	-
ALL Malha Norte			**(21,349)**	**(27,098)**
Swap transactions			(21,349)	(27,098)
Total consolidated			**(38,081)**	**(31,193)**
Current liabilities			(28,227)	(9,630)
Long-term portion			(9,854)	(21,563)

16. Lease agreements – consolidated

16.1 Finance leases

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

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

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

Lease agreement obligations are as follows:

	06/30/2014		12/31/2013	
Assets	**Current liabilities**	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
ALL Malha Sul				
Wagon	65,601	113,825	66,166	138,387
ALL Malha Norte				
Rolling stock	62,016	617,562	62,388	660,971
ALL Malha Paulista				
Rolling stock/ Permanent railroad - Rent incentive	379,078	546,933	236,026	509,178
Brado Logística				
Wagons/IT Equipment	1,221	3,164	886	4,544
	507,916	1,281,484	365,466	1,313,080

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

	Total future paymetns - years		
Assets	**Up to 1**	**From 1 to 5**	**Over 5**
ALL Malha Sul			
Wagons	83,843	96,148	-
ALL Malha Norte			
Rolling stock	108,316	537,428	34,206
ALL Malha Paulista			
Rolling stock	204,296	403,947	-
Brado Logística			
Wagons/IT Equipment	3,345	-	-
	399,800	1,037,523	34,206

Lease agreements have various maturities, the last of which is in June 2022. Amounts are subject to annual adjustments based on the General Market Price Index (IGP-M), plus the TJLP or CDI. In order to state payments at their present value, an average CDI rate of 8.03% is used.

16.2 Rent incentive

The rent incentive refers to the funding of the duplication of the railway by ALL Malha Paulista. The capitalization is established by the internal return rate of the outstanding balance under liabilities, until the maturity of the Concession Agreement in December 2028. At June 30, 2014, the outstanding balance was R$ 317,769 (R$ 221,360 at December 31, 2013).

The financial expenses related above, while the construction is in progress, are capitalized under property and equipment.

16.3 Operating leases

		Total future minimum payments		
Assets		**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**
Vehicles	(i)	1,913	-	-
Software	(ii)	520	-	-
Property	(iii)	1,049	-	-
Locomotives	(iv)	54,554	197,138	165
Wagons	(iv)	32,187	157,985	16,177
Terminals	(v)	19,540	97,701	141,667
		109,763	452,824	158,009

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

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

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

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

(iv) Agreements for locomotives and wagons used in the concessionaires are in force up to 2028. The amounts will be mostly remunerated at the Amplified Consumer Price Index (IPCA).

(v) Agreements for terminals used in the concessionaires are in force up to 2027. The amounts will be mostly remunerated at the IPCA.

17. Leases and concessions – consolidated

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

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

	6/30/2014		12/31/2013	
	Current liabilities	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
Leases				
ALL Malha Sul	14,788	28,471	14,197	29,510
ALL Malha Paulista	-	931,254	-	867,159
ALL Malha Oeste	-	709,726	-	660,994
Concessions				
ALL Malha Sul	3,809	21,318	3,681	21,029
ALL Malha Paulista	-	24,662	-	23,831
ALL Malha Oeste	-	47,639	-	44,860
	18,597	1,763,070	17,878	1,647,383

Initial lease and concession agreement conditions are as follows:

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

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

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

In 2005, the subsidiary ALL Malha Paulista suspended lease payments to RFFSA, which was in liquidation. This was legally supported by a preliminary decision to make judicial deposits in the name of the Federal Government. Through a legal authorization obtained in 2007, these judicial deposits were released and the Company took out bank sureties to guarantee installment payments. For more information, see Note 18.

Considering that ALL Malha Norte needs the ALL Malha Paulista lines to continue its transportation business, starting in Mato Grosso and Mato Grosso do Sul States and ending in Santos (SP), ALL Malha Norte executed with ALL Malha Paulista, on January 10, 2006, a Private Instrument of Guarantee, whereby it made a judicial deposit in favor of ALL Malha Paulista amounting to R$ 114,132 at June 30, 2014 and 113,740 at December 31, 2013.

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

ANTT approved this transfer through Resolution 1010, published in the Federal Official Gazette on July 28, 2005.

ALL Malha Norte - On May 19, 1989, direct subsidiary ALL Malha Norte entered into a Concession Agreement with the Federal Government to establish a cargo railroad transportation system, including the construction,

operation, use and maintenance of the railroad between Cuiabá (State of Mato Grosso) and: a) Uberaba/Uberlândia (State of Minas Gerais), b) Santa Fé do Sul (State of São Paulo), c) Porto Velho (State of Rondônia) and d) Santarém (State of Pará). This concession agreement will remain effective for a 90-year period, and may be extended for the same period of time. It may also be granted for up to ten years prior to the contract termination.

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

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

ALL Malha Oeste – As described in Note 18, due to a lawsuit, this direct subsidiary has suspended concession and lease payments. Quarterly installments are guaranteed by bank sureties as they fall due.

18. Refundable deposits, restricted amounts and provisions for contingencies

	Judicial deposits		Contingencies			
			Probable		Possible	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Labor						
In Brazil	186,230	190,204	76,909	103,052	389,130	353,807
Civil, regulatory and environmental						
In Brazil	130,131	129,173	43,776	45,230	598,364	596,426
In Argentina	-	-	7,582	8,807	-	-
Tax						
In Brazil	11,712	10,789	55,667	53,582	1,837,224	1,748,983
	328,073	330,166	183,934	210,671	2,824,718	2,699,216

	12/31/2013	Additions	Payments	Reversals	6/30/2014
Labor	103,052	36,093	(61,096)	(1,140)	76,909
Civil, regulatory and environmental	54,037	7,503	(10,182)	-	51,358
Tax	53,582	2,085	-	-	55,667
Total	210,671	45,681	(71,278)	(1,140)	183,934

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

a) Labor

The subsidiaries are parties to several labor claims, and at June 30, 2014 recorded a consolidated provision amounting to R$ 76,909 (R$ 103,052 at December 31, 2013), to cover claims for which an unfavorable outcome was considered probable. The decrease in the provision amount in comparison to the prior period is principally due to settlement agreements entered into by the Company.

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

b) Civil, regulatory and environmental

Civil

The subsidiaries are parties to several civil disputes, mostly involving claims and actions for damages in general, such as: collisions in level crossings, rail accidents, traffic accidents, possessory actions in general, actions for enforcement of extrajudicial instruments and contractual rights and obligations with clients.

On October 10, 2013, the Company, together with its subsidiaries, adopted appropriate measures regarding Rumo Logística Operadora Multimodal S.A ("Rumo") in order to terminate the established obligation, described in Note 1. Until the decision of the competent authority is not issued, the ALL Group will continue to provide the rail service in favor of Rumo according to the properly established by ANTT and meeting the restrictions on the rail and port systems.

Currently the claim is suspended at arbitration chamber, due the approval of the Proposal merge of ALL shares by Rumo. As mentioned in note 1, the Proposal remains subjected to the approval of Administrative Council of Economic Defense (“CADE”) and any other public administration

For several civil claims, management, based on the assessment of its legal advisors, evaluated the circumstances and recorded sufficient and appropriate provisions for the probable risk of losses, representing, at the balance sheet date, its best estimate of the disbursements that might be required to settle these lawsuits.

Regulatory

Among the more significant claims, both ALL Malha Paulista and ALL Malha Oeste are currently challenging in court the economic and financial imbalances of their lease and concession agreements.

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

ALL Malha Paulista requested an expert inspection to determine the new appropriate value of the lease and concession installments, as well as a suspension of the payment of installments due and falling due up to the effective date of the expert inspection to determine the proper amount. In July 2005, the injunction was granted. In September 2005, this injunction was reversed by the Rio de Janeiro Federal Regional Court. The proceeding is still pending judgment and is awaiting the final conclusion and presentation of the expert report. Management deposited the amounts related to the lease installments with the court until September 2007, when legal authorization to substitute bank surety letters for judicial deposits was obtained. Based on the opinion of its lawyers, the Company considers the likelihood of favorable outcome in this matter as possible.

ALL Malha Oeste is making a claim for the reestablishment of the economic and financial balance lost due to the cancelation of the transportation contracts existing at the time of privatization. The claim is in progress at the 16th

Rio de Janeiro Federal Court of Justice. The amount related to ALL Malha Oeste's overdue amounts was guaranteed through the acquisition of government bonds (Financial Treasury Bills - LFT), which were recorded in non-current assets. In March 2008, the Company obtained authorization to substitute bank surety letters for this guarantee and, in May 2008, this deposit was redeemed. Based on the opinion of its lawyers, the Company considers the likelihood of favorable outcome in this matter as possible.

Concession agreement related liabilities are recorded under lease and concession agreements, as disclosed in Note 17.

Environmental

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

c) Tax

Key tax-related discussions involve "Export ICMS" (ICMS on the transportation of goods to be exported), the differential of Value-Added Tax on Sales and Services (ICMS) on interstate transportation, Social Integration Program (PIS)/Social Contribution on Revenues (COFINS) on mutual traffic operations, and Corporate Income Tax (IRPJ)/Social Contribution on Net Income (CSLL) on financial transactions carried out in Austria and Spain, in addition to IRPJ/CSLL differences arising from the acquisition of Brasil Ferrovias and partial granting of the installment request pursuant to Provisional Measure 470/2009.

No provision was made for tax claims for which the likelihood of an unfavorable outcome has been deemed possible or remote. For those considered probable, a provision was made amounting to R$ 55,667 (R$ 53,582 at December 31, 2013).

Export ICMS - The State Finance Departments issued tax assessments against ALL Malha Sul, the current value of which amounts to approximately R$ 88,768, due to the non-payment of ICMS related to railroad transportation services for goods for export, and the use of ICMS credits supposedly not authorized by legislation. These proceedings were concluded on the administrative level as partially favorable when the judicial discussion through Tax Foreclosure started. ALL filed stay of tax proceedings that preceded the offer of a surety letter to serve as a guarantee for the court, which await court judgment. The risk of loss of this lawsuit is considered possible.

ALL Malha Oeste was served a tax notice relating to the same matter, currently amounting to approximately R$ 35,975. All tax assessments are being challenged at the judicial level with surety letters to serve as guarantees for the courts. It is worth noting that the Higher Court of Justice has already established that ICMS tax should not be levied on the transportation of goods to be exported, in light of the provisions in Article 155 of the Brazilian Federal Constitution, and in Article 3, item II, of Law 87/1996. The risk of loss on this lawsuit is considered by the Company's legal counsel as possible.

In June 2011, the State of Mato Grosso issued a tax assessment against ALL Malha Norte, originally amounting to R$ 120,687, referring to the transportation of goods to be exported, for the 2006 period. ALL Malha Norte challenged the claim, since it understands that these operations are not subject to ICMS on the transportation of goods for export, as set forth in Article 155 of the Brazilian Federal Constitution. In August 2011, ALL Malha Norte was informed of the first-level administrative decision, reducing the assessment to R$ 70,940. In the administrative appeal ALL Malha Norte obtained a partially favorable decision, which reduced the debt to R$ 31,531. Since the administrative proceedings were closed, the company filed a judicial order to proceed with the discussion of the amount under litigation. The risk of loss of this lawsuit is considered possible.

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

PIS/COFINS – Mutual traffic – ALL Malha Paulista was served a tax assessment for the non-payment of PIS and COFINS regarding revenue from mutual traffic and right-of-way, and is challenging the restated amount of R$ 84,256, for the period 1999 to 2006 (cumulative PIS and COFINS). The company understands that the likelihood of an unfavorable outcome is remote, since the amounts challenged have already been paid upon shipment by the concessionaires in charge of transportation. Decisions awarded to date have already reduced the assessments by approximately R$ 43,000.

IRPJ/CSL, PIS and COFINS - ALL Malha Sul was served a tax assessment amounting to R$ 620,383 (currently R$ 815,235) for the exclusion from the tax base of taxes from expenses with interest on investments made in Austria and Spain, and finance costs considered non-deductible. The tax authorities have also issued PIS and COFINS tax notices on swap transactions taken out for borrowing in foreign currency. The company understands that the likelihood of an unfavorable outcome is possible, since the investments were made in countries with which Brazil has an agreement determining the non-taxation of such operations, and PIS and COFINS taxation on hedging transactions was ruled out by Decree 5442/2005. In March 2011, ALL Malha Sul became aware of the first-level administrative decision (Federal Revenue Regional Office), which reduced the tax assessment to R$ 466,701 (current amount). ALL Malha Sul filed a voluntary appeal with the Administrative Board of Federal Tax Appeals (CARF). In July 2013 CARF overturned the lower court decision and ordered a new judgment. In September, 2013 the DRJ issued a new decision, reducing the assessment amount to R$ 359,663 (current amount).

Municipal Real Estate Tax IPTU - ALL Malha Sul and ALL Malha Paulista have approximately R$ 6,891 relating to IPTU taxation of Federal Government-owned properties, which, due to the concessions granted, are held for the purpose of providing railroad transportation services. However, the Federal Constitution sets forth that no taxes are levied on Federal Government-owned properties and the companies have already been awarded several favorable decisions. For this lawsuit, the likelihood of loss is considered possible.

Service Tax (ISS) – Portofer was served 14 tax assessments currently amounting to approximately R$ 6,987. These were issued by the Santos City tax authorities, which disregarded the legal form of Portofer (a special purpose entity intended to apportion expenses among concessionaires), and served a tax notice to the company as though it were a local service provider. The company considers the likelihood of an unfavorable outcome to be remote, since the matter has already been awarded a favorable decision by the São Paulo Court of Justice, in similar cases in Guarujá, determining that the tax assessments should be annulled, since Portofer is a non-profit entity, and only apportions expenses.

IRPJ/CSLL – In November 2010, ALL Intermodal was served a tax assessment by the Brazilian Federal Revenue Secretariat originally amounting to R$ 69,019 regarding IRPJ and CSLL. These amounts relate to the disallowance of expenses of variable installments of property, equipment, machinery and vehicle lease agreements entered into by ALL Intermodal. These expenses were considered non-deductible and were disallowed by the Brazilian Internal Revenue Service. The company considers the risk of this tax assessment to be possible, since the asset lease agreements were necessary, usual and normal to ALL Intermodal's activities. ALL Intermodal filed a Voluntary Appeal with CARF. In July 2013 CARF overturned the lower court decision and ordered a new judgment. In September, 2013 the DRJ issued a new decision, reducing the assessment amount to R$ 39,496 (current amount).

Social security contributions – In June 2011, ALL Malha Paulista was served a tax assessment originally amounting to R$ 38,646 (currently R$ 40,790), regarding the non-payment of social security contributions on labor indemnification. The company filed an administrative challenge, since it alleges that there is a legal provision supporting non-payment of these amounts, given their nature and ad hoc payment. The São Paulo Federal Tax Appeals Division (DRF) issued a decision maintaining the tax assessment in full. The company filed a voluntary appeal against this decision, which in November 2012 obtained a partially favorable decision reducing the debt to approximately R$ 700. The company filed a special appeal with the High Court to discuss the amount under litigation. For this lawsuit, the likelihood of loss is considered possible.

IRPJ/CSLL – ALL S.A– A tax assessment was served by the Brazilian Federal Revenue Secretariat in the amount of R$ 327,186 (currently R$ 398,118), referring to the following alleged violations: disallowance of goodwill from operations based on future profitability, disallowance of finance costs and capital gains from the disposal of interest in companies of the same economic group, in view of partial recognition of the goodwill amount. ALL S.A filed an appeal in September 2011. A decision by the DRF partially upheld the appeal filed by the company, reducing the tax assessment amount to R$ 272,271. The Company filed a Voluntary Appeal with CARF to partially change this decision that maintained part of the tax debt. For this lawsuit, the likelihood of loss is considered possible.

Social security contributions – Stock Options – A tax assessment was served by the Brazilian Federal Revenue Secretariat at an updated amount of R$ 42,721 with reference to the alleged social security contributions on the Company's Stock Option Plans, considered compensation by the Federal Revenue Service. The Company presented a defense claiming that the Stock Option Plans are merely of a commercial nature. The DRF issued a decision maintaining the tax debt in full. The company filed a Voluntary Appeal with CARF which, in May 2013, issued a partially favorable decision. The company is awaiting the publication of the decision by CARF to ascertain the amount reduced by the assessment. For this lawsuit, the likelihood of loss is considered possible.

Withholding Income Tax (IRRF) – ALL Malha Paulista requested the offsetting of credits from the negative balance of income tax for 2009, with a computation period from January 1, 2008 to December 31, 2008. The Brazilian Federal Revenue Service, after judging the offsetting carried out, decided to partially approve the claim and disallow a portion of the tax credit because it understands that "the corresponding revenue was not considered for taxation purposes". The debt arising from the disallowance currently totals R$ 55,873. The Brazilian Federal Revenue Service understands that the Company does not have the right to offset the IRRF on income arising from swap transactions. The Company filed an objection against the decision, alleging that the income tax withheld on any financial investment, including hedge operations, may be offset against the income tax due upon the calculation of taxable income, according to Article 76 of Law 8981/1995. Consequently, the Company is claiming the totality of the credit rights from the negative balance of IRPJ indicated in the Payment Receipts and/or Requests for Offset, which is the subject matter of the proceeding. The company is now awaiting a decision regarding the objection filed. For this lawsuit, the likelihood of loss is considered possible.

Payment in installments of MP 470 – ALL Malha Sul and ALL Intermodal had their requests for installment payment under Provisional Measure (MP) 470, of October 13, 2009, partially granted by the Brazilian Federal Revenue because the tax authority understands that the companies did not have a sufficient balance of income tax and social contribution losses to offset the debts included in this installment payment. The partial granting of the installment payment requests originated in the administrative proceedings of ALL Malha Sul and ALL Intermodal, the current amounts of which are R$ 93,269 and R$ 10,476 respectively. Both administrative proceedings are closed. With regard to ALL Malha Sul, the company obtained an injunction in court to suspend the payment of the credit. As for ALL Intermodal, a tax enforcement was proposed by the Brazilian Federal Revenue Service and properly secured by a letter of guarantee, in addition to the presentation of stay of execution. For these lawsuits, the likelihood of loss is considered possible.

