ALL - América Latina Logística S.A.
and subsidiaries

Individual Financial Statements (Controlling Company)
drawn up in accordance with generally accepted accounting practices in Brazil (Brazilian GAAP) and, Consolidated Financial Statements
drawn up in accordance with International Financial Reporting Standards (IFRS)

INDEPENDENT AUDITORS REPORT OF FINANCIAL STATEMENTS

To
Management, Counselors and shareholders of
ALL – América Latina Logística S.A.
Curitiba - PR

We have audited the accompanying individual and consolidated financial statements of ALL – América Latina Logística S.A. ("Company") and subsidiaries, identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2011, and the related income statement, of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil, and of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in conformity with 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.

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 consolidated 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 Company's preparation and fair presentation of the Company's 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting practices 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 opinion.

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of ALL – América Latina Logística S.A. at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ALL – América Latina Logística S.A. as at December 31, 2011, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with

INDEPENDENT AUDITORS REPORT OF FINANCIAL STATEMENTS

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis of a matter

As mentioned in Note 3.2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of ALL – América Latina Logística S.A. these practices differ from IFRS - applicable to the separate financial statements - solely with respect to the measurement of investments in subsidiaries and affiliates under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. We have not included a qualification in relation to this matter.

As mentioned in Note 5 (a), on October 20, 2006, indirect subsidiaries América Latina Logística Central S.A. "ALL Central") and América Latina Logística – Mesopotámica S.A. ("ALL Mesopotámica"), executed, with the Argentine National State "Letters of Understanding", as part of the renegotiation process of its concession agreements. On the issue date of this Report, the Management of the subsidiaries and its counsels understand that the renegotiation process of the agreements has not been concluded yet, due to the absence of approval by the Executive Branch of such country. The main effects of the new contractual system which is being negotiated are also described in Note 5 (a). The subsidiaries estimated the recoverable amount of its permanent assets and taxes recoverable, on December 31, 2011, based on cash flow studies which take into consideration the changes proposed in the "Letters of Understanding" previously mentioned, which the Management of the subsidiaries deem as necessary to comply with its business plans. The recoverability of the amount of permanent assets and taxes recoverable, presently, depend on the approval by the Argentine National Executive Branch of the renegotiation of the concession agreement (previously approved by the "Comisión Bicameral de Seguimiento de Privatizaciones" of such country), and the successful implementation of the business plan developed by the Management. The resolution of these matters is still pending on the date of this Report and, subsequently, the present financial statements do not comprise any adjustment and/or reclassification from the effects that could derive from said uncertainties.

As described in Note 7, the indirect subsidiary ALL Central has interrupted the recognition of revenues linked to tolls of "Unidad Ejecutora del Programa Ferroviário Provincial (U.E.P.F.P.)" as from January 2002. This decision is basically founded on the lack of recognition of services rendered by said Unit. In 2004, ALL Central started a demand with the Federal Contentious Administrative Court of the province of Buenos Aires, requiring the payment of toll values referring to the period between 1993 and 1996. Supported by its legal advisors' opinion, that the collection suit of the amounts filed against U.E.P.F.P. has a relatively high probability of success, the Management did not record provision for losses of the amount receivable recorded at ALL Argentina of approximately R$2.076 thousand (P$4,762 thousand). On the other hand, and due to the agreements executed with the previous shareholders, ALL Argentina records a liability of similar value, due to the obligation of reimbursing 50% of the recovered amounts, referring to tolls incurred in the periods preceding the acquisition date of ALL Central and ALL Mesopotámica. The financial statements do not contemplate possible adjustments or reclassifications that could arise as a result of these discussions.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2011, prepared under the responsibility of company management, the presentation of which is required by Brazilian corporation law for publicly held companies, and as supplementary information under IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Curitiba, February 28, 2012

INDEPENDENT AUDITORS REPORT OF FINANCIAL STATEMENTS

Ernst & Young Terco Auditores Independentes S.S.
CRC-2-SP 15199/O-6 “F” PR

Luiz Carlos Passetti	Roque Hülse
Accountant CRC-1-SP-144.343/O-3 “S” PR	Accountant CRC-SC-021283/O-3 T-PR

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND SUBSIDIARIES

BALANCE SHEETS FOR PERIODS ENDED DECEMBER 31, 2011 AND 2010

(In thousands of reais)

	Note	Company		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
CURRENT ASSETS					
Cash and cash equivalents	6	714,753	591,702	2,099,738	1,974,560
Trade accounts receivable	7	68,980	7,905	271,837	231,383
Inventories		-	-	124,320	105,077
Intercompany loan receivable		-	-	1,639	1,344
Prepayment of lease agreements	8	-	-	6,186	6,186
Taxes recoverable	9	63,873	50,825	363,476	276,968
Dividends and interest on equity capital		6,421	1,110	338	-
Advances and other accounts receivable		5,430	5,420	80,913	95,200
Prepaid expenses		4,016	4,190	13,541	12,695
Total current assets		863,473	661,152	2,961,988	2,703,413
NON-CURRENT ASSETS					
LONG-TERM RECEIVABLES					
Related-company loan receivable	20	100,313	46,326	-	-
Prepayment of lease agreements	8	-	-	88,355	94,724
Debentures	11	296,819	265,397	-	-
Taxes recoverable	9	14,572	9,859	363,102	313,592
Deferred income and social contribution taxes	10	-	-	509,617	457,392
Deposit-refund and restricted amounts	19	13,279	15,302	353,949	348,015
Other receivables		9,593	-	67,914	40,250
Prepaid expenses		-	-	7,441	7,912
		434,576	336,884	1,390,378	1,261,885
PERMANENT ASSETS					
Investments	12	4,620,046	3,987,705	9,886	7,483
Intangible assets	13	781	1,168	2,517,975	2,535,100
Property and equipment	14	123,106	127,034	7,261,881	6,011,955
		4,743,933	4,115,907	9,789,742	8,554,538
Total non-current assets		5,178,509	4,452,791	11,180,120	9,816,423
TOTAL ASSETS		6,041,982	5,113,943	14,142,108	12,519,836

See accompanying notes.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND SUBSIDIARIES

BALANCE SHEETS FOR PERIODS ENDED DECEMBER 31, 2011 AND 2010

(In thousands of reais)

