(A free translation of the original in Portuguese)

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

Financial statements
in accordance with accounting practices adopted
in Brazil and consolidated financial statements
prepared in accordance with IFRS
at December 31, 2012

(A free translation of the original in Portuguese)

Independent auditor's report

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

1 Introduction

We have audited the accompanying financial statements of ALL - América Latina Logística S.A ("Company" or "Parent Company"), which comprise the balance sheet as at December 31, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of ALL - América Latina Logística S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

2 Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3 Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4 Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of ALL - América Latina Logística S.A. as at December 31, 2012, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

5 Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ALL - América Latina Logística S.A. and its subsidiaries as at December 31, 2012, and their financial performance and their cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

6 Emphasis of matters

As mentioned in note 2.1 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of ALL - América Latina Logística S.A and its subsidiaries, these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

As mentioned in Note 5(a), on October 20, 2006, the indirect subsidiaries América Latina Logística Central S.A. ("ALL Central") and América Latina Logística - Mesopotàmica S.A. ("ALL Mesopotàmica") signed "Letters of Understanding" with Argentina, as part of their concession agreement renegotiation process, with the objective of restoring the economic and financial balance. As at the date of this report, the renegotiation of the concession agreements had not yet been concluded, as the approval of the National Executive Branch has not been received, although the "Letters of Understanding" have already been previously approved by the "Comisión Bicameral de Seguimiento de Privatizaciones" of Argentina. Note 5(a) also describes a summary of the main related aspects. These financial statements do not include any adjustments and/or reclassifications arising from the eventual rejection of the terms and conditions of the aforementioned "Letters of Understanding" by the Argentine National Executive Branch.

Other matters

7 Statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2012, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but it is considered supplementary information for IFRS. These statements have been subjected to the same audit procedures described above and, in our opinion are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

8 Audit of prior-year information

The audit of the financial information mentioned in the first and second paragraphs, related to the year ended December 31, 2011 presented for comparison purposes. was conducted by the responsibility of other independent auditors, who issued an independent auditor's report, dated February 28, 2012, without qualifications, however, the report included the emphasis of matter mentioned in paragraph 6 of this report.

Curitiba, March 5, 2012

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

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

	Note	Parent		Consolidated	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	881,213	714,753	2,508,360	2,099,738
Trade receivables	7	17,961	68,980	392,797	271,837
Inventories		5,371	-	160,905	124,320
Intercompany loans receivable		-	-	850	1,639
Prepayment of lease agreements	8	-	-	6,186	6,186
Income tax and social contribution recoverable	9	3,715	713	323,003	225,554
Taxes and contributions recoverable	9	85,513	63,160	137,922	137,922
Dividends and interest on capital		21,276	6,421	2,539	338
Advances and other receivables		17,071	5,430	126,817	80,913
Prepaid expenses		4,952	4,016	15,887	13,541
Total current assets		1,037,072	863,473	3,675,265	2,961,988
NON-CURRENT ASSETS					
LONG-TERM RECEIVABLES					
Receivables from related parties	20	95,502	100,313	-	-
Prepayment of lease agreements	8	-	-	82,168	88,355
Debentures	11	212,519	296,819	-	-
Income tax and social contribution recoverable	9	-	-	423,826	339,710
Taxes and contributions recoverable	9	1,878	14,572	38,867	23,392
Deferred income tax and social contribution	10	-	-	581,493	509,617
Refundable deposits and restricted amounts	19	4,716	13,279	328,484	353,949
Other receivables		9,593	9,593	74,067	67,914
Prepaid expenses		-	-	6,794	7,441
		324,208	434,576	1,535,699	1,390,378
Investments	12	7,409,088	4,620,046	2,010,370	9,886
Intangible assets	13	393	781	2,464,546	2,517,975
Property and equipment	14	57,999	123,106	7,966,537	7,261,881
		7,467,480	4,743,933	12,441,453	9,789,742
Total non-current assets		7,791,688	5,178,509	13,977,152	11,180,120
TOTAL ASSETS		8,828,760	6,041,982	17,652,417	14,142,108

The accompanying notes are an integral part of these financial statements.

	Note	Parent		Consolidated	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade payables		5,520	14,971	513,910	462,896
Borrowings	15	84,268	10,768	870,738	457,534
Debentures	16	144,743	140,134	256,168	243,781
Taxes payable		4,456	3,779	34,759	43,157
Intercompany loans payable		-	-	2,786	2,370
Leases and concessions	18	-	-	42,459	26,621
Labor and social security obligations		8,630	13,599	117,926	97,078
Advances from customers		521	18,971	149,719	96,277
Finance leases	17	-	-	186,091	235,859
Taxes and social security contributions payable in installments	24	492	462	35,124	35,239
Other payables		9,129	9,133	53,609	26,043
Deferred revenue	23	-	-	2,611	2,611
Advances on real estate credits	22	29,387	29,967	151,030	151,611
Dividends and interest on capital		61,194	59,506	64,824	60,058
Total current liabilities		348,340	301,290	2,481,753	1,941,135
NON-CURRENT LIABILITIES					
Borrowings	15	148,505	242,691	2,441,062	2,751,214
Debentures	16	2,021,442	1,357,797	2,884,186	2,179,208
Payables to related parties	20	17,198	17,092	-	-
Provision for contingencies	19	-	-	218,114	209,681
Leases and concessions	18	-	-	1,466,303	1,296,441
Provision for unrealized profit	21	11,130	11,874	-	-
Finance leases	17	-	-	1,331,427	1,032,467
Taxes and social security contributions payable in installments	24	5,334	5,462	161,153	182,779
Advances on real estate credits	22	65,191	75,794	361,864	422,237
Other liabilities		-	-	7,877	11,693
Provision for net capital deficiency in subsidiary	12	10,259	9,677	-	-
Deferred revenue	23	1,997,183	-	2,022,256	27,692
Total non-current liabilities		4,276,672	1,720,387	10,894,242	8,113,412
Total liabilities		4,625,012	2,021,677	13,375,995	10,054,547
EQUITY	25				
Share capital		3,433,941	3,433,941	3,433,941	3,433,941
Capital reserves		82,809	63,001	82,809	63,001
Revenue reserves		708,609	530,104	708,609	530,104
Carrying value adjustments		(33,802)	(19,036)	(33,802)	(19,036)
Advances for future capital increase		12,191	12,295	12,191	12,295
		4,203,748	4,020,305	4,203,748	4,020,305
Non-controlling interests		-	-	72,674	67,256
Total equity		4,203,748	4,020,305	4,276,422	4,087,561
TOTAL LIABILITIES AND EQUITY		8,828,760	6,041,982	17,652,417	14,142,108

The accompanying notes are an integral part of these financial statements.

	Note	Parent		Consolidated	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Net service revenue	30	108,413	122,328	3,568,578	3,173,215
Cost of services		(80,593)	(56,720)	(2,178,231)	(1,875,952)
Gross profit		27,820	65,608	1,390,347	1,297,263
Results from investments					
Equity in the results of investees	12	349,937	318,578	3,370	1,436
Provision for net capital deficiency in subsidiaries	12	(1,649)	(1,789)	-	-
Gain/loss on investments		(728)	-	(1,187)	23,704
		347,560	316,789	2,183	(25,140)
Operating income (expenses)					
Selling		(339)	735	(20,965)	(19,917)
General and administrative		(40,988)	(37,329)	(164,390)	(155,756)
Other operating income (expenses), net	30	13,238	(3,785)	(8,446)	2,270
		(28,089)	(40,379)	(193,801)	(173,403)
Operating profit before finance result		347,291	342,018	1,198,729	1,149,000
Finance costs	27	(173,046)	(222,723)	(1,117,752)	(1,148,335)
Finance income	27	63,070	125,650	149,092	233,481
		(109,976)	(97,073)	(968,660)	(914,854)
Operating profit before taxes and non-controlling interests		237,315	244,945	230,069	234,146
Provision for income tax and social contribution	10	-	-	(59,714)	(36,390)
Deferred income tax and social contribution	10	-	-	73,012	53,526
		-	-	13,298	17,136
Profit for the year		273,315	244,945	243,367	251,282
Profit attributable to:					
Owners of the Company		237,315	244,945	237,315	251,282
Non-controlling interests		-	-	6,052	6,337
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company during the year (expressed in R$ per share)					
Basic earnings per share	28				
(In reais)					
Per common share		0.3474	0.3568	0.3474	0.3568
Diluted earnings per share	28				
(In reais)					
Per common share		0.3464	0.3501	0.3552	0.3501

The accompanying notes are an integral part of these financial statements.

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Profit for the year	237,315	244,945	243,367	251,282
Foreign exchange variations on foreign investment	(2,329)	(1,738)	(2,329)	(1,738)
Investments marked-to-market	(4,470)	5,005	(4,470)	5,005
Mark-to-market effects on hedge instruments	(9,826)	(13,851)	(9,826)	(13,851)
Associate adjustments	(353)	5,316	(353)	5,316
Tax effects over carrying value adjustments	2,212	222	2,212	222
Total comprehensive income, net of taxes	**222,549**	**239,899**	**228,601**	**246,236**
Attributable to:				
Owners of the Company	222,549	239,899	228,601	240,698
Non-controlling interests	-	-	6,052	6,337
	222,549	**239,899**	**228,601**	**246,236**

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	Share capital		Capital reserves				Revenue reserves					Carrying value adjustments						
	Subscribed	Unpaid	Treasury shares	Stock issuance cost	Stock options granting	Profit or loss from transactions with non-controlling interests	Legal	Tax incentives	For investments	Profit/loss for the period	Advances for future capital increase	Cumulative translation adjustments	Deemed cost	Mark-to-market losses - hedge	Available-for-sale investments marked to market	Total	Non-controlling interests	Total equity
At December 31, 2010	**3,470,037**	**(36,096)**	**(9,518)**	**(19,439)**	**65,834**	**32**	**53,613**	**79,250**	**208,684**	**-**	**10,001**	**(9,833)**	**-**	**(3,398)**	**(535)**	**3,808,632**	**19,344**	**3,827,976**
Profit for the year	-	-	-	-	-	-	-	-	-	244,945	-	-	-	-	-	244,945	47,912	292,857
Adjustment of paid-up capital	(21,754)	21,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ajustes de avaliação patrimonial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ajustes de títulos e valores mobiliários	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange losses on investments abroad	-	-	-	-	-	-	-	-	-	-	-	(1,738)	-	-	-	(1,738)	-	(1,738)
Mark-to-market losses - hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,853)	-	(13,853)	-	(13,853)
Available-for-sale investments marked to market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,783	4,783	-	4,783
Parent company adjustments	-	-	-	-	-	-	-	-	1,955	244	-	-	5,316	-	222	7,737	-	7,737
Tax effects over carrying value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**(21,754)**	**21,754**	**-**	**-**	**-**	**-**	**-**	**-**	**1,955**	**245,189**	**-**	**(1,738)**	**5,316**	**(13,853)**	**5,005**	**241,874**	**47,912**	**289,786**
Dividends (Note 25)	-	-	-	-	-	-	-	-	-	(58,174)	-	-	-	-	-	(58,174)	-	(58,174)
Recognition/realization of revenue reserves (Note 25)	-	-	-	-	-	-	12,247	-	119,467	(131,714)	-	-	-	-	-	-	-	-
Gain on transaction with non-controlling stockholders	-	-	-	-	-	63,942	-	-	-	-	-	-	-	-	-	63,942	-	63,942
Stock options transactions:													-	-	-			
Reserve for options granted (Note 25)	-	-	-	-	24,992	-	-	-	-	-	-	-	-	-	-	24,992	-	24,992
Options exercised	-	-	1,853	-	(436)	-	-	-	(413)	-	2,294	-	-	-	-	3,298	-	3,298
Repurchase of shares	-	-	(56,138)	-	-	-	-	-	-	-	-	-	-	-	-	(56,138)	-	(56,138)
Tax incentive reserve (Note 25)	-	-	-	-	-	-	-	55,301	-	(55,301)	-	-	-	-	-	-	-	-
Goodwill between equity transactions	-	-	-	-	-	(8,121)	-	-	-	-	-	-	-	-	-	(8,121)	-	(8,121)
Devolução de valores de AFAC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions - owners of the Company	**-**	**-**	**(54,285)**	**-**	**24,556**	**55,821**	**12,247**	**55,301**	**119,054**	**(245,189)**	**2,294**	**-**	**-**	**-**	**-**	**(30,201)**	**-**	**(30,201)**
At December 31, 2011	**3,448,283**	**(14,342)**	**(63,803)**	**(19,439)**	**90,390**	**55,853**	**65,860**	**134,551**	**329,693**	**-**	**12,295**	**(11,571)**	**5,316**	**(17,251)**	**4,470**	**4,020,305**	**67,256**	**4,087,561**

	Share capital		Capital reserves				Revenue reserves					Carrying value adjustments						
	Subscribed	Unpaid	Treasury shares	Stock issuance cost	Stock options granting	Profit or loss from transactions with	Legal	Tax incentives	For investments	Profit/loss for the period	Advances for future capital	Cumulative translation	Deemed cost	Mark-to-market losses - hedge	Available-for-sale investments	Total	Non-controlling	Total equity
Saldo em 31 de dezembro de 2011	**3,448,283**	**(14,342)**	**(63,803)**	**(19,439)**	**90,390**	**55,853**	**65,860** #	**134,551**	**329,693**	**-**	**12,295**	**(11,571)**	**5,316**	**(17,251)**	**4,470**	**4,020,305**	**67,256**	**4,087,561**
Profit for the year	-	-	-	-	-	-	-	-	-	237,315	-	-	-	-	-	237,315	6,052	243,367
Foreign exchange losses on investments abroad	-	-	-	-	-	-	-	-	-	-	-	(2,329)	-	-	-	(2,329)	(634)	(2,963)
Mark-to-market losses - hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,826)	-	(9,826)	-	(9,826)
Parent company adjustments	-	-	-	-	-	-	-	-	353	-	-	-	(353)	-	-	-	-	-
Available-for-sale investments marked to market	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,470)	(4,470)	-	(4,470)
Tax effects over carrying value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(255)	2,467	-	2,212	-	2,212
Other	-	-	-	-	-	-	-	-	-	-	3,363	-	-	-	-	3,363	-	3,363
Total comprehensive income for the year	-	-	-	-	-	-	-	-	353	237,315	3,363	(2,329)	(608)	(7,359)	(4,470)	226,265	5,418	231,683
Dividends (Note 25)	-	-	-	-	-	-	-	-	-	(56,362)	-	-	-	-	-	(56,362)	-	(56,362)
Repurchase of shares	-	-	1,269	-	-	-	-	-	(1,269)	-	-	-	-	-	-	-	-	-
Stock options transactions:													-	-	-			
Reserve for options granted (Note 25)	-	-	-	-	7,534	-	-	-	-	-	(7,656)	-	-	-	-	(122)	-	(122)
Options exercised	-	-	11,426	-	(421)	-	-	-	(1,532)	-	4,189	-	-	-	-	13,662	-	13,662
Recognition/realization of revenue reserves (Note 25)							11,866		115,774	(127,640)	-	-	-	-	-	-	-	-
Tax incentive reserve (Note 25)	-	-	-	-	-	-	-	53,313	-	(53,313)	-	-	-	-	-	-	-	-
Total transactions - owners of the Company	-	-	12,695	-	7,113	-	11,866	53,313	112,973	(237,315)	(3,467)	-	-	-	-	(42,822)	-	(42,822)
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**

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash flows from operating activities				
Profit for the year	237,315	244,945	243,367	251,282
Expenses (income) not affecting cash and cash equivalents				
Depreciation and amortization (Note 31)	3,788	3,985	432,724	408,847
Amortization of goodwill (Note 31)	56,085	43,786	56,085	44,352
Equity in the results of investees and loss on investments (Note 12)	(349,209)	(318,866)	(2,183)	(25,140)
Provision for net capital deficiency (Note 12)	1,649	2,077	-	-
Deferred income tax and social contribution (Note 10)	-	-	(73,012)	(53,526)
Provision for unrealized profit (Note 21)	(744)	(743)	-	-
Realization of deferred revenue	-	-	(2,618)	(2,602)
Interest and foreign exchange variations on borrowings and debentures	(4,117)	(8,053)	(28,753)	(60,192)
Stock options granting	1,935	6,263	7,534	24,992
	(53,298)	(26,606)	633,144	588,013
Change in assets				
Trade receivables	51,019	(61,141)	(51,844)	(28,432)
Inventories	3,066	-	(20,653)	(36,495)
Taxes recoverable	(7,462)	(13,048)	(180,861)	(149,364)
Dividends and interest on capital	18,431	957	(2,201)	(338)
Other assets	(3,998)	(15,489)	(22,125)	31,165
	61,056	(88,721)	(277,683)	(183,464)
Change in liabilities				
Trade payables	(9,449)	(5,537)	61,303	110,783
Salaries and social charges	(2,171)	13,274	23,647	12,902
Taxes and contributions	206	(784)	32,015	3,771
Leases and concessions payable	-	-	185,700	172,971
Other liabilities	(18,453)	27,958	3,006	(7,093)
	(29,867)	34,911	305,671	293,334
Net cash provided by (used in) operating activities	**(22,109)**	**(80,416)**	**661,132**	**697,883**
Cash flows from investing activities				
Purchases of property and equipment	(1,463)	549	(893,991)	(943,292)
Acquisition of (increase in) investments	(183,509)	(16,629)	-	(16,510)
Related parties	(292,151)	(344,790)	-	-
Cash acquired from subsidiary	-	-	-	51,489
Cash used in investing activities	(477,123)	(360,870)	(893,991)	(908,313)
Cash flows from financing activities				
Borrowings				
New borrowings	750,000	1,237,542	1,989,738	1,681,464
Repayment of borrowings	(126,835)	(563,760)	(1,300,744)	(1,236,654)
Capital increase and advances for future capital increase	4,084	3,351	4,084	3,351
Acquisitions/stock options	-	(56,140)	-	(56,140)
Dividends and interest on capital	(54,674)	(56,656)	(51,596)	(56,413)
Proceeds from debentures	93,117	-	-	-
Net cash provided by financing activities	665,692	564,337	641,481	335,608
Increase in cash and cash equivalents	**166,460**	**123,051**	**408,622**	**125,178**
Cash and cash equivalents at the beginning of the year	714,753	591,702	2,099,738	1,974,560
Cash and cash equivalents at the end of the year	881,213	714,753	2,508,360	2,099,738
Increase in cash and cash equivalents	**166,460**	**123,051**	**408,622**	**125,178**

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Revenue				
Services	114,275	135,191	4,173,159	3,675,757
Other revenue	15,184	13,260	42,383	204,417
Provision for impairment of trade receivables	764	735	(1,889)	(12,463)
	130,223	**149,186**	**4,213,653**	**3,867,711**
Inputs acquired from third parties				
Cost of services	(20,513)	(10,007)	(934,577)	(990,092)
Materials, electricity, outsourced services and others	(11,697)	(19,148)	(538,790)	(213,882)
Impairment/recovery of assets	(8,331)	(6,171)	16,884	(110,225)
Other	(1,946)	(108)	(50,839)	(21,400)
	(42,487)	**(35,434)**	**(1,507,322)**	**(1,334,383)**
Gross value added	**87,736**	**113,752**	**2,706,331**	**2,523,328**
Depreciation and amortization	(59,873)	(47,771)	(488,809)	(453,199)
Net value added generated by the entity	**27,863**	**65,981**	**2,217,522**	**2,070,129**
Value added received through transfer				
Results from investments/provision for net capital deficiency/gain on investments	347,560	316,789	2,183	25,140
Finance income	63,070	125,428	149,092	233,481
	410,630	**442,217**	**151,275**	**258,621**
Total value added to distribute	**438,493**	**508,198**	**2,368,797**	**2,328,750**
Distribution of value added				
Personnel				
Direct remuneration	17,525	21,417	289,928	192,937
Benefits	1,894	-	45,517	27,364
Government Severance Indemnity Fund for Employees (FGTS)	359	363	15,022	9,650
	19,778	**21,780**	**350,467**	**229,951**
Taxes and contributions				
Federal	7,532	16,667	339,842	374,623
State	-	-	85,560	95,094
Municipal	8	1,631	11,497	14,190
	7,540	**18,298**	**436,899**	**483,907**
Third-party capital remuneration				
Interest	173,046	222,501	1,117,752	1,148,335
Rentals	814	674	220,312	215,275
	173,860	**223,175**	**1,338,064**	**1,363,610**
Own capital remuneration				
Dividends	56,362	58,174	56,362	58,174
Retained earnings	180,953	186,771	180,953	186,771
Non-controlling interests in results	-	-	6,052	6,337
	237,315	**244,945**	**243,367**	**251,282**
Total value added distributed	**438,493**	**508,198**	**2,368,797**	**2,328,750**

The accompanying notes are an integral part of these financial statements.