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

19. Related party transactions

Entities considered related parties are reported in Note 3.

	Parent company											
	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Revenue		Expenses/costs	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	12/31/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Subsidiaries												
ALL Argentina	-	-	2,647	2,322	-	-	4,462	4,462	-	-	-	-
ALL Equipamentos	-	-	-	-	-	-	270	270	-	-	-	-
ALL Malha Oeste	-				2,753				-			
ALL Malha Norte	1,000	274	-	-	73,039	50,085	3,028	-	19,538	-	-	-
ALL Malha Paulista	1,766	8,685	-	-	42,973	20,613	13,000	13,000	14,984	22,524	-	-
ALL Malha Sul	-	-	4,328	-	-	-	-	4,440	-	-	-	-
ALL Participações	-	-	-	-	-	-	11	11	-	-	-	-
ALL Serviços	-	-	74	-	181	73	-	-	-	-	245	215
Boswells	-	-	-	-	-	-	12,761	12,761	-	-	-	-
Associates												
PGT	-	-	-	-	-	-	77	77	-	-	-	-
	2,766	8,959	7,049	2,322	118,946	70,771	33,609	35,021	34,522	22,524	245	215

Related party transaction terms and conditions

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

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

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

There is no insurance coverage for related party transactions.

For the period ended June 30, 2014, there was no contingency with respect to related party receivables. This assessment is made every financial year, by examining related parties' financial positions and the market in which each party operates. The Company did not record a provision for impairment of trade receivables on existing balances.

Subsidiary ALL Malha Norte has with BNDES Participações S.A., a stockholder of ALL, debentures convertible into shares, bearing market interest and amounting to R$ 190,544 at June 30, 2014, which mature through June 2016. These debentures were detailed at footnote 14 as 1st issued and Debentures – BNDES.

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

	Guaranteed entities				
	ALL S.A.	ALL Malha Sul	ALL Malha Paulista	ALL Malha Norte	Total
Guarantors					
ALL S.A. (parent company)					
Debentures	-	174,054	174,054	336,951	685,059
BNDES	-	129,319	58,695	-	188,014
CCB	-	392,530	-	-	392,530
Other	-	-	-	-	-
	-	695,903	232,749	336,951	1,265,603
ALL Malha Sul					
Debentures	2,087,431	-	-	-	2,087,431
ALL Malha Norte					
Debentures	2,025,859	-	-	-	2,025,859
ALL Malha Paulista					
Debentures	2,025,859	-	-	-	2,025,859
ALL Malha Oeste					
Debentures	2,025,859	-	-	-	2,025,859
ALL Intermodal					
Debentures	61,573	-	-	-	61,573
CCB	-	222,305	-	-	222,305
	61,573	222,305	-	-	283,878

The Company has adopted the corporate governance practices recommended and/or required by the applicable legislation, including those established in the Differentiated Corporate Governance Practices Regulations - New Market, published by BM&FBOVESPA.

Decisions regarding all of the Company's transactions are submitted to the Board of Directors, the Executive Board or the Audit Committee, according to the attributes described in the bylaws. Accordingly, all transactions, especially those with related parties, were submitted to the relevant decision-making bodies of the Company, according to the rules in force. Moreover, in conformity with Law 6404/76 and subsequent amendments, any member of the Company's Board of Directors who has a conflict of interest with the Company cannot vote in any meeting of the Board or participate in any transaction or business involving these interests.

20. Provision for unrealized profits

At December 31, 2001, the Company sold to its subsidiary ALL Malha Sul the right to use the rail segments from Presidente Epitácio to Rubião Junior and Pinhalzinho/Apiaí to Iperó, for the market value of R$ 22,387. This amount was supported by an appraisal report prepared by an independent appraising company at the same date. At December 31, 2001, the Company set up a provision for unrealized profit amounting to R$ 19,312 for this transaction, recorded in long-term liabilities. Up to June 30, 2014, the amount of R$ 9,298 (R$ 8,926 up to December 31, 2013) was realized. Realization of profit is recognized on a straight-line basis over the period of the right of use.

21. Advances on real estate credits (CRI) – consolidated

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

		6/30/2014		12/31/2013	
		Current liabilities	Noncurrent liabilities	Current liabilities	Noncurrent liabilities
ALL S.A. (parent company)	(i)	48,595	85,268	47,609	101,164
ALL Malha Norte	(ii)	107,759	156,392	107,655	179,517
		156,354	241,660	155,264	280,681

The balance is composed of two CRI operations:

(i) CRI I: On February 29, 2008, the Company entered into an agreement with CIBRASEC assigning credits arising from the leasing of the Terminal Intermodal de Tatuí. CIBRASEC, in turn, issued CRIs which are remunerated at the rate of 12.38% p.a., hedged at 100% of the CDI rate, from the issue date to the maturity date of each CRI. The effective terms and maturities are fixed, and the first CRI matured in March 2009 and the last one matures in 2018. The financial charges of this transaction are allocated on a monthly basis to the statement of income.

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

22. Deferred revenue – consolidated

		6/30/2014		12/31/2013	
		Current liabilities	Noncurrent liabilities	Current liabilities	Noncurrent liabilities
Parent company					
Vetria Mineração S.A	(iv)	-	1,991,237	-	1,991,237
Subsidiaries					
ALL Intermodal	(i)	34	353	34	371
ALL Malha Norte	(ii)	1,527	7,487	1,528	8,251
ALL Malha Paulista	(iii)	858	11,210	858	11,638
ALL Malha Sul	(iii)	192	2,107	191	2,202
		2,611	2,012,394	2,611	2,013,699

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

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

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

(iv) Investment in Vetria, with a counter-entry within deferred revenue in non-current liabilities, which will be appropriated to profit (loss) in accordance with the depletion and sale of the ore at the beginning of the operation.

23. Taxes and social security contributions payable in installments – consolidated

	6/30/2014		12/31/2013	
	Current liabilities	Noncurrent liabilities	Current liabilities	Noncurrent liabilities
Law 11.941/09 (i)	23,401	142,085	23,952	146,323
Education allowance	343	-	343	-
ISS	-	-	211	-
National Institute of Social Security -INSS	2,123	-	401	-
ICMS / IVA	138	842	475	-
	26,005	142,927	25,382	146,323

(i) In order to reduce their exposure to tax risk, the Company and its subsidiaries during the fourth quarter of 2009 enrolled with the Program for Debt Payment in Installments of the General Counsel to the National Treasury and Federal Revenue Secretariat (SRF), created through Law 11941/09, which was approved in June 2011.

The Company has been paying the installments promptly.

24. Equity

a) Share capital

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

	6/30/2014	12/31/2013
Common	687,664,312	687,664,312

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

b) Treasury shares

During the period ended June 30, 2014, 11,724 shares (1,236,539 at December 31, 2013) were used to settle options exercised in the period. The 2013 transfers were recorded at the R$ 9.14 weighted average cost of treasury shares.

During the periods ended June 30, 2014 the Company recorded 1,332,000 shares at the average price of R$ 12.07, for the registrations of shares that are the subject to the purchase of shares option terminated in the period. At June 30, 2014, the Company held 5,675.347 common shares in treasury (4,355,071 at December 31, 2013), at an average cost of R$ 9.85 (R$ 9.15 at December 31, 2013).

c) Distribution of dividends and interest on capital

Stockholders are entitled to a minimum mandatory dividend of 25% on profits adjusted under the terms of Article 202, Law 6404/76, as amended and revoked by Law 11638, of December 28, 2007, and Law 11941, of May 27, 2009.

d) Revenue reserves

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

A reserve for investments is set up based on the bylaws and supported by the Company's investment plan represented by uses and sources approved by the Board of Directors and pursuant to Article 194 of Law 6404/76

and subsequent amendments, which determines that this reserve shall not exceed the Company's subscribed capital. An amount not less than 25% and not exceeding 75% of the profit for the year, adjusted under Article 202 of Law 6404/76, is transferred to this reserve with a view to financing the expansion of the Company and its subsidiaries' activities, including through the subscription of capital increases or the development of new ventures.

e) Tax incentives – SUDAM

On September 26, 2007, ALL - Malha Norte filed with SUDAM a claim for the right to reduce the IRPJ (corporate income tax) and non-refundable surcharges computed on its operating profit (as defined), since it is located in the area which comprises the Legal Amazon, and the transportation sector is considered a priority for regional development, according to Item I, Article 2, Decree 4212 of April 26, 2002.

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

On May 30, 2014, the Internal Revenue Service of Brazil, based on Constitutive Report of SUDAM Nb. 193/2013, issued the Declaratory Act 95/2014, recognizing the tax benefit reduction of IRPJ and non-refundable tax payable on net profit from operation for a period of 10 years, counting the beginning of the term in 2014 and finishing in 2023. The deadline extension was granted based on development project situated in the are of Amazônia Legal.

The legal grounds for benefit recognition was created by Provisional Measure 2199-14, Article 1 of August 24, 2001 and with the wording set forth in Law 11196 of November 21, 2005. The effect of the 75% reduction in IRPJ and non-refundable surcharges calculated up to June 30, 2014 on profits from operations was R$ 31,188 (R$ 34,601 at June 30, 2013), recorded as a reduction in the IRPJ and CSLL expenses for the subsidiary ALL Malha Norte, according to CPC 07 issued by the CPC and approved by CVM Resolution 555, of November 12, 2008.

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

Should the beneficiary company fail to comply with the objectives and provisions of the program, which may be characterized as a misuse of funds, the SUDAM decision-making board will cancel the approved incentives, and the beneficiary company will have to pay to the relevant bank any amounts received, restated at the same index used for federal taxes, at the receipt date, plus a 10% fine and monthly interest on arrears of 1%, less, in the case of investments in debentures, installments already amortized (Law 8167/91, Article 12, paragraph 1, items I and II, the latter including the wording set forth in Provisional Measure 1740-31, of May 6, 1999).

The Company has met all incentive-related conditions.

25. Share-based payment

Expenses recorded for employee services during the periods, arising from share-based payment transactions to be settled by delivery of equity instruments, amounted to R$ 2,422 at June 30, 2014 (R$ 4,347 at June 30, 2013).

Stock option plan:

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

The Board of Directors, at its sole discretion, assigned the administration of the Plan to a Stock Options Management Committee (the Committee), which consists of all Board members and was created exclusively for this purpose. Plan managers are responsible for periodically implementing Stock Option Plans, and establishing,

among eligible individuals, those to whom options will be granted and specific applicable rules, considering general Plan rules (the Program).

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

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

Under "Agreement A", a beneficiary must pay 10% of the share amount, upon execution of the agreement, as a condition for joining the Stock Option Plan, to acquire the right to make yearly contributions for the acquisition of 18% of total shares, so that, by the end of the 5th year, the beneficiary will have made contributions for the acquisition of 100% of the shares. The contribution amount (option price) is adjusted by the IGP-M variations. Agreement B is different from Agreement A, particularly in the following aspect:

(i) the acquisition of the right to make contributions for share acquisitions changes from 10% on the grant date and 18% in subsequent years, as in Agreement A, to 10% on the grant date, 5% in the first year, 10% in the second, 15% in the third, 25% in the fourth and 35% in the fifth and last year. In the event that a beneficiary of Agreement B is dismissed from the Company without cause, the Committee may, at its discretion, change the acquisition schedule of the right to make contributions for share acquisitions to 18% per year, under the schedule of Agreement A.

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

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

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

	2014		**2013**	
	No.	MPPE	No.	MPPE
Opening balance	6,729,773	13.92	11,597,787	12.63
New grants	-	-	-	-
Lost	(1,579,558)	15.41	(4,749,128)	12.31
Exercised	(11,724)	10.86	(118,886)	9.76
Closing balance	**5,138,491**	13.91	**6,729,773**	13.92
Vested	3,406,601		4,700,419	
Not vested	1,731,890		2,029,354	

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

On February 6, 2012, the Committee approved the 2012 Program, which also differs from the general rule since the beneficiary must contribute 10% of the share amount upon execution of the agreement as a condition of being entitled to the right to purchase shares, and therefore being entitled to make gradual contributions: 5% in the first

year, 15% in the second year, 20% in the third year, 25% in the fourth year and 25% in the fifth and last year. Another difference of this Program in relation to the previous ones is that beneficiaries are subject to a lock-in period of two years from each option exercise date.

If the issue of new shares is necessary, the Company records the contributions in its books, based on the individual controls of each beneficiary, as an advance on future capital increases, within equity. Upon approval at a General Meeting, this amount is recorded as capital. For the specific case of contributions of approximately 30% for option acquisitions, the Company records a capital increase from the second base date, in compliance with Law 6404/76 and subsequent amendments.

The weighted average of the remaining stock option contractual term was 4.99 years at June 30, 2014. The minimum and maximum option exercise prices at June 30, 2014 were R$ 18.48 and R$ 10.87 respectively.

The following table lists assumptions included in the model used to estimate the last grant option fair value:

	2014
Expected volatility (%)	36.40%
Risk-free interest rate (%)	6% + IGPM
Expected option life (years)	6
Weighted average share price (R$)	11
Pricing model used	Black & Scholes

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

Restricted Share Option Program

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

During the vesting period, 1,056,250 options were lost, and, at December 31, 2012, 57.50% of the subtotal remaining (1,943,750 options) were delivered to the beneficiaries according to the Program rules. The exercise price was R$ 0.01 per share. As the exercise price is close to zero, the fair value of each option is equivalent to the market value of the share on the program grant date (R$ 16.50).

In a meeting held on October 23, 2012, the Committee approved the possibility of the outstanding unexercised options based on the EBITDA target for 2012 being restored and exercised by employees and administrators conditioning cumulatively: (i) to maintain their working relationships with the Company until December 31, 2014, (ii) to achieve individual and operational targets, and (iii) the Company achieving its EBITDA targets for 2014. During 2013, 401,000 options were lost. Accordingly, the remaining number of options to be delivered at December 31, 2014 is 427,000, if the conditional factors are met.

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

26. Finance income and costs

	Parent company				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Interest on indebtedness/debentures/sureties	(138,595)	(99,930)	(80,622)	(52,474)	(388,447)	(337,679)	(197,767)	(165,589)
Fines/Fiscal interest/Suppliers/Wagons	(1,042)	(11,247)	(519)	(10,583)	(166,921)	(99,979)	(99,457)	(49,148)
Interests on leases and concessions	-	-	-	-	(156,224)	(118,299)	(78,750)	(59,710)
Customers/adjustments to present value/other	202	(1,784)	435	5,538	(35,691)	(12,510)	(28,292)	(9,077)
Total finance expenses	(139,435)	(112,961)	(80,706)	(57,519)	(747,283)	(568,467)	(404,266)	(283,524)
Income from financial investments	5,211	21,610	2,546	9,287	121,571	75,335	58,324	34,642
Remuneration of debentures	-	10,467	-	5,523	-	-	-	-
Adjustment to present value/other	-	-	-	(441)	160	883	77	(1,499)
Total finance income	5,211	32,077	2,546	14,369	121,731	76,218	58,401	33,143
Finance result, net	(134,224)	(80,884)	(78,160)	(43,150)	(625,552)	(492,249)	(345,865)	(250,381)

27.Earnings per share

The following tables detail the calculation of earnings (loss) per share from continuing and discontinued operations (in thousands of reais, except amounts per share):

Continuing operations

	Consolidated			
	Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Basic earnings per share				
Numerator				
Profit for the year attributed to the Company's stockholders	101,737	107,731	94,075	61,955
Denominator (in thousands of shares)				
Weighted average number of common shares	683,311	683,996	683,311	683,996
Basic earnings:				
Per common share	0.1489	0.1575	0.1377	0.0906
Diluted earnings per share				
Numerator				
Profit for the year attributed to the Company's stockholders	101,737	107,731	94,075	61,955
Denominator (in thousands of shares)				
Weighted average number of common shares	683,311	683,996	683,311	683,996
Dilution effect				
Stock options	5,565	15,981	5,565	15,981
Weighted average number of common shares adjusted by the dilution effect	688,876	699,977	688,876	699,977
Diluted earnings:				
Per common share	0.1477	0.1539	0.1366	0.0885

Discontinued operations

	Consolidated			
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Basic loss per share				
Numerator				
Loss attributed to the Company's stockholders	(504)	(148,152)	(286)	(136,307)
Denominator (in thousands of shares)				
Weighted average number of common shares	683,311	683,996	683,311	683,996
Basic loss:				
Per common share	(0.0007)	(0.2166)	(0.0004)	(0.1993)
Diluted earnings per share				
Numerator				
Loss attributed to the Company's stockholders	(504)	(148,152)	(286)	(136,307)
Denominator (in thousands of shares)				
Weighted average number of common shares	683,311	683,996	683,311	683,996
Dilution effect				
Stock options	5,565	15,981	5,565	15,981
Weighted average number of common shares adjusted by the dilution effect	688,876	699,977	688,876	699,977
Diluted loss:				
Per common share	(0.0007)	(0.2117)	(0.0004)	(0.1947)

28. Segment reporting

Information per business segment, for the periods ended June 30, 2014 and 2013 is as follows:

	Results by business segment									
Description	Agricultural Commodities (i)		Manufactured Products (ii)		Brado		Ritmo/Rodoviário		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Net revenue	1,401,909	1,305,007	331,832	308,817	140,330	133,594	108,443	125,053	1,982,514	1,872,471
Cost of services	(669,812)	(599,437)	(235,616)	(220,447)	(106,456)	(105,774)	(102,737)	(113,245)	(1,114,621)	(1,038,903)
Gross profit	732,097	705,570	96,216	88,370	33,874	27,820	5,706	11,807	867,893	833,567
Operating profit	646,585	558,659	84,245	67,925	17,770	12,145	1,182	8,555	749,782	647,284

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

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

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

Segment performance is assessed based on the operating margin, which, in the table above, differs from that presented in the consolidated quarterly information. This performance is assessed by commercial officers and subsequently submitted to the directors and Board members.