	Note	Company		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
CURRENT LIABILITIES					
Trade accounts payable		14,971	20,508	462,896	345,352
Loans and financing	15	10,768	13,142	457,534	385,523
Debentures	16	140,134	178,478	243,781	261,195
Tax liabilities		3,779	4,332	43,157	43,344
Intercompany loan payable		-	-	2,370	3,304
Lease and concession agreements	18	-	-	26,621	35,282
Labor and social security liabilities		13,599	333	97,078	78,698
Advances from customers		18,971	16,741	96,277	69,452
Lease agreements	17	-	-	235,859	239,354
Taxes and social security contributions in installments	24	462	420	35,239	17,685
Other liabilities		9,133	-	26,043	11,995
Deferred income	23	-	-	2,611	2,611
Advances on real estate credits	22	29,967	29,968	151,611	151,611
Dividends and interest on equity capital		59,506	57,987	60,058	58,297
Total current liabilities		301,290	321,909	1,941,135	1,703,703
NON-CURRENT LIABILITIES					
Loans and financing	15	242,691	252,364	2,751,214	2,653,527
Debentures	16	1,357,797	605,317	2,179,208	1,465,619
Related-company payables	20	17,092	26,713	-	-
Provision for contingencies	19	-	-	209,681	203,304
Lease and concession agreements	18	-	-	1,296,441	1,114,809
Provision for unrealized income	21	11,874	12,617	-	-
Lease agreements	17	-	-	1,032,467	856,747
Taxes and social security contributions in installments	24	5,462	5,356	182,779	188,572
Deferred income and social contribution taxes	10	-	-	-	-
Advances on real estate credits	22	75,794	73,374	422,237	466,400
Other liabilities		-	-	11,693	8,885
Provision for subsidiary's capital deficiency	12	9,677	7,661	-	-
Deferred income	23	-	-	27,692	30,294
Total non-current liabilities		1,720,387	983,402	8,113,412	6,988,157
EQUITY	25				
Capital		3,433,941	3,433,941	3,433,941	3,433,941
Capital reserve		63,001	36,909	63,001	36,909
Income reserve		530,104	341,547	530,104	341,547
Equity adjustments		(19,036)	(13,766)	(19,036)	(13,766)
Advances for future capital increase		12,295	10,001	12,295	10,001
		4,020,305	3,808,632	4,020,305	3,808,632
Non-controlling shareholders				67,256	19,344
Total equity		4,020,305	3,808,632	4,087,561	3,827,976
TOTAL LIABILITIES AND EQUITY		6,041,982	5,113,943	14,142,108	12,519,836

See accompanying notes.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND SUBSIDIARIES

INCOME STATEMENTS FOR THE PERIODS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of reais)

	Note	Company		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Net revenue from services	31	122,328	56,487	3,173,215	2,753,531
Cost of services rendered		(12,934)	(7,347)	(1,831,600)	(1,537,171)
Gross profit		109,394	49,140	1,341,615	1,216,360
Equity pickup					
Equity pickup	12	318,866	314,549	1,436	1,960
Reversal of (provision for) subsidiary's capital deficiency	12	(2,077)	(687)	-	-
Goodwill amortization in subsidiaries		(43,786)	(32,272)	(44,352)	(33,535)
Investment gains/losses		-	418	23,704	468
		273,003	282,008	(19,212)	(31,107)
Other operating income (expenses)					
Sales		735	(632)	(19,917)	(14,085)
General and administrative expenses		(37,329)	(6,404)	(155,756)	(165,961)
Other operating income (expenses), net	31	(3,785)	13,449	2,270	16,655
		(40,379)	6,413	(173,403)	(163,391)
Operating income/losses before financial income/expenses		342,018	337,561	1,149,000	1,021,862
Financial expenses	27	(222,501)	(143,862)	(1,148,335)	(1,031,986)
Financial revenue	27	125,428	108,089	233,481	218,735
		(97,073)	(35,773)	(914,854)	(813,251)
Operating income before taxes and non-controlling interest		244,945	301,788	234,146	208,611
Provision for income and social contribution taxes	10	-	(6,307)	(36,390)	(45,150)
Deferred income and social contribution taxes	10	-	(55,602)	53,526	82,400
		-	(61,909)	17,136	37,250
Non-controlling shareholders		-	-	(6,337)	(5,982)
Net income for the period		244,945	239,879	244,945	239,879
Basic earnings per share	29				
(In thousands of reais, except for earnings per share)					
Per common share		0.3568	0.3544	0.3568	0.3544
Diluted earnings per share	29				
(In thousands of reais, except for earnings per share)					
Per common share		0.3501	0.3476	0.3501	0.3476

See accompanying notes.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED DECEMBER 31, 2011 AND 2010

(In thousands of reais)

	Realized capital		Capital reserve				Income reserves					Other				
	Subscribed	Unpaid	Treasury shares	Cost of debentures raised	Recognized options granted	Non-controlling interest transactions P&L	Legal	Tax incentives	For investments	Retained earnings (accumulated losses)	AFCI	Cumulative translation adjustment	Equity adjustments	Total	Non-controlling shareholders	Total equity
Balance at December 31, 2009	**3,445,866**	**(11,925)**	**(57,156)**	**(19,439)**	**67,081**	**32**	**41,619**	**29,951**	**96,726**			**(18,142)**	**5,505**	**3,580,118**	**15,710**	**3,595,828**
Net income (loss) for the period	-	-	-	-	-	-	-	-	-	239,879	-	-	-	239,879	3,634	243,513
Allocations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(56,972)	-	-	-	(56,972)	-	(56,972)
Others Allocations	-	-	-	-	-	-	11,994	49,299	121,614	(182,907)	-	-	-	-	-	-
Foreign exchange effects on investments abroad	-	-	-	-	-	-	-	-	-	-	-	8,309	-	8,309	-	8,309
Effects of hedge marked to market	-	-	-	-	-	-	-	-	-	-	-	-	(5,139)	(5,139)	-	(5,139)
Mark-to-market of investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	(4,299)	(4,299)	-	(4,299)
Capital subscription	24,171	(24,171)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise of right of recourse	-	-	(358)	-	-	-	-	-	-	-	-	-	-	(358)	-	(358)
Stock options:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Establishment of reserve for options granted	-	-	-	-	22,168	-	-	-	-	-	-	-	-	22,168	-	22,168
Option exercise	-	-	47,996	-	(23,415)	-	-	-	(9,656)	-	10,001	-	-	24,926	-	24,926
Balance 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)**	**(3,933)**	**3,808,632**	**19,344**	**3,827,976**
Net income for the period	-	-	-	-	-	-	-	-	-	244,945	-	-	-	244,945	47,912	292,857
Allocations																
Dividends	-	-	-	-	-	-	-	-	-	(58,174)	-	-	-	(58,174)	-	(58,174)
Rectification of capital subscribed	(21,754)	21,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange effects on investments abroad	-	-	-	-	-	-	-	-	-	-	-	(1,738)	-	(1,738)	-	(1,738)
Effects of hedge marked to market	-	-	-	-	-	-	-	-	-	-	-	-	(13,851)	(13,851)	-	(13,851)
Mark-to-market of investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	5,005	5,005	-	5,005
Adjust reflex subsidiary									1,955	-			5,558	7,513		7,513
Constitution / realization of income reserves	-	-	-	-	-	-	12,247	-	119,467	(131,714)	-	-	-	-	-	-
Non-controlling interest transactions P&L	-	-	-	-	-	63,942	-	-	-	-	-	-	-	63,942	-	63,942
Stock options:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Establishment of reserve for options granted	-	-	-	-	24,992	-	-	-	-	-	-	-	-	24,992	-	24,992
Option exercise			1,853		(436)				(413)	-	2,294			3,298		3,298
Share repurchase	-	-	(56,138)	-	-	-	-	-	-	-	-	-	-	(56,138)	-	(56,138)
Constitution of fiscal incentive reverve	-	-	-	-	-	-	-	55,301	-	(55,301)	-	-	-	-	-	-
Goodwill from capital transactions	-	-	-	-	-	(8,121)	-	-	-	-	-	-	-	(8,121)	-	(8,121)
Other	-	-	-	-	-	-	-	-	-	244	-	-	(244)	-	-	-
Balance 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)**	**(7,465)**	**4,020,305**	**67,256**	**4,087,561**