1. General information

a) The Company

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

The Company's main activities are:

- the investment in other companies, ventures and consortia, whose objective is related to transportation services, including railway transportation;

- the performance of transportation service related activities, such as logistics, intermodal transport, port operations, transfer and storage of goods, 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 are traded in the "New Market" segment of Bovespa.

The Company operates railroad transportation in the Southern region of Brazil through ALL - América Latina Logística Malha Sul S.A., and in the Mid-West region and state of São Paulo through 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. It operates in Argentina through its subsidiary ALL - América Latina Logística - Argentina S.A. (ALL Argentina), the holding company of ALL - América Latina Logística - Central S.A. (ALL Central) and ALL - América Latina Logística - Mesopotàmica S.A. (ALL Mesopotàmica).

The concession terms are as follows:

Companies	Concession period	Regions covered
ALL Malha Sul	February 2027	South of Brazil
ALL Malha Paulista	December 2028	State of São Paulo
ALL Malha Oeste	June 2026	Mid-West and state of São Paulo
ALL Malha Norte	May 2079	Mid-West and state of São Paulo
ALL Central	August 2023	Argentina
ALL Mesopotàmica	October 2023	Argentina
Portofer	June 2025	Porto de Santos (SP)
Terminal XXXIX	August 2025	Porto de Santos (SP)
TGG - Terminal de Granéis do Guarujá	August 2027	Porto de Santos (SP)
Termag - Terminal Marítimo de Guarujá	August 2027	Porto de Santos (SP)

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

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

Santa Fé Vagões S.A.: its main business purpose is manufacturing, maintaining, selling and trading items and services related to rolling stock, railroad systems, traction equipment, rails, signals and mechanical equipment, parts and components, and importing, exporting, purchasing, selling, distributing, leasing and lending wagons, machinery, equipment and inputs, all related to railroad activities. Currently it only operates as a wagon servicing station.

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

Track Logística: organized on April 7, 2010, its main business purpose is rendering general cargo logistics operating services, managing and operating ports, terminals, distribution centers, warehouse units, bonded warehouses upstate, as well as: importing, exporting, selling, purchasing, distributing, leasing, renting and granting containers, locomotives, wagons, machinery and equipment; and carrying out all activities that are related, accessory and supplementary to the aforementioned ones. Holding direct or indirect interest in entities, consortia, ventures and other organizations. It has not started its activities yet.

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

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

Brado Logística S.A.: formerly Standard Logística e Distribuição S.A. 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.: this company was formed on July 1, 2011, through the combination of the highway operations of ALL Intermodal S.A., wich became a subsidiary 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 the employees to the new company, with the objective of establishing a strategic association in the highway segment.

Vetria Mineração S.A: As described in Note 12, Vetria Mineração S.A. was constituted in December 3, 2012 by ALL, together with other investors aiming the creation of a mine–railroad–port integrated system.

b) Operating restrictions and conditions 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 of 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:

- Rights and privileges transferred to the companies will be returned to the Federal Government together with leased assets and those resulting from investments which revert to the Government for being necessary to continue to perform the related services.

- Assets which revert will be indemnified by the Federal Government for the residual carrying value, computed based on the companies' accounting records, after depreciation is deducted; this cost will be subject to technical and financial assessments by the Federal Government. All and any improvements made

in the permanent railroad superstructure will not be considered as an investment for indemnification purposes.

2. Accounting policies

The consolidated financial statements have been prepared based on several valuation techniques used in the accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, taking into consideration management's judgment to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the selection of the useful lives of property and equipment items and their recoverability in operations, the measurement of financial assets at fair value and under the present value adjustment method, the estimates of the value in use and cash flow for impairment testing, the analysis of the credit risk to determine the provision for impairment of trade receivables, the estimates of future realization of tax credit, as well as the analysis of other risks to determine other provisions, including the provision for contingencies. The carrying amounts of recognized assets and liabilities that represent hedged items at fair value that, alternatively, would be carried at amortized cost, are adjusted to show the changes in fair values attributable to the risks being hedged.

The settlement of the transactions involving these estimates may result in amounts different from those recorded in the financial statements due to possible inaccuracies in the process of their determination. The Company reviews its estimates and assumptions at least annually.

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the standards issued by the Brazilian Securities Commission (CVM) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of the statement of value added, parent company e consolidated, is required by the Brazilian corporate legislation and accounting practices adopted in Brazil for listed companies. IFRS does not require the presentation of this statement. As a consequence, for IFRS, this statement is presented as supplementary information, without detriment to the financial statements as a whole.

The issue of these financial statements was authorized at the Executive Board Meeting held on March 4, 2013.

2.1 Parent company financial statements

In the parent company financial statements, subsidiaries are recorded based on the equity accounting method. The same adjustments are made in the parent company and consolidated financial statements to reach the same profit or loss and equity attributable to the owners of the parent entity. In the case of América Latina Logística S.A., the accounting practices adopted in Brazil applicable to the parent company financial statements differ from IFRS applicable to the separate financial statements only in relation to the evaluation of investments in subsidiaries based on the equity accounting method, instead of cost or fair value in accordance with IFRS.

2.2 Segment reporting

Operating segments information are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board that makes the Group's strategic decisions.

2.3 Translation of balances denominated in foreign currency

The consolidated financial statements are presented in Brazilian Reais (R$), which is the Company's functional currency. Each Company's entity determines its own functional currency, and for those whose functional currencies are different from the real, the financial statements are translated into Real at the end of the reporting period.

i. Transactions and balances

Foreign-currency transactions are originally recorded at the functional currency's exchange rate effective on the transaction date.

Monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency's exchange rate effective at the end of the reporting period.

The translation gains and losses relating to borrowings and cash and cash equivalents are presented in the statement of income as finance revenues and expenses.

All differences are recognized in the statement of income or statement of comprehensive income.

Non-monetary items measured based on the historical cost in foreign currency are translated using the exchange rate effective at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates effective at the date in which the fair value was determined.

Before January 1, 2009, the Company treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities derived from acquisition as assets and liabilities of the parent company. Therefore, these assets and liabilities are already expressed in the currency adopted for presentation of the financial statements or represent non-monetary items and, accordingly, there are no translation differences.

ii. Subsidiaries with other functional currencies

The assets and liabilities of foreign subsidiaries are translated into reais at the exchange rate effective at the end of the reporting period, and the corresponding statements of income are translated at the exchange rate effective at the transaction date. Translation differences are recognized separately in equity. Upon the sale of a foreign subsidiary, the accumulated deferred amount recognized in equity relating to this foreign subsidiary is recognized in the statement of income.

2.4 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will be generated for the Company and it can be measured reliably. Revenue is measured based on fair value of the consideration received, net of discounts, rebates and taxes or charges on sales. The Company assesses revenue transactions in accordance with specific criteria in order to determine if it is acting as agent or principal and ultimately concluded that it has been acting as principal in all its revenue contracts. The specific criteria below should also be satisfied before the revenue recognition:

Service rendering

Revenue from of services is recognized proportionally as the services are rendered and when its value can be reliably measured. Revenue is not recognized when there is significant uncertainty about its realization. In addition, the revenue from rendering of services is recognized proportionately to the basis that such services

are rendered. The revenue of the Company and its subsidiaries comprise basically railroad freight and road transport services, warehousing and transshipment.

Interest income

For all financial instruments carried at amortized cost and financial assets earning interest, classified as available for sale, finance revenue or expense is recognized using the effective interest rate, which discounts exactly future estimated payments or receipts over the estimated life of the financial instrument or in a period shorter, when applicable, than the net carrying amount of the financial asset or liability. Interest revenue is included in finance income, in the statement of income.

2.5 Taxes

Current income tax and social contribution

Current tax assets and liabilities for the last year and prior years are measured at the expected amount recoverable from or payable to the tax authorities. Tax rates and tax laws used to calculate the amount are those enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income.

Current income tax and social contribution related to items recognized directly in equity are recognized in equity. Management periodically evaluates positions taken with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax arises from temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences, except:

• when the deferred tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and

• for temporary differences arising on investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and losses, to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized, and unused tax credits and losses can be utilized, except:

• when the deferred tax asset related to the deductible temporary difference arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and

• for deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that future taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets derecognized are reviewed at the end of each reporting period and are

recognized to the extent that it is probable that future taxable profits will be available to allow deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted by the end of the reporting period.

Items of deferred tax are recognized in accordance with the transaction that originated the deferred tax, in comprehensive income or directly in equity.

Deferred tax assets and liabilities are presented net when there is a legally enforceable or contractual right to offset the tax asset against the tax liability and the deferred taxes are related to the same legal entity and the same tax authority.

Tax on sales

Revenues, expenses and assets are recognized net of taxes on sales, except:

• when taxes on sales incurred on purchase of goods and services are not recoverable from tax authorities, in which case taxes on sales are recognized as part of the acquisition cost of the asset or expense item, as appropriate; and

• when the amounts receivable and payable were presented together with the amount of taxes on sales; and

• when the net amount of taxes on sales, recoverable or payable, is included as a component of the amounts receivable or payable in the balance sheet.

Revenues from sales of the Brazilian operations are subject to the following taxes and contributions, at the following basic rates:

Tax/Contribution			Rate (%)
PIS	-	Social Integration Program	1.65
COFINS	-	Social Contribution on Revenues	7.60
ICMS	-	Value-added Tax on Sales and Services	From 7 to 17

These charges are deducted from net revenue in the statement of income. The credits arising from non-cumulative PIS/COFINS are presented as a deduction of cost of services in the statement of income.

2.6 Government grants and assistance

Government grants and assistance are recognized when there is reasonable assurance that the benefit will be received and all the related conditions will be satisfied. The subsidiary ALL Malha Norte has a tax incentive whose benefit refers to an expense item, which is recognized as revenue over the benefit period, on a systematic basis in relation to the costs whose benefit it intends to offset.

2.7 Retirement and other post-employment benefits

The indirect subsidiary ALL Malha Oeste sponsors a Benefit Plan with a Multi-sponsored Entity, HSBC Fundo de Pensão, which is annually reviewed by an independent actuary. This plan has predominant characteristics of the defined contribution type during the reserve accumulation period and contributions are recognized in profit or loss when incurred.

2.8 Share-based payment benefits

The Company's main executives and officers receive part of their compensation in the form of share-based payment, in which employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees, and of premiums granted, is measured based on the fair value at the grant date. To determine the fair value, the Company uses an appropriate valuation method and market assumptions. For further details see Note 26.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service condition are fulfilled, ending on the date the employee is fully entitled to the premium (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity securities to be acquired. The expense or credit in the statement of income for the period is recognized in "administrative expenses" and represents the change in cumulative expense recognized at the beginning and at the end of that period.

No expense is recognized for premiums that do not complete their vesting period, except premiums in which the acquisition is contingent to a market condition (condition connected to the price of the Company's shares), which is treated as acquired, irrespective of whether the market conditions are satisfied or not, as long as all other vesting conditions are satisfied.

In an equity-settled transaction in which the plan is modified, the minimum expense recognized in profit or loss corresponds to expenses as if the terms had not been changed. An additional expense is recognized for any change that increases the total fair value of the equity-settled contract, or otherwise benefits the employee, measured at the change date.

When an equity-settled premium is canceled, it is treated as if it had been acquired at the cancellation date, and any unrecognized expense of the premium is immediately recognized. However, if a new plan replaces the canceled plan, and is designated as substitute plan at the grant date, the canceled plan and the new plan are treated as if they were a modification to the original plan, as described in the previous paragraph.

The effect of dilution of the outstanding options is reflected as a dilution of additional share in the calculation of diluted earnings (loss) per share, as described in Note 28.

2.9 Financial instruments - Initial recognition, classification and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives classified as effective hedging

instruments, according to the situation. The Company determines the classification of its financial assets at the time of their initial recognition, when it becomes a party to the contractual provisions of the instrument.

Financial assets are recognized initially at fair value, plus, in the case of investments not designated as at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Purchases and sales of financial assets that require delivery of goods or services within the time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, that is, the date in which the Company undertakes to purchase or sell the good or service.

The Company's financial assets include cash and cash equivalents, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

The Company, on December 31, 2012, has no financial assets for trading and also no financial assets held to maturity.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, which may be as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated at initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if acquired for the purpose of selling in the short-term. This category includes derivative financial instruments contracted by the Company that do not satisfy the criteria for hedge accounting defined by CPC 38/IAS 39. Derivatives that are not closely related to the host contract and that should be separated are also classified as held for trading, unless they are classified as effective hedging instruments. Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with the related gains or loss recognized in the statement of income.

The Company has not designated any financial asset at fair value through profit or loss at initial recognition.

The Company designated its financial assets at fair value through profit or loss since it intends to trade them in the short-term. When the Company does not have conditions to trade these financial assets due to inactive markets and management's intention to sell them in the near future changes significantly, the Company may elect to reclassify these financial assets under certain circumstances. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This assessment does not affect any financial assets designated as at fair value through profit or loss using the fair value option upon the presentation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial measurement, these financial assets are carried at amortized cost using the effective interest method (effective interest rate), less any impairment loss. The amortized cost is calculated taking into consideration any discount or "premium" on the acquisition and rates or costs incurred. The amortization of the effective interest method is included in the finance revenue line in the statement of income. Impairment losses are recognized as finance expense in the statement of income.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity when the Company has the positive intent and ability to hold them to maturity. Subsequent to initial recognition, held-to-maturity investments are carried at amortized cost using the effective interest method, less any impairment losses. The amortized cost is calculated taking into consideration any discount or premium on the acquisition and rates or costs incurred. The amortization of the effective interest method is included in the finance revenue line in the statement of income. Impairment losses are recognized as finance cost in the statement of income. The Company did not record any held-to-maturity investments during the years ended December 31, 2012 and 2011.

Derecognition

A financial asset (or, where appropriate, part of a financial asset or part of a group of similar financial assets) is derecognized when:

• The contractual rights to the cash flows from the asset expire;

• The Company has transferred its rights to receive cash flows from the asset or assumed an obligation to fully pay the cash flows received, without significant delay, to a third party under an "onlending" agreement; and (a) the Company has transferred substantially all risks and rewards of ownership of the asset, or (b) the Company has not transferred nor retained substantially all risks and rewards of ownership of the asset, but transferred the control over the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into an onlending agreement, and has not transferred or retained substantially all risks and rewards of ownership of the asset, an asset is recognized to the extent of the Company's continuing involvement with the asset.

In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured based on the rights and obligations retained by the Company.

The continuing involvement in the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum consideration that may be required from the Company.

(ii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indicators such as significant financial difficulty of the borrower, the probability that the borrower will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments and when there are indicators of a measurable decrease in the estimated future cash flows, such as changes in maturity or economic conditions that correlate with defaults.

Financial assets at amortized cost

For financial assets at amortized cost, the Company initially assesses individually if there is clear evidence of impairment for each financial asset that is individually significant, or on a collective basis for financial assets that are not individually significant. If the Company concludes that there is no evidence of impairment for a financial asset individually assessed, either significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and the Company assess them on a collective basis for indications of impairment. Assets that are assessed individually for indications of impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment losses.

When there is clear evidence of impairment loss, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the impairment loss is recognized in the statement of income. Interest income continues to be computed on the carrying amount reduced based on the original effective interest rate for the asset. Borrowings, together with the related provisions, are derecognized when there is no realistic expectation of their future recovery and all guarantees have been realized or transferred to the Company. If, in a subsequent period, the amount of the impairment loss increases or decreases due to an event occurring after the impairment was recognized, the previously recognized loss is increased or decreased by adjusting the allowance account. In the event of future recovery of the amount derecognized, this recovery is recognized in the statement of income.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, borrowings or derivatives classified as hedging instruments, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognized at fair value and, in the case of borrowings, loans and debentures plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, overdraft account (bank account with negative balance), borrowings, financial guarantee contracts and derivative financial instruments.

The Company, on December 31, 2012, has not for trading financial liabilities and also no financial liabilities held to maturity.

Subsequent measurement

The measurement of financial liabilities depends on their classification, which may be as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if acquired for the purpose of selling in the short-term. This category includes derivative financial instruments contracted by the Company that do not satisfy the criteria for hedge accounting defined by CPC 38/IAS 39. Derivatives, including embedded derivatives that are not closely related to the host contract and that should be separated are also classified as held for trading, unless they are classified as effective hedging instruments.