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

29. Other operating information

29.1. Other operating income/expenses

	Parent company				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Sale of property and equipment	174	6,524	174	6,524	11,815	2,911	9,692	2,911
Other	1,380	372	1,194	188	3,491	1,049	183	(2,771)
Total	**1,554**	**6,896**	**1,368**	**6,712**	**15,306**	**3,960**	**9,875**	**140**

Other operating expenses

	Parent company				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Fees	168	241	18	13	1,956	3,903	2,998	2,449
Fuels not used in the operation	-	6	-	6	818	733	499	(1,405)
Deductible donations	-	-	-	-	20	-	(200)	-
Disposal of property and equipment	-	-	-	-	-	-	-	(420)
Disposal of unusable assets	-	-	-	-	6,560	1,262	6,560	(1,118)
Other	1,126	-	1,126	-	2,372	-	773	-
Total	**1,294**	**247**	**1,144**	**19**	**11,726**	**5,898**	**10,630**	**(494)**
	260	**6,649**	**224**	**6,693**	**3,580**	**(1,938)**	**(755)**	**634**

29.2. Depreciation, amortization and fuels included in the consolidated statement of income

	Parent company				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Fuel	7	3	-	3	321,838	280,284	181,724	159,091
Outsourced services	22,713	7,419	4,980	5,137	235,652	198,435	113,061	101,898
Depreciation and amortization	29,347	29,297	14,736	14,789	277,676	249,467	141,787	118,576

29.3. Net revenue

	Parent company				Consolidated			
	Period ended		Quarter ended		Period ended		Quarter ended	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Gross revenue	34,472	29,134	21,792	11,555	2,267,057	2,127,311	1,235,255	1,186,898
(-) Deductions (tax, discounts and cancellations)	(3,222)	(3,111)	(2,034)	(1,089)	(284,543)	(254,840)	(158,627)	(152,406)
Net revenue	**31,250**	**26,023**	**19,758**	**10,466**	**1,982,514**	**1,872,471**	**1,076,628**	**1,034,492**

30. Discontinued operations

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

The results from discontinued operations at June 30, 2014 and 2013 can be summarized as follows:

Results from discontinued operations

	Period ended		Quarter ended	
	6/30/2014	**6/30/2013**	**6/30/2014**	**6/30/2013**
Net revenue	-	93,149	-	41,127
Cost of services	-	(108,397)	-	(49,893)
Gross profit (loss)	-	(15,248)	-	(8,766)
Results from ownership interests	-	-	-	-
Selling, general and administrative expenses	(594)	(142,035)	(350)	(135,534)
Financial income and costs	76	(7,809)	35	(3,661)
Loss before taxation	(518)	(165,092)	(315)	(147,961)
Current income tax and social contribution	(35)	(3,022)	1	(1,578)
Deferred income tax and social contribution	-	(17)	-	(3,836)
Non-controlling interests	-	4,924	-	3,344
Loss from discontinued operations	(553)	(163,207)	(314)	(150,031)

Cash flow from discontinued operations

	6/30/2014	**6/30/2013**
Operating cash flow	(478)	(35,876)
Cash flow from investment activities	-	(10,378)
Cash flow from financing activities	-	17,199
Total cash flow	(478)	(29,055)

ALL Central and ALL Mesopotàmica still exist. However, they are unable to carry out railroad operations. Due to the loss of the concessions, ALL Argentina recorded a loss due to the impairment of its property and equipment of R$ 194,300, and wrote off the deferred tax assets recorded in its balance sheet, amounting to R$ 23,772, as well as of other credits of R$ 14,091, which were considered non-performing credits.

A provision for debts to related parties that would be capitalized was recorded in the amount of R$ 100,772. This provision does not have an effect on the consolidated profit.

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

There were no asset and liability disposal groups classified as held for sale at June 30, 2014.

On August 26, 2013, ALL Argentina filed for bankruptcy. The Parent company will provide the resources to fulfill all the obligations on this agreement.

31. Insurance – consolidated

At June 30, 2014, the insurance cover established by the Company's management to cover losses and civil liability can be summarized as follows:

Line	Insurance by event	Amount insured		Effectiveness
Operating railroad risks	Assets - material damage and loss of profits	R$	60,000	9/15/2013 to 9/15/2014
Civil liability - railroad operations	Operations, pollution, employer's liability, vehicles (contingencies) and port activities	R$	10,000	4/30/2013 to 4/30/2015
Railroad cargo insurance	Civil liability of railroad cargo carrier (RCTF-C); railroad risk (RF) - per shipment	R$	2,200	6/30/2013 to 7/31/2015

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

32. Financial instruments

At June 30, 2014, the Company and its subsidiaries had the following financial instruments:

	Carrying amount		Fair value	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Financial assets				
Cash and cash equivalents	2,372,834	2,917,636	2,372,834	2,917,636
Trade receivables	530,887	423,185	530,887	423,185
Intercompany loans receivable	219	769	219	769
Advances and other receivables	228,577	230,054	228,577	230,054
Refundable deposits and restricted amounts	328,073	330,166	328,073	330,166
Total	**3,460,590**	**3,901,810**	**3,460,590**	**3,901,810**

	Carrying amount		Fair value	
Financial liabilities	6/30/2014	12/31/2013	6/30/2014	12/31/2013
Debentures	2,957,462	2,963,639	2,957,462	2,963,639
Derivative instruments	38,081	31,193	38,081	31,193
Inter company loans payable	9,215	2,541	9,215	2,541
Advances from customers	119,402	186,469	119,402	186,469
Finance leases	1,789,400	1,678,546	1,789,400	1,678,546
Borrowing	3,859,035	3,977,476	3,859,035	3,977,476
Advances on real estate credits	398,014	435,945	398,014	435,945
Trade payables	907,876	721,113	907,876	721,113
Total	**10,078,485**	**9,996,922**	**10,078,485**	**9,996,922**

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

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

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

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

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

On April 1, 2013, Vetria formalized the documents for the hedge accounting, due to the balance of royalties payable in U.S. Dollars to the former stockholders of Vetorial Mineração, as part of the payment for the purchase of the company, which is made as the mine is depleted. Since the future revenue of Vetria will be denominated in U.S. Dollars, as well as the royalties, the operation has a natural hedge. The Company uses no derivative financial instruments for speculative purposes.

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

a) Credit risk

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

b) Interest rate risk

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

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

An interest rate risk sensitivity analysis is presented below, showing the estimated effects of changes in scenarios on the profit or loss for the following 12 months, for swaps and corresponding hedged items. Management considered the CDI projection for 2014 as the probable scenario, according to the bank projections available from the Focus Bulletin of the Brazilian Central Bank.

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

Interest rate appreciation risk

Transaction	Risk	Notional Value	Fair Value at 6/30/2014	Probable scenario	(Gain)/loss +25%	(Gain)/loss +50%
FINANCIAL ASSETS AND LIABILITIES						
CCB	CDI	90,489	20,705	18,947	23,213	27,479
Asset position swap - Counterparty Santander	Fixed rate	(90,489)	(20,705)	(18,939)	(23,203)	(27,467)
8th issue debentures - Malha Norte	CDI	161,397	25,862	16,453	16,453	16,453
Asset position swap - Counterparty Santander	Fixed rate	(161,397)	(25,862)	(17,257)	(17,257)	(17,257)
Taxes in installments	CDI	-	(168,090)	(18,490)	(23,112)	(27,735)
References						
Average CDI (p.a.)				11.00%	13.75%	16.50%

The probable scenario relates to the following 12 months, based on bank macroeconomic projections.

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

c) Currency risk

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

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

Below is the currency risk sensitivity analysis, showing the estimated effects of changes in profit or loss scenarios for the following 12 months. Management considered the foreign exchange rates projected for 2014 as the probable scenario, in line with macroeconomic projections:

Foreign currency appreciation risks

Transaction	Risk	Notional amount (US$ thousand)	Fair value at 6/30/2014	Probable scenario	Gain/(loss) +25%	Gain/(loss) +50%
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk – Effect on investments:						
Financial investments	US$	3	7	-	2	4
Net effect on financial investments		**3**	**7**	**-**	**2**	**4**
Foreign currency appreciation risk – Effect on payables/imports:						
Long-term trade payables	US$	(29,595)	6,066	(9,811)	(49,053)	(88,295)
Asset position swaps by counterparty:						
Counterparty Morgan Stanley	US$	26,108	(5,168)	8,625	43,127	77,628
Counterparty Bradesco	US$	3,617	(898)	1,195	5,975	10,755
Net effect on trade payables / imports		**130**	**-**	**9**	**49**	**88**
References						
US$/R$				2.40	3.00	3.60

The probable scenario relates to the following 12 months, based on bank macroeconomic projections.

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

d) Net debt finance costs deterioration risk

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

Below is the finance costs deterioration sensitivity analysis, showing the estimated effects of changes in profit or loss scenarios for the following 12 months, considering the rates projected for 2014 as being a probable scenario. As alternative scenarios, an increase in rates was simulated, considering that the Company has a net debt position:

Debt financial charge deterioration risk

Transaction	Risk	Probable scenario	Gains/(losses) +25%	Gains/(losses) +50%
FINANCIAL ASSETS AND LIABILITIES				
CASH				
Investments indexed to the CDI	CDI	193,167	241,459	289,750
Fixed income investments	Fixed rate	16,681	16,681	16,681
BORROWING				
Financing indexed to the Long-Term Interest Rate (TJLP)	TJLP	186,543	219,908	253,273
Financing indexed to the CDI	CDI	101,379	126,029	150,679
Financing fixed rate / floating rate through swaps, as in item b	Fixed rate/Floating	23,427	23,429	23,431
Debentures indexed to the CDI	CDI	484,016	550,687	617,358
IPCA	IPCA	49,766	55,384	61,002
Advances on real estate receivables indexed to the CDI	CDI	53,772	65,124	76,476
References				
Average CDI (p.a.)		11.00%	13.75%	16.50%
TJLP		5.00%	6.25%	7.50%
IPCA		6.38%	6.25%	7.50%

The probable scenario relates to the following 12 months, based on bank macroeconomic projections.

e) CVM Instruction 475

The consolidated position of derivative financial instruments is as follows:

Fair value of transactions with derivative financial instruments by maturity

DESCRIPTION	REFERENCE VALUE (NOTIONAL)		FAIR VALUE		ACCUMULATED EFFECT (CURRENT PERIOD)	
	6/30/2014	12/31/2013	6/30/2014	12/31/2013	AMOUNT RECEIVABLE/RECEIVED	AMOUNT PAYABLE/PAID
SWAPS CONTRACTS:						
NET POSITION						
FOREIGN CURRENCY RISK	US$	US$	R$	R$	R$	R$
[1] MATURITY US$ x %CDI:						
2Q13	-	-	-	(12)	-	-
4Q13	-	876	-	-	-	-
1Q14	25,975	-	(5,168)	-	-	(5,168)
[1] MATURITY EUR x %CDI:	EUR	EUR	R$	R$	R$	R$
1Q14"	331,899	1,378	-	367,663	-	-
3Q14"	2,642	2,642	(898)	5,694	-	(898)
INTEREST RATE RISK	R$	R$	R$	R$	R$	R$
[2] FIXED/FLOATING RATES - MATURITY:						
1Q14'	-	898,836	-	4,497	-	-
2Q14'	2,900	2,900	-	555	-	-
4Q14'	90,490	90,490	(21,621)	(20,789)		(21,621)
1Q18'	150,000	150,000	10,955	10,545	10,955	-
3Q18'	166,667	166,667	-	(2,673)	-	-
4Q20'	160,000	160,000	(21,349)	(28,021)	-	21,349
TOTAL	**930,573**	**1,473,789**	**(38,081)**	**337,459**	**10,955**	**(6,338)**

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

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

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

The fair values of derivatives were estimated based on foreign exchange rate curves and current BM&F interest rates at June 30, 2014, for future value projections, as well as DI future rates of BM&F to bring this cash flow to its present value. There are no margin deposits or guarantees of any type or amount for any of these derivatives.

The effect on the Company's profit or loss at June 30, 2014 of the hedging of derivative financial instruments is a credit balance of R$ 2,739 (at June 30, 2013 a debit balance of R$ 26,336). Gains and losses from swaps related to the hedge structure recorded in equity amount to a debit balance of R$ 63,198 at June 30, 2014 (a credit balance of R$ 879 at December 31, 2013).

f) Fair value estimation

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

At June 30, 2014 and December 31, 2013, the financial assets and liabilities measured or disclosed at fair value were classified at Level 2 of the fair value hierarchy, as they were determined using information derived by the market for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

g) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	6/30/2014	12/31/2013
Trade receivables		
Counterparts without external credit rating		
Group 1	-	24,379
Group 2	585,532	462,600
Group 3	20,332	13,426
	605,865	500,405

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

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

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

33. Private pension plan

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

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

The plan is assessed on an annual basis by an independent actuary. The last actuarial assessment of the plan was made for December 31, 2013. The base date used in the assessment was October 2013.

	6/30/2014	12/31/2013
Participants	32	39
Plan assets	3,998	10,329
Actuarial liabilities	3,735	2,892
Sponsor's contribution (% payroll)	0.79%	0.89%
Participation payroll	594	792

The plan also has a defined benefit portion in the concession phase, whose actuarial liability refers to monthly life annuities granted to its participants. The present value of the actuarial liability of Sponsored Participants was calculated based on the mortality table AT-2000 and on a financial discount rate of 6.75% p.a., being fully covered by the Plan's Net Assets, and an actual rate of return on assets of 11.55%, resulting in a return on assets of R$ 445.

The plan has financial coverage of actuarial liabilities and a surplus of R$ 30 at December 31, 2013. This reserve relates to the remaining balances of the sponsor's contributions, arising from participants leaving the plan who partially redeemed their benefits, and who are no longer eligible for any plan benefits.

* * *



ALL REPORTS 2Q14 AND 1H14 RESULTS

Curitiba, Brazil, August 5th, 2014 – América Latina Logística S.A. – ALL (BM&FBovespa: ALLL3; OTCQX: ALLAY), the Latin America's largest independent logistics services company, announces its results for the second quarter and first half of 2014 (2Q14 and 1H14). The Company offers a full range of logistics services, including rail and trucking transportation, distribution, warehousing, customized container transportation combined with fractioned distribution and intermodal door-to-door transportation. ALL comprises four main businesses: (i) ALL Rail Operations, (ii) Brado Logística, (iii) Ritmo Logística and (iv) Vetria Mineração.

On June 5th 2013, the Argentine Government rescinded the concessions of ALL in the country, in which the Company used to hold economic rights. As an effect of the rescission, results coming from Argentina´s operations are now presented as "Results of Discontinued Operations". Therefore, discussions about ALL Rail Operations refer to Brazilian operations only, unless otherwise stated.

Conference Calls:

English
August 6th, 2014
Wednesday
10:30 a.m. US ET

Portuguese
August 6th, 2014
Wednesday
9:00 a.m. US ET

Meeting with Analysts and Investors:

August 8th, 2014
Friday
8:30 a.m. (Brasília)

JW Marriot Hotel
Av. Atlântica, 2600
Copacabana
Rio de Janeiro - RJ

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- ✓ **Consolidated EBITDA increased 0.2% in 2Q14 against 2Q13, reaching R$579.5 million,** as a result of a flat performance in Rail Operations EBITDA, an increase of 39.8% in Brado Logística EBITDA, and a 51.3% decrease in Ritmo Logística. In 1H14, Consolidated EBITDA grew 4.8% against 1H13, from R$977.1 million to R$1,024.2 million.

- ✓ **ALL Rail Operations volumes increased 0.9% year-over-year in the 2Q14.** In spite of a better operational scenario at the Port of Santos when compared to 2Q13, we faced a very tough demand scenario, as China reduced abruptly its demand of grain imports from Brazil during the period. The demand drop affected transported volumes and yields throughout our rail network. Moreover, in June we suffered with excessive rainfalls, interrupting several rail segments in the South Region of Brazil for about 10 days.

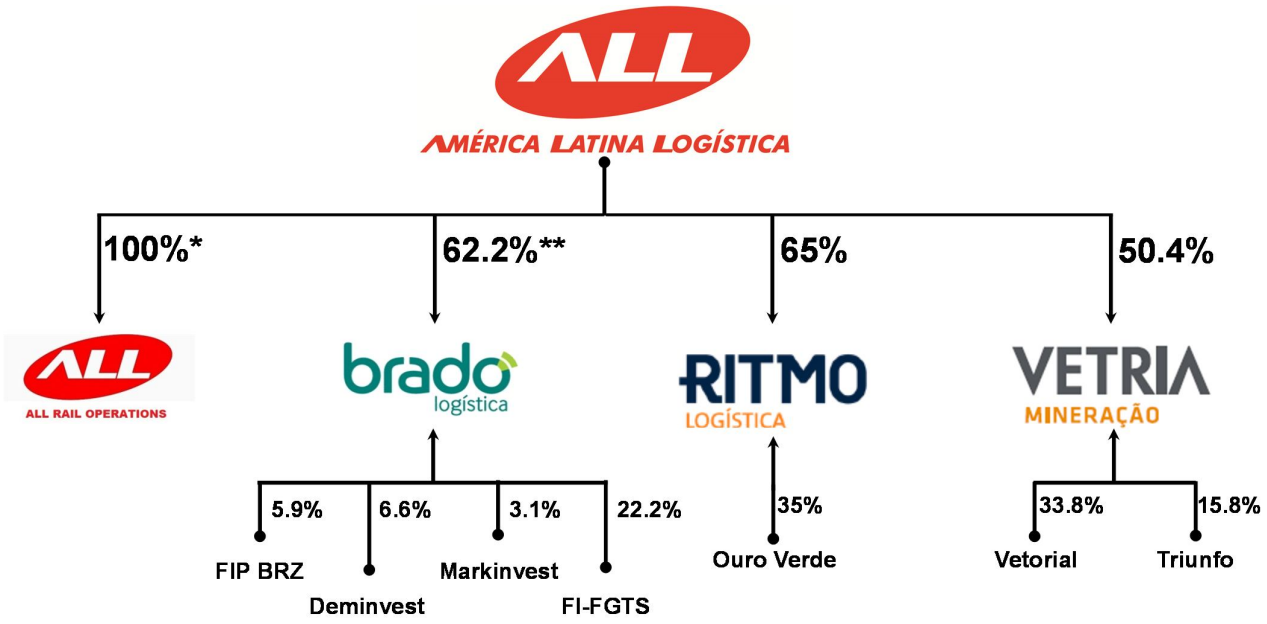
- ✓ **Rail Operations average yield, measured in R$/´000RTK, grew 4.4% in 2Q14 year-over-year,** supported by the tariffs set in our take-or-pay agreements in a scenario of depressed levels at spot market freight prices. Spot market freight prices declined approximately 13% in Wide Gauge (from Mato Grosso to Santos) and 21% in Paraná Corridor, which are the two most important agricultural corridors that we operate, when compared to 2Q13.