See accompanying notes.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED DECEMBER 31, 2011 AND 2010
(In thousands of reais)

	Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Operating activities				
Net income for the year	244,945	239,879	244,945	239,879
Expenses (revenues) not affecting cash and cash equivalents:	-	-	-	-
Depreciation and amortization	3,985	2,867	408,847	347,969
Amortization of goodwill	43,786	32,272	44,352	33,535
Equity pickup	(318,866)	(314,549)	(25,140)	(2,428)
Provision for capital deficiency	2,077	687	-	-
Deferred income and social contribution taxes	-	55,602	(53,526)	(82,400)
Provision for unrealized income	(743)	(742)	-	-
Realization of deferred income	-	-	(2,602)	6,391
Foreign exchange variation and charges on financing and debentures	(8,053)	41,016	(60,192)	78,874
Stock options	6,263	5,562	24,992	22,166
Non-controlling interest	-	-	6,337	5,982
	(26,606)	62,594	588,013	649,968
Increase (decrease) in assets				
Trade accounts receivable	(61,141)	24,872	(28,432)	(44,965)
Inventories	-	-	(36,495)	(24,846)
Taxes recoverable	(13,048)	(9,642)	(149,364)	17,658
Dividends and interest on equity capital	957	57,377	(338)	-
Other assets	(15,489)	(12,035)	31,165	(59,401)
	(88,721)	60,572	(183,464)	(111,554)
Increase (decrease) in liabilities				
Trade accounts payable	(5,537)	7,886	110,783	(206,939)
Salaries and social charges	13,274	333	12,902	43,677
Taxes, charges and contributions	(784)	2,459	3,771	(21,067)
Lease and concession agreements payable	-	-	172,971	104,330
Other liabilities	27,958	(192)	(7,093)	(1,196)
	34,911	10,486	293,334	(81,195)
Cash generated by (used in) operating activities	**(80,416)**	**133,652**	**697,883**	**457,219**
Investing activities				
Acquisition of property and equipment	549	(61,715)	(943,292)	(863,483)
Acquisition of (increase in) interest	(16,629)	(378,990)	(16,510)	(4,908)
Cash aquired from subsidiaries	-	-	51,489	-
Cash generated by (used in) investing activities	(16,080)	(440,705)	(908,313)	(868,391)
Financing activities				
Financing				
Fund raise	1,237,542	-	1,681,464	435,574
Amortization	(563,760)	(204,693)	(1,236,654)	(642,008)
Increase in capital and AFCI	3,351	25,111	3,351	25,111
Dividends and interest on equity capital	(56,656)	(6,859)	(56,413)	(6,670)
Aquisições/Opções de ações	(56,140)	-	(56,140)	-
Related parties	(344,790)	(54,324)	-	-
Cash generated by (used in) financing activities	219,547	(240,765)	335,608	(187,993)
	-	-	-	-
Increase (decrease) in cash and cash equivalents	**123,051**	**(547,818)**	**125,178**	**(599,165)**
	-	-	-	-
Initial cash and cash equivalent balance	591,702	1,139,520	1,974,560	2,573,725
Final cash and cash equivalent balance	714,753	591,702	2,099,738	1,974,560
	-	-	-	-
Increase (decrease) in cash and cash equivalents	**123,051**	**(547,818)**	**125,178**	**(599,165)**

See accompanying notes.

ALL – AMÉRICA LATINA LOGÍSTICA S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED FOR THE PERIODS ENDED DECEMBER 31, 2011AND 2010
(In thousands of reais)

	Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Revenues				
Services sold	135,191	62,161	3,675,757	3,154,241
Other revenues	13,260	15,060	204,417	262,538
Allowance for doubtful accounts - (Establishment)	735	(632)	(12,463)	(8,680)
	149,186	**76,589**	**3,867,711**	**3,408,099**
Inputs acquired from third parties				
Cost of services sold	(10,007)	(4,725)	(990,092)	(763,709)
Materials, electric energy, outsourced services and other	(19,148)	(7,129)	(213,882)	(158,385)
Loss/recovery of asset values	(6,171)	(26,298)	(110,225)	(160,894)
Other	(108)	(68)	(21,400)	(3,945)
	(35,434)	**(38,220)**	**(1,335,599)**	**(1,086,933)**
Gross value added	**113,752**	**38,369**	**2,532,112**	**2,321,166**
Depreciation, amortization and depletion	(47,771)	(35,139)	(453,199)	(381,504)
Net value added generated by the Company	**65,981**	**3,230**	**2,078,913**	**1,939,662**
Transferred value added received				
Equity pickup/ provision for capital deficiency	316,789	313,862	25,140	1,960
Financial income	125,428	108,089	233,481	218,735
	442,217	**421,951**	**258,621**	**220,695**
Total value added to be distributed	**508,198**	**425,181**	**2,337,534**	**2,160,357**
Distribution value added				
Personnel				
Direct compensation	21,417	2,602	192,937	190,715
Benefits	-	-	27,364	26,808
Unemployment Compensation Fund (FGTS)	363	115	9,650	8,523
	21,780	**2,717**	**229,951**	**226,046**
Taxes, charges and contributions				
Federal	16,667	37,001	374,623	316,171
State	-	-	95,094	92,617
Local	1,631	1,085	14,190	23,581
	18,298	**38,086**	**483,907**	**432,369**
Debt remuneration				
Interest	222,501	143,862	1,148,335	1,031,986
Lease agreements	674	638	215,275	224,096
	223,175	**144,500**	**1,363,610**	**1,256,082**
Equity remuneration				
Dividends	58,174	56,971	58,174	56,971
Retained profit	186,771	182,907	195,555	182,907
Non-controlling interest in retained profit	-	-	6,337	5,982
	244,945	**239,878**	**260,066**	**245,860**
Total value added distributed	**508,198**	**425,181**	**2,337,534**	**2,160,357**

See accompanying notes.