Gains and losses on financial liabilities held for trading are recognized in the statement of income.

Borrowings and financing

Subsequent to initial recognition, borrowings and fnancing subject to interest are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the liabilities are derecognized and during the process of amortization using the effective interest method.

Financial guarantee contracts

The financial guarantee contracts issued by the Company are contracts that require payment for purposes of reimbursing the holder for losses incurred when the specified debtor fails to make the payment due under the terms of the corresponding debt instrument. Financial guarantee contracts are initially recognized as a liability at fair value, adjusted by transaction costs directly attributable to the issue of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expense required to settle the present obligation at the end of the reporting period and the recognized amount less amortization.

Derecognition (disposals)

A financial guarantee is derecognized when the obligation is discharged, canceled or it expires.

When an existing financial liability is replaced by another of the same lender under terms substantially different, or the terms of an existing liability are significantly changed, this replacement or change is treated as derecognition of the original liability and recognition of a new liability, and the difference in the corresponding carrying amounts is recognized in the statement of income.

(iv) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on quoted market prices at the end of the reporting period, without deduction of transaction costs.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These may include the use of recent arm's length transactions, reference to the current fair value of another similar instrument, discounted cash flow analysis, or other valuation models.

An analysis of the fair value of financial instruments and details on how they are calculated are provided in Note 32.

2.10 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward foreign exchange and interest rate swap contracts to protect against the risks of fluctuations in exchange rates and interest rates, respectively.

The derivative financial instruments designated as hedge transactions are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive, and as financial liabilities when the fair value is negative.

Any gains or losses resulting from changes in the fair value of derivatives during the year are recognized directly in the statement of income, except for the effective portion of the cash flow hedges, which is recognized directly in equity in other comprehensive income.

For hedge accounting purposes, there are three classifications: i) fair value hedge ii) cash flow hedge and iii) net investment hedge.

At the initial recognition of a hedging relationship, the Company formally classifies and documents the hedging relationship to which it intends to apply the hedge accounting, as well as the management's objective and risk management strategy for undertaking hedging transactions. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the hedged risk, the nature of the risks excluded from the hedging relationship, the prospective demonstration of the effectiveness of the hedging relationship and the manner in which the Company will assess the effectiveness of the hedging instrument in order to offset changes in the fair value of the hedged item or cash flows related to the hedged risk. These hedges are expected to be highly effective to offset changes in fair value or cash flows and are subject to ongoing assessment to determine whether they were highly effective over the base periods for which they were intended.

The ineffective portion is recognized in the income statement in the line of financial results.

Classification

Derivative instruments not classified as effective hedge (used as economic hedge and with non-application of hedge accounting) are classified as short- and long-term based on an assessment of the contracted cash flows. Changes in the fair value of any of these derivative instruments are recognized immediately under finance income in the statement of income.

Derivative instruments classified as such and that are effective hedging instruments are classified in a manner consistent with the classification of the corresponding hedged item.

The derivative instrument is segregated into short- and long-term portion only when a reliable allocation can be made.

2.11 Treasury shares

The Company's own equity instruments that are repurchased (treasury shares) are carried at cost, less equity. No gain or loss is recognized in the statement of income upon the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other capital reserves.

2.12 Property and equipment

The Company elected not to adopt the deemed cost for its property and equipment, considering that: (i) the cost method, less the provision for losses, is the best method to assess the Company's property and equipment; (ii) the Company's property and equipment are segregated into well-defined classes related to its operating activities; (iii) the Company has effective controls over its property and equipment, which allow the identification of losses and changes in estimated useful lives of assets.

Locomotives, wagons and permanent railroad are carried at cost, less accumulated depreciation and/or accumulated impairment losses, if applicable. Such cost includes the cost of replacement of part of the property and equipment and borrowing costs of long-term construction projects, when the recognition criteria have been satisfied. When there is a replacement of a significant part of the property and equipment, these are capitalized in the respective assets. Likewise, when a significant inspection is made, its cost is recognized in the carrying amount of the property and equipment. All other repair and maintenance costs are recognized in the statement of income when incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset, at rates that take into consideration the estimated useful life of assets, as follows:

• Locomotives	25 years
• Wagons	30 years
• Permanent railroad	Limited to the concession period of 15 to 67 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income, in the year in which the asset is derecognized.

The residual values, useful lives and depreciation methods are reviewed at the end of the reporting period and adjusted prospectively, where appropriate.

2.13 Leases

The characterization of a lease agreement is based on substantive aspects related to the use of an asset or specific assets or, also, to the right of use of a certain asset, at its inception date.

Finance leases that transfer to the Company basically all risks and rewards of ownership of the leased asset are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. When applicable, initial direct costs incurred in the transaction are added to the cost. Finance lease payments are allocated to financial charges and decrease of finance lease liability so as to achieve a constant interest rate on the remaining balance of the liability. Financial charges are recognized in the statement of income.

Leased assets are depreciated over their useful lives. However, when there is no reasonable assurance that the Company will obtain ownership at the end of the lease term, the asset is depreciated at the shorter of its estimated useful life and the lease term.

Operating lease payments are recognized as expenses on a systematic basis that represents the period in which the benefit on the leased asset is obtained, even if such payments are not made on this base.

The amounts paid from the Company in advance are recognized in assets and allocated to profit or loss on a straight-line basis over the life of the contract. The charges incurred in the grace period are recognized in profit or loss and maintained as payables, and are derecognized proportionally to the payment of the installments.

2.14 Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. The other borrowing costs are recognized as finance expense in the period in which they are incurred. Borrowing costs comprise interest and other borrowing-related costs incurred by an entity.

2.15 Intangible assets

Intangible assets acquired separately are measured at cost at their initial recognition. The cost of intangible assets acquired in a business combination corresponds to the fair value at the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, excluding capitalized development costs, are not capitalized, and the expenditure is reflected in the statement of income in the year in which it is incurred.

The useful life of intangible assets is classified as finite and indefinite.

Intangible assets with finite useful live are amortized over their economic useful lives and tested for impairment whenever there is indication that the asset may be impaired. The amortization period and method for an intangible asset with finite useful life are reviewed at least at the end of each year. Changes in the estimated useful life or in the expected consumption of the future economic benefits of these assets are accounted for by means of changes in the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization of intangible assets with finite useful life is recognized in the statement of income in the expense category consistent with the use of the intangible asset.

Goodwill on acquisitions of subsidiaries that hold concession agreements and that have as economic basis the expected future profitability are considered intangible assets with finite useful life and are amortized over the remaining concession period, on a straight-line basis or based on the curve of generation of future economic benefits (see Note 13). They are also tested annually for impairment.

Intangible assets with indefinite useful live are not subject to amortization, but are tested annually for impairment, individually or at the level of the cash-generating unit. The assessment of indefinite useful life is reviewed annually to determine whether this assessment continues to be justifiable. Otherwise, the change in the useful life from indefinite to definite is made on a prospective basis.

Gains and losses resulting from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of income when the asset is derecognized.

2.16 Inventories

The Company's inventories refer to consumption and maintenance materials carried at average acquisition cost, which does not exceed their market value. Provisions for slow-moving or obsolete inventories are recorded whenever considered necessary by management.

2.17 Impairment of non-financial assets

Management reviews annually the net carrying amount of assets in order to assess events or changes in economic, operating or technological circumstances which may indicate that the asset is impaired. When these evidences are identified and the net carrying amount exceeds the recoverable amount, a provision for impairment is recognized, adjusting the net carrying amount to the recoverable amount. These losses, if recognized, are classified in the statement of income in the expense categories consistent with the function of the affected asset.

The recoverable amount of an asset or a certain cash-generating unit is defined as the higher of an asset's fair value less costs to sell and its value in use.

In estimating the value in use of the asset, estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the cash-generating unit operates. The net disposal proceeds are determined, whenever possible, based on a firm sale contract in a arm's length transaction, adjusted by expenses attributable to the sale of the asset or, when there is no firm sale contract, based on the market price of an active market, or in the price of the most recent transaction with similar assets.

The following criterion is also applied to test the impairment of specific assets:

Goodwill paid based on expected future profitability

The impairment testing of goodwill is made annually (at December 31) or when circumstances indicate impairment.

Intangible assets

Intangible assets with indefinite useful life are tested for impairment annually at December 31, individually or at the level of the cash-generating unit, as appropriate or whenever circumstances indicate that the asset may be impaired.

2.18 Cash and cash equivalents

Cash equivalents are amounts held for the purpose of settling short term cash obligations and not for investment or other purposes. The Company considers as cash equivalents a financial investment that can be immediately converted into a known amount of cash and subject to an insignificant risk of change in value. Consequently, an investment is normally qualified as cash equivalents when it has a short-term maturity, for example, three months or less, counted from the contracting date. Financial investments included in cash equivalents meet all conditions for classification under this category. For more information see Note 6.

2.19 Advances for future capital increase

The Company records the amounts related to advances for future capital increase, received from participants of the Stock Option Plan described in Note 26, in an equity account, considering the control and its expectation regarding the decision on the conversion of the advances into capital increases.

2.20 Provisions

General

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount

can be reliably estimated. When a provision is expected to be fully or partially reimbursed, for example, in connection with an insurance contract, the reimbursement is recognized as a separate asset, but only when the receipt is virtually certain.

The expense related to provisions is recognized in the statement of income, net of any reimbursement.

Provision for tax, civil and labor risks

The Company is a party to lawsuits and administrative proceedings. Provisions are recognized for all contingencies related to lawsuits for which it is probable that an outflow of resources will be made to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of loss includes the assessment of available evidence, hierarchy of laws, former court decisions, the most recent court decisions and their relevance to the legal system, as well as the assessment by external lawyers. Provisions are reviewed and adjusted to take into consideration any changes in circumstances, such as the applicable statute of limitation period, conclusion of tax audits or additional exposures identified based on new issues or court decisions.

2.21 Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the Company's consolidated financial statements requires management to make judgments and estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the reporting date. However, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the carrying amount of the affected asset or liability in future periods.

In the process of applying the Company's accounting policies, management made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements:

Lease commitments

The Company entered into lease commitments for rolling stock (locomotives and wagons) of customers and suppliers. The classification as operating or finance lease is determined based on an assessment of the terms and conditions of the agreements. The Company identified the cases in which it assumes all significant risks and rewards of ownership of the assets and recorded these cases as finance lease.

Estimates and assumptions

The main assumptions related to sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the end of the reporting period, involving a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial years are presented below:

Impairment of non-financial assets

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on available information on sales of similar sales or market prices less incremental costs to dispose of the asset. The value-in-use calculation is based on the discounted cash flow model. Cash flows derive from estimate of results for the following five years and do not include restructuring activities to which the Company is not yet committed or significant future investments that will improve the asset base of the cash-generating unit subject to test. The

recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as to expected future cash receipts and the growth rate used for extrapolation purposes. The main assumptions used to determine the recoverable amount of several cash-generating units, including the sensitivity analysis, are detailed in Note 13.

Share-based payment transactions

The Company measures the cost of share-based payment transactions with employees based on the fair value of the equity instruments at the grant date. The estimate of the fair value of the share-based payments requires the determination of the most appropriate valuation model for granting of equity instruments, which depends on the terms and conditions of the concession. It also requires the determination of the most appropriate data for the valuation model, including the expected life of the option, volatility and yield of the dividends and corresponding assumptions. The assumptions and models used to estimate the fair value of share-based payments are disclosed in Note 26.

Taxes

There are uncertainties related to the interpretation of complex tax regulations and to the amount and timing of future taxable profits. Given the broad aspect of the business relationship, as well as the long-term nature and the complexity of the existing contractual instruments, differences between actual results and the assumptions adopted, or future changes in these assumptions, might require future adjustments to the tax income and expense already recorded. The Company recognizes provisions, based on applicable estimates, for possible consequences of tax audit by authorities of the jurisdictions in which it operates. The amount of these provisions is based on several factors, such as experience of prior tax audits and diverging interpretations of the tax regulations by the taxable entity and the responsible tax authority. These diverging interpretations might arise on a wide variety of matters, depending on the conditions prevailing in the respective domicile of the company.

Deferred tax asset is recognized for all unused tax losses, to the extent that it is probable that future taxable profits will be available to allow the utilization of such losses. Significant judgment by management is required to determine the amount of the deferred tax asset that may be recognized, based on the probable period and level of future taxable profits, together with future tax planning strategies.

The Company has tax losses of R$ 2,762 (R$ 2,586 in 2011). These losses refer to subsidiaries that present history of losses that cannot be utilized for offset against taxable profits in another part of the Company, as well as to losses whose estimated realization exceeds a reasonable horizon. The offset of accumulated tax losses is restricted to the limit of 30% of the taxable profit generated in a certain fiscal year. These subsidiaries do not have taxable temporary differences or tax planning that could partially justify the recognition of deferred tax asset.

For further details on deferred taxes, see Note 10.

Fair value of financial instruments

When the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained from active markets, it is determined using valuation techniques, including the discounted cash flow method. The data for these methods are based on market data, when possible. However, when this is not feasible, a certain level of judgment is required to establish the fair value. Judgment includes considerations on data used, such as liquidity risk, credit risk and volatility. Changes in assumptions concerning these factors could affect the reported fair value of the financial instruments. The impact of possible indicators variation, subject to variations, according to the market volatility and that could directly impact these instruments, were subject of sensitivity analyses, that are disclose in Note 32..

Provision for tax, civil and labor risks

The Company recognizes a provision for tax, civil and labor claims. The assessment of the likelihood of loss includes the assessment of available evidence, hierarchy of laws, former court decisions, the most recent court decisions and their relevance to the legal system, as well as the assessment by external lawyers. Provisions are reviewed and adjusted to take into consideration any changes in circumstances, such as the applicable statute of limitation period, conclusion of tax audits or additional exposures identified based on new issues or court decisions.

2.22 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure of the Group, management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

2.24 IFRS pronouncements not yet applicable at December 31, 2012

New standards, amendments and interpretations to existing standards that are not yet effective

The following new standards, amendments and interpretations to existing standards were issued by IASB but are not effective for 2012. The early adoption of these standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

. IAS 1, "Presentation of financial statements". The main change is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether they will be reclassified to profit or loss or remain in equity. The amendment to the standard is applicable as from January 1, 2013. The Company expects that the adoption of this amendment will only give rise to impacts on disclosure.

. IAS 19, "Employee benefits" was amended in June 2011. This amendment was included in the text of CPC 33 (R1) - "Employee benefits". The standard is applicable as from January 1, 2013. The main impacts on the Company's financial statements will be as follows: (i) immediate recognition of all past service costs (there was no unrecognized balance at December 31, 2012); (ii) replacement of interest on liabilities and expected return on assets with a single net interest rate that will generate a slight increase in plan cost in the statement of income.

. IFRS 9 – “Financial Instruments” addresses the classification, measurement and recognition of financial assets and liabilities. The principal change is that when the option for fair value is adopted for financial liabilities, the amount of the change in fair value due to the entity´s own credit risk is recorded in other comprehensive income and not in the statement of income, except when this results in an accounting mismatch. The Company concluded that there is no impact in its financial statements. The standard is applicable as from January 1, 2015.

. IFRS 10, "Consolidated financial statements", included as an amendment to CPC 36(R3), "Consolidated financial statements". This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control. The standard is applicable as from January 1, 2013. The Group expects that its adoption will not generate impacts on its financial statements.

. IFRS 11, "Joint arrangements" was issued in May 2011 and included as an amendment to CPC 19(R2), "Joint ventures". The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: (i) joint operations - arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses; and (ii) joint ventures - arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. The proportional consolidation method will no longer be permitted in joint ventures. The standard is applicable as from January 1, 2013. Its adoption will not have an impact on the Company, since the Group already adopts the equity accounting method for investments in joint ventures.

. IFRS 12, "Disclosures of interests in other entities", considered in a new pronouncement CPC 45 - "Disclosures of interests in other entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

. IFRS 13,"Fair value measurement" was issued in May 2011 and disclosed in a new pronouncement CPC 46, "Fair value measurement". IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The standard is applicable as from January 1, 2013. The impact of this standard will be basically an addition to disclosure.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

Management believes that the effects of the application of these changes, which relate to subsequent aspects of disclosure, is to improve the quality of the financial reporting.

3. Basis of consolidation

Consolidated financial statements

a) Subsidiaries

The consolidated financial statements comprise the financial statements of ALL - América Latina Logística S.A. and its subsidiaries at December 31, 2012, as follows:

	Ownership interest - %	
	12/31/2012	**12/31/2011**
Direct subsidiaries		
ALL - América Latina Logística Intermodal S.A. (ALL Intermodal)	100.00	100.00
ALL - América Latina Logística Malha Oeste S.A. (ALL Malha Oeste)	100.00	100.00
ALL - América Latina Logística Malha Paulista S.A. (ALL Malha Paulista)	100.00	100.00
ALL - América Latina Logística Malha Sul S.A. (ALL Malha Sul)	100.00	100.00
ALL - América Latina Logística Overseas S.A. (ALL Overseas)	100.00	100.00
ALL - América Latina Logística Participações Ltda. (ALL Participações)	100.00	100.00
Boswells S.A.	100.00	100.00
Santa Fé Vagões S.A. (Santa Fé)	100.00	100.00
Track Logística S.A.	100.00	100.00
Brado Holding S.A.	100.00	100.00
ALL - América Latina Logística Centro-Oeste Ltda. (ALL Centro-Oeste)	99.99	99.99
ALL - América Latina Logística Serviços Ltda. (ex ALL Tecnologia)	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	99.18
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
Araucária Rail Technology S.A.	51.00	51.00
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	99.99	51.00
ALL - América Latina Logística Rail Management Ltda (ALL Rail Management)	50.01	50.01
Vetria Mineração S.A	50.38	-
Indirect subsidiaries		
Investees of ALL Intermodal		
ALL - América Latina Logística Armazéns Gerais Ltda (ALL Armazéns Gerais)	100.00	100.00
Rhall Terminais Ltda.	30.00	30.00
Ritmo Logística S.A	65.00	65.00
Investee of ALL Armazéns Gerais		
PGT Grains Terminal S.A. (PGT)	100.00	100.00
Investee of ALL Malha Paulista		
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investees of ALL Malha Norte		
Terminal XXXIX de Santos S.A. (Terminal XXXIX)	50.00	50.00
Portofer Transporte Ferroviário Ltda. (Portofer)	50.00	50.00
Investees of ALL Argentina		
ALL - América Latina Logística Central S.A. (ALL Central)	73.55	73.55
ALL - América Latina Logística Mesopotámica S.A. (ALL Mesopotámica)	70.56	70.56
Investees of ALL Participações		
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	0.01	49.00
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 Centro-Oeste Ltda. (ALL Centro-Oeste)	0.01	0.01
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	0.01	0.01
Investee of Brado Holding		
Brado Logistica e Participações S.A.	80.00	80.00
Investee of Brado Logística Participações S.A		
Brado Logística S.A	100.00	100.00

At December 31, 2012, ALL Central and ALL Mesopotàmica have the following non-controlling interests:

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

ALL Argentina negotiated with its minority stockholder, Railroad Development Corporation, the acquisition of the latter's ownership interests of 6.45% and 2.74% in ALL Central and ALL Mesopotàmica, respectively. The negotiation still depends on the approval of the transfer of the shares by the Argentine government. As these minority stockholders did not exercise their right to a new capital increase, these percentages were reduced to 1.26% and 0.48%, respectively.