- ✓ **Brado Logística EBITDA increased 39.8% in 2Q14, reaching R$15.5 million,** with a 17.9% growth in transported volumes. Brado´s growth was driven by Wide Gauge and Paraná corridors, as the company (i) added rolling stock for 2014, (ii) invested on the expansion of Cambé (PR) and Cubatão (SP) logistic complexes and (iii) started operations in Rondonópolis terminal.

- ✓ **Ritmo Logística had another tough quarter.** Volume decreased 33.9%, pushed by both (i) Dedicated Solutions Unit, mainly due to discontinuation of low profitability operations in this segment, and (ii) Intermodal Unit, especially driven by the shortage in agricultural commodities transportation demand, shrinking margins due to the drop in spot market freight prices in the 2Q14.

- ✓ **Perspectives should improve for the 2H14.** After a weak 2Q14, grain exports should recover to its normal course and sugar exports are expected to increase through Paranaguá Port. In addition, we have a better operational scenario than we faced last year, especially in the grain segment, once the unloading restrictions we had at the main grain unloading terminals are already solved. Volumes should also be benefited by Rondonópolis terminal, which started operations in 3Q13 and ramped-up until the end of 2013, increasing the average of transported distance. In industrial segment we should keep benefiting from (i) Brado´s volume, as it continues its ramp-up, and from (ii) Eldorado´s volume.

ALL's Business Structure



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ALL Rail operations is composed of 4 rail concessions in Brazil, totaling 13 thousand km of rail tracks, through which the Company transports agricultural commodities and industrial products. The rail network serves an area that accounts for approximately 80% of Brazil´s GDP, where four of the most active ports in Brazil are located, through which approximately 80% of all the country's grain exports are shipped annually.

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Brado Logística is a partnership between ALL, Standard Logística and FI-FGTS, which is developing the intermodal logistic of containers, focusing on rail transportation, storage, operation of terminals and other logistics services. Brado provides the service level required by the retail market and intends to change the container logistics in Brazil, consolidating the cargo in intermodal terminals and shipping it by railroad, in a very cost effective model.

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Ritmo Logística is a trucking based logistic company created by the merger of ALL Highway Services Business Unit and Ouro Verde highway operations. The company provides a variety of logistics solutions for several industrial segments in Brazil and Argentina, through its Dedicated Operations unit. Furthermore, Ritmo is well positioned to develop the Intermodal Highway Services, providing logistics for an unconsolidated market of more than 40 million tons that has its origin or destination in ALL's railway, with a low-capital-intensive model through the use of third party and outsourced fleet.

Vetria Mineração is a company created through a partnership between ALL, Triunfo and Vetorial Mineração which aims to develop an integrated solution for the extraction, logistics and commercialization of iron ore from the Urucum Massif, located in the region of Corumbá-MS. Vetria will have an integrated system with its own mine in Corumbá, railway logistics through a long-term operational agreement with ALL and a private port terminal in Santos. Vetria still depends on resolute conditions to start its operations.

** Only on ALL Malha Norte, ALL holds 99.2% stake.*

Table 1 - Financial Highlights (R$ million)	2Q14	2Q13	% Change	1H14	1H13	% Change
ALL Rail Operations						
Net Sales	950.4	901.7	5.4%	1,733.7	1,613.8	7.4%
EBITDA	560.5	560.2	0.0%	986.2	942.6	4.6%
EBITDA Margin [1]	*59.0%*	*62.1%*	*-3.2%*	*56.9%*	*58.4%*	*-1.5%*
Net Income *	87.5	(78.0)	na	89.0	(46.5)	na
Brado						
Net Sales	72.6	66.4	9.2%	140.3	133.6	5.0%
EBITDA	15.5	11.1	39.8%	30.0	21.3	40.7%
EBITDA Margin [1]	*21.4%*	*16.7%*	*4.7%*	*21.4%*	*16.0%*	*5.4%*
Net Income*	6.9	1.9	266.9%	12.8	3.4	277.0%
Ritmo						
Net Sales	53.6	66.4	-19.2%	108.4	125.1	-13.3%
EBITDA	3.4	7.1	-51.3%	8.0	13.1	-39.1%
EBITDA Margin [1]	*6.4%*	*10.7%*	*-4.2%*	*7.3%*	*10.4%*	*-3.1%*
Net Income*	(0.6)	1.7	na	(0.5)	2.7	na
ALL Consolidated						
Net Sales	1,076.6	1,034.5	4.1%	1,982.5	1,872.5	5.9%
EBITDA	579.5	578.4	0.2%	1,024.2	977.1	4.8%
EBITDA Margin [1]	*53.8%*	*55.9%*	*-2.1%*	*51.7%*	*52.2%*	*-0.5%*
Net Income*	93.8	(74.4)	na	101.2	(40.4)	na
EPS (R$/ Share) **	0.14	na	na	0.15	na	na
Consolidated Balance Sheet Indicators						
Total Assets	19,202.4	17,486.7	9.8%	19,202.4	17,486.7	9.8%
Shareholders Equity	4,756.5	4,142.2	14.8%	4,756.5	4,142.2	14.8%
EBITDA (Trailing 12 months)	1,877.3	1,805.3	4.0%	1,877.3	1,805.3	4.0%
Net Debt	4,481.7	4,313.9	3.9%	4,481.7	4,313.9	3.9%
Net Debt / EBITDA (Trailing 12 months)	2.39	2.39	-0.1%	2.39	2.39	-0.1%
Net Debt/ Equity	0.9	1.0	-9.5%	0.9	1.0	-9.5%

[1] *For EBITDA margin change means percentage points*

** Refers to ALL's stake, after minorities*

***Earnings per share calculation based on number of existing shares as of June 30th of 2013 and 2014*

Comments from Alexandre Santoro, CEO

We are announcing 1H14 results presenting a 5.9% growth in Consolidated Net Revenues, reaching R$1,982.5 million and an increase of 4.8% in Consolidated EBITDA, to R$1,024.2 million, due to positive contributions of (i) 4.6% of Rail Operations and (ii) 40.7% of Brado Logística, partially offset by Ritmo Logística figures. Consolidated Net Income improved from a loss of R$40.4 million in 1H13 – which was impacted by the negative accounting effect of the discontinuation of our operation in Argentina – to a profit of R$101.2 million in the first semester of 2014.

In 2Q14, ALL Rail Operations results were weaker than initially expected. In spite of a better operational scenario at the Port of Santos when compared to the 2Q13 – when two accidents at the main grain terminals in June 2013 impacted our rail unloading capacity at the port – we faced a very tough demand scenario in 2Q14, which affected transported volumes and yields throughout our rail network. Moreover, excessive rainfalls in June 2014 interrupted several rail segments in the South Region of Brazil, which restrained operations to the Port of Paranaguá and São Francisco and interrupted the route from São Paulo to Rio Grande do Sul for about 10 days.

Along the quarter, China reduced abruptly its demand for grain imports, cancelling in April grain vessels which were expected to dock at our main ports – Santos and Paranaguá – in May and June. The Chinese decision impacted land freight transportation market already in April, shrinking transportation demand and spot freight prices. The market shortage was felt in grain exports data mainly in May and June, due to the lags involved in exports decisions, harvest transportation and grain shipments at the ports. According to MDIC (Ministry of Development, Industry, and Foreign Trade) the exportations of grains and sugar at Port of Paranaguá increased 13.0% in April, but dropped 10.2% in May and 12.7% in June, and at Port of Santos decreased 1.3% in April, 17.8% in May and 13.6% in June.

With lower demand for agricultural commodities transportation, spot market freight prices declined abruptly when compared to February and March and were below the levels registered at 2Q13 in nominal terms. Spot market freight prices decreased approximately 13% in Wide Gauge corridor (from Mato Grosso to Santos), 21% in Paraná corridor and 7% in Rio Grande do Sul corridor – which are the three main agricultural corridors that we operate –, when compared to the same period of last year. With prices in our take-or-pay contracts running above spot market prices, a large portion of our clients decided to operate on the inferior limits of our take-or-pay agreements, which usually represents 90% of contracted volumes.

In Wide Gauge Corridor (from Mato Grosso to Santos), agricultural commodities volumes increased 3.9% in spite of: (i) transportation demand drop on the quarter, (ii) clients decision to operate at the inferior limits of our take-or-pay agreements and (iii) 32.7% year-over-year volume increase in sugar from São Paulo to Santos, which reduces average productivity and transportation capacity at the Wide Gauge rail system (as sugar routes in São Paulo typically have shorter distance and lower productivity at rail and at the port). The transported volume was benefited by the operation of the Rondonópolis terminal and by the improvement in operations at the Port of Santos when compared to 2Q13 (in the absence of the problems that impacted our operations last year).

In the Metric Gauge rail system, agricultural volumes decreased 8.6% when compared to 2Q13 mainly driven by (i) the transportation demand drop on the quarter, (ii) the clients decision to operate at the inferior limits of our take-or-pay agreements, (iii) the drop of about 40% in sugar exportations in the Port of Paranaguá, which represents our second most important cargo in this rail system and (iv) excessive rainfalls in June, which restrained operations to the Ports of Paranaguá and São Francisco.

Industrial products volumes increased 4.6% when compared to 2Q13 pushed by Container and Wood and paper segments. Industrial volumes were negatively impacted by restrictions in the rail line from São Paulo to Rio Grande do Sul, due to the problems caused by rainfalls in Paraná and Santa Catarina states throughout June.

Rail Operations EBITDA in 2Q14 were in line with the same period of the last year, as a result of a (i) marginal volume increase, (ii) yield growth of 4.4% supported by the tariffs set in our take-or-pay agreements in a scenario of depressed levels at spot market freight, compared to 2Q13, and (iii) worse mix of transported cargo.

Brado Logística continued its ramp-up during 2Q14, presenting a double-digit volume growth of 17.9%, reaching 18.6 thousand transported containers. Volume increased 36.2% in Wide Gauge Corridor and 36.5% in Paraná Corridor, as the company added rail cars and locomotives in 2013 and where major part of its investments for 2014 is concentrated. Brado´s EBITDA grew 39.8% in 2Q14 year-over-year, to R$15.5 million.

Ritmo Logística did not have a good quarter, as volumes decreased 33.9% in 2Q14 when compared to 2Q13 and EBITDA dropped 51.3%, to R$3.4 million. Both Dedicated Solutions Unit and Intermodal Unit decreased their volumes in the quarter, mainly due to the discontinuation of low profitability operations and by the operational redesign of an important client logistics, which incorporated the road operation. EBITDA was impacted by the loss of operational leverage over its fixed costs.

Perspectives for 2H14 are better. Demand and price environment should normalize after exports drop in 2Q14 and sugar volumes are expected to increase through Paranaguá Port. Operational scenario at the ports we serve also should improve when compared to the one we faced during 3Q13, especially in the grain segment, once the unloading restrictions we faced at the main unloading terminals (TGG – Terminal de Granéis do Guarujá and T-XXXIX) were fixed. Moreover, our Rondonópolis terminal is ready to operate at full capacity, loading major part of agricultural commodities volumes that were previously loaded in Alto Araguaia, increasing average transported distance. In industrial segment we should keep benefiting from (i) Brado´s volume, as it continues its ramp-up, and from (ii) Eldorado´s volume.

On April 15th and May 8th, our Board of Directors and ALL shareholders approved, respectively, the proposal sent by Rumo Logística aiming to combine our operations with theirs, through the merger of ALL´s shares into Rumo. The merger is still subject to approvals of Brazilian Antitrust Authority ("CADE"), National Land Transportation Agency ("ANTT"), and fulfillment of other precedent conditions. If all conditions were achieved, ALL shareholders will own 63.5% of "The new company" shares after the completion of the merger.

DISCUSSION ON ALL CONSOLIDATED RESULTS

ALL Consolidated Net Revenues grew 4.1% in 2Q14 against 2Q13, reaching R$1,076.6 million, due to increases of (i) 5.4% in Rail Operations, mainly due to the increase in average yield in the period and (ii) 9.2% in Brado Logística, mainly pushed by the volume augment in the quarter, partially offset by a decrease of 19.2% in Ritmo Logística figures. In 1H14, Consolidated Net Revenues increased 5.9% against 1H13, reaching R$1,982.5 million.

Consolidated EBITDA reached R$579.5 million in the quarter, due to contributions of R$560.5 million of Rail Operations, R$15.5 million of Brado Logística and R$3.4 million of Ritmo Logística. In the first semester of 2014, Consolidated EBITDA increased 4.8% against 1H13, reaching R$1,024.2 million. The semester growth in Consolidated EBITDA reflects increases in Rail Operations and Brado Logística figures, partially offset by decrease in Ritmo Logística results.

Table 2 - ALL Consolidated Financial Highlights (R$ million)	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Net Sales	1,076.6	1,034.5	4.1%	1,982.5	1,872.5	5.9%
EBITDA	579.5	578.4	0.2%	1,024.2	977.1	4.8%
EBITDA Margin	53.8%	55.9%	-2.1%	51.7%	52.2%	-0.5%
Net Income **	93.8	(74.4)	na	101.2	(40.4)	na
EPS (R$/ Share)	0.14	na	na	0.15	na	na

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

*** Refers to ALL's stake, after minorities*

Consolidated Net Income increased from negative R$74.4 million to positive R$93.8 million in 2Q14. In 2Q13, the Argentine Government rescinded the concessions of ALL in the country. This way, 2Q13 had a lower Net Income base of comparison, due to the effect of the discontinuation of Argentina´s operation in the quarter. In 1H14, Consolidated Net Income reached R$101.2 million.

Table 3 - EBITDA (R$ million)	2Q14	2Q13	Change	% Change	1H14	1H13	Change	% Change
ALL Consolidated	579.5	578.4	1.0	0.2%	1,024.2	977.1	47.1	4.8%
ALL Rail Operations	560.5	560.2	0.2	0.0%	986.2	942.6	43.5	4.6%
Brado Logística	15.5	11.1	4.4	39.8%	30.0	21.3	8.7	40.7%
Ritmo Logística	3.4	7.1	(3.6)	-51.3%	8.0	13.1	(5.1)	-39.1%

Consolidated EBITDA margin decreased 2.1 percentage points in 2Q14 against 2Q13, as margins in ALL Rail Operations and Ritmo Logística decreased 3.2% and 4.2% respectively, and was partially compensated by a 4.7% augment in Brado Logística margin. In 1H14, Consolidated EBITDA margin stayed stable year-over-year.

Table 4 - EBITDA Margin %	2Q14	2Q13	Change *	1H14	1H13	Change *
ALL Consolidated	53.8%	55.9%	-2.1%	51.7%	52.2%	-0.5%
ALL Rail Operations	59.0%	62.1%	-3.2%	56.9%	58.4%	-1.5%
Brado Logística	21.4%	16.7%	4.7%	21.4%	16.0%	5.4%
Ritmo Logística	6.4%	10.7%	-4.2%	7.3%	10.4%	-3.1%

**Indicates percentage points gained / lost*

ALL Rail Operations

ALL Rail Operations volumes increased 0.9% in 2Q14, reaching 11,370 million RTK. The growth was achieved in a very tough demand scenario, as China considerably reduced its demand for grain imports, impacting transported volumes and yields in our rail network. Besides that, excessive rainfalls in June 2014 interrupted several rail segments in the South Region of Brazil, which restrained operations to the Ports of Paranaguá and São Francisco and interrupted for about 10 days the route from São Paulo to Rio Grande do Sul.

In addition, volume growth was also impacted by the mix effect between sugar and other cargo, especially in the Wide Gauge Corridor – the one that connects Mato Grosso state to Port of Santos. The increase in sugar volumes reduces average productivity and transportation capacity at the Wide Gauge rail system, as sugar routes and sugar port operations have lower asset efficiency than the average. Agricultural volumes stayed stable in 2Q14 against 2Q13 and in 1H14 year-over-year.

Industrial volumes grew 4.6% in 2Q14 against 2Q13. This increase was mainly driven by another quarter of good performance in Eldorado´s volumes, which started operations in a smoothly level in 1Q13 and ramped-up through the 4Q13, and Brado´s ramp-up since its creation. In 1H14, Industrial volumes increased 7.5% year-over-year.

Rail Operations EBITDA in 2Q14 was in line with 2Q13, as a result of a marginal volume increase, a yield growth below current inflation (due to the drop of spot market freight prices) and a worse mix of transported cargo. In 1H14, EBITDA increased 4.6% against 1H13, reaching R$986.2 million.