1. Operations

a) The Company

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

The Company’s main business purposes:

- holding interest in other entities, ventures and consortia, whose subject matter is related to transportation services, including railway transportation;

- exploring transportation-service-related activities, such as logistics, intermodality, port operations, goods transfers and storage, bonded and general warehouse exploration and management;

- acquiring, leasing or lending locomotives, wagons and other railway equipment to third parties;

On October 22, 2010, the Company enrolled with São Paulo Stock Exchange’s (Bovespa) “New Market”.

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

Concession terms are as follows:

Companies	**Concession period**	**Covered area**
ALL Malha Sul	February 2027	South of Brazil
ALL Malha Paulista	December 2028	São Paulo State
ALL Malha Oeste	September 2026	Mid-West and São Paulo State
ALL Malha Norte	May 2079	Mid-West and São Paulo State
ALL Central	August 2023	Argentina
ALL Mesopotámica	October 2023	Argentina
Portofer	September 2025	Santos Port – São Paulo State
Terminal XXXIX	August 2022	Santos Port – São Paulo State
TGG – Guarujá Retail Terminal	August 2022	Santos Port – São Paulo State
Termag – Guarujá Maritime Terminal	August 2022	Santos Port – São Paulo State

A list with all the companies comprising ALL group is stated 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, pieces, parts and components, and importing, exporting, purchasing, selling, distributing, leasing and lending wagons, machinery, equipment and inputs, all related to railroad activities. Currently only plays role of servicing station wagon.

ALL Overseas: it is a wholly-owned subsidiary, acquired in December 1999, and its main business purpose is to carry out any activities that are in accordance with legislation in force 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, general and bonded warehouses upstate, such 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 up 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, the Company held 80% of 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, it held 100% interest in Standard Logística e Distribuição S.A. (currently denominated Brado Logística S.A.) through merger of shares thereof. Its main business purpose is holding shares issued by Brado Logística S.A.

Brado Logística S.A.: Previously denominated Standard Logística e Distribuição S.A was acquired on April 1, 2011. It 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 combination of the highway operations of ALL Intermodal S.A. and the highway business of Ouro Verde Transportes e Locação S.A. This operation was carried out by contribution of dedicated assets of ALL Intermodal S.A. and Ouro Verde Transportes e Locação S.A., and by transfer of the employees to the new company, with the objective of establishing a strategic association in the highway segment.

ALL Serviços (former ALL Tecnologia): On July 12, 2010, partners decided to: a) change its legal name to ALL – América Latina Logística Serviços Ltda.; b) increase capital amounting to R$ 99, through issue of 99,000 units of interest subscribed solely by member ALL – América Latina Logística S.A., by waiver of the preemptive and payment right of new units of interest by the other member ALL – América Latina Logística Participações Ltda. The company's corporate goal is to provide a package of administrative routine services to client companies under contract.

ALL Malha Paulista: In the Board of Directors' meeting held on March 31, 2011, Directors approved Company's capital increase, through private subscription, amounting to R$ 100,000, by issuing 914,196,441 new common shares and 1,690,458,271 new preferred shares, at the price of R$ 0.0383928 each, based on article 170, paragraph 1, item II, of Law No. 6404/76, basically considering its equity value. Thus, capital increased from R$ 1,382,362 to R$ 1,482,362 comprising 4,605,522,677 shares, of which 1,616,472,395 are common shares and 2,989,050,282 are preferred shares.

ALL Intermodal: In the Board of Directors' meeting held on December 22, 2011, Directors approved Company's capital increase, through private subscription, amounting to R$ 20,000, by issuing 9.960.243 new common shares, at the price of R$ 2.0079832 each, based on article 170, paragraph 1, item II, of Law No. 6404/76, basically considering its equity value. Thus, capital increase from R$ 92,884 to R$ 112,884, comprising 90,320,767 are common shares.

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

The Companies are subject to meeting certain conditions set forth in the privatization public notices in the concession agreements of the Railroad Networks.

Concession agreements of these subsidiaries will be terminated upon completion of the following facts: contractual term termination; expropriation; forfeiture; termination; annulment and bankruptcy; or concessionaire's ceasing to exist.

Should any concessions cease to exist, major effects are as follows:

- rights and privileges transferred to the Companies will be returned to the Federal Government with leased assets and those resulting from investments stated as reversible by the Government for they are necessary for granted services to continue to be performed.

- assets stated as reversible will be indemnified by Federal Government for cost residual value, computed based on Company's accounting records, after depreciation is deducted; such cost will be subject to technical and financial assessments by Federal Government. All and any improvement made in the permanent railroad superstructure will not be considered an investment for said indemnification purposes.

2. Accounting practices

As the consolidated financial statements were drawn up based on several valuation techniques used in accounting estimates, and the accounting estimates involved to prepare the financial statements were based on both objective and subjective factors, including the judgment of management to determine the appropriate value to be registered in the financial statements. Significant items subject to these estimates and premises include the choice of useful working life for fixed assets and their recoverability in operations, valuation of financial assets by their fair value and by adjusting to present value, estimates of value in the use, and cash flow for impairment test, credit risk analysis to determine the provision for doubtful debt, estimates of future realization of tax credit, as well as an analysis of the other risks to determine other provisions, including for contingencies. The accounting values of assets and liabilities recognized that represent items the object of hedges at fair value, alternatively, would be booked at their amortized cost, are adjusted to show the variations in attributable fair values based on the risks associated with the object of the hedge.

The liquidation of transactions involving these estimates may result in values that differ from those registered in the financial statements due to the possible imprecise nature of the process used to determine them. The Company revises its estimates and premises at least annually.

The consolidated financial statements were drawn up and are presented in accordance with accounting policies adopted in Brazil, which include the standards of the Brazilian Securities and Exchange Commission - Comissão de Valores Mobiliários (CVM) and pronouncements by the Accounting Pronouncements Committee (CPC), which complies with international accounting standards as issued by the IASB.

The authorization for the finalization of the preparation of these financial statements took place at a management meeting held on February 13, 2012.