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 financial statements of the subsidiaries are prepared for the same reporting period as 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 are entities over which the Company and its subsidiaries share control with one or more parties. Investments in jointly-controlled subsidiaries are recorded on the equity method of accounting 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 changes in reserves is recognized in the Company´s reserves and in those of its subsidiaries. When the Company´s share of losses in a jointly-controlled subsidiary equals or exceeds the carrying amount of the investment, including any other receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the jointly-controlled subsidiary.

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

c) Associates

The Company's investment in associates is accounted for under the equity method. An associate is an entity in which the Company exercises significant influence.

Based on the equity method, the investment in associates is 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 according to the interest held in the associates.

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

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

When significant influence in an associate is lost, the Company then 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 revenue from disposals is recorded in the statement of income.

The associates' financial statements are prepared for the same reporting period as the Company's. 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 controlled subsidiaries treat transactions with non-controlling interests as transactions with equity owners of the Company and its controlled subsidiaries. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of 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 controlled subsidiaries cease to have control, any retained interest in the entity is remeasured to its fair value, with the 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 in respect of that entity are accounted for as if the Company and its controlled 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 the 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 fair value or based on its share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as 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 achieved in stages, the fair value at the acquisition date of any previous equity interest in the acquiree is remeasured to the fair value at the acquisition date, and the impacts are recognized in the statement of income.

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

Goodwill is initially measured as the excess of the consideration transferred over the fair value of the net assets acquired (identifiable net assets acquired 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. Business combinations

Acquisition of Standard Logística S.A.

On December 20, 2010, as disclosed to the market through a significant event notice, ALL created its indirect subsidiary Brado Logística e Participações S.A. (Brado LP) with which it entered into, in conjunction with its railroad concessionaires, operating agreements of transportation, investment and terminals.

On the same date, Brado LP disclosed its intention to enter into a partnership with Standard Logística S.A. (Standard), a leading company in the refrigerated container segment, with a strong know-how in rendering logistics services in the retail market, a segment that is little explored in railroad services.

On April 1, 2011, through an Extraordinary General Meeting of Brado LP, all Standard's shares were merged into Brado LP, in exchange for the transfer by Brado Holding S.A. - parent company of Brado LP - of 20% of Brado LP's common shares to Standard's stockholders, thus effectively acquiring it. On the same date, Standard Logística S.A. changed its corporate name to Brado Logística S.A. (Brado). The net assets acquired through this operation are as follows:

Fair value recognized on acquisition 4/1/2011	
Cash and cash equivalents	43,239
Trade receivables	12,088
Permanent (non-financial) assets	121,321
Other	8,036
	184,684
Trade payables	6,762
Borrowings	42,927
Advances from customers	18,412
Other liabilities	22,113
	90,214
Total identifiable net assets	**94,470**
Non-controlling interests	(18,894)
Gain on advantageous purchase	(33,836)
Consideration transferred	**41,740**

The acquisition cost is calculated as follows:

Number of shares exchanged (in thousands of shares)	2,000
Shares of Brado LP exchanged at fair value (reais per share)	20.87
Acquisition cost at fair value	**41,740**
Net assets of Standard at fair value (80%)	75,576
Gain on advantageous purchase	**33,836**

The fair value of Brado LP shares on April 1, 2011, 20% of which represents consideration to former Standard's stockholders, was determined under the discounted cash flow methodology, by adopting assumptions which represent the Brado LP situation before the combination. Key assumptions were: i) projections for 15 years, not considering significant new investments; ii) a discount rate of 13.4% p.a. and a growth rate of 9.5% in perpetuity, both denominated in reais, which the Company considers reasonable for the container business.

Preliminary estimates of fair value of identifiable assets acquired and liabilities assumed did not indicate material differences between fair value and carrying amount.

The costs relating to the acquisition, corresponding to professional and advisors' fees amounting to R$ 981, were recorded in the Company's statement of income, within "Other operating expenses".

Acquisition of the highway transportation business segment from Ouro Verde S.A.

On July 1, 2011, as disclosed to the market through a significant event notice, América Latina Logística ("ALL") and Ouro Verde S.A. ("OV") created Ritmo Logística S.A ("Ritmo"), by combining their then-existing highway businesses. As a result, the interest held by ALL and OV in Ritmo is 65% and 35%, respectively.

This transaction is considered a business combination under CPC 15/IFRS 3, ALL being considered the acquirer by means of the wholly-owned subsidiary ALL Intermodal S.A., which now holds control over the road transportation business of the non-controlling stockholder with a 65% interest. The net assets acquired at fair value from the non-controlling stockholder are as follows:

Net assets acquired at fair value:		
Cash and cash equivalents		8,250
Permanent (non-financial) assets		46,346
Total		**54,596**
Interest acquired	65%	**35,488**

In turn, the non-controlling stockholder received a 35% interest in the highway business of ALL on that date, the fair value of which was measured by the discounted cash flow method, based on assumptions that represent the circumstances of ALL Intermodal before the combination. The main assumptions used were: i) projections for ten years, considering only investments in maintenance and renewal of the fleet, and not considering significant new investments; ii) discount rate of 12.9% per year, and growth rate of 6.5% in perpetuity, denominated in reais, which the Company considered reasonable for the road transportation business. The net present value determined for the business was R$ 95,799 and, as such, the 35% interest held by non-controlling stockholders would correspond to R$ 33,530.

The acquisition cost is calculated as follows:

Fair value of transferred interest in road transportation business of ALL Intermodal	33,530
Acquisition cost at fair value	
Net assets of road transportation business of Ouro Verde at fair value (65%)	35,488
Gain on advantageous purchase	**1,958**

The preliminary estimates indicate an increase in the fair value of identifiable assets acquired of R$ 10,683 in permanent assets.

Costs related to the acquisition, corresponding to professional and advisors' fees and amounting to R$ 562, were recorded in the Company's statement of income, within "Other operating expenses".

5. Argentine subsidiaries - relationship with Concession Authority

a) Concession agreement renegotiation

From July 1997 to March 2001, the Argentine National Executive Branch, through Decree 605/97, determined that the Transportation Department was to renegotiate all cargo railroad transportation service concession agreements. Several discussions were held and analyses were made, resulting in an amendment proposal, which in practice had no effect.

As from the enactment of Law 25,561, a new concession renegotiation benchmark was created, and on April 10, 2002, a presentation was delivered to the Argentine Economy Ministry, through which the process continued.

In 2003, the National Executive Branch issued Decree 311, and created a special commission to renegotiate all concession agreements. This commission is jointly overseen by the Ministries of Economy and Federal Planning, Public Investments and Services. A change in the Argentine Government administration, in May 2003, suspended the process for some months and, in September 2003, concessionaires were once again required to update data and held several meetings with Federal Planning Ministry advisors and professionals.

Law 25,561 was successively extended through December 31, 2013, as is set forth in Law 26,729. After that date, ALL Central and ALL Mesopotàmica were to be called to review a new model for the agreement, considering aspects such as the concession fee (Canon) and annual investment plans.

On July 18, 2005, Notices 18/2005 and 19/2005 of the Unit for Renegotiation and Analysis of Utility Service Agreements, regarding the letter of understanding arising from the concession agreement renegotiation for commitments between ALL Central and ALL Mesopotàmica and the Argentine Government, were published in the Argentine Government Official Report. On October 20, 2006, ALL Central and ALL Mesopotàmica signed new letters with the Unit for Renegotiation and Analysis of Utility Service Agreements to replace the previous one. The effects and commitments arising from these letters are reflected in the financial statements, assuming that they will be approved by the President of Argentina, which did not occur up to the date of approval of these financial statements. Such letters mainly establish the following:

(i) Annual investment plan

As from January 2006, the concessionaries must invest on a yearly basis an amount equivalent to 9.5% of the total net revenues of ALL Central and ALL Mesopotàmica related to the previous year. Up to date, the concessionaires have fully complied with the minimum investments required in the plan.

(ii) Concession fee ("canon")

As from January 1, 2006, canon has been considered as the amount corresponding to 3% of the total net revenues of ALL Mesopotàmica and ALL Central for the prior year. For the year ended December 31, 2012, these Companies recorded expenses amounting to R$ 804 (R$ 871 at December 31, 2011) and R$ 5,071 (R$ 3,903 at December 31, 2011), respectively, as lease agreements and concessions payable. Although the concession fee is being provided, ALL Central and ALL Mesopotàmica are not paying these obligations since they await approval of the Letters of Understanding by the President of the Republic of Argentine.

Management believes that the approval by the Argentine Government, as determined in the Letter of Understanding, is of utmost importance to ensure the equilibrium of the transactions and to enable the companies to continue as going concerns.

Concession fees for the prior three-year period were included as an integral part of the mutual claim negotiations, as described in item (iii).

(iii) Rights and obligations comprising mutual claims

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

Based on the letters, the extinction of liabilities of amounts related to the mutual claims balances, which totaled P$ 79,760 (R$ 33,180) thousand and P$ 14,480 (R$ 6,024) thousand for ALL Central and ALL Mesopotàmica, respectively, in favor of the Argentine Government, was agreed, and the concessionaires started to assume investment commitments as from January 2006, which cannot be lower than 3.17% and 1.54%, respectively, on net revenues of the previous year, respecting the minimum amounts of P$ 4,692 thousand and P$ 852 thousand, respectively. Up to date, the concessionaires have fully complied with the minimum investments required in the plan.

b) Approval of transfer of shares

In May 1999, the Company entered into a purchase agreement with the former five stockholders for the total number of ALL Argentina's shares and a usufruct agreement over the rights (both economic and political) on the shares of ALL Argentina. The purchase agreement is currently pending approval by the Argentine Government, such approval being necessary for the share transfer to become effective. The usufruct agreement term is 20 years, which is automatically renewable if the Argentine Government does not express an opinion related to the approval of the transaction. Should the authorization be denied by the Government, the five stockholders irrevocably undertake to exercise the voting right on shares of ALL Argentina in accordance with the Company's instructions.

6. Cash and cash equivalents

		Parent		Consolidated	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash and banks		1,343	6,534	21,719	51,730
Financial investments					
Bank Deposit Certificates (CDB)	(i)	629,157	586,516	1,659,196	1,548,806
Fixed rate	(ii)	-	-	122,748	109,675
Government bonds	(iii)	149,791	121,188	586,940	382,247
Funds	(iv)	100,922	515	117,757	7,280
		879,870	708,219	2,486,641	2,048,008
		881,213	714,753	2,508,360	2,099,738

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 102% of CDI).

(ii) Investments in fixed-rated CDBs.

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

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

7. Trade receivables - consolidated

	Consolidated	
	12/31/2012	12/31/2011
Trade receivables		
In Brazil	384,716	267,969
In Argentina	45,553	40,176
	430,269	308,145
(-) Provision for impairment of trade receivables		
In Brazil	(28,232)	(27,035)
In Argentina	(9,240)	(9,273)
	(37,472)	(36,308)
	392,797	271,837

The Company's trade receivables include related-party receivables for the sale of maintenance materials and services rendered.

The indirect subsidiary ALL Central interrupted the recognition of toll revenues of the "Unidad Ejecutora del Programa Ferroviário Provincial - U.E.P.F.P." ("Unit") as from January 2002. This decision is essentially based on the lack of recognition of services rendered by ALL Central by this Unit and, therefore, on the lack of payment for these services. In 2004, ALL Central filed a claim with the Federal Administrative Litigation Court of the Province of Buenos Aires, requesting the payment of toll fees for the period between 1993 and 1996. Supported by the opinion of its legal advisors, who understand that the outcome of the lawsuit filed against U.E.P.F.P. has a relatively high probability of success, management did not record a provision for the amounts receivable recorded in ALL Central at the historical value of approximately R$ 1,981 (P$ 4,762). On the other hand, and due to the reimbursement agreements entered into with former stockholders, ALL Central recorded liabilities corresponding to 50% of the amount recorded as receivables. Additionally, these financial statements do not include the revenues and corresponding receivables arising from the services linked to the tolls of the Unit, provided by ALL Central from January 2002 to December 31, 2012.

At December 31, 2012 and 2011, the analysis of the maturity of balances of accounts receivables presented the following position:

Periods	Amount falling due with no impairment losses	Overdue amounts					Total
		< 30 days	31 - 60 days	61 - 90 days	91 - 180 days	> 181 days	
12/31/2012	239,398	58,112	37,172	18,885	39,230	-	392,797
12/31/2011	160,455	39,167	20,911	37,584	13,720	-	271,837

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 credits past due for more than 180 days, except for related-party receivables. The provision set up is considered sufficient to cover any losses on amounts receivable.

8. Lease prepayment - consolidated

	12/31/2012		12/31/2011	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Leases				
ALL Malha Oeste	166	2,043	166	2,209
ALL Malha Paulista	2,025	26,701	2,025	28,727
ALL Malha Sul	2,734	36,003	2,734	38,737
Right-of-way prepayment				
ALL Malha Sul	1,261	17,421	1,261	18,682
	6,186	82,168	6,186	88,355

The amount paid in cash is being amortized over to 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 term, and do not qualify as finance leases.

9. Taxes and contributions recoverable

	12/31/2012		12/31/2011	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Parent				
Income tax and social contribution recoverable	85,513	1,878	63,160	14,572
Other	3,715	-	713	-
	89,228	1,878	63,873	14,572
Subsidiaries				
Value-added Tax on Sales and Services (ICMS)	148,426	119,561	116,686	70,826
Value-added Tax (IVA)	10,175	-	6,080	15,177
Income tax and social contribution recoverable	52,409	36,989	79,607	8,820
Federal tax credits to be offset - PIS/COFINS	133,019	145,288	95,138	147,229
Excise Tax (IPI) (i)	-	151,943	-	104,908
Other	27,668	7,034	2,092	1,570
	371,697	460,815	299,603	348,530
Consolidated	460,925	462,693	363,476	363,102

(i) The recorded credit of R$ 151,493 (R$ 104,908 at December 31, 2011) is free to be offset with federal payable taxes and will be recorded during the upcoming years.

The Company and its subsidiaries expect that they will have no losses in realizing these tax credits.

10. Taxes on income - consolidated

The reconciliation of income tax and social contribution at the nominal rate to the effective rate for the years ended December 31, 2012 and 2011 is as follows:

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Profit before taxation	237,315	244,945	230,069	234,146
Nominal rate	34%	34%	34%	34%
Taxes at nominal rate	(80,687)	(83,281)	(78,223)	(79,610)
Tax adjustments for:		-		
Equity in the results of investees and provision for net capital deficiency	118,418	107,708	1,146	488
Difference in rate in companies taxed under the deemed profit method	-	-	4,914	3,637
Taxes written off or not recorded for the period	(17,628)	(7,409)	47,410	42,886
Effect of deferred taxes - Argentina	-	-	(15,056)	
Effect of PAT and other tax incentives	-	-	449	
Effect of income tax surcharge	-	-	365	
Amortization of goodwill	(19,069)	(14,887)	(928)	(702)
Investment grant	-	-	6,528	
Recording of stock options granted	(658)	(2,129)	(2,566)	(8,497)
Effect of rate decrease - Superintendence for the Development of the Amazon (SUDAM) incentive	-	-	53,722	55,758
Other permanent differences	(376)	(2)	(4,463)	3,176
Effective tax income (expense)	-	-	13,298	17,136
Current taxes	-	-	(59,714)	(36,390)
Deferred taxes	-	-	73,012	53,526

Deferred tax credits on tax losses and temporary differences held by the Company, as well as the portion recorded in the balance sheet at December 31, 2012 and 2011, are as follows:

	Consolidated	
	12/31/2012	**12/31/2011**
Tax loss carry forwards	941,422	880,251
Amortization of goodwill	-	102
Provision for variable remuneration	17,796	5,254
Provision for tax credits	6,045	25,016
Provision for State Value-Added Tax (ICMS) of difficult realization	3,496	-
Provision for tax issues	18,108	15,561
Provision for labor claims	37,166	32,772
Provision for civil claims	13,019	9,617
Provision for impairment of trade receivables	14,179	8,791
Provision for unrealized profit	3,784	4,037
Unsettled hedge transactions	8,550	(2,954)
Provisions	16,241	13,352
Adjustments to liabilities (RTT)	(25,570)	(17,719)
Adjustments to assets (RTT)	134,905	67,275
Total tax credits	**1,189,141**	**1,041,355**
(-) Unrecorded credits	607,648	531,738
(=) Net credits recorded	**581,493**	**509,617**

Reconciliation of deferred tax assets

	2012	**2011**
At December 31, 2011	509,617	457,392
Adjustment of balance of subsidiary	(3,131)	(4,062)
Acquisition of subsidiary	2,649	2,578
Tax income (expenses) recorded in the statement of income	73,011	53,526
Foreign exchange variation gain (loss) on deferred income tax	(653)	183
At December 31, 2012	**581,493**	**509,617**

Deferred tax assets are expected to be realized as follows:

	Consolidated	
	12/31/2012	**12/31/2011**
2012	-	45,890
2013	56,992	48,785
2014	44,720	48,377
2015	46,661	42,701
2016	51,241	49,891
2017	57,411	49,891
After 2018	324,468	224,082
Total	581,493	509,617

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.

The indirect subsidiaries ALL Central and ALL Mesopotàmica, based on expected future profit generation and in accordance with accounting practices adopted in Brazil, recognized deferred income tax assets

amounting to R$ 17,706 at December 31, 2012 (R$ 10,973 at December 31, 2011). Tax losses, according to Argentine tax legislation, expire in five years, period considered sufficient by management for full recovery of deferred income tax.

For ALL Intermodal, ALL Malha Oeste and ALL S.A., tax assets on 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 existence of a profitability history and the expectation of future taxable profit for a period of no longer than ten years. Annually, management conducts a technical feasibility study and submits it for the Board of Directors' approval, which presents estimated taxable profit to serve as a basis for the tax assets recorded.