Table 5 - ALL Rail Operations	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (million RTK)	11,370	11,264	0.9%	21,411	21,189	1.0%
Net Revenues	950.4	901.7	5.4%	1,733.7	1,613.8	7.4%
Net Yield (R$/'000 RTK)	83.6	80.0	4.4%	81.0	76.2	6.3%
EBITDA	560.5	560.2	0.0%	986.2	942.6	4.6%
EBITDA Margin	59.0%	62.1%	-3.2%	56.9%	58.4%	-1.5%

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

Brado Logística

Brado Logística volumes grew 17.9%, from 15.7 thousand containers in 2Q13 to 18.6 thousand containers in 2Q14, pushed by Wide Gauge and Paraná corridors, partially offset by Mercosur and Rio Grande corridors.

Brado´s EBITDA increased 39.8% in 2Q14 year-over-year, reaching R$15.5 million. This result was achieved as Brado (i) increased the number of containers handled, (ii) improved the average of transported distance, with the operations at Rondonópolis terminal and (iii) presented a better EBITDA Margin. In 1H14, EBITDA increased 40.7%, reaching R$30.0 million.

Table 6 - Brado Logística	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (Thousand Containers)	18.6	15.7	17.9%	34.9	30.9	13.0%
Net Revenues	72.6	66.4	9.2%	140.3	133.6	5.0%
Net Yield (Thousand R$/Container)	3.9	4.2	-7.4%	4.0	4.3	-7.0%
EBITDA	15.5	11.1	39.8%	30.0	21.3	40.7%
EBITDA Margin	21.4%	16.7%	4.7%	21.4%	16.0%	5.4%

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

Ritmo Logística

Ritmo Logística volumes decreased 33.9% in 2Q14, from 21.2 million driven kilometers in 2Q13 to 14.0 million driven kilometers. Volumes were affected by (i) a 27.6% drop in the Dedicated Solutions segment, mainly driven by the discontinuation of low profitability operations in 3Q13, affecting results since then, (ii) a 46.2% decrease in Intermodal Business volumes, as an important client redesigned its logistics and incorporated the road operation.

Ritmo´s EBITDA decreased 51.3%, from R$7.1 million in 2Q13 to R$3.4 million in 2Q14, as an effect of the volume decrease and the company´s worse performance in leverage over fixed costs, leading to a margin decrease year-over-year. In 1H14, Ritmo´s EBITDA contributed positively with R$8.0 million to the consolidated number.

Table 7 - Ritmo Logística	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (million Driven KM)	14.0	21.2	-33.9%	28.5	38.5	-26.0%
Net Revenues	53.6	66.4	-19.2%	108.4	125.1	-13.3%
Net Yield (R$/Driven KM)	3.8	3.1	22.2%	3.8	3.2	17.3%
EBITDA	3.4	7.1	-51.3%	8.0	13.1	-39.1%
EBITDA Margin	6.4%	10.7%	-4.2%	7.3%	10.4%	-3.1%

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

Vetria Mineração

Vetria is a company created to operate in the exploration, processing, transportation, commercialization and exportation of iron ore through an integrated solution. Vetria will invest in (i) the expansion of its mine's production capacity, (ii) the expansion of the railway capacity, with investments in permanent way infrastructure and in rolling stock acquisition, and (iii) the construction of a private port terminal at its own site in Santos.

In the beginning of 2013, Vetria concluded the first phase of Mineral Reserves Evaluation in Corumbá (MS). The Certification Process classifies the estimated Mineral Resources in three categories: Inferred, Indicated and Measured. The first phase of Certification estimated the Inferred Resources of Vetria's mine. The second phase advanced well during 2013 and will be able to estimate Indicated and Measured Mineral Resources.

Coffey Mining, which is carrying the certification, estimates that Vetria's mine has approximately 10 billion tons of Inferred Mineral Resources with an average iron grade of 46%, versus an initial estimate of 1 billion tons.

Vetria intends to create an integrated iron ore system - Mine, Railway and Port solution - with annual capacity to produce and export 27.5 million tons of iron ore. Expected investments amount to approximately R$11.5 billion and are conditioned to the raising of funds from financial markets and/or any strategic partner, without any guarantee or obligation of funding by Vetria´s shareholders.

Two of the necessary conditions for the effectiveness of Vetria´s project were already achieved: (i) on February 27, 2013, the authorization by National Defense Council (CDN) for the transfer of mining rights from Vetorial Mineração S.A. to Vetria was published in the Official Gazette of Brazilian Federal Executive and (ii) on November 1, 2013 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) issued the rectification of the previous environmental license, adapting it to Vetria´s port project in Santos for the operation of iron ore.

Subsequent events

On April 15th, 2014, as published in the Material Fact, the Board of Directors of ALL approved the proposal sent on February 24th, 2014 by Rumo Logistics, with the aim of combining the activities of ALL with Rumo, through the merger of shares of ALL by Rumo. On May 8th, 2014, the proposal was approved by ALL shareholders through Extraordinary General Meeting.

The completion of the merger will be subject to approval of Brazilian Antitrust Authority ("CADE"), National Land Transportation Agency ("ANTT"), as well as other public agencies whose prior authorizations are needed, and, to the fulfillment of any precedent conditions set forth in the proposal sent by Rumo. If all conditions were achieved, ALL shareholders will own 63.5% of "The new company" shares after the completion of the merger.

ALL CONSOLIDATED RESULTS

Table 8 - ALL Consolidated Results (R$ million)	2Q14	2Q13	% Change	1H14	1H13	% Change
Net Revenues	**1,076.6**	**1,034.5**	**4.1%**	**1,982.5**	**1,872.5**	**5.9%**
ALL Rail Operations	950.4	901.7	5.4%	1,733.7	1,613.8	7.4%
Brado Logística	72.6	66.4	9.2%	140.3	133.6	5.0%
Ritmo Logística	53.6	66.4	-19.2%	108.4	125.1	-13.3%
EBITDA	**579.5**	**578.4**	**0.2%**	**1,024.2**	**977.1**	**4.8%**
ALL Rail Operations	560.5	560.2	0.0%	986.2	942.6	4.6%
Brado Logística	15.5	11.1	39.8%	30.0	21.3	40.7%
Ritmo Logística	3.4	7.1	-51.3%	8.0	13.1	-39.1%
EBITDA Margin	**53.8%**	**55.9%**	**-2.1%**	**51.7%**	**52.2%**	**-0.5%**
ALL Rail Operations	59.0%	62.1%	-3.2%	56.9%	58.4%	-1.5%
Brado Logística	21.4%	16.7%	4.7%	21.4%	16.0%	5.4%
Ritmo Logística	6.4%	10.7%	-4.2%	7.3%	10.4%	-3.1%
Net Income	**93.8**	**(74.4)**	**na**	**101.2**	**(40.4)**	**na**
ALL Rail Operations *	87.5	(78.0)	na	89.0	(46.5)	na
Brado Logística *	6.9	1.9	266.9%	12.8	3.4	277.0%
Ritmo Logística *	(0.6)	1.7	na	(0.5)	2.7	na
Earnings per Share (R$/share)	**0.14**	**na**	**na**	**0.15**	**na**	**na**

** Refers to ALL's stake, after minorities*

Table 9 - ALL Cash Flow (R$ million)	1H14	1H13	% Change
Operating Activities	**328.7**	**179.1**	**83.5%**
ALL Rail Operations	289.8	158.5	82.9%
Brado Logística	28.0	14.0	99.5%
Ritmo Logística	10.9	6.6	64.1%
Investing Activities	**(627.1)**	**(479.7)**	**30.7%**
ALL Rail Operations	(564.5)	(388.1)	45.5%
Brado Logística	(55.2)	(90.5)	-39.0%
Ritmo Logística	(7.3)	(1.0)	612.2%
Financing Activities	**(246.5)**	**(218.4)**	**12.8%**
ALL Rail Operations	(283.0)	(310.3)	-8.8%
Brado Logística	36.9	90.9	-59.4%
Ritmo Logística	(0.3)	1.0	na
Change in Cash	**(544.8)**	**(519.0)**	**5.0%**
ALL Rail Operations	(557.7)	(540.0)	3.3%
Brado Logística	9.6	14.4	-33.3%
Ritmo Logística	3.3	6.6	-50.0%
Closing Balance in Cash	**2,372.8**	**1,989.4**	**19.3%**
ALL Rail Operations	1,949.9	1,959.5	-0.5%
Brado Logística	390.3	19.3	1926.9%
Ritmo Logística	32.7	10.7	205.5%

Table 10 - ALL Consolidated Balance Sheet (R$ million)	2Q14	2Q13	% Change
Total Assets	**19,202.4**	**17,486.7**	**9.8%**
ALL Rail Operations	18,194.3	16,982.7	7.1%
Brado Logística	865.9	376.8	129.8%
Ritmo Logística	142.1	127.2	11.7%
Shareholders Equity	**4,756.5**	**4,142.2**	**14.8%**
ALL Rail Operations	4,108.3	3,925.0	4.7%
Brado Logística	554.5	123.2	350.0%
Ritmo Logística	93.8	94.0	-0.2%
EBITDA (Trailing 12 months)	**1,877.3**	**1,805.3**	**4.0%**
ALL Rail Operations	1,793.6	1,730.8	3.6%
Brado Logística	63.7	45.9	38.9%
Ritmo Logística	20.0	28.6	-30.1%
Net Debt	**4,481.7**	**4,314.7**	**3.9%**
ALL Rail Operations	4,637.7	4,151.4	11.7%
Brado Logística	(160.7)	156.2	na
Ritmo Logística	4.7	7.1	-33.8%
Net Debt / EBITDA (Trailing 12 months)	**2.39**	**2.39**	**-0.1%**
ALL Rail Operations	2.59	2.40	7.8%
Brado Logística	(2.52)	3.40	na
Ritmo Logística	0.24	0.25	-5.3%
Net Debt / Shareholders Equity	**0.9**	**1.0**	**-9.5%**
ALL Rail Operations	1.1	1.1	6.7%
Brado Logística	(0.3)	1.3	na
Ritmo Logística	0.1	0.1	-33.6%

ALL RAIL OPERATIONS – BUSINESS DESCRIPTION

ALL Rail operations is composed by 4 rail concessions in Brazil, totaling about 13 thousand km of rail tracks, 1 thousand locomotives and 28 thousand rail cars, through which the Company transports agricultural commodities and industrial products. The rail network serves an area that accounts for approximately 80% of Brazil´s GDP, where four of the most active ports in Brazil are located, through which approximately 80% of Brazil's grain exports are shipped annually. Results are divided in two business units: Agricultural Commodities and Industrial Products.

The Agricultural Commodities business unit consists in three main flows of transportation: (i) Export flows, which ship soybean, soybean meal, corn, sugar and wheat, from the countryside terminals to the ports of Santos, Paranaguá, Rio Grande and São Francisco do Sul, (ii) Import flows, transporting mainly fertilizers and wheat from the ports to the countryside and (iii) for internal market distribution, through which agricultural commodities are transported to attend production demands among different regions in Brazil.

In Industrial Products, there are two different segments: Intermodal Products and Pure Rail Products. Intermodal Products comprises products which were not historically transported by railroad in Brazil because of the level of service needed in those operations, which was much higher than railroad offered in the past. As we improved our operational indicators along the years, we started to be able to capture those volumes, usually in a partnership model with our clients, where the needed investment is shared between both. The growth dynamic in this unit is based in the company's capacity of adding new projects or by further expansions of existing projects. The unit is composed by steel products, wood products, food products and containers.

In Pure Rail Products we have a different situation, as even before the privatization those volumes were highly transported by rail. The unit consists in construction, vegetal oil and fuel products transportation, which today are shipped almost exclusively by rail in our area of operation. The high market share we have in this segment leave us subject to market's performance, and we expect that growth in this unit should be aligned to Brazilian GPD in the long term.

Regarding ALL Rail Operation strategy, the company expects to grow its organic business volumes year-over-year. The growth is mainly sustained by market share gains and productivity improvements, as Capex level should remain stable, around R$800 million per year, decreasing as a percentage of revenues through the years. Moreover, in 2012 we concluded the construction of our new rail network from Alto Araguaia to Rondonópolis, and it started to operate in 3Q13.

ALL Rail Operations Technical Sheet			
Rail Network('000 Km)	13,000	Locomotives	1,000
Employees	9,037	Railcars	28,000
Business Units	Agricultural Commodities Industrial Products		
Ports	Santos (SP) Paranaguá (PR)		Rio Grande (RS) São Francisco (SC)
Concessions	ALL Malha Norte (MS/MT) – 2079 ALL Malha Oeste (MS) – 2026		ALL Malha Sul (SP/PR/SC/RS) – 2027 ALL Malha Paulista (SP) – 2028

DISCUSSION ON ALL RAIL OPERATIONS RESULTS

Table 11 - ALL Rail Operations (R$ million)	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (million RTK)	11,370	11,264	0.9%	21,411	21,189	1.0%
Net Revenues	950.4	901.7	5.4%	1,733.7	1,613.8	7.4%
Net Yield (R$/'000 RTK)	83.6	80.0	4.4%	81.0	76.2	6.3%
EBITDA	560.5	560.2	0.0%	986.2	942.6	4.6%
EBITDA Margin	59.0%	62.1%	-3.2%	56.9%	58.4%	-1.5%

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

We started 2Q14 with a favorable crop scenario and a better operational situation at the Port of Santos when compared to 2Q13 – when two accidents at the main grain terminals in June 2013 impacted our rail unloading capacity at the port. In spite of that, we faced a very tough demand scenario in 2Q14, impacting our transported volumes and yields throughout our rail network. Moreover, excessive rainfalls in June 2014 interrupted several rail segments in the South Region of Brazil, which restrained operations to the Port of Paranaguá and São Francisco and interrupted the route from São Paulo to Rio Grande do Sul for about 10 days.

The tough demand scenario was leveraged by the cancellation of China grain vessels in April, which were expected to dock at Port of Santos and Paranaguá – our main ports – in May and June. The Chinese decision impacted land freight transportation market already in April, pressuring transportation demand and spot freight prices. The market shortage was felt in grain exports data mainly in May and June, due to the lags involved in exports decisions, harvest transportation and grain shipments at the ports. According to MDIC (Ministry of Development, Industry, and Foreign Trade) exports of grains and sugar at Port of Paranaguá increased 13.0% in April, but dropped 10.2% in May and 12.7% in June, and at Port of Santos decreased 1.3% in April, 17.8% in May and 13.6% in June.

In addition, agricultural volume growth was also impacted by a relevant increase in sugar transportation, mainly in Wide Gauge Corridor – the one that connects the state of Mato Grosso to Port of Santos. The increase in sugar volumes reduces average productivity and transportation capacity at the Wide Gauge rail system, as it has lower productivity when compared to other cargo and routes. Sugar routes typically have shorter distance, a tougher geography which contributes to a slower train speed, and a much worse unloading productivity at Port of Santos. Rail Operations transported volume increased 0.9% in 2Q14 against 2Q13, and 1.0% in 1H14 against 1H13.

Industrial products volumes increased 4.6% when compared to 2Q13 pushed by Container and Wood and paper segments. The industrial volumes were negatively impacted by the restrictions in the rail line from São Paulo to Rio Grande do Sul, due to the problems caused by the rainfalls in Paraná and Santa Catarina states throughout June. In 1H14, Industrial products increased 7.5% against the same period of 2013.

Net revenues grew 5.4% in 2Q14 against 2Q13, reaching R$950.4 million. This growth was reached due to the augment in Rail Operations volumes and 4.4% in average yield – which increased below inflation. In this tough market scenario, spot freight prices plunged as compared to the same period of last year. During the harvest season, the freight price is usually pushed up by the increase in transportation demand in all stages of agricultural logistic chain, as it happened in 2Q13. As demand dropped abruptly, the usual pressure on spot freight prices did not happen. With prices in our take-or-pay contracts running above spot market prices, a large portion of our clients decided to operate on the inferior limits of our take-or-pay agreements, which usually represents 90% of the contracted volumes, pressuring our average yield increase.

Rail Operations EBITDA stayed stable in 2Q14 against 2Q13, as a result of a marginal volume increase, a yield growth below current inflation (due to the drop of spot market freight prices) and a worse mix of transported cargo. In 1H14, Rail Operations EBITDA increased 4.6% year-over-year, reaching R$986.2 million.

GTK stayed stable year-over-year, and also average diesel consumption, as volumes marginally increased in 2Q14.

Table 12 - Brazilian Operational Figures	2Q14	2Q13	Change	1H14	1H13	Change
GTK (billion)	19.6	19.7	-0.9%	36.7	36.4	0.7%
Diesel Consumption (Litters/ '000 GTK)	5.3	5.3	-0.1%	5.3	5.3	0.8%

Since August, we ramped-up operations in our terminal in Rondonópolis, which is operating regularly since 4Q13 and is able to load around 1 million tons per month. The project consists in a 260 km rail extension from Alto Araguaia (MT) to Rondonópolis (MT), and the construction of an Intermodal terminal in Rondonópolis. The new rail track goes further into the Brazilian agricultural frontier and is part of Brazil´s main agricultural corridor - from the State of Mato Grosso to Port of Santos. In 2013, more than 10 million tons of agricultural commodities were loaded in our terminal in Alto Araguaia. With the extension of our rail line, a major part of this volume will be loaded in Rondonópolis, increasing transported distance and RTK.

Agricultural Commodities

Along the quarter, China reduced abruptly its demand for grain imports, cancelling in April grain vessels which were expected to dock at our main ports - Santos and Paranaguá - in May and June. The Chinese decision impacted land freight transportation market already in April, shrinking transportation demand and spot freight prices. The market shortage was felt in grain exports data mainly in May and June, due to lags involved in exports decisions, harvest transportation and grain shipments at ports. According to MDIC (Ministry of Development, Industry, and Foreign Trade) exports of grains and sugar at Port of Paranaguá increased 13.0% in April, but dropped 10.2% in May and 12.7% in June, and at Port of Santos decreased 1.3% in April, 17.8% in May and 13.6% in June.