3. Consolidation basis

3.1 Consolidated financial statements

a) Subsidiaries

The consolidated financial statements comprise the financial statements of ALL – América Latina Logística S.A. and its subsidiaries as of December 31, 2011, as shown below:

	Interest %	
	12/31/2011	12/31/2010
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	90.00
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	99.90
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	99.99	99.99
ALL - América Latina Logística Malha Norte S.A. (ALL Malha Norte)	99.18	98.06
ALL - América Latina Logística Argentina S.A. (ALL Argentina)	90.96	90.96
ALL - América Latina Logística Rail Tec (ALL Rail Tec)	51.00	51.00
ALL - América Latina Logística Servicios Integrales S.A. (Sisa)	51.00	51.00
ALL Rail Management (ex-BLLSPE)	50.01	50.01
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	-
Investee of ALL Armazéns Gerais		
PGT Grains Terminal S.A. (PGT)	100.00	100.00
Investee da 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)	49.00	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	0.10
ALL - América Latina Logística Centro-Oeste Ltda. (ALL Centro-Oeste)	0.01	0.01
ALL - América Latina Logística Equipamentos Ltda. (ALL Equipamentos)	0.01	0.01
Investee of Brado Holding		
Brado Logistica e Participações S.A.	80.00	100.00
Investee of Brado Logística Participações S.A		
Brado Logística S.A	100.00	-

At December 31, 2011, ALL Central and ALL Mesopotámica are broken down by non-controlling shareholders as follows.

	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
Other - Individuals	4.00	4.00

ALL Argentina negotiated with its non-controlling shareholder Railroad Development Corporation the acquisition of its equity interest in ALL Central and ALL Mesopotámica, whose interest was 6.45% and 2.74%, respectively. Such negotiation still depends on Argentine Government's approving share transfer.

Subsidiaries are fully consolidated as of acquisition date, which is the date the Company obtained control thereover, and continue to be consolidated until the date such control ceases to exist. Subsidiaries' financial statements are prepared for the same reporting period of the Company's, using consistent accounting practices. All intra-group balances, revenues and expenses and unrealized gains and losses, arising from intra-group transactions, are fully eliminated.

A change in equity interest held in a subsidiary not resulting in losing control thereover is recorded as a transaction between shareholders, in equity.

P&L for the period and each component of other comprehensive income (posted directly to equity) are attributed to Company's controlling and non-controlling shareholders. Losses are attributed to non-controlling interest, even if they result in negative balance.

b) Jointly-owned subsidiaries

For the investment in XXXIX Terminal, whose controlling interest is jointly-held with other shareholders, assets, liabilities and P&L are consolidated proportionally to interest held in such investee, line by line, in the consolidated financial statements. Their statements are prepared for the same reporting period of the Company's, and adjustments are made, if necessary, to align the Company's accounting practices, as well as to eliminate the Company's participation in intra-group transactions.

c) Affiliates

The Company's investment in its affiliate is recorded under the equity method. An affiliate company is an entity on which the Company exercises significant influence.

Under the equity method, investments in affiliate companies are recorded in the balance sheet at cost, plus changes after interest in affiliate is acquired.

The statement of income reflects a portion of the affiliate company's P&L. When a change is posted directly to the affiliate's equity, the Company recognizes its portion in changes occurred and discloses this fact, where applicable, in the statement of changes in equity. Unrealized gains and losses, arising from transactions between the Company and its affiliate, are eliminated according to the equity interest held in such affiliate.

Equity interest held in the affiliate company will be reported in the income statement as equity pickup, representing net income attributable to affiliate's shareholders.

After applying the equity method, the Company determines whether it is necessary to recognize additional impairment loss on its investment in its affiliate company. The Company determines, at each balance sheet

closing date, whether there is objective evidence that such investment in the affiliate company is subject to impairment loss. If impairment is identified, the Company calculates impairment loss as the difference between affiliate's recoverable value and book value, and recognizes the resulting amount in the income statement.

When significant influence on affiliate is lost, the Company then assesses and recognized investment at fair value. Any difference between affiliate's book value when significant influence is lost and remaining investment fair value and revenues from sales are recognized in P&L.

Affiliates' financial statements are prepared for the same reporting period of the Company's. When necessary, adjustments are made for the accounting practices are consistent with those adopted by the company.

d) Business combination

Business combinations are recorded under the acquisition method. Cost of an acquisition is measured by adding transferred consideration, assessed at fair value on acquisition date, to the value of any noncontrolling interest in the acquired company. To each business combination, the acquiring company is to measure non-controlling interest in the acquired company at fair value or based on its interest in net assets identified in the acquired company. Costs directly attributable to the acquisition are to be recorded as expenses when incurred.

Upon acquiring a business, the Company assesses financial assets and liabilities assumed so as to classify them and allocate them in accordance with contractual terms, economical circumstances and relevant conditions on acquisition date, which includes segregating, by the acquired party, embedded derivatives existing in host contracts in the acquired company.

If the business combination is conducted in phases, fair value on the date of acquisition of equity interest previously held in the acquired company is reassessed at fair value on acquisition date, and impacts are recognized in the income statement.

Any contingent consideration to be transferred by the acquiring company will be recognized at fair value on acquisition date. Subsequent changes in fair value of contingent consideration considered as an asset or a liability are to be recognized in accordance with CPC 38 (IAS 39) in the income statement or in other comprehensive income. If contingent consideration is classified as equity, it should not be reassessed until it is effectively settled in equity.

Initially, goodwill is measured as the exceeding consideration amount transferred in relation to net assets acquired (net assets identifiable acquired and liabilities assumed). If consideration is lower than fair value of net assets acquired, the difference is to be recognized as gains in the income statement.

3.2 Individual financial statements

Subsidiaries are booked using the equity method in the individual financial statements. The same adjustments are made both in the individual and consolidated financial statements to arrive at the same result and attributable net equity to shareholders in the controlling company. In the case of América Latina Logística S.A., the accounting practices adopted in Brazil used to draw up the individual financial statements only differ from the IFRS applicable to the separate financial statements in terms of the valuation of investments in subsidiaries and affiliates using the equity method, as the IFRS would use the cost or fair value.

3.3. Conversion of balances denominated in foreign currency

The consolidated financial statements are presented in Reais (R$), the controlling company's national currency. Each entity of the Company determines its own currency, and for those that use currencies different to the real, the financial statements are converted into the real on the balance sheet closing date.

i. Transactions and balances

The foreign currency transactions are initially registered at the foreign exchange rate in effect on the date of the transaction.

The monetary assets and liabilities denominated in foreign currencies are reconverted at the foreign exchange rate on the balance sheet date.

All the differences are registered in the financial statements.

Non-monetary items measured based on historic costs in foreign currency are converted using the exchange rate on the initial transaction dates. Non-monetary items measured at fair value in foreign currency are converted using the foreign exchange rates on the date the fair value was determined.