11. Private debentures

On June 21, 2010, the subsidiary ALL Malha Sul S.A. issued two series of 25,000 subordinated debentures not convertible into book-entry shares (first series), at a unit value of R$ 10.00 per debenture, of which only the first series, amounting to R$ 250,000, was issued by the Company.

On May 25, 2012, ALL Malha Sul S.A. amortized in advance the balance of these debentures.

Malha Sul						Long-term receivables	
Series	Date of issue	Amount	Final maturity	Annual remuneration	Effective rate	12/31/2012	12/31/2011
Private debentures	06/01/10	250,000	06/01/13	102% of CDI	10.40%	-	296,819
						-	296,819

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 of the first series, and R$ 10 of the second series, amounting to R$ 300,000, was subscribed by the Company.

Debenture balances are recorded in the Company as follows:

Malha Norte						Long-term receivables	
Series	Date of issue	Amount	Final maturity	Annual remuneration	Effective rate	12/31/2012	12/31/2011
Private debentures - Holding	4/30/2012	200,000	05/02/16	CDI + 1,70%	10.28%	212,519	-
Private debentures - Malha Oeste	4/30/2012	100,000	05/02/16	CDI + 1,70%	10.28%	106,259	
						318,778	-

12. Investments

a) Interest in subsidiaries and associates

	Movimentation									Interest %			
										Total		Voting	
	12/31/12	Equity in the results of investees	Advances for future capital increase	Adjustments	Gain/loss on investments	Dividends	FX variations P&L	FX variations Equity	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
ALL Malha Sul	340,408	(126,732)	359,857	(8,045)	-	-	-	-	565,488	100.00%	100.00%	100.00%	100.00%
ALL Intermodal	163,047	21,640	-	-	-	-	-	-	184,687	100.00%	100.00%	100.00%	100.00%
ALL Overseas	3,989	356	-	-	-	-	-	-	4,345	100.00%	100.00%	100.00%	100.00%
ALL Serviços	100	19,649	-	-	-	(19,649)	-	-	100	99,99%	99,99%	99,99%	99,99%
ALL Equipamentos	24,950	212	-	-	-	-	-	-	25,162	99,99%	99,99%	99,99%	99,99%
ALL Centro Oeste	-		-	-	-	-	-	-	-	-	99,99%	-	99,99%
ALL Malha Paulista	314,284	151,092	-	1,441	-	-	-	-	466,817	100.00%	100.00%	100.00%	100.00%
ALL Malha Norte	1,128,188	374,263	-	1,243	(728)	-	-	-	1,502,966	99,25%	99,18%	99,90%	99,90%
ALL Argentina	17,028	(16,562)	-	-	-	-	-	(36)	430	90,58%	90,96%	72,28%	90,96%
Boswells	12,263	718	-	-	-	-	-	-	12,981	100.00%	100.00%	100.00%	100.00%
ALL - SISA	3	(33,731)	143,049	-	-	-	40,459	(2,824)	146,956	99,99%	51.00%	99,99%	51.00%
Araucária Rail Technology	(108)	433	-	-	-	-	-	-	325	51,00%	51,00%	51,00%	51,00%
Santa Fé Vagões	9,717	(1,063)	-	-	-	-	-	-	8,654	100.00%	100.00%	100.00%	100.00%
ALL Malha Oeste	71,430	(54,296)	-	(3,018)	-	-	-	-	14,116	100.00%	100.00%	100.00%	100.00%
Rail Magement	10	1,152	-	-	-	(944)	-	-	218	50,01%	50,01%	50,01%	50,01%
Brado Holding	82,379	12,807	-	-	-	(12,693)	-	-	82,493	100.00%	100.00%	100.00%	100.00%
Vetria Mineração S.A.	-	-	1,997,183	-	-	-	-	-	1,997,183	50,38%	-	50,38%	-
ALL Participações	(9,569)	(1,650)	-	-	-	-	-	530	(10,689)	100.00%	100.00%	100.00%	100.00%
	2,158,119	348,288	2,500,089	(8,379)	(728)	(33,286)	40,459	(2,330)	5,002,232				

		Subsidiaries / associates		Equity in the results of		Parent: Investment value		Parent: Goodwill	
		Equity	Profit/loss for the year	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
Direct subsidiaries									
ALL Malha Sul	(i)	565,488	(126,732)	(126,732)	(99,415)	565,488	340,408	-	-
ALL Intermodal		184,687	21,641	21,641	(24,849)	184,687	163,047	-	-
ALL Overseas		4,345	357	357	(828)	4,345	3,989	-	-
ALL Serviços		100	19,651	19,649	10,267	100	100	-	-
ALL Equipamentos		25,165	213	213	(292)	24,950	24,950	-	-
ALL Centro Oeste		-	-	-	(289)	-	-	103,955	111,334
ALL Malha Paulista		466,817	151,092	151,092	101,592	466,817	314,284	311,423	330,433
ALL Malha Norte		1,514,476	377,311	374,262	345,711	1,502,966	1,128,188	1,980,638	2,010,282
ALL Argentina	(ii)	(10,293)	(54,296)	(16,563)	(13,699)	429	17,028	-	-
Boswells		12,981	717	717	536	12,981	12,263	-	-
ALL - SISA		146,971	(33,733)	(33,730)	(1)	146,956	3	-	-
Araucária Rail Technology		637	848	433	-	325	-	-	-
Santa Fé Vagões		8,654	(1,063)	(1,063)	(2,696)	8,654	9,717	150	200
ALL Malha Oeste		14,116	(54,296)	(54,296)	(38,165)	14,116	71,430	-	-
Rail Magement		436	2,302	1,151	66	218	10	-	-
Brado Holding		82,493	12,806	12,806	40,640	82,493	82,380	-	-
Vetria Mineração S.A.		3,964,237	-	-	-	1,997,813	-	-	-
				349,937	318,578	5,013,338	2,167,797	2,396,166	2,452,249

The Company records goodwill paid for expected future profitability in the Investments subgroup, and as intangible assets in the consolidated balance sheet, as detailed in Note 13.

(i) ALL Malha Sul has advances for future capital increase (AFAC) amounting to R$ 109,857 (R$ 150,000 at December 31, 2011) recorded in its equity, received from ALL Holding, which fully recognizes AFAC in its investment until it is used to increase capital.

(ii) ALL Argentina has recorded in its equity an AFAC of R$ 108,315 (R$ 113,522 at December 31, 2011) received from ALL which fully recognizes the AFAC in its investment until it is used to increase capital.

The following changes in capital were approved during the fiscal years of 2011 and 2012:

ALL Malha Paulista: At the Board of Directors' meeting held on September 30, 2011, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 100,000, through the issue of 914,196,441 new common shares and 1,690,458,271 new preferred shares at the price of R$ 0.0383928 per share, pursuant to article 170, paragraph 1, item II of Law 6,404/76, and subsequent amendments, based on the net book value per share. Accordingly, capital was increased from R$ 1,388,238 to R$ 1,488,238, represented by 4,605,522,677 shares, of which 1,616,472,395 are common shares and 2,989,050,282 are preferred shares.

ALL Intermodal: At the Board of Directors' meeting held on December 22, 2011, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 20,000, through issuing 9,960,243 new common shares at the price of R$ 2.0079832 per share, pursuant to article 170, paragraph 1, item II of Law 6,404/76, and subsequent amendments, based on the net book value per share. Accordingly, capital was increased from R$ 92,884 to R$ 112,844, represented by 90,320,767 registered common shares without par value.

ALL Malha Sul: At the Board of Directors' meeting held on February 28, 2012, the Board members approved a capital increase by private subscription of shares, in the amount of R$ 150,000, through the issue

of 117,849,451,920 new common shares and 179,295,506,203 new preferred shares at the price of R$ 0.0005048 per share, pursuant to article 170, paragraph 1, item II of Law 6,404/76, and subsequent amendments, based on the net book value per share. Accordingly, capital was increased from R$ 696,615 to R$ 846,615, represented by 599,037,926,297 shares, of which 237,581,992,773 are common shares and 361,455,933,524 are preferred shares.

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

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

Acqusition of the investment in Vetria Mineração S.A.

On December 3, 2012, the Company, Triunfo Participações e Investimentos S.A. and shareholders 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) a railroad freight capacity guaranteed by a freight service contract signed with ALL, and (iii) a mine owned and located in the Urucum Massif, 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 in turn held the full ownership of TPB – Terminal Portuário Brites Ltda., which changed its 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 (“Mining Company”), owner of the operating iron ore mine.

The formation of Vetria considered substantially the following transactions:

(a) On the closing date of the Association, December 3, 2012, Triunfo sold 80% of the capital of Vetria to ALL, to be paid, for approximately R$ 80 million for term payment.

(b) On the closing date, Vetorial sold 100% of the Mining Company to Vetria for approximately R$ 6,8 billion (fair value determined by an independent appraiser). Simultaneously, Vetria assumes the obligation to pay royalties of R$ 6,8 billion for the exploration of the iron ore, payable as the mine is depleted.

(c) ALL and Triunfo authorize Vetorial to convert some R$ 3.4 billion of the royalties receivable into an investment in Vetria, resulting in a dilution of the investment in 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 hold investments of 50.38%, 33.83% and 15.79%, respectively, in Vetria at December 311, 2012. ALL´s shareholding of 50.38% in Vetria was established contractually through an Association Agreement, one of the documents supporting the formation of Vetria, and takes into consideration the contribution of ALL to the venture, represented by the feasibility of the iron ore logistic system.

Vetria´s bylaws and Shareholders´Agreement establish the constitute of a controlling group whereby the decisions relating to operating policies and financial strategies are taken jointly by representatives of all the investing shareholders.

As a result of these events, ALL has recorded the shareholding received as an investment, equivalent to 50.38% of the capital of Vetria (R$ 1,997,183 at December 31, 2012), with a contra entry to deferred income which will be appropriated to income proportionately to the iron ore depletion,. This appropriation will start on the completion of the investments necessary for the projected volume flow of more than 20 million metric tons of iron ore per year.

The Association Agreement provides mechanisms for adjusting the investment of each shareholder in the capital of Vetria in the event of significant changes in the conditions established in the agreement, such as new investments and 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 not, the agreement is considered void and its effects revert to the status quo, that is, the situation existing at December 3, 2012. ALL, Vetorial and Triunfo have structured a concrete business plan to meet these conditions.

The principal conditions are:

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

b) Subsidiaries with net capital deficiency

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

	Subsidiaries		Parent			
	Net capital deficiency	Profit/loss for the year	Changes in provision for capital deficiency for the year		Provision for capital deficiency	
			12/31/2012	12/31/2011	12/31/2012	12/31/2011
Direct subsidiaries						
ALL Participações	(10,689)	(1,649)	(1,649)	(1,361)	10,689	9,569
Araucária Rail Technology S.A.	-	-	-	(428)	-	108
			(1,649)	(1,789)	10,689	9,677

Investments in the consolidated balance sheet

Recorded at cost	Investment carrying amount	
	12/31/2012	12/31/2011
Subsidiaries		
Rhall Terminais	2,956	2,255
TGG	10,231	7,631
Jointly-controlled subsidiaries		
Vetria Mineração S.A.	1,997,183	
	2,010,370	9,886

13. Intangible assets - consolidated

		12/31/2012			12/31/2011	Average annual amortization rates %
		Cost	Accumulated amortization	Net	Net	
Goodwill on acquisition of investments	(i)					
ALL Malha Oeste		125,277	(21,322)	103,955	111,334	5.10%
ALL Malha Paulista		350,904	(39,481)	311,423	330,433	4.76%
ALL Malha Norte		2,055,057	(74,419)	1,980,638	2,010,282	1.44%
Santa Fé		462	(312)	150	200	10.00%
		2,531,700	(135,534)	2,396,166	2,452,249	
Concession agreements	(ii)					
ALL Malha Oeste		3,118	(1,726)	1,392	1,495	3.33%
ALL Malha Paulista		12,252	(8,055)	4,197	4,459	3.33%
ALL Malha Sul		10,830	(5,744)	5,086	5,445	3.33%
		26,200	(15,525)	10,675	11,399	
Other		110,500	(52,795)	57,705	54,327	13.23%
		2,668,400	(203,854)	2,464,546	2,517,975	

The intangible named goodwill, represented by concession rights, recorded of the parent company is classified as intangible assets in the consolidated financial statements.

(i) Added value on acquisition of investments, represented by concession rights, is based on expected future profitability, and is amortized at 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 12/31/2011			Changes up 12/31/12				At 12/31/12		
	Gross cost	Accumulated amortization	Net	Additions	Changes that do not affect cash	Disposals	Amortization	Gross cost	Accumulated amortization	Net
Goodwill on investments	2,531,700	(79,451)	2,452,249	-	-	-	(56,083)	2,531,700	(135,534)	2,396,166
Concession agreements	26,200	(14,801)	11,399	-	-	-	(724)	26,200	(15,525)	10,675
Other	95,234	(40,907)	54,327	1,871	14,100	(705)	(11,888)	110,500	(52,795)	57,705
	2,653,134	**(135,159)**	**2,517,975**	**1,871**	**14,100**	**(705)**	**(68,695)**	**2,668,400**	**(203,854)**	**2,464,546**

Goodwill/concession rights impairment test

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

Malha Norte

The recoverable value of the Malha Norte was determined in December 2011, 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 discount rate before taxes applied to cash flow projections is 12.2% p.a. and cash flows exceeding a ten-year period are estimated at a growth rate of 1.0%, which the Company considers conservative in relation to 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$ 1,980,638 (R$ 2,452,050 at December 31, 2011) is allocated.

Main assumptions used in value-in-use calculations

The value-in-use calculation for the Malha Norte is more sensitive to the following assumptions:

Operating margins

The operating margins are based on the average amounts obtained in the three years prior to the beginning of the budget period. These margins vary over the projection period, according to the implementation and development of the company's projects. In the long term the projected operating margin is around 35% of the net revenue.

Discount rates

The discount rates reflect the current market assessment related to risks specific to the cash-generating unit. The discount rate was estimated based on the average weighted cost of capital for the segment and is equivalent to 12.2% p.a. This rate was adjusted to reflect the market assessment of any risk specific to the cash-generating unit.

Growth rate estimates

The rates are based on management's expectations for the next years. The long-term rate used to extrapolate the budget has been adjusted by any additional element identified by management.

Sensitivity to changes in assumptions

In the assessment of value in use, management believes that no reasonably possible change in any of the main assumptions mentioned above would make the unit's carrying amount exceed significantly its recoverable amount.

Malha Argentina

In December 2010, the Company assessed the recoverable value of the Malha Argentina through a calculation based on the value in use from projections of future cash flows in US dollars, considering financial budgets approved by senior management for a five-year period and extended for the same period. The discount rate before taxes, applied to cash flow projections, is 11.89% p.a. . (in US dollars).

At June 30, 2011, management reviewed the estimates of the recoverable value of the goodwill balance allocated to ALL Argentina and the remaining balance on that date, in the amount of R$ 12,883, was written off against the result for the period.

During 2012, management performed impairment tests over goodwill and did not identify necessity of any additional impairment amount for the remaining balance

14. Property and equipment - consolidated

	12/31/2012			12/31/2011	Average annual depreciation rates % % Taxas médias anuais de depreciação
	Cost	Accumulated depreciation	Net	Net	
Leasehold improvements					
Locomotives	1,171,858	(354,450)	817,408	800,486	4.00%
Wagons	798,164	(201,614)	596,550	499,416	3.33%
Track	2,523,700	(496,743)	2,026,957	1,750,665	4.42%
Other	270,353	(130,080)	140,273	170,104	5.34%
	4,764,075	(1,182,887)	3,581,188	3,220,671	
Own property and equipment in use					
Locomotives	372,227	(103,939)	268,288	434,552	4.00%
Wagons	385,027	(112,749)	272,278	274,719	3.33%
Track	1,235,380	(157,206)	1,078,174	872,533	1.48%
Warehouses	5,822	-	5,822	50,264	
Land	36,653	-	36,653	45,704	
Buildings	93,067	(31,862)	61,205	48,104	5.20%
Furniture and fittings	15,656	(12,642)	3,014	3,647	10.00%
Road vehicles	78,384	(17,764)	60,620	63,384	14.54%
Data processing equipment	110,612	(82,984)	27,628	28,902	19.71%
Telecommunication and signal equipment	60,312	(34,642)	25,670	21,667	9.70%
Equipment for track and railroad transportation maintenance	101,217	(63,506)	37,711	47,919	9.94%
Aircraft	9,981	(827)	9,154	-	10.00%
Machinery and equipment	74,841	(35,450)	39,391	17,517	10.00%
Other	196,576	(60,896)	135,680	108,368	10.00%
	2,775,755	(714,467)	2,061,288	2,017,280	
Finance leases					
Locomotives	599,920	(101,988)	497,932	198,243	9.80%
Wagons	1,049,832	(347,743)	702,089	783,542	10.21%
Civil construction	19,503	(6,547)	12,956	14,636	9.09%
Equipment	17,290	(6,432)	10,858	12,587	10.00%
	1,686,545	(462,710)	1,223,835	1,009,008	
Construction in progress					
Locomotives	39,034	-	39,034	53,264	
Wagons	62,892	-	62,892	68,624	
Track	903,280	-	903,280	843,912	
Civil construction	-	-	-	29,110	
Other	95,020	-	95,020	20,012	
	1,100,226	-	1,100,226	1,014,922	
	10,326,601	(2,360,064)	7,966,537	7,261,881	

Summary of changes in property and equipment:

	At December 31, 2011			Changes in the third quarter of 2012					At December 31, 2012		
Classes of property and equipment	**Cost**	**Accumulated depreciation**	**Net**	**Additions**	**Changes that do not affect cash**	**Disposals**	**Transfers**	**Net depreciation**	**Accumulated cost**	**Accumulated depreciation**	**Net**
Locomotives	1,710,848	(475,810)	1,235,038	-	(307,118)	(2,278)	142,633	17,421	1,544,085	(458,389)	1,085,696
Wagons	1,063,107	(288,973)	774,134	-	(794)	(2,116)	122,994	(25,390)	1,183,191	(314,363)	868,828
Track	3,158,021	(534,822)	2,623,199	-	(8,111)	(4,885)	614,055	(119,127)	3,759,080	(653,949)	3,105,131
Finance leases	1,338,595	(329,587)	1,009,008	-	347,950	-	-	(133,123)	1,686,545	(462,710)	1,223,835
Construction in progress	1,014,922	-	1,014,922	906,719	170,478	(11,589)	(980,304)	-	1,100,226	-	1,100,226
Other	982,360	(376,780)	605,580	12,327	(37,648)	(4,187)	100,622	(93,873)	1,053,474	(470,653)	582,821
TOTAL	**9,267,853**	**(2,005,972)**	**7,261,881**	**919,046**	**164,757**	**(25,055)**	**-**	**(354,092)**	**10,326,601**	**(2,360,064)**	**7,966,537**

During the year ended December 31, 2012, R$ 110,719 (R$ 134,879 in 2011) was capitalized as construction in progress, regarding financial charges generated by loans used to finance this construction, with no effect on cash flows. The financial cost of capitalizing interest on qualifying property and equipment was 154.8% of the CDI per annum.