The agricultural volume growth was also impacted by a relevant increase in sugar transportation. The increase in sugar volumes reduces average productivity and transportation capacity at Wide Gauge rail system, as sugar routes typically have shorter distance, while in other cargos, the average distance can be up to three times longer. The tougher geography also contributes to slower train speed as the sugar cargo is closer to the port and, thus, the representativeness of the rail stretch which crosses the mountains in sugar routes is higher than in longer routes. Sugar unloading productivity at the Port of Santos also contributes to a worse average asset turnover, when compared to other cargo, as the unloading time is higher in sugar terminals compared to port average. Agricultural commodities volumes stayed stable in 2Q14 against 2Q13, reaching 8,720.2 million RTK.

In Wide Gauge Corridor (from Mato Grosso to Santos), agricultural commodities volumes increased 3.9% in spite of: (i) transportation demand drop on the quarter, (ii) clients decision to operate at the inferior limits of our take-or-pay agreements and (iii) 32.7% year-over-year volume increase in sugar from São Paulo to Santos, which reduces average productivity and transportation capacity at Wide Gauge rail system. The transported volume was benefited by the operation of the Rondonópolis terminal and by the improvement in operations at the Port of Santos when compared to 2Q13 (in the absence of the problems that impacted our operations last year).

In the Metric Gauge rail system, agricultural volumes decreased 8.6% when compared to 2Q13 mainly driven by (i) transportation demand drop on the quarter, (ii) clients decision to operate at the inferior limits of our take-or-pay agreements, (iii) drop of about 40% in sugar exportations in the Port of Paranaguá, which represents our second most important cargo in this rail system and (iv) excessive rainfalls in June, which restrained operations to the Ports of Paranaguá and São Francisco.

Table 13 - Agricultural Commodities Products (million RTK)	2Q14	2Q13	Change	1H14	1H13	Change
Soybean	5,467.4	5,706.4	-4.2%	9,953.6	8,881.3	12.1%
Soybean Meal	1,615.7	1,178.6	37.1%	2,479.9	1,966.3	26.1%
Fertilizers	328.3	432.0	-24.0%	605.5	879.0	-31.1%
Sugar	1,189.4	1,160.0	2.5%	2,351.2	1,990.1	18.1%
Corn	65.2	205.4	-68.3%	639.2	2,285.6	-72.0%
Wheat	12.2	7.5	63.2%	76.3	204.1	-62.6%
Rice	42.0	41.4	1.4%	108.4	148.3	-26.9%
Total	**8,720.2**	**8,731.3**	**-0.1%**	**16,214.2**	**16,354.6**	**-0.9%**

Agricultural commodities net revenues increased 5.7% in 2Q14, pushed by 5.8% increase in average yield. As we faced a very tough demand scenario in 2Q14, spot market prices were pressured and performed below our contract prices. This way, a large portion of our clients decided to operate on inferior limits of our take-or-pay agreements, which usually represent 90% of contracted volumes, pressuring the average yield in the quarter.

EBITDA increased 0.4% in 2Q14, reaching R$473.1 million, driven by yield growth. EBITDA Margin decreased 3.2 percentage points, due to the effect of the increase of sugar cargo transportation in Wide Gauge corridor – which has lower margins than grain cargo in this corridor – worsening our mix of agricultural transported volumes.

Table 14 - Agricultural Commodities (R$ million)	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (million RTK)	8,720	8,731	-0.1%	16,214	16,355	-0.9%
Net Revenues	782.1	739.8	5.7%	1,401.9	1,305.0	7.4%
Net Yield (R$/'000 RTK)	89.7	84.7	5.8%	86.5	79.8	8.4%
EBITDA	473.1	471.3	0.4%	826.3	791.8	4.4%
EBITDA Margin	60.5%	63.7%	-3.2%	58.9%	60.7%	-1.7%

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

Industrial Products

Industrial volumes increased 4.6% in 2Q14 against 2Q13, reaching 2,650 million RTK in the period. The growth was pushed by both segments, Intermodal Industrial Products and Pure Rail Products, which increased volumes year-over-year. In the first half of 2014, volumes increased 7.5% against the same period of 2013.

In Intermodal flows, volumes increased 9.1% in 2Q14 against 2Q13. This rise was supported by a 29.2% growth of Woods Products volumes, mainly due to Eldorado´s project and a 25.4% augment in Containers transported volumes.

Table 15 - Intermodal Industrial Products (million RTK)	2Q14	2Q13	Change	1H14	1H13	Change
Steel and Mining Products	234.1	329.7	-29.0%	472.1	636.2	-25.8%
Wood Products	454.8	351.9	29.2%	912.9	565.2	61.5%
Food Products	11.6	25.2	-53.7%	21.9	46.4	-52.8%
Containers	546.1	435.4	25.4%	1,009.0	827.6	21.9%
Others	47.1	43.6	8.0%	67.4	77.8	-13.4%
Total	**1,293.7**	**1,185.8**	**9.1%**	**2,483.3**	**2,153.2**	**15.3%**

Excessive rainfalls in Paraná and Santa Catarina states throughout June impacted operations in the rail line from São Paulo to Rio Grande do Sul for about 10 days, resulting in a negative effect on industrial volumes in 2Q14. The main impact was on Fuel Products volumes, restricting volume increase in the quarter. Pure Rail flows increased marginally its volume in 2Q14 against 2Q13.

Table 16 - Pure Rail Industrial Products (million RTK)	2Q14	2Q13	Change	1H14	1H13	Change
Fuel Products	1,125.1	1,116.1	0.8%	2,229.3	2,239.7	-0.5%
Vegetal Oil	4.0	7.2	-44.4%	10.7	13.0	-17.5%
Construction	226.9	224.1	1.3%	473.1	428.8	10.3%
Total	**1,356.0**	**1,347.4**	**0.6%**	**2,713.2**	**2,681.5**	**1.2%**

Industrial products net revenues increased 4.0% in 2Q14, pushed by volume growth and partially offset by the marginal decrease in average yield. EBITDA decreased 1.7% in 2Q14, to R$87.4 million, driven by a 3.0% margin decrease in the segment.

Table 17 - Industrial Products (R$ million)	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (million RTK)	2,650	2,533	4.6%	5,196	4,834	7.5%
Net Revenues	168.4	161.8	4.0%	331.8	308.8	7.5%
Net Yield (R$/'000 RTK)	63.5	63.9	-0.5%	63.9	63.9	0.0%
EBITDA	87.4	88.9	-1.7%	159.8	150.9	5.9%
EBITDA Margin	51.9%	54.9%	-3.0%	48.2%	48.9%	-0.7%

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

ALL RAIL OPERATIONS RESULTS

Table 18 - ALL Rail Operations (R$ million)	2Q14	2Q13	Change	1H14	1H13	Change
Net Revenues	**950.4**	**901.7**	**5.4%**	**1,733.7**	**1,613.8**	**7.4%**
COGS	**(470.8)**	**(414.0)**	**13.7%**	**(905.4)**	**(819.9)**	**10.4%**
Fuel	(164.6)	(156.1)	5.4%	(301.5)	(274.4)	9.9%
Outsourced and contracted fleet	(7.9)	(7.2)	10.1%	(33.5)	(26.0)	28.9%
Labor	(61.9)	(66.2)	-6.6%	(122.1)	(127.2)	-4.0%
Maintenance	(41.8)	(28.6)	46.0%	(60.6)	(48.8)	24.3%
Depreciation and Amortization	(130.0)	(116.4)	11.7%	(255.6)	(234.8)	8.8%
Other Costs	(19.1)	(19.1)	-0.1%	(40.3)	(70.0)	-42.5%
Rolling stock rental	(45.5)	(20.5)	122.3%	(91.9)	(38.7)	137.5%
Operating income (expenses)	**(49.9)**	**(44.2)**	**13.0%**	**(99.0)**	**(87.1)**	**13.7%**
Equity Earnings (Loss)	**4.2**	**(96.4)**	**na**	**1.5**	**(80.3)**	**na**
Operating Profit	**433.9**	**347.1**	**25.0%**	**730.8**	**626.6**	**16.6%**
Net Financial Expenses	(351.1)	(246.4)	42.5%	(635.8)	(484.0)	31.4%
IR/Minorities/Others	5.0	(28.5)	na	(5.5)	(25.9)	-78.7%
Net Income from continued operations	**87.8**	**72.1**	**21.8%**	**89.5**	**116.7**	**-23.3%**
Net Income from discontinued operations	(0.3)	(150.0)	-99.8%	(0.6)	(163.2)	-99.7%
Net Income	**87.5**	**(78.0)**	**na**	**89.0**	**(46.5)**	**na**

Net Revenues from Services

Net revenues in ALL Rail Operations increased 5.4% in 2Q14, from R$901.7 million in 2Q13 to R$950.4 million. The growth was driven by the yield increase in the quarter of 4.4% against 2Q13 and a marginal volume growth.

Cost of Sales

ALL Rail Operations costs of sales increased 13.7% in 2Q14, from R$414.0 million in 2Q13 to R$470.8 million. The growth was mainly pushed by the augment of (i) 46.0% in maintenance, especially due to works in the damaged rail stretches caused by excessive rainfalls in South Region in June, (ii) 122.3% in rolling stock rental and (iii) 11.7% in depreciation and amortization, mainly due to the beginning of operations in Rondonópolis terminal in 3Q13.

Operating Income (expenses)

ALL Rail Operations operating expenses increased from negative R$44.2 million in 2Q13 to negative R$49.9 million in 2Q14.

Equity Earnings (Loss)

Equity earnings was positive in R$4.2 million in 2Q14, against negative R$96.4 million in 2Q13. Equity Earnings change year-over-year reflects R$95.9 million of losses in investments due to Argentina´s discontinuation in 2Q13.

Financial Result

ALL Rail Operations net financial expenses grew 42.5%, to negative R$351.1 million in 2Q14. This growth was mainly driven by CDI (Interbank Deposit Certificate rate) augment, increase in average debt balance when compared to 2Q13 and by the increase in inflation since last year.

Net Income from continued operations

ALL Rail Operations net income from continued operations increased 21.8% in 2Q14, reaching R$87.8 million.

Net Income from discontinued operations

The net income from discontinued operations includes accumulated losses/profits in Argentine operation, and was negative R$0.3 million in 2Q14.

CAPEX

Brazil´s Rail Operations investments reached R$261.2 million in 2Q14. Capex level intensified during the first semester of the year as we have anticipated part of the investments for the duplication of the rail stretch from Campinas to Santos after we got the remaining necessary licenses for duplication.

Table 19 - Investments (R$ million)	2Q14	2Q13	Change	1H14	1H13	Change
Maintenance	99.7	77.3	29.0%	316.6	207.2	52.8%
Expansion	161.5	102.7	57.3%	247.9	181.0	37.0%
Total	**261.2**	**180.0**	**45.1%**	**564.5**	**388.1**	**45.5%**

Cash Flow

Table 20 - ALL Rail Op. Cash Flow (R$ million)	1H14	1H13	Change
Net Income (in cash basis)	**343.1**	**503.0**	**(159.8)**
Net Income *	89.5	212.6	(123.1)
Depreciation and amortization	257.2	316.1	(58.9)
Stock Options	(1.7)	(0.4)	(1.4)
Interest Expenses (IS-CASH)	43.7	(12.7)	56.4
Deferred Taxes	(45.5)	(12.7)	(32.8)
Working Capital	**(75.1)**	**(163.2)**	**88.1**
Clients	(174.6)	(12.3)	(162.3)
Inventory	(85.6)	(96.5)	10.9
Suppliers	201.4	(49.9)	251.4
Labor	(16.3)	(4.4)	(11.9)
Other Accounts Variation	**21.8**	**(181.3)**	**203.1**
Operating Activities	**289.8**	**158.5**	**131.4**
Capex	(564.5)	(388.1)	(176.4)
Investing Activities	**(564.5)**	**(388.1)**	**(176.4)**
Capital increase / Share buyback	0.0	(19.9)	19.9
Dividends and Interest on own capital	(2.0)	(55.5)	53.5
New loans	328.1	479.2	(151.2)
Debt Payments / Prepayments	(609.1)	(733.9)	124.8
Argentina Financing Activities	0.0	19.7	(19.7)
Financing Activities	**(283.0)**	**(310.3)**	**27.3**
Change in Cash	**(557.7)**	**(540.0)**	**(17.7)**
Opening Balance of Cash	**2,507.6**	**2,499.4**	**8.1**
Closing Balance of Cash	**1,949.9**	**1,959.5**	**(9.6)**

** Refers to ALL's stake, after minorities and excludes the effects of Argentina´s write-off and results*

ALL RAIL OPERATIONS ATTACHMENTS

Table 21 - ALL Rail Operations Balance Sheet (R$ million)	2Q14	1Q14		2Q14	1Q14
Current Assets	**3,463.1**	**3,373.1**	**Current Liabilities**	**3,186.8**	**2,622.9**
Cash, banks and financial investments	1,949.9	1,917.8	Loans and financing/Debentures	1,308.1	1,145.2
Trade accounts receivable	445.6	429.9	Suppliers	868.5	651.0
Inventories	251.8	183.9	Taxes, charges and contributions	66.7	48.1
Taxes Recoverable	575.5	572.1	Lease and concession payable	18.6	18.0
Other receivables	240.3	269.4	Dividends and Interest on own capital	6.1	8.1
			Salaries and payroll charges	80.7	62.6
			Commercial Leasings	506.7	368.0
Long-Term Assets	**1,755.2**	**1,696.8**	Other payables	331.4	321.8
Lease of Concession Agreements	72.9	74.4			
Judicial deposits	322.3	327.8	**Long-Term Liabilities**	**10,899.2**	**11,158.6**
Taxes recoverable	1,222.4	1,154.8	Loans and financing/Debentures	5,279.4	5,582.9
Other receivable	137.5	139.8	Provision for contigencies	177.4	181.3
			Lease and concession payable	1,763.1	1,704.9
			Commercial Leasings	1,278.3	1,247.8
Permanent Assets	**12,976.0**	**12,721.2**	Real estate credit advances	241.7	275.0
Investments	1,970.2	1,954.6	Other payables	2,159.2	2,166.7
Intangible	2,339.1	2,348.8			
Property, plant and equipment	8,666.7	8,417.8	**Shareholders' equity**	**4,108.3**	**4,009.7**
Total Assets	**18,194.3**	**17,791.1**	**Total Liab. and shareholders' equity**	**18,194.3**	**17,791.1**

Table 22 - Balance Sheet Indicators (R$ million)	2Q14	1Q14	% Change
Cash, Banks and Financial Investments	1,949.9	1,917.8	1.7%
Trade Accounts Receivable	445.6	429.9	3.7%
Property, Plant and Equipment	8,666.7	8,417.8	3.0%
Total Assets	18,194.3	17,791.1	2.3%
Suppliers	868.5	651.0	33.4%
Loans, Financing and Debentures	6,587.5	6,728.1	-2.1%
Shareholders' Equity	4,108.3	4,009.7	2.5%
Net Debt	4,637.7	4,810.3	-3.6%
EBITDA (Trailing 12 Months)	1,793.6	1,793.4	0.0%
Net Debt/ EBITDA (Trailing 12 Months)	2.6	2.7	-3.6%
Net Debt/Equity	1.1	1.2	-5.9%

BRADO LOGÍSTICA – BUSINESS DESCRIPTION

Brado Logística is a company created by ALL in association with Standard Logística and FI-FGTS which is developing the intermodal logistic of containers, focusing on rail transportation, storage, operation of terminals and retro areas of ports, handling and other logistics services. The container segment is fragmented and requires customized services. Brado provides the service level required by the retail market and intends to change the container logistics in Brazil, consolidating the cargo in intermodal terminals and shipping by railroad, in a very cost effective model. ALL owns a stake of 62.2% in Brado Logística.

The most correct way to look into Brado's business is breaking its operations between the four regions the company serves, represented by its corridors: (i) Wide Gauge corridor, linking the regions of Mato Grosso and São Paulo to Port of Santos, (ii) Mercosur corridor, connecting Brazil and Argentina, through the intermodal terminal in Uruguaiana-RS, (iii) Paraná corridor, connecting the countryside to Port of Paranaguá and São Francisco, and (iv) Rio Grande corridor, linking the producing regions in the state of Rio Grande do Sul to Port of Rio Grande.

Currently, Brado's share in container market is about 2%, considering only ALL´s covered area. The company intends to invest R$1 billion over the first five years of operation to reach a total market share of approximately 12%, in a market of 2.6 million containers. CAPEX will be 100% funded by equity and debt in Brado´s balance sheet, with no cash being provided by the existing ALL Rail operations.

Brado Logística Technical Sheet			
Intermodal Terminals and Logistic Complex	*Uruguaiana (RS)* *Cruz Alta (RS)* *Esteio (RS)* *Porto Alegre (RS)* *Colombo (PR)* *Itajaí (SC)*	*Cambé (PR)* *Cascavel (PR)* *Guarapuava (PR)* *Araucária (PR)* *Cubatão (SP)*	*Curitiba (PR)* *Tatuí (SP)* *Araraquara (SP)* *Bauru (SP)* *Rondonópolis (MT)*
Locomotives	*25*		
Railcars	*2,186*		
Employees	*1,404*		
Corridors	***Wide Gauge**– Mato Grosso and São Paulo to Port of Santos* ***Paraná**–Countryside of Paraná to Port of Paranaguá and São Francisco* ***Rio Grande**– Country side of Rio Grande do Sul to Port of Rio Grande* ***Mercosur**– Connection between Brazil and Argentina*		
Attended Ports	*Santos (SP)* *Paranaguá (PR)* *São Francisco do Sul (SC)* *Rio Grande (RS)*		

DISCUSSION ON BRADO LOGÍSTICA RESULTS

Table 23 - Volume (Thousand Containers)	2Q14	2Q13	Change	1H14	1H13	Change
Wide Gauge	6.2	4.5	36.2%	11.6	9.3	23.8%
Mercosur	2.5	2.6	-2.5%	4.9	5.3	-7.0%
Paraná	7.0	5.2	36.5%	12.7	9.5	33.6%
Rio Grande	2.8	3.5	-18.6%	5.7	6.8	-15.2%
Total	**18.6**	**15.7**	**17.9%**	**34.9**	**30.9**	**13.0%**

Brado Logística continued its operational ramp-up, increasing volumes in 17.9% in 2Q14 year-over-year. The volume growth was driven by Paraná and Wide Gauge corridors, in which it added locomotives and rail cars during 2013 and where the major part of Brado´s investments for 2014 is concentrated. In 1H14, volumes increased 13.0% against 1H13, reaching 34.9 thousand containers.