Before January 1, 2009, the Company treated goodwill premium and any adjustments to the fair values made in the accounting values of assets and liabilities associated with the acquisition of assets and liabilities by the controlling company. As such, these assets and liabilities are already expressed in the currency adopted to present the financial statements or represent non-monetary items, and consequently there are no differences in conversion.

ii. Companies

The assets and liabilities of the overseas subsidiaries are converted into Brazilian reais at the foreign exchange rate on the date of the balance sheet, and the corresponding financial statements are converted at the foreign exchange rate on the transaction date. The foreign exchange differences resulting from the conversion referred to are accounted for separately in net equity. On the sale of a foreign subsidiary, the accumulated differed value recognized in net equity related to this entity is recognized in the statement of income.

3.4 Recognition of revenue

Revenue is recognized to the extent that it is likely the economic benefits will be generated for the Company and when this can be calculated reliably. Revenue is measured based on the fair value of the counter payment received, excluding discounts, reductions in price and taxes or selling costs. The Company values the revenue transactions in accordance with the specific criteria used to determine whether it is operating as an agent or principal party and, at the end of the day, concludes if it is operating as the principal party in all the revenue contracts. The specific criteria, then, must also be satisfied before there is recognition of revenue:

Provision of services

The revenue from the sale of services is recognized when the inherent risks and benefits of the services have been transferred to the user and its value can be calculated reliably. Revenue remains unrecognized if there is any significant doubt about it being reliable.

Interest income

For all the financial instruments valued at the amortized cost and financial assets that earn interest, classified as available for sale, the financial revenue or expense is accounted for using the effective interest rate, which discounts exactly the future estimated cash payments or revenue over the expected term of the financial instrument or a shorter period, when applicable, to the net book value of the financial asset or liability. Interest income is included in the item financial revenue in the statement of income.

3.5. Taxes

Income tax and social contribution – current

Tax assets and liabilities in the last financial period and previous years are calculated based on the expected recoverable value or amount payable to the fiscal authorities. The tax rates and tax laws used to calculate these values are those applicable, or for the most part applicable, on the date of the balance sheet in the countries in which the Company operates and generates taxable revenues.

Current income tax and social contribution related to the items recognized directly in net equity are recognized as such. Management periodically evaluates the fiscal position of the situations in which fiscal regulations require interpretation and establishes provisions as and when appropriate.

Differed taxes

Differed taxes are generated by temporary differences on the date of the balance sheet between the fiscal bases used to calculate assets and liabilities and their accounting values. Differed tax liabilities are recognized for all the temporary tax differences, except:

• when the differed tax liability arises from the initial recognition of the premium or an asset or liability associated with a transaction that is not a combination of business and, on the transaction date, does not affect the accounting profit or fiscal profit and/or loss; and

• on the temporary tax differences related to investments in subsidiaries in which the reversion period of the temporary differences can be controlled and it is unlikely that the same will be reversed in the near future.

Differed taxes on assets are recognized for all the deductible temporary differences, unrealized tax credits and losses, to the extent that it is probable that taxable income is available for the deductible temporary differences to be made, and unrealized tax credits and losses may be used, except:

• when the active differed tax related to a temporary deductible difference is generated and initially unrecognized in the asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect accounting profit or fiscal P&L; and

• on the temporary deductible differences associated with investments in subsidiaries, active differed taxes are only recognized to the extent the it is probable the temporary differences will be reversed in the near future and the taxable income is available for the temporary differences to be used.

The accounting value of the active deferred taxes is revised on each balance sheet date and written down to the extent that it is no longer probable that taxable profits will be available to allow the use of all or part of the active deferred tax. Active differed tax written down are revised on each balance sheet date and recognized to the extent that probable future taxable profit will allow for these active differed taxes to be recovered.

Differed taxes on assets and liabilities are calculated at the tax rate expected in the year expected to be applicable when the asset is sold or the liability liquidated, based on the income tax rates (and tax law) existing on the date of the balance sheet.

Differed tax items are recognized in accordance with the transaction that originated the active differed tax, in the overall result or directly in shareholders' equity.

Differed taxes on assets and liabilities are presented in net terms if there is a legal or contractual right to compensate the fiscal asset against the fiscal liability and the differed taxes are related to the same entity taxed and subject to the rulings and laws of the same tax authority.

Sales tax

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

• when the sales taxes incurred when purchasing goods or services cannot be recovered from the fiscal authorities, under which hypothesis the sales taxes are recognized as part of the acquisition cost of the asset or expense item, whichever is the case; and

• when the values of receivables and payables are presented together with the value of the sales taxes.

• the net value of sales taxes, recoverable or payable, is included as a component in receivables or payables in the balance sheet.

The revenues from sales on operations carried out in Brazil are subject to the following taxes and contributions, at the defined basic rates:

Tax/Contribution			Rate (%)
PIS	-	Social Integration Program	1.65
COFINS	-	Contribution to Financing Social Welfare	7.60
ICMS	-	Tax on Operations Related to the Circulation of Goods and Services (State VAT)	between 7 and 17

These charges are deducted from net revenue in the statement of income. The credits arising from the non-cumulative nature of PIS/COFINS are presented deducted from the cost of services provided in the statement of income. The debits arising from financial revenue and credits associated with financial expenses are presented as deducted from these same lines in the statement of income.

3.6. Government subsidies and aid

Government subsidies and assistance/aid are recognized when there is reasonable certainty that the benefit will be received and that all the corresponding conditions will be satisfied. The subsidiary ALL Malha Norte has a fiscal incentive the benefit of which refers to an expense item, which is recognized as revenue during the period the benefit is applicable, and used systematically in relation to the costs the benefit is designed to compensate for.

3.7. Retirement benefits and other post-employment (pension) benefits

The indirect subsidiary ALL Malha Oeste sponsors a Pension Plan together with a Multi-Sponsored Entity, HSBC pension Fund, and is revised annually by an independent actuary. The plan has the predominant characteristics of a defined contribution during the accumulation of reserves period and these contributions are registered in the result when they are incurred.

3.8. Benefits involving payment in stocks (stock option programs)

The company's senior executives and managers receive part of their remuneration in the form of payment in stocks, in which the employees provide services in exchange for equity rights ("transactions liquidated with share-based payments").

The cost of the transactions with employees liquidated with equity instruments, and options granted, is calculated based on the fair value on the date the same are offered. To determine the fair value, the Company uses the appropriate valuation method and market premises. More details are available in explanatory note 26.

The cost of the transactions liquidated with shares is recognized, together with a corresponding increase in shareholders' equity, during the period in which the performance and/or condition of service are complied with, and end on the date the employee acquires the full option right (date of acquisition). The accumulated expense recognized for the transactions liquidated with equity instruments on each base date until the date of acquisition reflects the extent to which the acquisition period has expired and the best estimate of the Company regarding the number of shares to be acquired. The expense or credit in the statement of income in the period is registered under administrative expenses and represents the total change in terms of accumulated expenses recognized at the beginning and the end of the same period.