Leases and constructions in progress

The carrying amount of property and equipment held under finance lease agreements at December 31, 2012 was R$ 1,686,545 (R$ 1,338,595 in December 2011). Over the period, additions were recorded in property and equipment amounting to R$ 407,709 (R$ 423,545 at December 31, 2011) regarding items under finance lease agreements and construction in progress under long-term contracts, with no effects on cash flows.

As detailed in Note 17.1, finance lease agreements are classified as property and equipment and depreciated consistently with criteria applicable to other property and equipment items.

15. Borrowings

	Annual charges	Effective rate	Maturity	12/31/2012	12/31/2011
Parent					
In local currency					
Commercial banks	109.9% of CDI	9.30%	July 2015	206,609	210,524
Investments - BNDES	TJLP+1.8%	7.30%	Quarterly/monthly up to June 2017	43,484	53,195
In local currency					
Swap transactions				(17,320)	(10,260)
Total parent company				**232,773**	**253,459**
Subsidiaries					
In local currency					
ALL Malha Sul				**1,649,680**	**1,581,859**
CCB	CDI + 1.25%	9.79%	September 2015	328,858	330,545
	CDI + 1.23%	9.77%	October 2014	132,409	120,496
BNDES (Investments)	TJLP + 1.4%	6.90%	Quarterly up to July 2022	565,679	407,835
	TJLP + 2.5%	8.00%	Quarterly/monthly up to June 2017	188,471	230,460
	TJLP + 1.5%	7.00%	Quarterly/monthly up to June 2022	6,647	7,351
	TJLP + 1.8%	7.30%	Quarterly/monthly up to June 2017	95,486	116,775
BNDES (FINAME)	TJLP + 3.75%	9.25%	January 2017	814	1,014
Commercial Credit Notes (NCC)	107.5% of CDI	9.09%	July 2015	33,331	45,170
	107.0% of CDI	9.05%	March 2013	203,526	205,375
Export Credit Notes (NCE)	11.77% Fixed BRL	11.77%	June 2013	92,488	82,678
Export Credit Notes (NCE)	12.07% Fixed BRL	12.07%	October 2012	-	34,160
FINIMP	122.30% of CDI	10.41%	April 2013	1,971	-

Continued

	Annual charges	Effective rate	Maturity	12/31/2012	12/31/2011
Ritmo				**15,229**	**1,254**
Commercial banks	CDI + 2.30%	11.53%	Monthly up to November 2017	410	-
BNDES (FINAME)	TJLP + 2.59%	8.59%	Monthly up to March 2017	14,819	1,254
ALL Malha Paulista				**413,611**	**350,382**
Investments - BNDES	TJLP + 1.4% p.a.	6.90%	Quarterly/monthly up to June 2022	330,881	250,953
	TJLP + 1.5%	7.00%	Quarterly/monthly up to October 2022	4,190	4,620
	TJLP + 2.5%	8.00%	Quarterly/monthly up to October 2017	78,540	94,809
ALL Malha Norte				**807,939**	**813,752**
Investments - BNDES	TJLP + 1.5% p.a.	7.00%	Quarterly/monthly up to September 2016	243,691	352,286
	TJLP + 3%	8.50%	Quarterly/monthly up to January 2016	97,007	128,554
	TJLP + 2.71%	8.21%	Quarterly/monthly up to June 2029	386,779	251,541
	TJLP +1.4%	6.90%	Quarterly/monthly up to June 2022	79,416	81,370
FINIMP	122.30% of CDI	10.41%	April 2013	1,046	-
ALL Malha Oeste				**78,146**	**66,217**
Investments - BNDES	TJLP + 1.4%	6.90%	Quarterly/monthly up to June 2022	78,146	66,217
Terminal XXXIX				**-**	**7**
Investments - BNDES	TJLP + 6%		Quarterly/annual up to December 2011	-	7
Brado				**81,906**	**51,085**
Commercial banks (terminal)	CDI + 3.15%	11.85%	Up to June 2016	14,909	31,563
BNDES (FINAME)	TJLP + 2.80%	8.80%	Up to July 2022	39,301	-
Export Credit Notes (NCE)	CDI + 2.18%	10.80%	Up to June 2014	16,020	-
Investments - BNDES	TJLP + 3.55%	9.55%	Up to July 2022	11,676	19,522
				3,046,511	**2,864,555**

Continued

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

	12/31/2012	12/31/2011
ALL Malha Sul		
Swap transactions	8	-
ALL Malha Norte		
Swap transactions	4	(1,844)
ALL Malha Paulista		
Swap transactions	-	75
	12	**(1,769)**

In local currency

	12/31/2012	12/31/2011
ALL Malha Sul		
Swap transactions	27,204	12,640
ALL Malha Oeste		
Swap transactions	5,109	(1,421)
	32,313	**11,219**

Foreign currency (in Argentine pesos - P$)

	Annual charges	Effective rate	Maturity	12/31/2012	12/31/2011
ALL Argentina				**191**	**81,284**
Commercial banks	16.00%	16.00%	March 2013	191	9,748
Patagonia	17.00%	17.00%	August 2012		7,004
Santander	19.75%	19.75%	October 2012		13,248
Citibank	16.65%	16.65%	June 2012		2,195
Citibank	17.25%	17.25%	August 2012		3,589
Citibank	20.00%	20.00%	October 2012		30,025
HSBC	19.25%	19.25%	October 2012		15,475
Total subsidiaries				**3,079,027**	**2,955,289**
Total consolidated				**3,311,800**	**3,208,748**
Current portion				870,738	457,534
Long-term portion				2,441,062	2,751,214

Breakdown of long-term liabilities by maturity year:

	Consolidated	
	12/31/2012	12/31/2011
2,013	-	782,766
2,014	203,676	659,147
2,015	682,867	434,757
2,016	458,425	216,895
As from 2017	1,096,094	657,649
Total	**2,441,062**	**2,751,214**

Acronyms

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

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

Borrowings are guaranteed by promissory notes for the total financed amount, considering the same agreed amounts and conditions, except for financed locomotives, wagons and trucks, for which the items themselves are given in guarantee.

Effective rates were calculated based on an annual basis by reference to an average CDI rate of 8.44%, TJLP of 6% and IPCA of 5.84%.

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

When the Company obtains borrowings in a foreign currency, swap transactions are also contracted to hedge against Real x US dollar currency risks.

Some agreements include covenants with financial limits for the Company. These limits are computed on a quarterly basis on the financial statement issue date, using the consolidated results, and are being met.

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

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

The covenant regarding adjusted EBITDA to Finance Result is calculated based on consolidated adjusted EBITDA accumulated for the past four quarters, divided by Consolidated Finance Result. For finance result computation purposes, this covenant only considers interest on debentures, borrowings, hedge transactions and foreign exchange variation of the Company's foreign subsidiary "ALL Argentina". The following amounts correspond to covenant lower limits for the period:

Year	**2.012**	**2.013**	**2.014**	**2.015**	**2.016**
EBITDA/finance income (costs)	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, covenants have been fulfilled by the Company.

	4Q11	1Q12	2Q12	3Q12	4Q12
Net debt/EBITDA	2.24	2.48	2.58	2.40	2.34
EBITDA/finance income (costs)	3.13	3.02	2.99	3.01	3.07

The adjusted EBITDA is duly demonstrated in the management report and reconcilied in the document "Consolidação LAJIDA consolidado" located in ALL sector "Dados Econômicos Financeiros" in CVM's homepage (www.cvm.gov.br), as required by CVM Instruction 527 of October 4, 2012, which provides on EBITDA disclosure.

16. Debentures - consolidated

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

						12/31/2012		12/31/2011	
Series	Date	Amount	Final maturity	Annual remuneration	Effectiv e rate	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Parent									
5th issue	09/01/05	200,000	09/01/14	CDI + 2.40%	11.03%	24,099	21,549	15,438	51,702
6th issue	07/01/06	700,000	07/01/14	CDI + 2.40%	11.03%	72,160	66,409	79,750	132,036
7th issue - (i)	11/17/2009	5	10/02/12	IPCA + 3%	9.84%	-	-	6	-
8th issue - 1st	4/15/2011	539,160	4/15/2016	CDI + 1.65%	10.22%	11,562	537,443	13,034	536,621
8th issue - 2nd	4/15/2011	270,840	4/16/2018	IPCA + 8.4%	14.73%	17,107	295,339	16,196	279,512
9th issue - 1st	8/22/2011	145,769	7/15/2016	CDI + 1.65%	10.22%	10,373	141,680	6,833	142,918
9th issue - 2nd	8/22/2011	219,150	7/15/2016	CDI + 1.65%	10.22%	7,687	213,029	8,877	215,008
10th issue	10/01/12	750,000	10/02/17	CDI + 1.30%	9.84%	1,755	745,993	-	-
						144,743	2,021,442	140,134	1,357,797
Direct subsidiaries									
ALL Malha Sul									
3rd issue	09/08/08	166,666	7/31/2018	108% of CDI	9.14%	8,347	189,324	22,551	159,134
						8,347	189,324	22,551	159,134
ALL Malha Norte									
1st issue	07/01/97	100,000	6/30/2016	TJLP + 1.5%	7.00%	68,780	124,491	45,738	186,736
2nd issue	04/10/00	60,000	05/01/15	TJLP + 4%	9.50%	-	-	11,901	35,701
3rd issue	1/14/2002	40,000	05/01/15	TJLP + 4%	9.50%	-	-	7,629	22,887
6th issue	09/08/08	166,666	7/31/2018	108% of CDI	9.14%	4,748	164,086	7,914	163,524
8th issue	10/18/2012	160,000	10/19/2020	10.10% Fixed BRL	10.10%	2,568	153,949		
Debentures	07/01/97	100,000	6/30/2016	% BRL		20,673	66,808	-	89,906
						96,769	509,334	73,182	498,754
ALL Malha Paulista									
1st issue	09/10/08	166,666	7/31/2018	108% of CDI	9.63%	6,309	164,086	7,914	163,523
						6,309	164,086	7,914	163,523
Consolidated						256,168	2,884,186	243,781	2,179,208

Breakdown of long-term liabilities by maturity year:

	Consolidated	
	12/31/2012	31/12/11
2013	-	254,020
2014	181,861	169,361
2015	521,214	526,613
2016	645,196	617,936
As from 2017	1,535,915	611,278
Total	**2,884,186**	**2,179,208**

(i) At the Board of Directors' meeting held on June 28, 2011, the directors approved the 9th public issue of 41,432 simple and subordinated debentures in two series, with guarantee, not convertible into shares, totaling R$ 359,676, issued solely and exclusively to enable 5th and 6th issue debentures to be exchanged.

In the 1st series, 13,376 debentures were placed with holders of 5th issue debentures, with a unit value of R$ 10.7 and a premium of 2.16% on the number of debentures of each holder of 5th issue debentures.

In the 2nd series, 28,056 debentures were placed with holders of 6th issue debentures, with a unit value of R$ 7.7 and a premium of 2.09% on the number of debentures of each holder of 6th issue debentures. The issue was made in compliance with Law 6,404, of December 15, 1976, and subsequent amendments, and CVM Instruction 476, of January 16, 2009.

Rescheduling, covenant and guarantee clauses:

There is no repricing scheduled for any of the issues.

The covenants of the issues include financial limits detailed in Note 15 "Borrowings" and are related to the Company's consolidated profit or loss. Failure to comply with these limits automatically causes early maturity.

Some issues of the Company and its subsidiaries have guarantees provided by related parties, as detailed in Note 20 "Related-party transactions".

17. Lease agreements - consolidated

17.1 Finance leases

The Company and its subsidiaries have lease agreements, particularly 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 relating to 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 ownership thereof.

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

Lease agreement-related balances are as follows:

	12/31/2012		12/31/2011	
Assets	**Current liabilities**	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
ALL Malha Sul				
Wagons	67,358	179,991	67,358	230,619
ALL Malha Norte				
Rolling stock	71,472	540,402	72,584	511,753
ALL Malha Paulista				
Rolling stock	46,238	602,483	95,141	289,189
Brado Logística				
Reach Stacker/IT equipment	1,023	8,551	776	906
	186,091	1,331,427	235,859	1,032,467

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 payments - years		
Assets	**Up to 1**	**From 1 to 5**	**Over 5**
ALL Malha Sul			
Wagons	89,993	263,421	8,346
ALL Malha Norte			
Rolling stock	82,285	358,232	112,479
ALL Malha Paulista			
Rolling stock	152,963	579,418	31,590
Brado Logística			
Reach Stacker/IT equipment	583	7,491	-
	325,824	1,208,562	152,415

Lease agreements have various maturities, the last of which terminates in July 2021. Amounts are subject on an annual basis to adjustment based on the IGP-M index, plus TJLP. In order to state payments at present value, an average CDI rate of 10% was considered.

17.2 Operating leases

		Total future minimum payments		
Assets		**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**
Vehicles	(i)	3,285	657	-
Software	(ii)	1,880	-	-
Property	(iii)	820	-	-
		5,985	657	-

The payments of the installments of the operating leases (rental) are recognized as expenses on a straight-line basis over the life of the corresponding agreement. These agreements include leased vehicles, software and properties. 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 4/1/2012) and may be renewed for the same period, if mutually agreed by the parties. Prices are adjusted by the annually IGP-M index, beginning 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 annually adjusted by the IGP-M index.

18. Leases and concessions - consolidated

The Company and its subsidiaries record their liabilities related to lease agreements on a straight-line basis, in accordance with the effective terms of these liabilities. Non-current amounts refer to amounts unpaid 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.

	12/31/2012		12/31/2011	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Lease agreements				
ALL Malha Sul	13,558	32,326	12,616	33,927
ALL Argentina	25,401	-	10,768	-
ALL Malha Paulista	-	766,778	-	642,152
ALL Malha Oeste	-	583,997	-	512,306
Concessions				
ALL Malha Sul	3,500	20,744	3,237	19,802
ALL Malha Paulista	-	21,910	-	52,007
ALL Malha Oeste	-	40,548	-	36,247
	42,459	1,466,303	26,621	1,296,441

Lease and concession agreement conditions are as follows:

	Leases and concession agreements						
	Term in years	Agreement value	Amount paid in cash	Balance	Quarterly installments	Payment beginning	Financial cost
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 subsidiary ALL Malha Sul are allocated on a straight-line basis to liabilities and profit or loss, over the life of the corresponding agreement, plus IGP-DI variation and interest

at agreed-upon rates. Installments for the grace period (1997 to 1999) are being paid, with corresponding monetary restatement, 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 - 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 19.

Considering that ALL Malha Norte needs the ALL Malha Paulista lines to continue its transportation business, starting in Mato Grosso and Mato Grosso do Sul States and ending in Santos (SP), ALL Malha Norte executed with ALL Malha Paulista, on January 10, 2006, a Private Instrument of Guarantee, whereby it made a judicial deposit in favor of ALL Malha Paulista amounting to R$ 113,529 at December 31, 2012 (R$ 113,191 at December 31, 2011).

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

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

ALL Malha Norte - On May 19, 1989, direct subsidiary ALL Malha Norte entered into a Concession Agreement with the Federal Government to establish a cargo railroad transportation system, including the construction, operation, use and maintenance of the railroad between Cuiabá (state of Mato Grosso) and: a) Uberaba/Uberlândia (state of Minas Gerais); b) Santa Fé do Sul (state of São Paulo); c) Porto Velho (state of Rondônia); and d) Santarém (state of Pará). This concession agreement shall remain effective for a 90-year period, and can be extended for the same period of time, which can be granted 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 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 cause damage to 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, indemnification of the stockholders will be calculated based on the fair value of concession-related net assets, computed at the time of expropriation.

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

19. Refundable deposits, restricted amounts and provision for lawsuits - consolidated

	Judicial deposits		Contingencies			
			Probable		Possible and remote	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Labor claims						
In Brazil	197,688	217,335	111,339	116,632	785,681	868,237
Civil, regulatory and environmental claims						
In Brazil	128,341	126,958	38,636	28,627	538,815	445,401
In Argentina	-	-	9,459	8,863	-	-
Tax claims						
In Brazil	2,455	9,656	58,680	55,559	1,923,543	1,500,967
	328,484	353,949	218,114	209,681	3,248,039	2,814,605

	12/31/2011	Additions	Payments	Reversals	12/31/2012
Labor claims	116,632	124,029	(113,202)	(17,020)	111,339
Civil, regulatory and environmental claims	37,490	18,243	(6,935)	(703)	48,095
Tax claims	55,559	12,972	(27)	(9,824)	58,680
Total	209,681	156,144	(120,164)	(27,547)	218,114

The subsidiaries are parties to various lawsuits arising in the normal course of their businesses. The Company's management believes that the outcome of these lawsuits will not have an effect significantly different from the amount provided for, which corresponds to the amounts of lawsuits considered as "probable losses".

a) Labor claims

The subsidiaries are parties to several labor claims and, at December 31, 2012, recorded a consolidated provision amounting to R$ 111.339 (R$ 116,632 at December 31, 2011), to cover claims for which the likelihood of an unfavorable outcome was considered as 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 compensations, and others.

b) Civil, regulatory and environmental claims

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 others. Based on the opinion of its legal advisors and prior court decisions, management maintains provisions for claims for which the likelihood of an unfavorable outcome has been considered as probable.

Regulatory

Among significant claims, both ALL Malha Paulista and ALL Malha Oeste are currently challenging in court the economic and financial unbalance of the 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 unbalance of the Lease and Concession Agreements, due to the high

disbursement incurred by the Company for payment of labor claims and related expenses, which are the responsibility of RFFSA.

ALL Malha Paulista requested an expert inspection to determine the new appropriate value of the lease and concession installments, as well as a suspension of the payment of installments falling due and due through the effective expert inspection. 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 amount related to the lease installments in court through September 2007, when legal authorization to substitute bank surety letters for judicial deposits was obtained.