Wide Gauge corridor grew 36.2% against 2Q13, driven by the operations in Rondonópolis terminal and the increase in return cargo especially from Araraquara. In Paraná corridor, volumes increased 36.5% in 2Q14 year-over-year, pushed by a good performance of refrigerated and wood products.

In Rio Grande corridor, volumes decreased 18.6% in 2Q14, against the same period of last year, mainly impacted by the end of a polyethylene operation in 3Q13 and the excessive rainfalls in June, which restrained operations in some routes for about 10 days. In Mercosur Corridor – which connects Brazil and Argentina – volumes decreased 2.5%, impacted by operations in the Argentine rail network.

In terms of RTK, Brado´s volumes grew 25.4% in 2Q14, from 435,4 million RTK in 2Q13 to 546,1 million RTK. The growth in RTK was a result of the (i) increase in the number of containers handled and (ii) improvement in average transportation distance, mainly pushed by the boost of operations in Rondonópolis terminal in Wide Gauge corridor.

Brado´s EBITDA increased 39.8% in 2Q14, comparing to 2Q13, reaching R$15.5 million, and a 40.7% in 1H14 against 1H13, achieving R$30.0 million. This significant growth was driven by (i) the increase in RTK, (ii) expansions in Brado´s logistic complexes in Cambé (PR) and Cubatão (SP) and (iii) the margin expansion of 4.7% against 2Q13.

Table 24 - Brado Logística	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (Containers)	18.6	15.7	17.9%	34.9	30.9	13.0%
Net Revenues	72.6	66.4	9.2%	140.3	133.6	5.0%
Net Yield (Thousand R$/Container)	3.9	4.2	-7.4%	4.0	4.3	-7.0%
EBITDA	15.5	11.1	39.8%	30.0	21.3	40.7%
EBITDA Margin	21.4%	16.7%	4.7%	21.4%	16.0%	5.4%

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

Expectations for upcoming quarters remain positive. With Brado's capitalization, the Company has its capital structure prepared to carry on its investment plan and accelerate capacity and volume growth in 2014. Moreover, Brado´s terminal in the Rondonópolis complex, Cambé and Cubatão should boost volumes in Wide Gauge and Paraná corridors. The increase in Brado´s handling capacity, allows the company to access different cargo and increase the average transported distance.

BRADO LOGÍSTICA RESULTS

Table 25 - Brado Logística (R$ million)	2Q14	2Q13	Change	1H14	1H13	Change
Net Revenues	**72.6**	**66.4**	**9.2%**	**140.3**	**133.6**	**5.0%**
COGS	**(53.8)**	**(51.9)**	**3.6%**	**(106.5)**	**(105.8)**	**0.6%**
Third-Party Terminals	(1.7)	(0.8)	108.4%	(3.0)	(2.1)	41.4%
Drayage Services/Distribution	(9.7)	(11.6)	-16.3%	(20.6)	(26.9)	-23.3%
Labor	(15.4)	(13.5)	14.0%	(29.3)	(26.0)	12.8%
Depreciation and Amortization	(5.5)	(4.8)	16.5%	(11.0)	(8.4)	31.0%
Rail and Other Logistic Costs	(21.4)	(21.2)	1.2%	(42.5)	(42.4)	0.3%
Operating income (expenses)	**(9.4)**	**(8.2)**	**14.4%**	**(16.1)**	**(15.7)**	**2.7%**
Equity Earnings (Loss)	**0.0**	**0.0**	**na**	**(0.0)**	**0.0**	**na**
Operating Profit	**9.4**	**6.3**	**48.0%**	**17.8**	**12.1**	**46.3%**
Net Financial Expenses	6.6	(2.8)	na	12.6	(5.7)	na
IR/Minorities/Others	(9.1)	(1.7)	445.1%	(17.6)	(3.1)	471.8%
Net Income*	**6.9**	**1.9**	**266.9%**	**12.8**	**3.4**	**277.0%**

** Refers to ALL's stake, after minorities*

Net revenues from Services

Brado Logística net revenues increased 9.2% in 2Q14 year-over-year, from R$66.4 million in 2Q13 to R$72.6 million, pushed by a 17.9% volume increase, from 15.7 thousand containers in 2Q13 to 18.6 thousand containers, and partially offset by a decrease in net yield in the same period.

Cost of Sales

Brado Logística costs of sales increased 3.6% in 2Q14, from R$51.9 million in 2Q13 to R$53.8 million. The growth was mainly driven by an increase of 108.4% in third-party terminals, mainly due to the beginning of the operations in Rondonópolis and Cubatão (SP).

Operating income (expenses)

Brado Logística Operating income (expenses) increased to R$9.4 million in 2Q14.

Financial Result

Brado Logística financial result improved from a loss of R$2.8 million in 2Q13 to a profit of R$ 6.6 million in 2Q14. This improvement was driven by the increase in Brado´s financial revenues, as a result of the cash inflow from the capitalization of R$400 million in 3Q13.

Net Income

Brado Logística net income after minorities increased in 2Q14, from R$1.9 million in 2Q13 to R$6.9 million in 2Q14.

CAPEX

Brado Logística investments were R$20.2 million in 2Q14. The company is prepared to carry on its investments plan in 2H14, accelerating its capacity and increasing its volumes.

Table 26 - Investments (R$ million)	2Q14	2Q13	Change	1H14	1H13	Change
Terminals/Infrastructure	8.5	16.6	-48.9%	22.9	28.7	-20.4%
Rolling Stock	11.7	21.2	-45.0%	32.3	61.8	-47.6%
Total	**20.2**	**37.8**	**-46.7%**	**55.2**	**90.5**	**-39.0%**

Cash Flow

Table 27 - Brado Logística Cash Flow (R$ million)	1H14	1H13	Change
Net Income (in cash basis)	**25.0**	**14.0**	**11.0**
Net Income *	12.8	3.4	9.4
Depreciation and amortization	12.3	9.2	3.1
Stock Options	0.0	0.0	0.0
Interest Expenses (IS-CASH)	0.0	1.4	(1.4)
Deferred Taxes	0.0	0.0	0.0
Working Capital	**(6.2)**	**11.9**	**(18.1)**
Clients	(6.7)	(1.6)	(5.1)
Inventory	(0.2)	(0.0)	(0.2)
Suppliers	0.5	11.6	(11.1)
Labor	0.2	1.9	(1.7)
Other Accounts Variation	**9.1**	**(11.9)**	**21.0**
Operating Activities	**28.0**	**14.0**	**14.0**
Capex	(55.2)	(90.5)	35.3
Investing Activities	**(55.2)**	**(90.5)**	**35.3**
Capital increase / Share buyback	0.0	0.0	0.0
Dividends and Interest on own capital	(8.9)	0.0	(8.9)
New loans	0.0	102.6	(102.6)
Debt Payments / Prepayments	45.8	(11.6)	57.4
Financing Activities	**36.9**	**90.9**	**(54.0)**
Change in Cash	**9.6**	**14.4**	**(4.8)**
Opening Balance of Cash	**380.7**	**4.8**	**375.8**
Closing Balance of Cash	**390.3**	**19.3**	**371.0**

** Refers to ALL's stake, after minorities*

BRADO LOGÍSTICA ATTACHMENTS

Table 28 - Brado Logística Balance Sheet (R$ million)	2Q14	1Q14		2Q14	1Q14
Current Assets	**460.0**	**453.4**	**Current Liabilities**	**88.7**	**80.6**
Cash, banks and financial investments	390.3	392.4	Loans and financing	30.4	25.3
Trade accounts receivable	44.9	39.0	Suppliers	36.1	25.3
Inventories	0.3	0.1	Taxes, charges and contributions	10.5	12.1
Taxes Recoverable	20.2	18.3	Salaries and payroll charges	10.9	8.7
Other receivables	4.3	3.4	Commercial Leasings	1.2	1.3
			Other payables	(0.4)	8.0
Long-Term Assets	**6.8**	**6.5**			
Judicial deposits	5.4	5.0	**Long-Term Liabilities**	**222.7**	**220.4**
Taxes recoverable	0.0	0.0	Loans and financing	199.2	199.5
Other receivable	1.5	1.5	Provision for contigencies	6.0	5.6
			Commercial Leasings	3.2	3.6
Permanent Assets	**399.1**	**384.6**	Other payables	14.3	11.7
Intangible	51.7	52.6			
Property, plant and equipment	347.4	331.9	**Shareholders' equity**	**554.5**	**543.4**
Total Assets	**865.9**	**844.4**	**Total Liab. and shareholders' equity**	**865.9**	**844.4**

Table 29 - Balance Sheet Indicators (R$ million)	2Q14	1Q14	% Change
Cash, Banks and Financial Investments	390.3	392.4	-0.5%
Trade Accounts Receivable	44.9	39.0	15.1%
Property, Plant and Equipment	347.4	331.9	4.7%
Total Assets	865.9	844.4	2.5%
Suppliers	36.1	25.3	42.9%
Loans, Financing and Debentures	229.6	224.8	2.1%
Shareholders' Equity	554.5	543.4	2.0%
Net Debt	-160.7	-167.6	-4.2%
EBITDA (Trailing 12 Months)	63.7	59.3	7.5%
Net Debt/ EBITDA (Trailing 12 Months)	-2.5	-2.8	-10.8%
Net Debt/Equity	-0.3	-0.3	-6.1%

RITMO LOGÍSTICA – BUSINESS DESCRIPTION

Ritmo Logística is a trucking based logistic company created by the merger of ALL Highway Services Business Unit and Ouro Verde highway operations. The company provides a variety of logistics solutions for several industrial segments in Brazil and Argentina, through its Dedicated Operations business unit. The Intermodal Highway Services provides solutions to clients with volumes having its origin or destination in ALL's railway. ALL owns a stake of 65% in Ritmo Logística.

In Dedicated Business Unit, the company provides customized services in (i) Automotive segment, mainly transporting auto parts between the clients' production units, (ii) General Cargo segment, dealing with segments as pulp and paper, chemicals and consumer goods, and (iii) Specialized Assets, which provides special logistics solutions in segments such as industrial gases, beverage (high maltose) and industrial glasses.

Furthermore, Ritmo is well positioned to develop the Intermodal Highway Services, an unexplored market of more than 40 million tons that has its origin or destination in ALL's railway, with a low-capital-intensive model through the use of third party and outsourced fleet.

Ritmo Logística Technical Sheet	
Employees	*546*
Business Units/	***Automotive** – Auto parts transportation* ***Specialized Assets** – High maltose, industrial gases and glasses* ***General Cargo** – Pulp and paper, Consumer goods* ***Intermodal** – Drayage services*
Trucks	*144*
Trailer	*423*

DISCUSSION ON RITMO LOGÍSTICA RESULTS

Ritmo Logística did not have a good quarter, as volumes dropped 33.9% in 2Q14 year-over-year, driven by both Dedicated Solutions and Intermodal Business Units.

Table 30 - Volume (million Driven KM)	2Q14	2Q13	Change	1H14	1H13	Change
Dedicated Operations	**10.2**	**14.0**	**-27.6%**	**21.0**	**26.8**	**-21.5%**
Automotive	0.7	1.5	-53.8%	1.4	2.6	-45.2%
General Cargo	3.7	5.8	-36.2%	7.9	11.0	-27.9%
Specialized Assets	5.7	6.7	-14.0%	11.7	13.2	-11.5%
Intermodal	**3.9**	**7.2**	**-46.2%**	**7.4**	**11.7**	**-36.4%**
Total	**14.0**	**21.2**	**-33.9%**	**28.5**	**38.5**	**-26.0%**

Dedicated Solutions volumes drop 27.6% in 2Q14 year-over-year, as a result of (i) the reduction in the Automotive segment volumes, due to lower demand and customs restrictions in Argentina, (ii) the drop in General Cargo volumes, driven by the discontinuation of low profitability operations in this segment and (iii) the decrease in Specialized Assets volumes, driven by the discontinuation of a chemical volume in 3Q13, impacting volumes since then.

Intermodal Business Unit volumes dropped 46.2% in 2Q14 against 2Q13. The result was mainly affected by (i) the shortage in agricultural commodities transportation demand, shrinking margins due to the drop in spot market prices in the period, and (ii) the volume losses related to the redesign of an important client logistics in 4Q13, as it incorporated road operation, impacting volumes since then.

Table 31 - Ritmo Logística	2Q14	2Q13	% Change*	1H14	1H13	% Change*
Volume (million Driven KM)	14.0	21.2	-33.9%	28.5	38.5	-26.0%
Net Revenues	53.6	66.4	-19.2%	108.4	125.1	-13.3%
Net Yield (R$/Driven KM)	3.8	3.1	22.2%	3.8	3.2	17.3%
EBITDA	3.4	7.1	-51.3%	8.0	13.1	-39.1%
EBITDA Margin	6.4%	10.7%	-4.2%	7.3%	10.4%	-3.1%

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

Ritmo's EBITDA decreased 51.3% in the quarter, to R$ 3.4 million, as transported volumes decreased and the company lost operational leverage over its fixed costs.

Ritmo will keep focused on ramping-up its Intermodal Business Unit in 2014, providing trucking connections to feed ALL´s rail network.

RITMO LOGÍSTICA RESULTS

Table 32 - Ritmo Logística (R$ million)	2Q14	2Q13	Change	1H14	1H13	Change
Net Revenues	**53.6**	**66.4**	**-19.2%**	**108.4**	**125.1**	**-13.3%**
COGS	**(51.3)**	**(59.9)**	**-14.3%**	**(102.7)**	**(113.2)**	**-9.3%**
Third-Party and Outsourced Fleet	(29.8)	(40.6)	-26.6%	(61.3)	(74.8)	-18.1%
Labor	(6.8)	(7.4)	-7.8%	(11.6)	(14.6)	-20.8%
Fuel	(3.3)	(3.0)	7.8%	(6.4)	(5.9)	8.7%
Maintenance	(3.0)	(2.9)	3.3%	(5.6)	(5.5)	1.5%
Depreciation and Amortization	(3.4)	(2.2)	50.3%	(6.8)	(4.2)	59.3%
Others	(5.1)	(3.8)	35.1%	(11.1)	(8.1)	36.1%
Operating income (expenses)	**(2.3)**	**(1.7)**	**35.2%**	**(4.5)**	**(3.3)**	**39.1%**
Equity Earnings (Loss)	**0.0**	**0.0**	**na**	**0.0**	**0.0**	**na**
Operating Profit	**0.1**	**4.8**	**-98.2%**	**1.2**	**8.6**	**-86.2%**
Net Financial Expenses	(1.4)	(1.2)	18.4%	(2.4)	(2.6)	-5.8%
IR/Minorities/Others	0.7	(2.0)	na	0.7	(3.3)	na
Net Income*	**(0.6)**	**1.7**	**na**	**(0.5)**	**2.7**	**na**

** Refers to ALL's stake, after minorities*

Net revenues from Services

Ritmo Logística net revenues decreased 19.2% in 2Q14, from R$66.4 million in 2Q13 to R$53.6 million, driven by the volume decrease and partially offset by the yield growth.

Cost of Sales

Total cost of sales of Ritmo decreased 14.3% in the quarter, from R$59.9 million in 2Q13 to R$51.3 million. This drop was pushed by the decrease of 26.6% in third-party and outsourced fleet, as we decreased our volume in the quarter, partially offset by the growth of 50.3% in depreciation and amortization.

Operating income (expenses)

Ritmo Logística Operating income (expenses) increased from negative R$1.7 million to negative R$2.3 million in 2Q14.

Financial Result

Ritmo Logística financial result increased from a loss of R$1.2 million in 2Q13 to a loss of R$1.4 million in 2Q14.

Net Income

Net income decreased to negative R$0.6 million in the quarter, mainly driven by the reduction of 19.2% in net revenue and the increase of 35.2% in Operating income (expenses).

CAPEX

Ritmo's investments reached R$5.9 million in 2Q14, as the company replaced and added some fleet during this period.