No expense is recognized for share-based payments that have not completed their acquisition period, except those for which the acquisition is conditional on market conditions (a condition connected with the price of the Company's shares), which is treated as acquired, independent to whether the market conditions are satisfied or not, as long as all the other conditions for the acquisition are satisfied.

In a transaction liquidated or settled with shares in which the option is modified, the minimum expense recognized in the corresponding expenses result is treated as if the terms had not been altered. An additional expense is recognized for any modification that increases the fair value of the payment contract liquidated with shares, or any other way that benefits the employee, as calculated on the date of the modification.

When a share payment plan is cancelled, the same is treated as if it had been acquired on the cancelation date, and any unrecognized expense is immediately accounted for. However, if a new plan substitutes the cancelled plan, it is designated a substitute plan on the concession date of the stock option, and the cancelled and new options are treated as if a modification had been made to the original, as described in the previous paragraph.

The effect of the dilution of the open options is reflected as additional share dilution in the calculation of the per share dilution result, as described in note 29.

3.9. Financial Instruments – intial recognition and subsequent calculation

(i) Financial assets

Initial recognition and subsequent

Financial assets are stated at fair value through P&L, and include loans and receivables, investments held to maturity, financial assets available for sale, or derivatives classified as efficient hedge instruments, depending on the situation. The Company determines the classification of its financial assets at the moment they are initially recognized, when they become part of the contractual terms and uses of the instrument.

Financial assets are initially recognized at fair value, with additions, in the case of investments not designated at fair value due to the result, for transaction costs that are directly attributable to the acquisition of the financial asset.

Sales and purchases of financial assets that require the provision of goods or services within a timeframe established by market regulation or convention (regular purchases) are recognized on the date of the operation, or the date on which the Company commits to the purchase or sale the goods of services.

The Company's financial assets include cash and cash equivalents, client receivables and from other accounts, lendings and other receivables, financial instruments (quoted and not quoted) and financial derivative instruments.

Subsequent calculation

The subsequent calculation of financial assets depends on their classification, which can be any of the following types:

Financial assets measured at a fair value adjusted for profit and loss

Financial assets at a fair value as adjusted for profit and loss include financial assets held for trading and financial assets stated upon initial recognition at fair value through profit and loss. Financial assets are not classified as held for trading if they were acquired with the aim of being sold in the short term. This category includes financial derivative instruments contracted by the Company that do not meet the criteria for hedge operations, defined in CPC 38. Derivatives not closely tied to the principal contract and that should be separate, are also stated as held for trading, unless classified as efficient hedge instruments. Financial assets at fair value through profit and loss are presented on the balance sheet at fair value, with the corresponding profit or loss recognized in the statement of income.

The Company did not designate any financial assets held at fair value through profit or loss on initial recognition.

The Company valued its financial assets at fair value through profit and loss, as it intends to trade them in a short period of time. When the Company is not in the necessary conditions to trade these financial assets due to inactive markets, and management intends to sell them in the near future, significant changes may be registered, and the Company can opt to reclassify these financial assets in specific circumstances. The reclassification for lendings and receivables, available for sale or held to maturity, depends on the nature of the asset. This valuation does not affect any financial assets designated at fair value for profit and loss using the fair value option on presentation in the statement of income.

Lendings and receivables

Lendings and receivables: non-derivative financial assets with fixed or determinable payments, however not traded in an active market. After initial recognition these are measured at amortized cost by the effective interest rate method (the effective tax rate), less impairment (reduction in recoverable value). The cost amortized is calculated taking into consideration any discount or "premium" at the acquisition and fees or costs incurred. The effective interest rate amortization is included in the financial revenue line in the statement of income. The losses related to impairment are recognized as financial expenses account.

Investments held to maturity

Non-derivative financial assets with fixed or determinable payments with defined maturities for which the Company has the intention and the capacity to hold to maturity. After initial recognition, they are measured at amortized cost using the effective interest rate method. This method uses a discount rate which, when applied to estimated future earnings over the expected life of the financial instrument, results in the net book value. Interest, monetary restatement and foreign exchange variation, less impairment, as applicable, are recognized in P&L when incurred, under financial income or expenses. The Company did not register investments held to maturity during the financial periods ending on December 31, 2011 and 2010.

Financial assets available for sale

Available for sale: non-derivative financial assets that are not classified as (a) lendings and receivables, (b) investments held to maturity or (c) financial assets booked at fair value for profit and loss. These financial assets include equity instruments and debt bonds. The intention of debt in this category is that it be held for

an indefinite period and can be sold for the purposes of increasing liquidity or in reaction to changes in market conditions.

After initial recognition, these financial assets available for sale are measured at fair value, with unrealized gains and losses recognized directly in the reserve of available for sale assets among the other results until the investment is written down, with the exception of losses due to impairment, interest calculated using monetary restatement and foreign exchange variation on monetary assets, when applicable, are recognized in P&L when incurred.

When the investment is unrecognized or determined by impairment, the cumulative gains or losses previously recognized in other results should be recognized in the statement of income.

Dividends on equity instruments available for sale are recognized in the income statement when the Company's right to receive is established.

The fair value of the monetary assets available for sale denominated in foreign currencies is measured in this currency and converted using the sight (spot) foreign exchange rate on the date of the financial statements. The variations in fair value attributable to the differences from conversion that result in a change in the amortized cost of the asset are recognized in the income statement, and the other variations are recognized directly in net equity.

Write-downs

A financial asset (or, when the case, part of a financial asset or part of a group of similar financial assets) is written down when:

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

• The Company transferred its rights to receive the asset cash flows or assumed an obligation to pay the full cash flow received, without significant delay, to a third party in a "pass-through" agreement; and (a) the Company transferred substantially all the risks and benefits of the asset, or (b) the Company did not transfer or train substantially all the risks and benefits related to the asset, but transferred control of the asset.

When the Company has transferred its rights to receive the asset cash flows or entered into a pass-through agreement, and has not transferred substantially all the risks and benefits related to the asset, the same is recognized to the Company's continued extent of involvement with the asset.

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

The continued involvement in the form of a guarantee on the asset transferred is measured by the asset's original book value or the maximum counter payment that may be required by the Company, whichever is the lower.

(ii) Reduction in the recoverable value of financial assets (impairment)

On the balance sheet dates the Company evaluates if there is any objective evidence that determines if the financial asset or group of financial assets has suffered from impairment. A financial asset or group of financial assets is considered impaired if, and only if, there is objective evidence of the absence of recoverability (impairment) as a result of one or more events that have happened after the initial recognition of the asset ("a loss-making event was incurred) and this event had an impact on the future estimated cash flow of the financial asset or group of financial assets that can be reasonably estimated and tested for. Evidence of impairment can include indicators that the borrowers are going through a period of significant financial difficulty. The probability that the same may go bankrupt or through some other type of financial reorganization, default or delay payment of interest or principal, and when there are indications of a

measurable drop in the future estimated cash flow, such as changes in maturities or economic conditions related to defaults.