ALL Malha Oeste is making a claim for the reestablishment of the economic and financial balance lost due to the cancellation of the transportation contracts existing at the time of privatization. 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.

Concession agreement-related liabilities are recorded under Lease and Concession Agreements, as disclosed in Note 18.

Environmental

These amounts arise from violation notices served by the São Paulo State Basic Sanitation Technology and Environment Protection Agency (CETESB), the Brazilian Environmental Institute (IBAMA) and Local Environmental Departments, and are mostly due to soil and water contamination from product leakage, as well as 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 in the concessionaires.

c) Tax

Key tax-related discussions involve "Export ICMS" (Value-added Tax on Sales and Services (ICMS) on the transportation of goods to be exported), differential of 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.

No provision was set up for tax claims for which the likelihood of an unfavorable outcome has been rated as possible or remote. For those considered as probable, a provision was set up amounting to R$ 58,678 (R$ 55,559 at December 31, 2011).

Export ICMS **-** The São Paulo Finance Department issued tax assessments against ALL Malha Sul, the current value of which is approximately R$ 77,847, due to the non-payment of ICMS related to railroad transportation services rendered for goods to be exported, and the use of ICMS credits supposedly not authorized by legislation. In the second quarter of 2010, an initial favorable decision was awarded by the São Paulo Tax Court, in order to annul the payment of ICMS on export operations. In the fourth quarter of 2010, two of the discussions shifted from an administrative to a judicial level, with the filing of the Stay of Tax Proceedings that preceded the offer of a surety letter to serve as a guarantee for the court. The risk of loss of this lawsuit is considered as possible.

ALL Malha Oeste was served a tax notice referring to the same matter, currently amounting to approximately R$ 30,531. All tax assessments are being challenged at the judicial level with surety letter to serve as a guarantee for the court. It is worth noting that the Higher Court of Justice (STJ) has already established that ICMS tax should not be levied on the transportation of goods to be exported, considering a

provision in article 155 of Brazilian Federal Constitution, and in article 3, item II, of Law 87/1996. The risk of loss of this lawsuit is considered as possible by the Company's legal advisors.

ALL Malha Norte filed an Action for Annulment of tax debt, since the company was served a tax notice for the non-payment of ICMS on transportation services for goods to be exported. The amount involved is R$ 14,817. In the last quarter of 2010, specifically in December 2010, the Mato Grosso State Court issued a final and unappealable decision in favor of ALL Malha Norte, confirming the trial court's decision and fully annulling the tax notice. The High Court Judges understand that ICMS is not due on the transportation of goods to be exported after delivery at ports, which reduced the contingency by R$ 14,817. The risk of loss of this lawsuit is considered as possible.

In June 2011, Mato Grosso State issued a new 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 new claim, since it understands that these operations are not subject to ICMS taxation on the transportation of goods to be exported, 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$ 70,382 (current amount). ALL Malha Norte appealed against this decision at the Court of Administrative Tax Appeals. This appeal is pending judgment. The risk of loss of this lawsuit is considered as possible.

ICMS - on property and equipment credits - In April 2005, ALL Malha Sul was awarded a favorable decision at the Rio Grande do Sul State Court of Justice regarding a tax notice served by the Rio Grande do Sul State Department contesting the use of ICMS tax credits on the acquisition of assets and equipment intended for property and equipment renovation and refurbishment. Based on this decision, Rio Grande do Sul State filed an Extraordinary Appeal with the Federal Supreme Court (STF), which stated to be favorable in relation to the credits, and only determined the return of the claim so that the Rio Grande do Sul State Court of Justice voices an opinion in relation to the rate differential. In relation to this determination of the STF concerning the return of the judicial instruments to TJ/RS, ALL filed an appeal by way of case stated which is pending judgment. Tax assessments discussed in court amount to approximately R$ 21,924, of which ALL has already paid R$ 11,192 to the Rio Grande do Sul State public treasury and has suspended payment of the remaining R$ 8,825 as a result of the aforementioned favorable decision of the Rio Grande do Sul Court of Justice, which has already been confirmed by 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 revenues from mutual traffic and right of way, and is challenging the restated amount of R$ 78,940, for the period of 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 by concessionaires in charge of transportation upon shipment. Decisions awarded to date have already reduced the assessments by approximately R$ 43,000. For this lawsuit, the likelihood of loss is considered possible.

IRPJ/CSLL, PIS and COFINS - ALL Malha Sul was served a tax assessment amounting to R$ 620,383 for the exclusion from the tax base of interest on investments made in Austria and Spain, and finance costs considered as non-deductible. The tax authorities have also issued PIS and COFINS tax notices on swap transactions taken out for borrowings in foreign currency. The company understands that the likelihood of an unfavorable outcome is remote, 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 hedge transactions was ruled out by Decree 5,442/2005. In March 2011, ALL Malha Sul became aware of the first-level administrative decision (Federal Revenue Regional Office), which reduced the tax assessment to R$ 335,913. ALL Malha Sul filed a voluntary appeal with the Administrative Board of Federal Tax Appeals (CARF), which is pending judgment. For this lawsuit, the likelihood of loss is considered possible.

Municipal Real Estate Tax (IPTU) - ALL Malha Sul and ALL Malha Paulista have approximately R$ 2,821 relating to IPTU taxation on Federal Government-owned properties, which, due to the concession 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.

Serviced Tax (ISS) - Portofer was served three tax assessments currently amounting to approximately R$ 2,780. These were issued by the Santos City tax authorities, which disregarded the legal form of Portofer (special purpose entity aiming 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 tax assessments be annulled, since Portofer is a non-profit entity, and only apportions expenses. For this lawsuit, the likelihood of loss is considered probable.

IRPJ/CSLL - In November 2010, ALL Intermodal was served a tax assessment by the Brazilian Federal Revenue Secretariat originally amounting to R$ 63,251 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, therefore, were disallowed by the Brazilian IRS. 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 activities. The voluntary appeal is pending judgment with CARF.

Social security contributions - In June 2011, ALL Malha Paulista was served a tax assessment originally amounting to R$ 38,241, regarding the non-payment of social security contributions on labor indemnification amounts. 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 that reduced the debt amount to approximately R$ 700. The company filed a special appeal with the Superior Board of Judgment 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, 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 Curitiba Federal Tax Appeals Division (DRF) partially upheld the appeal filed by the Company, reducing the tax assessment amount to R$ 272,271. The Company filed a Voluntary Appeal with CARF to partially change this decision 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 in the updated amount of R$ 28,594 with reference to alleged social security contributions on the Company's Stock Option Plans, considered as compensation by the Federal Revenue Service. The Company presented a defense claiming that the Stock Option Plans are merely of a commercial nature. The Curitiba Federal Tax Appeals Division (DRF) issued a decision maintaining the tax debt in full. The Company filed a Voluntary Appeal, which is awaiting judgment by CARF. For this lawsuit, the likelihood of loss is considered possible.

IRRF - ALL Malha Paulista requested the offset referring to credits from the negative balance of income tax for 2009, computation period from January 1, 2008 to December 31, 2008. The Brazilian Federal Revenue Service, after judging the offsets 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$ 50,687. 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 8,981/1995. Consequently, the Company is claiming the totality of the credit rights from the negative balance of IRPJ indicated in the Payment Receipts and/or Requests for Offset (PER/DCOMP), which is the subject matter of the proceeding Currently, the Company is waiting for a decision regarding the objection filed. For this lawsuit, the likelihood of loss is considered possible.

Installment Payment 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 sufficient balance of income tax and social contribution tax losses to offset the debts included in such installment payment. The partial granting of the installment payment requests originated the administrative proceedings of ALL Malha Sul and ALL Intermodal, the current amounts of which, R$ 88,026 and R$ 10,050, respectively, are awaiting judgment at the lower administrative court. For these lawsuits, the likelihood of loss is considered possible.

20. Related-party transactions

Entities considered related parties are reported in Note 3.

	Parent							
	Long-term receivables		Non-current liabilities		Revenue		Expenses/Costs	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Subsidiaries								
ALL Argentina	88,460	78,683	4,348	5,597	-	-	-	-
ALL Armazéns Gerais		-	-	11,249	-	-	-	-
ALL Equipamentos	98	58	-	-	-	-	-	-
ALL Intermodal	-	-	-	-	-	-	-	-
ALL Malha Norte	-	11,904	-	-	11,463	11,760	-	-
ALL Malha Oeste	-	-	-	146	-	-	-	-
ALL Malha Paulista	-	-	-	-	43,942	45,975	-	-
ALL Malha Sul	203	-	-	12	1,100	-	-	-
ALL Overseas	214	196	-	-	-	-	-	-
ALL Participações	-	-	11	11	-	-	-	-
ALL Rail Management	-	60	-	-	-	-	-	-
Araucária Rail Technology S.A.	4,479	4,099	-	-	-	-	-	-
ALL Serviços	-	1,097	-	-	-	-	1,398	790
Boswells	-	-	12,762	-	-	-	-	-
Santa Fé	2,048	4,216	-	-	-	-	-	-
Portofer	-	-	-	-	-	-	-	-
Associates							-	
PGT	-	-	77	77	-	-	-	-
	95,502	100,313	17,198	17,092	56,505	57,735	1,398	790

Related-party transaction terms and conditions

Related-party transactions are carried out strictly in accordance with 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 year end are free from interest, and some transactions have no specified maturity date. Part of these transactions is settled within the financial year, always in cash or by offsetting accounts.

There is no insurance coverage for related-party transactions.

For the year ended December 31, 2012, there was no contingency with respect to related-party receivables. This assessment is made every financial year, by examining related-party financial positions and the market where each of them operates. The Company did not record a provision for impairment of trade receivables on existing balances.

In addition, the subsidiary ALL Malha Norte has with BNDES Participações S.A. (a stockholder of ALL Holding) a debenture transaction, bearing market interest, amounting to R$ 280,752 at December 31, 2012, maturing through June 2016.

Additionally, there are operation agreements between the ALL group companies, carried out strictly in accordance with agreed-upon conditions, as well as, there are loans agreement executed with the indirect Argentinean subsidiaries, ALL Mesopotàmica and ALL Central, which amounts at December 31, 2012 totaling R$ 19,956 and R$ 75,646, respectively, maturating in 2013 and 2014.

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

	Guaranteed entity				
Guarantors	**ALL S.A.**	**ALL Malha Sul**	**ALL Malha Paulista**	**ALL Malha Norte**	**Total**
ALL S.A. (subsidiary)					
Debentures	-	197,671	170,395	325,351	693,417
BNDES	-	195,117	82,730	-	277,847
CCB	-	817,816	-	-	817,816
	-	1,210,604	253,125	325,351	1,789,080
ALL Malha Sul					
Debentures	2,166,185	-	-	-	2,166,185
ALL Malha Norte					
Debentures	1,981,969	-	-	-	1,981,969
ALL Malha Paulista					
Debentures	1,981,969	-	-	-	1,981,969
ALL Malha Oeste					
Debentures	1,981,969	-	-	-	1,981,969
ALL Intermodal					
Debentures	184,216	-	-	-	184,216
CCB	-	328,858	-	-	328,858
	184,216	328,858	-	-	513,074

Transactions with other related parties

Management compensation

The minutes of the General Meeting held on April 29, 2011 set an annual global compensation of R$ 600 for the members of the Board of Directors, and an annual global compensation of up to R$ 29,500 for management, these compensations are valid up to the next Annual General Meeting.

The table below shows the compensation recognized during the years:

		12/31/2012	12/31/2011
Basic earning per share		22,757	27,741
Stock Option	(i)	5,698	18,762

(i) The conditions are described in Note 26.

For management compensation, no guarantees are given or received.

The Company did not record a provision for impairment of trade receivables on existing balances.
The Company adopts the corporate governance practices recommended and/or required by applicable legislation, including those established in the Differentiated Corporate Governance Practices Regulation - New Market, published by the São Paulo Futures, Commodities and Securities Exchange - (BM&FBOVESPA S.A.).

The decision regarding all the Company's transactions is submitted to the Board of Directors, the Executive Board or the Statutory Audit Committee, according to the attributes described in the bylaws. Accordingly, all the transactions, especially those with related parties, were submitted to the Company's decision-making bodies to which they were subordinated, according to the rules in force. Moreover, in conformity with Law 6,404/76, and subsequent amendments, any member of the Company's Board of Directors, who has conflicts of interest with those of the Company, cannot vote in any meeting of the Board or participate in any transaction or business involving these interests.

21. Provision for unrealized profit

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 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 December 31, 2012, R$ 8,182 (R$ 7,438 up to December 31, 2011) was realized. Realization of profit is recognized on a straight-line basis over the period of the right of use.

22. 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:

		12/31/12		12/31/11	
		Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
ALL S.A. (subsidiary)	(i)	43.375	133.304	29.967	75.794
ALL Malha Norte	(ii)	107.655	228.560	121.644	346.443
		151.030	361.864	151.611	422.237

The balance is composed of two CRI operations:

(i) CRI I: On February 29, 2008, the Company entered into an agreement with CIBRASEC assigning credits arising from the leasing of the Terminal Intermodal de Tatuí. CIBRASEC, in turn, issued Real Estate Receivables Certificates (CRI) which are remunerated at the rate of 12.38% p.a., from the issue date to the maturity date of each CRI. Effective terms and maturities are fixed; 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 Real Estate Receivables Certificates (CRI) which are remunerated based on CDI + 2.6% p.a., from the issue date to the maturity date of each CRI. Effective terms and maturities are fixed; 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.

23. Deferred revenue - consolidated

		12/31/2012		12/31/2011	
		Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Parent					
Vetria Mineração	(iv)	-	1,997,183	-	-
Subsidiaries					
ALL Intermodal	(i)	34	404	34	447
ALL Malha Norte	(ii)	1,528	9,778	1,528	11,306
ALL Malha Paulista	(iii)	858	12,497	858	13,354
ALL Malha Sul	(iii)	191	2,394	191	2,585
		2,611	2,022,256	2,611	27,692

(i) This refers to deferred revenue arising from capital contributions through free lease of land (up to 2025) made by ALL Intermodal to Rhall Terminais Ltda., allocated over the concession agreement remaining 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 results from agreements entered into with communication companies, whose purpose was to assign the right of way of the track for optical fiber 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 whose contra entry is deferred income in long-term liabilities. This will be appropriated to income in accordance with the transport of the iron ore.

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

	12/31/2012		12/31/2011	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Law 11,941/09 (i)	33,452	160,831	33,202	176,948
Education allowance	343	-	343	-
Services Tax (ISS)	385	322	810	1,025
National Institute of Social Security (INSS)	684	-	884	-
ICMS / Value-added Tax (IVA)ICMS / IVA	260	-	-	4,806
	35,124	161,153	35,239	182,779

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

The Company has been paying the corresponding installments on a timely basis.

25. Equity

a) Share capital

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

	12/31/2012	12/31/2011
Common shares	687,664,312	687,664,312

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

On August 4, 2011, the capital increase approved on December 22, 2010 was changed at the Board of Directors' meeting, and was reduced from R$ 24,170 to R$ 2,417.

On December 28, 2011, the capital increase approved on December 22, 2010 was adjusted at the Board of Directors' meeting, already adjusted on August 4, 2011, with the reduction in subscribed shares from 1,620,000 shares to 162,000.

b) Treasury shares

Up to December 31, 2012, 1,387,864 shares were used (110,574 at December 31, 2011) to settle share options exercised during the period. The transfers were recorded at the weighted average cost of treasure shares (R$ 9.15).

In 2012, the Company did not buy back any shares (at December 31, 2011, 6,518,910 shares were bought back, at the total cost of R$ 56,138).

At December 31, 2012, the Company held 5,591,610 common shares in treasury (6,979,474 at December 31, 2011), at an average cost of R$ 9.15 (R$ 9.15 at December 31, 2011).

c) Distribution of dividends and interest on capital

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

At December 31, 2012 and 2011, dividends proposed were calculated as follows:

	12/31/2012	12/31/2011
Profit for the year	237,315	244,945
Legal reserve (5%)	(11,866)	(12,247)
Profit for the year - Adjusted	225,449	232,698
Mandatory minimum dividend (25%)	56,362	58,174
Proposed dividends (mandatory minimum dividend - 25%)	**56,362**	**58,174**

	12/31/2012	12/31/2011
Number of common shares	687,664	687,664
Dividends per common shares	0.08196	0.08460

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 6,404/76, and subsequent amendments, which determine that this reserve shall not exceed subscribed capital. An amount not less than 25% and not exceeding 75% of profit for the year, adjusted under article 202 of Law 6,404/76, and subsequent amendments,, is transferred to this reserve with a view to financing the expansion of the Company's and its subsidiaries' activities, including through the subscription of capital increases or the development of new ventures.

e) Advances for future capital increase

The amounts received as advances for future capital increase, arising from contributions to the Stock Option Plan, described in Note 26, are recorded in Equity.

f) Tax incentives - SUDAM

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

The benefit was granted by the Federal Revenue Secretariat (SRF) through Executive Declaratory Act 504, of November 28, 2008, after SUDAM issued certificate of income tax reduction 135/2008, whereby ALL Malha Norte was granted the tax benefit of a 75% reduction in IRPJ and non-refundable surcharges on the operating profit for a 10-year period, as of 2008 and expiring in 2017.

The legal grounds for benefit recognition was created by Provisional Measure 2,199-14, in its article 1 of August 24, 2001 and with the wording set forth in Law 11,196, of November 21, 2005. The effect of the 75% reduction in IRPJ and non-refundable surcharges calculated up to December 31, 2012 on profits from tax incentive operations was R$ 53.314 (R$ 55,758 at December 31, 2011), recorded as a reduction in IRPJ and CSLL expense for the subsidiary ALL Malha Norte, according to CPC 07 issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by CVM Resolution 555, of November 12, 2008.

The tax incentives received aim to increase and maintain investments in the Legal Amazon region, by fostering the development of that region through increased employment, income and production levels, and 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 the bank involved those amounts received, restated at the same index used for federal taxes, as of receipt date, plus a 10% fine and monthly interest on arrears of 1%, less, in the case of investments in debentures, installments already amortized (Law 8,167/91, article 12, paragraph 1, items I and II, the latter including the wording set forth by Provisional Measure 1,740-31, of May 6, 1999).

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

26. Shared-based compensation

Expenses recorded for employee services during the years, arising from share-based payment transactions to be settled by delivery of equity instruments, amounted to R$ 7,534 at December 31, 2012 (R$ 224,992 at December 31, 2011).