Table 33 - Investments (R$ million)	2Q14	2Q13	Change	1H14	1H13	Change
Rolling Stock	5.9	1.5	298.4%	1.0	1.0	0.0%
Terminals/Infrastructure	0.0	0.0	na	0.0	0.0	na
Total	**5.9**	**1.5**	**298.4%**	**1.0**	**1.0**	**0.0%**

Cash Flow

Table 34 - Ritmo Logística Cash Flow (R$ million)	1H14	1H13	Change
Net Income (in cash basis)	**6.3**	**7.2**	**(0.9)**
Net Income *	(0.5)	2.7	(3.2)
Depreciation and amortization	6.8	4.5	2.3
Stock Options	0.0	0.0	0.0
Interest Expenses (IS-CASH)	0.0	(0.1)	0.1
Deferred Taxes	0.0	0.0	0.0
Working Capital	**5.4**	**(3.2)**	8.7
Clients	9.5	(0.9)	10.3
Inventory	(0.2)	(0.4)	0.2
Suppliers	(3.6)	(2.8)	(0.8)
Labor	(0.3)	0.8	(1.1)
Other Accounts Variation	**(0.8)**	**2.7**	**(3.5)**
Operating Activities	**10.9**	**6.6**	**4.3**
Capex	(7.3)	(1.0)	(6.3)
Investing Activities	**(7.3)**	**(1.0)**	**(6.3)**
Capital increase / Share buyback	0.0	0.0	0.0
Dividends and Interest on own capital	(1.5)	(0.9)	(0.6)
New loans	0.1	2.9	(2.8)
Debt Payments / Prepayments	1.1	(1.0)	2.1
Financing Activities	**(0.3)**	**1.0**	**(1.3)**
Change in Cash	**3.3**	**6.6**	**(3.3)**
Opening Balance of Cash	**29.4**	**4.1**	**25.3**
Closing Balance of Cash	**32.7**	**10.7**	**22.0**

** Refers to ALL's stake, after minorities*

RITMO LOGÍSTICA ATTACHMENTS

Table 35 - Ritmo Logística Balance Sheet (R$ million)	2Q14	1Q14		2Q14	1Q14
Current Assets	**79.4**	**80.9**	**Current Liabilities**	**16.0**	**18.0**
Cash, banks and financial investments	32.7	31.3	Loans and financing	7.9	8.2
Trade accounts receivable	40.4	44.6	Suppliers	3.3	3.6
Inventories	0.2	0.1	Salaries and payroll charges	4.6	4.7
Taxes Recoverable	5.0	3.7	Other payables	0.2	1.5
Other receivables	1.1	1.3			
Long-Term Assets	**1.3**	**0.8**	**Long-Term Liabilities**	**32.4**	**29.4**
			Other payables	32.4	29.4
Permanent Assets	**61.4**	**60.2**			
Property, plant and equipment	61.4	60.2	**Shareholders' equity**	**93.8**	**94.6**
Total Assets	**142.1**	**142.0**	**Total Liab. and shareholders' equity**	**142.1**	**142.0**

Table 36 - Balance Sheet Indicators (R$ million)	2Q14	1Q14	% Change
Cash, Banks and Financial Investments	32.7	31.3	4.3%
Trade Accounts Receivable	40.4	44.6	-9.4%
Property, Plant and Equipment	61.4	60.2	1.9%
Total Assets	142.1	142.0	0.1%
Suppliers	3.3	3.6	-10.4%
Loans, Financing and Debentures	37.4	34.7	7.9%
Shareholders' Equity	93.8	94.6	-0.9%
Net Debt	4.7	3.3	41.8%
EBITDA (Trailing 12 Months)	20.0	23.6	-15.4%
Net Debt/ EBITDA (Trailing 12 Months)	0.2	0.1	67.6%
Net Debt/Equity	0.1	0.0	43.1%

EVENTS TO DISCUSS 2Q14 AND 1H14 RESULTS

2Q14 and 1H14 Results Conference Calls:

|ENGLISH|
August 6th, 2014 – Wednesday
10:30 a.m. US ET (11:30 a.m. Brazil)
Phone: +1 (646)843-6054
Code: ALL

Replay: +55 (11) 2188-0155
Code: ALL

|PORTUGUESE|
August 6th, 2014 – Wednesday
9:00 a.m. US ET (10:00 a.m. Brazil)
Phone: +55 (11) 2188-0155
Code: ALL

Replay: +55 (11) 2188-0155
Code: ALL

2Q14 and 1H14 Results Investors Meeting:

August 8, 2014 – Friday
8:30 a.m. Brazil time

JW Marriot Hotel
Av. Atlântica, 2600
Copacabana
Rio de Janeiro - RJ

RSVP: www.all-logistica.com/ir or +55 (11) 3529-3777

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We make forward-looking statements that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our management, and on information currently available to us. Forward-looking statements include statements regarding our intent, belief or current expectations or that of our directors or executive officers.

Forward-looking statements also include information concerning our possible or assumed future results of operations, as well as statements preceded by, followed by, or that include the words "believes," "may," "will," "continues," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur. Our future results and shareholder values may differ materially from those expressed in or suggested by these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict.

Table 37 - Financial Results	ALL Rail Operations			Brado			Ritmo			ALL Consolidated		
(R$ million)	2Q14	2Q13	% Change	2Q14	2Q13	% Change	2Q14	2Q13	% Change	2Q14	2Q13	% Change
Net revenues	**950.4**	**901.7**	**5.4%**	**72.6**	**66.4**	**9.2%**	**53.6**	**66.4**	**-19.2%**	**1,076.6**	**1,034.5**	**4.1%**
Cost of sales	**(470.8)**	**(414.0)**	**13.7%**	**(53.8)**	**(51.9)**	**3.6%**	**(51.3)**	**(59.9)**	**-14.3%**	**(575.8)**	**(525.8)**	**9.5%**
Gross profit	**479.7**	**487.6**	**-1.6%**	**18.8**	**14.6**	**29.0%**	**2.4**	**6.5**	**-63.7%**	**500.8**	**508.7**	**-1.6%**
Operating income (expenses)	(49.9)	(44.2)	13.0%	(9.4)	(8.2)	14.4%	(2.3)	(1.7)	35.2%	(61.6)	(54.1)	13.9%
Equity earnings and gain (loss) on investments	**4.2**	**(96.4)**	**na**	**0.0**	**0.0**	**na**	**0.0**	**0.0**	**na**	**4.2**	**(96.4)**	**na**
Operating profit (loss) before net financial	**433.9**	**347.1**	**25.0%**	**9.4**	**6.3**	**48.0%**	**0.1**	**4.8**	**-98.2%**	**443.4**	**358.2**	**23.8%**
Net financial expenses	(351.1)	(246.4)	42.5%	6.6	(2.8)	na	(1.4)	(1.2)	18.4%	(345.9)	(250.4)	38.1%
Operating profit (loss)	**82.8**	**100.6**	**-17.7%**	**16.0**	**3.5**	**350.8%**	**(1.3)**	**3.7**	**na**	**97.5**	**107.9**	**-9.6%**
Minority Stakes/Others	(1.9)	(5.2)	11.0%	(4.2)	(0.5)	791.1%	0.3	(0.9)	na	(5.8)	(6.6)	**-12.5%**
Income tax benefit (expense)	6.9	(23.3)	na	(4.9)	(1.2)	310.0%	0.4	(1.1)	na	2.4	(25.6)	na
Net Income from continued operations *	**87.8**	**72.1**	**21.8%**	**6.9**	**1.9**	**266.9%**	**(0.6)**	**1.7**	**na**	**94.1**	**75.7**	**24.4%**
Net Income from discontinued operations	(0.3)	(150.0)	-99.8%	0.0	0.0	na	0.0	0.0	na	(0.3)	(150.0)	-99.8%
Net Income	**87.5**	**(78.0)**	**na**	**6.9**	**1.9**	**266.9%**	**(0.6)**	**1.7**	**na**	**93.8**	**(74.4)**	**na**

** Refers to ALL's stake, after minorities*

Table 38 - Financial Results	ALL Rail Operations			Brado			Ritmo			ALL Consolidated		
(R$ million)	1H14	1H13	% Change	1H14	1H13	% Change	1H14	1H13	% Change	1H14	1H13	% Change
Net revenues	**1,733.7**	**1,613.8**	**7.4%**	**140.3**	**133.6**	**5.0%**	**108.4**	**125.1**	**-13.3%**	**1,982.5**	**1,872.5**	**5.9%**
Cost of sales	**(905.4)**	**(819.9)**	**10.4%**	**(106.5)**	**(105.8)**	**0.6%**	**(102.7)**	**(113.2)**	**-9.3%**	**(1,114.6)**	**(1,038.9)**	**7.3%**
Gross profit	**828.3**	**793.9**	**4.3%**	**33.9**	**27.8**	**21.8%**	**5.7**	**11.8**	**-51.7%**	**867.9**	**833.6**	**4.1%**
Operating income (expenses)	(99.0)	(87.1)	13.7%	(16.1)	(15.7)	2.7%	(4.5)	(3.3)	39.1%	(119.6)	(106.0)	12.8%
Equity earnings and gain (loss) on investments	**1.5**	**(80.3)**	**na**	**(0.0)**	**0.0**	**na**	**0.0**	**0.0**	**na**	**1.5**	**(80.3)**	**na**
Operating profit (loss) before net financial	**730.8**	**626.6**	**16.6%**	**17.8**	**12.1**	**46.3%**	**1.2**	**8.6**	**-86.2%**	**749.8**	**647.3**	**15.8%**
Net financial expenses	(635.8)	(484.0)	31.4%	12.6	(5.7)	na	(2.4)	(2.6)	-5.8%	(625.6)	(492.2)	27.1%
Operating profit (loss)	**95.1**	**142.6**	**-33.3%**	**30.4**	**6.5**	**369.8%**	**(1.2)**	**6.0**	**na**	**124.2**	**155.0**	**-19.9%**
Minority Stakes/Others	(2.4)	(2.1)	14.9%	(7.8)	(0.8)	815.8%	0.3	(1.5)	na	(9.8)	(4.4)	125.3%
Income tax benefit (expense)	(3.1)	(23.8)	-86.8%	(9.9)	(2.2)	341.5%	0.4	(1.8)	na	(12.6)	(27.9)	-54.8%
Net Income from continued operations *	**89.5**	**116.7**	**-23.3%**	**12.8**	**3.4**	**277.0%**	**(0.5)**	**2.7**	**na**	**101.8**	**122.8**	**-17.1%**
Net Income from discontinued operations	(0.6)	(163.2)	-99.7%	0.0	0.0	na	0.0	0.0	na	(0.6)	(163.2)	-99.7%
Net Income	**89.0**	**(46.5)**	**na**	**12.8**	**3.4**	**277.0%**	**(0.5)**	**2.7**	**na**	**101.2**	**(40.4)**	**na**

** Refers to ALL's stake, after minorities*

Table 39 - Financial Results per Business unit (R$ million)	Agricultural Commodities		Industrial Products		ALL Rail Operations		Brado		Ritmo		ALL Consolidated	
	2Q14	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14	2Q13	2Q14	2Q13
Net revenues	782.1	739.8	168.4	161.8	950.4	901.7	72.6	66.4	53.6	66.4	1,076.6	1,034.5
Cost of Sales	(364.2)	(309.7)	(106.6)	(104.4)	(470.8)	(414.0)	(53.8)	(51.9)	(51.3)	(59.9)	(575.8)	(525.8)
Gross Profit	417.9	430.2	61.8	57.5	479.7	487.6	18.8	14.6	2.4	6.5	500.8	508.7
EBITDA	**473.1**	**471.3**	**87.4**	**88.9**	**560.5**	**560.2**	**15.5**	**11.1**	**3.4**	**7.1**	**579.5**	**578.4**
% Net Revenues												
Net revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	-46.6%	-41.9%	-63.3%	-64.5%	-49.5%	-45.9%	-74.1%	-78.1%	-95.6%	-90.2%	-53.5%	-50.8%
Gross Profit	53.4%	58.1%	36.7%	35.5%	50.5%	54.1%	25.9%	21.9%	4.4%	9.8%	46.5%	49.2%
EBITDA	**60.5%**	**63.7%**	**51.9%**	**54.9%**	**59.0%**	**62.1%**	**21.4%**	**16.7%**	**6.4%**	**10.7%**	**53.8%**	**55.9%**
Volume												
RTK Million	8,720	8,731	2,650	2,533	11,370	11,264					11,370	11,264
R$ / Volume Unit	**R$ / thousand RTK**		**R$ / thousand RTK**		**R$ / thousand RTK**							
Net revenues	89.7	84.7	63.5	63.9	83.6	80.0						
Cost of Sales	(41.8)	(35.5)	(40.2)	(41.2)	(41.4)	(36.8)						
Gross Profit	47.9	49.3	23.3	22.7	42.2	43.3						
EBITDA	**54.2**	**54.0**	**33.0**	**35.1**	**49.3**	**49.7**						

Table 40 - Financial Results per Business unit (R$ million)	Agricultural Commodities		Industrial Products		ALL Rail Operations		Brado		Ritmo		ALL Consolidated	
	1H14	1H13	1H14	1H13	1H14	1H13	1H14	1H13	1H14	1H13	1H14	1H13
Net revenues	1,401.9	1,305.0	331.8	308.8	1,733.7	1,613.8	140.3	133.6	108.4	125.1	1,982.5	1,872.5
Cost of Sales	(669.8)	(599.4)	(235.6)	(220.4)	(905.4)	(819.9)	(106.5)	(105.8)	(102.7)	(113.2)	(1,114.6)	(1,038.9)
Gross Profit	732.1	705.6	96.2	88.4	828.3	793.9	33.9	27.8	5.7	11.8	867.9	833.6
EBITDA	**826.3**	**791.8**	**159.8**	**150.9**	**986.2**	**942.6**	**30.0**	**21.3**	**8.0**	**13.1**	**1,024.2**	**977.1**
% Net Revenues												
Net revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	-47.8%	-45.9%	-71.0%	-71.4%	-52.2%	-50.8%	-75.9%	-79.2%	-94.7%	-90.6%	-56.2%	-55.5%
Gross Profit	52.2%	54.1%	29.0%	28.6%	47.8%	49.2%	24.1%	20.8%	5.3%	9.4%	43.8%	44.5%
EBITDA	**58.9%**	**60.7%**	**48.2%**	**48.9%**	**56.9%**	**58.4%**	**21.4%**	**16.0%**	**7.3%**	**10.4%**	**51.7%**	**52.2%**
Volume												
RTK Million	16,214	16,355	5,196	4,834	21,411	21,189					21,411	21,189
R$ / Volume Unit	**R$ / thousand RTK**		**R$ / thousand RTK**		**R$ / thousand RTK**							
Net revenues	86.5	79.8	63.9	63.9	81.0	76.2						
Cost of Sales	(41.3)	(36.7)	(45.3)	(45.6)	(42.3)	(38.7)						
Gross Profit	45.2	43.1	18.5	18.3	38.7	37.5						
EBITDA	**51.0**	**48.4**	**30.8**	**31.2**	**46.1**	**44.5**						

Table 41 - EBITDA Reconciliation	2Q14				2Q13			
(R$ million)	ALL Rail Operations	Brado	Ritmo	ALL Consolidated	ALL Rail Operations	Brado	Ritmo	ALL Consolidated
Operating Profit before net financial expenses	**433.9**	**9.4**	**0.1**	**443.4**	**347.1**	**6.3**	**4.8**	**358.2**
Depreciation e amortization	130.7	6.2	3.4	**140.2**	116.8	4.8	2.2	**123.8**
Equity earnings and gain (loss) on investments	(4.2)	0.0	0.0	**(4.2)**	96.4	0.0	0.0	**96.4**
EBITDA	**560.5**	**15.5**	**3.4**	**579.5**	**560.2**	**11.1**	**7.1**	**578.4**

Table 42 - EBITDA Reconciliation	1H14				1H13			
(R$ million)	ALL Rail Operations	Brado	Ritmo	ALL Consolidated	ALL Rail Operations	Brado	Ritmo	ALL Consolidated
Operating Profit before net financial expenses	**730.8**	**17.8**	**1.2**	**749.8**	**626.6**	**12.1**	**8.6**	**647.3**
Depreciation e amortization	256.8	12.3	6.8	**275.8**	235.8	9.2	4.5	**249.5**
Equity earnings and gain (loss) on investments	(1.5)	0.0	0.0	**(1.5)**	80.3	0.0	0.0	**80.3**
EBITDA	**986.2**	**30.0**	**8.0**	**1,024.2**	**942.6**	**21.3**	**13.1**	**977.1**

Table 43 - ALL Consolidated Balance Sheet (R$ million)	2Q14	1Q14		2Q14	1Q14
Current Assets	**4,002.5**	**3,907.5**	**Current Liabilities**	**3,291.5**	**2,721.6**
Cash, banks and financial investments	2,372.8	2,341.6	Loans and financing	839.8	911.5
Trade accounts receivable	530.9	513.5	Debentures	506.6	267.3
Inventories	252.3	184.1	Suppliers	907.9	679.9
Lease of Concession Agreements	6.2	6.2	Taxes, charges and contributions	78.1	61.8
Taxes Recoverable	600.7	594.1	Lease and concession payable	18.6	18.0
Prepaid expenses	10.3	11.3	Dividends and Interest on own capital	0.2	12.1
Other receivables	229.3	256.6	Salaries and payroll charges	95.3	74.4
			Advances from customers	119.4	126.3
			Commercial Leasings	507.9	369.3
			Other payables	217.7	201.0
Long-Term Assets	**1,763.4**	**1,704.1**	**Long-Term Liabilities**	**11,154.3**	**11,408.3**
Lease of Concession Agreements	72.9	74.4	Loans and financing	3,057.3	3,072.2
Judicial deposits	704.0	332.8	Debentures	2,450.9	2,736.7
Taxes recoverable	519.4	1,155.5	Provision for contigencies	183.9	187.3
Other receivable	27.2	134.7	Lease and concession payable	1,763.1	1,704.9
Prepaid expenses	106.0	6.7	Commercial Leasings	1,281.5	1,251.4
Long term investments	333.9	0.0	Real estate credit advances	241.7	275.0
			Other payables	2,176.0	2,180.9
Permanent Assets	**13,436.5**	**13,166.0**	**Shareholders' equity**	**4,756.5**	**4,647.7**
Investments	1,970.2	1,954.6	Capital stock	3,448.3	3,448.3
Intangible	2,391.6	2,402.2	Surplus reserves	1,123.7	1,032.7
Property, plant and equipment	9,074.7	8,809.2	Equity Adjustments	(71.8)	(83.9)
			Minority Stakes	256.4	250.6
Total Assets	**19,202.4**	**18,777.6**	**Total Liabilities and shareholders' equity**	**19,202.4**	**18,777.6**