Stock option plan:

At the Extraordinary General Meeting of April 1, 1999, the stockholders approved the Company's Stock Option Plan ("Plan"), for its management, employees and service providers ("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 ("Committee"), which is comprised of all Board members and was created exclusively for this purpose. Plan managers are responsible for periodically implementing stock option plans,

and establishing, among eligible individuals, those to whom options will be granted and specific applicable rules, considering general Plan rules ("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 comprise two groups of beneficiaries, with different agreement types, herein referred to as "Agreement A" (common to all programs) and "Agreement B" (included as from the "2006 Program").

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 variation.

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 the beneficiary of Agreement B is dismissed from the Company without cause, the Committee may, at its discretion, change the acquisition schedule of the right to make contributions for share acquisitions to 18% per year, as per the schedule of Agreement A.

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

The Plan neither provides for settlement of the options in cash, nor is there a history of this practice being used by the Company. As a result, the fair value of 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 year:

	2012		**2011**	
	No.	MPPE	No.	MPPE
Opening balance	8,310,924	12.73	10,126,175	12.55
New grants	5,490,000	9.30	-	-
Lost	(1,383,532)	-	(1,704,677)	15.73
Exercised	(819,605)	5.11	(110,574)	9.09
Closing balance	**11,597,787**	12.63	**8,310,924**	12.73
Vested	6,480,503		7,614,584	
Not vested	5,117,284		696,340	

The weighted average price of shares on the exercise date of these options was R$ 9.75 and R$ 13.99 in 2012 and 2011, respectively.

On August 3, 2009, the Stock Options Management Committee canceled the 2007 and 2008 Programs, and exchanged options unexercised by plan beneficiaries for a new 2009 Program, at the ratio of nine to five. Thus, for each nine options included in canceled tranches (2007 and 2008 Programs), affected beneficiaries received five 2009 Program options of the same type and class, originated 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 2007 and 2008 Programs are not taken into consideration); and (iv) 5-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 to being entitled to the right to purchase shares, 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 shall be subject to a lock-up 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 for future capital increase, under equity. Upon approval at the 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 as from the second base date, in compliance with Law 6,404/76 and subsequent amendments

The weighted average of the remaining contractual life of the remaining share options at December 31, 2012 is 6.5 years. The maximum and minimum exercise prices of these options are R$ 17.02 and R$ 10.01, respectively, at December 31, 2012.

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

	2012
Expected volatility (%)	36.4%
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 past five-year volatility history prior to the grant date indicates a future trend, which may be different from the actual result.

Restricted Share Option Program

In the meeting held on September 1, 2010, the Committee approved the Restricted Share Option program. This program consists in 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 is 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, 1.050.000 options were lost, and at the end of the period, from the subtotal remaining (1,950,000 options), 57.50% were indeed delivered to the beneficiaries according to the Program rules The exercise price is R$ 0.01 per share. As the exercise price is close to zero, fair value of the 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 outstanding unexercised options based on EBITDA target of 2012 be restored and be exercised by officials and administrators conditioning cumulatively (i) to maintain working relationship with the Company until December 31, 2014,

(ii) the achievement of individual and operational targets, (iii) the Company's success in achieving its EBITDA targets set for 2014.

The strike price remains at $ 0.01 per share. As the strike price tends to zero, the fair value of the option on the balance be delivered in 2012, equivalent to the market value of the share at the date of this new grant (U.S. $ 9.46).

27. Finance result, net

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Interest on indebtedness/debentures/sureties	(155,549)	(219,740)	(697,276)	(737,491)
Fines/Interest - Tax/Suppliers/Wagons	(16,813)	2,678	(153,470)	(151,268)
Interest on leases and concessions	-	(7)	(241,728)	(244,238)
Customers/PVA/Other	(684)	(5,654)	(25,278)	(15,338)
Total finance costs	(173,046)	(222,723)	(1,113,737)	(1,148,335)
Income from financial investments	43,951	89,515	138,057	230,931
Remuneration on debentures	18,225	36,135	-	-
PVA/Other	894	-	11,035	2,550
Total finance income	63,070	125,650	149,092	233,481
Finance result, net	(109,976)	(97,073)	(968,660)	(914,854)

28. Earnings (loss) per share

The following table details the earnings (loss) per share calculation (in thousands, except amounts per share):

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Basic earnings per share				
Numerator				
Profit attributed to the Company's stockholders	237,315	244,945	237,315	244,945
Denominator (in thousands of shares)				
Weighted average number of common shares	683,180	686,540	683,180	686,540
Basic earnings:				
Per common share	0.3474	0.3568	0.3474	0.3568
Diluted earnings per share				
Numerator				
Profit attributed to the Company's stockholders	237,315	244,945	237,315	244,945
Denominator (in thousands of shares)				
Weighted average number of common shares	683,180	686,540	683,180	686,540
Dilution effect				
Stock options	1.950	13,050	1.950	13,050
Weighted average number of common shares adjusted by the dilution effect	685,130	699,590	685,130	699,590
Diluted earnings:				
Per common share	0.3464	0.3501	0.3464	0.3501

29. Segment information

Information per business segment, for the years ended December 31, 2012 and 2011, is as follows:

Finance Results by Business Unit

Description	Agricultural commodities (i)		Manufactured products (ii)		Argentina		Brado		Ritmo/Rodoviário		Total	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Net revenue	2,240,555	2,053,485	609,901	642,396	232,893	180,992	232,585	199,875	252,643	217,838	3,568,577	3,294,586
Cost of services	(1,174,194)	(1,065,895)	(351,593)	(356,662)	(229,004)	(158,553)	(190,792)	(158,940)	(232,648)	(194,838)	(2,178,231)	(1,934,888)
Gross profit	1,066,361	987,589	258,308	285,734	3,889	22,429	41,793	40,935	19,995	23,000	1,390,346	1,359,687
EBIT	957,565	882,157	221,189	245,689	(23,515)	(9,442)	26,947	22,334	16,542	15,772	1,198,728	1,156,510

The Company is organized into business units based on the major markets in which it operates. The Company's operations are divided into five business units, four for the Brazilian operations and one for the Argentine operations. In Brazil, the three business units are:

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

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

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

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

30. Other operating informations

30.1 Other operating income/expense

Other Revenues

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Disposals of unusable assets	-	1,629	-	25,032
Sale of property and equipament	13,920	-	33,655	-
Others	1,264	-	8,728	2,226
Total	**15,184**	**1,629**	**42,383**	**27,258**

Other Expenses

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Taxes	33	34	2,109	888
Fuel not used in operation	-	9	-	1,075
Deductible donations	-	-	1,224	659
Disposals of property and equipament	1,415	5,371	27,535	21,555
Disposals of unusable assets	-	-	15,996	-
Others	498	-	3,965	811
Total	**1,946**	**5,414**	**50,829**	**24,988**
	13,238	**(3,785)**	**(8,446)**	**2,270**

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

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Fuel	-	9	548,024	472,499
Outsourced services	1,741	1,245	131,575	145,495
Depreciation and amortization	59,873	47,771	488,809	453,199

30.3. Net revenue

	Parent		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Gross revenue	114,275	135,191	4,173,159	3,675,757
(-) Deductions (taxes, discounts and cancellations)	(5,862)	(12,863)	(604,582)	(502,542)
Net revenue	**108,413**	**122,328**	**3,568,577**	**3,173,215**

31. Insurance - consolidated

At December 31, 2012, the insurance contracted by the Company's management to cover damages and civil liability is summarized as follows:

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

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

32. Financial instruments

At December 31, 2012, the Company and its subsidiaries had the following financial instruments:

	Carrying amount		Fair value	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Financial assets				
Cash and cash equivalents	2,508,360	2,099,738	2,508,360	2,099,738
Trade receivables	392,797	271,837	392,797	271,837
Intercompany loans receivable	850	1,639	850	1,639
Advances and other receivables	126,817	80,913	126,817	80,913
Refundable deposits and restricted amounts	328,484	353,949	328,484	353,949
Total	**3,357,308**	**2,808,076**	**3,357,308**	**2,808,076**
Financial liabilities				
Debentures	3,140,354	2,422,989	3,140,354	2,422,989
Intercompany loans payable	2,786	2,370	2,786	2,370
Advances from customers	152,313	96,277	152,313	96,277
Finance leases	1,516,018	1,268,326	1,516,018	1,268,326
Borrowings	3,313,300	3,208,748	3,322,414	3,212,245
Advances on real estate credits	512,894	573,848	512,894	573,848
Trade payables	511,316	462,896	511,318	462,896
Total	**9,148,981**	**8,035,454**	**9,158,097**	**8,038,951**

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 estimate:

- cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their corresponding carrying amount, mainly due to the short-term maturity of these instruments;

- the fair value of securities held for trading and debentures is based on the prices quoted at the financial statement date. The fair value of instruments not held for trading, bank loans and other financial debts, finance lease agreements, as well as other non-current financial liabilities, is equivalent to their carrying amount, which corresponds 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 an investment level rating. Derivatives valued using techniques based on data observable in the market mainly refer to interest rate swaps and forward foreign exchange agreements. Valuation techniques used more frequently include swap and forward contract pricing models, with present value calculations. Models utilize various data, including counterparty credit quality, forward and spot foreign exchange rates and interest rate curves.

The Company uses no derivative financial instruments for speculative purposes.

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

a) Credit risk

The Company and its subsidiaries are potentially subject to credit risks in their trade receivables or investments with financial institutions. Procedures adopted to minimize commercial risks include selecting customers, through proper credit risk analysis, as well as setting sales limits and short-term maturity of receivables. 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 classification of recognized rating 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 generates exposure to floating market interest rate risks.

In order to avoid the effect 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 part of liabilities previously indexed to CDI. The 3rd issue of debentures of ALL - América Latina Logística Malha Sul S.A., NCC maturing in 2013, CCB maturing in 2014, CCB maturing in 2015 and the 9th 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 profit or loss for the following twelve months, for swaps and corresponding hedged items. Management considered the CDI projected for 2012 as the probable scenario, according to 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" below.

Interest rate appreciation risk

Operation	Risk	Notional amount	Fair value at 12/31/2012	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
3rd issue debentures	CDI	166,666	28,836	13,466	16,832	20,199
Asset position swap - Counterparty HSBC	PRÉ	(166,666)	(28,836)	(13,466)	(16,832)	(20,199)
NCC	CDI	211,119	1,792	15,797	19,746	23,695
Asset position swap - Counterparty HSBC	PRÉ	(211,119)	(1,792)	(15,797)	(19,746)	(23,695)
CCB	CDI	90,489	23,127	11,368	13,802	16,236
Asset position swap - Counterparty Santander	PRÉ	(90,489)	(23,127)	(11,363)	(13,796)	(16,229)
CCB	CDI	340,736	2,285	28,389	34,454	40,518
Asset position swap - Counterparty Santander	PRÉ	(340,736)	(2,285)	(28,387)	(34,451)	(40,515)
9th issue debentures	CDI	367,590	5,338	33,759	40,655	(47,550)
Asset position swap - Counterparty Morgan Stanley	PRÉ	(367,590)	(5,338)	(33,759)	(40,655)	47,550
1st issue debentures	CDI	166,667	1,561	13,466	16,832	20,199
Asset position swap - Counterparty Bradesco	PRÉ	(166,667)	(1,561)	(13,466)	(16,832)	(20,199)
8th issue debentures	CDI	539,160	2,650	49,484	59,592	69,700
Asset position swap - Counterparty Santander	PRÉ	(539,160)	(2,650)	(49,483)	(59,590)	(69,698)
6th issue debentures	CDI	205,219	1,351	13,905	16,531	19,158
Asset position swap - Counterparty Bradesco	PRÉ	(205,219)	(1,351)	(13,905)	(16,531)	(19,158)
Taxes payable in installments	CDI	-	(194,953)	(14,134)	(17,668)	(21,201)
Net effect in P&L		**-**	**(194,953)**	**(14,126)**	**(17,657)**	**(21,189)**
References						
Average CDI (p.a.)				7.25%	9.06%	10.88%

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

The result of the ineffective portion of the change in fair value of hedging instruments are immaterial additionally, the effect on income 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 effects related to foreign exchange losses in reais in its forward purchases of a foreign currency. Therefore, the Company takes out "dollar-real" swaps in the same amount and with the same maturity date 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 twelve months. Management considered foreign exchange rates projected for 2012 as the probable scenario, according to macroeconomic projections.

Foreign currency appreciation risk

Operation	Risk	Notional amount (USD 000)	Fair value at 12/31/2012	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk - Effect on investments:						
Financial investments	USD	2,608	5,346	130	1,499	2,868
Net effect on financial investments		**2,608**	**5,346**	**130**	**1,499**	**2,868**
Foreign currency appreciation risk - effect on trade payables/imports						
Long-term trade payables	USD	(1,477)	(4,364)	(151)	(1,735)	(3,319)
Asset position swaps by counterparty						
Counterparty HSBC	USD	-	150	-	-	-
Counterparty Citibank	USD	-	4,214	-	-	-
Net effect on trade payables / imports		**(1,477)**	**-**	**(151)**	**(1,735)**	**(3,319)**
References						
Dollar USD/R$				2.10	2.63	3.15

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

The result of the ineffective portion of the change in fair value of hedging instruments are immaterial additionally, the effect on income 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 at CDI (total debt indexed at CDI, investments indexed at 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 twelve months, considering rates projected for 2012 as the probable scenario. As alternative scenarios, an increase in rates was simulated, considering that the Company has a net debt position:

Net debt finance e cost deterioration risk

Operation	Risk	Probable Scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES				
CASH				
Investiments indexed at CDI	CDI	163,753	204,691	245,629
Fixed income investments	PRÉ	16,890	16,890	16,890
BORROWINGS				
Financing indexed at TJLP	TJLP	153,417	181,462	209,506
FINANCING indexed at CDI	CDI	126,552	158,290	190,028
FINANCING fixed / floating though swap, as in item b	PRÉ/PÓS	60,261	45,896	31,531
LIABILITY POSITION - Swaps USD x % CDI	CDI	-	-	-
DEBÊNTURES Indexed at CDI	CDI	139,052	166,258	193,465
DEBÊNTURES fixed/ floating though swap, as in item b	PRÉ	47,920	41,187	34,455
IPCA	IPCA	27,459	31,970	36,480
ADVANCES on real estate receivables indexed at CDI	CDI	49,074	58,571	68,068
Net effect in P&L		**784,378**	**905,215**	**1,026,052**
References				
Average (p.a.)		7.25%	9.06%	10.88%
Long-term Interest Rate TJLP		5.00%	6.25%	7.50%
IPCA		5.58%	6.98%	8.37%

e) CVM Instruction 475

The consolidated position of derivative financial instruments is as follows:

Fair value of operations with derivative instruments by maturity

DESCRIPTION	NOTIONAL AMOUNT		FAIR VALUE		ACCUMULATED EFFECT (CURRENT PERIOD)	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	AMOUNT RECEIVABLE/ RACEIVED	AMOUNT PAYABLE/ PAID
SWAP CONTRACTS						
NET POSITION						
CURRENCY RISK	USD	USD	R$	R$	R$	R$
MATURITY USDX %CDI						
1Q12	-	51,873	-	1,769	-	-
4Q12	-	-	-	(75)	-	-
1Q13	-	-	-	-	-	-
2Q13	1,470	-	(12)	-	-	(12)
INTEREST RATE RISK	R$	R$	R$	R$	R$	R$
FIXED/FLOATING RATES - MATURITY						
1Q13'	1,890,722	1,014,445	(16,812)	(2,847)	-	(16,812)
2Q13'	107,409	107,409	(5,109)	1,421	-	(5,109)
1Q14'	898,836	-	(413)	-	-	(413)
4Q14'	75,000	75,000	(23,127)	(10,960)	-	(23,127)
1Q18'	150,000	150,000	19,156	10,471	19,156	-
3Q18'	166,667	166,667	(28,836)	(10,248)	-	(28,836)
4Q20'	160,000	-	6,129	-	6,129	-
TOTAL	**3,450,103**	**1,565,394**	**(49,025)**	**(10,471)**	**25,285**	**(74,310)**

** Operações derivativos caracterizadas como hedge ("hedge documentation")*

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

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

We point out that, at maturity, the negative or positive effects of such transactions are offset against the opposite effects in asset or liability items whose risks are mitigated.

The fair value of derivatives was estimated based on foreign exchange rate curves and current BM&F interest rates at December 31, 2012, for future value projection, as well as DI future rates of BM&F to bring these flows to their 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 December 31, 2012 for hedging derivative financial instruments is a debit balance of R$ 32,524 (a credit balance of R$ 1,290 at December 31, 2011). Gains and losses from swaps related to the hedge structure recorded in equity amount to a credit balance of R$ 3,680 at December 31, 2012 (a debit balance of R$ 221 at December 31, 2011).

f) Fair value estimation

The carrying values of trade receivables and payables, less impairment provision in the case of trade receivables, 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 Group for similar financial instruments.

The Group adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following hierarchy:

. 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).

On December 31, 2012 and December 31, 2011, the financial assets and liabilities measured or disclosed at fair value are classified in Level 2 of the fair value hierarchy, which is determined by information that are observable for the asset or liability either directly (ie as prices) or indirectly (ie 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 as mentioned below:

Group 1 - new customers/related parties (less than three months).
Group 2 - existing customers/related parties (from three months to six months) with no defaults in the past.
Group 3 - existing customers/related parties (more than six months) with some defaults in the past.

	12/31/2012	12/31/2011
Accounts receivable		
Counterparties with no external credit classification		
Group 1	358,367	258,117
Group 2	38,076	13,720
	396,443	271,837

The Company's financial performance evaluation is carried out based on financial leverage indexes, and net indebtedness, which are correlated to the ALL's debts Covenants, as described in Note 15.

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 monthly salaries, at the most, paid in the event of death, disability or retirement, calculated according to formulae and conditions established in the plan's regulation.

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 remeasured on a yearly basis through actuarial assessments.

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

	12/31/2012	12/31/2011
Participants	39	44
Total assets	10,329	9,345
Actuarial assets	2,892	3,210
Sponsor's contributions (% payroll)	0.89%	0.16%
Participation payroll	792	821

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 mortality table AT-83 and on a financial discount rate of 8.04% p.a., being fully covered by the Plan's Net Assets, and an actual rate of return on assets of 8.74%, obtaining a return on assets of R$ 970.

The plan has a financial coverage of actuarial liabilities, and a surplus of R$ 342 at December 31, 2012. 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.

34 - Events after the reporting period

"The National Agency for Land Transport (ANTT) has reviewed the standards and procedures contained in the Accounting Manual of the Cargo and Passenger Railroad Transportation Utility Service, containing the chart of accounts, accounting instructions and manual for disclosure of economic and financial information.

The guidelines contained in such manual shall be applied as from January 1, 2013"

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