Financial assets at amortized cost

In relation to the financial assets presented at amortized cost, the Company initially individually evaluates whether there is clear evidence of impairment for each financial asset that is individually significant, or together with financial assets that are not individually significant. If the Company concludes that there is no evidence of impairment for an individually valued financial asset, significant or not, the asset is included in a group of financial assets with similar risk and credit characteristics and valued together in relation to the impairment loss. Assets valued individually for impairment and for which impairment is still recognized are not included in a joint evaluation for impairment loss.

When there is clear evidence of impairment, the value of the loss is measured as the difference between the asset's book value and present value of future estimated cash flows (excluding expected future credit losses still to be incurred). The present value of future estimated cash flows is discounted by the original effective interest rate for the financial asset. When the loan is fixed at variable rates, the discount rate for measuring any impairment will be the current effective interest rate.

The book value of the asset is reduced by means of a provision, and the value of the loss is recognized in the income statement. Interest revenue is still computed on the reduced book value based on the original effective interest rate determined for the asset. The loans, together with the corresponding provision, are written down when there is no realistic chance of their future recovery and all the guarantees have been called in or transferred to the Company. If, in a subsequent financial period, the value of the estimated impairment loss increases or declines due to an event that took place after the impairment loss was recognized, the previously recognized loss is increased or reduced adjusting the provision accordingly. In the event of a possible recovery of the value written down in the future, this would be recognized in the income statement.

Financial investments available for sale

For financial instruments classified as available for sale, the Company evaluates if there is any objective evidence that the investment is recoverable on each balance sheet date.

For investments in equity instruments classified as available for sale, objective evidence includes a significant and extended loss in the fair value of the investments, to below its accounting cost. When there is evidence of impairment, the accumulated loss – measured by the difference between the acquisition cost and fair current value, less the impairment previously recognized in the income statement – is reclassified from shareholders' equity to the income statement. Increases in fair value after recognition of a loss for impairment are recognized directly in the statement of income.

In the case of debt instruments classified as available for sale, impairment losses are evaluated based on the same criteria used for financial assets booked at amortized cost. However, the value registered for the impairment loss is the cumulative loss measured by the difference between the amortized cost and current fair value, less any impairment in the investment previously recognized in the income statement.

Interest is still computed at the effective interest rate used to discount future cash flows for the impairment loss on the asset's reduced book value. Interest income is registered as financial revenue. When, in a subsequent financial period, the fair value of a debt instrument increases and this can be objectively related to an event that took place after the impairment loss was recognized in the income statement, the impairment loss is maintained in the income statement.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value for profit and loss, loans and financing, or as derivatives classified as hedge instruments, as the case may be. The Company determines the classification of its financial liabilities when initially recognized.

Financial liabilities are initially recognized at fair value and, in the case of loans and financing, the directly related transaction costs are added.

The Company's financial liabilities include accounts payable to suppliers and other accounts, guaranteed accounts (current account overdraft), loans and financing, financial contract guarantees and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, which can be in any of the following forms:

Financial liabilities at fair value for profit and loss

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

Financial liabilities are classified as maintained for trading when acquired with the objective of selling them in the short term. This category includes derivative financial instruments contracted by the Company that do not satisfy the accounting criteria for hedges as defined in CPC 38. Derivatives, including the built-in derivatives that are not closely related to the principal contract and that should be separated, are also classified as maintained for trading, as long as they are designated as effective hedge instruments.

Gains and losses related to liabilities held for trading are recognized in the income statement.

Loans and financing

After initial recognition, loans and financing subject to interest are subsequently measured by their amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement as and when the liabilities are written down, as well as during the process of amortization by the effective interest rate method.

Financial guarantee contracts

The financial guarantee contracts issued by the Company are contracts that require payment for the purposes of reimbursing the holder for losses incurred when the specified borrower fails to make the payment due based on the terms of the corresponding debt instrument. Financial guarantee contracts are initially recognized as a liability at fair value, adjusted for transaction costs directly related to the guaranteed issue. Subsequently, the liability is measured based on the best estimate of expense required to liquidate the present obligation on the date of the balance sheet or the value recognized less amortization, whichever of the two is higher.

Write downs

A financial liability is written down when the obligation is revoked, cancelled or expires.

When an existing financial liability is substituted for another from the same lender with substantially different terms, or the terms of an existing liability are altered significantly, this substitution or alteration is treated as a write down of the original liability and constitutes recognition of a new liability, with the difference in the corresponding accounting values recognized in the income statement.

(iv) Financial Instruments – net presentation

Financial assets and liabilities are presented in net form on the balance sheet if, and only if, there is an existing and executable legal right to compensate the amounts recognized and the intent is to compensate or offset the asset and liability simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on the purchase prices quoted in the market at the close of business on the date of the balance sheet, without deducting transaction costs.

The fair value of financial instruments for which there is no active market is determined using valuation techniques. These techniques can include the use of recent market transactions (excluding own interests); 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 more details about how they are calculated can be found in explanatory note 33.

3.10. Derivative financial instruments and accounting for hedge operations

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as term currency contracts and interest rate swaps to provide protection against the risk of variations in foreign exchange and interest rates, respectively.

The derivative financial instruments designated in hedge operations are initially recognized at fair value on the date the derivative contract is taken out, and subsequently revalued also according to 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 to the fair value of derivatives during the financial period are stated directly on the statement of income, with the exception of the effective installment of cash flow hedges, which is recognized directly as equity in the full results.

For the purposes of accounting for hedge operations (hedge accounting), there are three classifications: i) hedge at fair value; ii) hedge of cash flow; and iii) hedge of net investment.

On initially recognizing a hedge, the Company formally classifies and documents the accounting method it wishes to apply to the hedge, as well as the objective and management risk strategy it is designed around in a hedge report. This documentation includes the identification of the hedge instrument, the item or transaction to be hedged, the nature of the risk being hedged, the nature of the risks excluded from the hedge report, a prospective demonstration of the efficiency related to the hedge and the way in which the Company will evaluate the efficiency of the hedge instrument to compensate for the exposure to changes in the fair value of the item hedged or related cash flows the object of risk and thus the hedge. In terms of hedging cash flows, the demonstration of the highly probable nature of the object of the hedge transaction contracted, as well as the time periods scheduled for the transfer of gains or losses resulting from these equity hedge instruments to the income statement, are also included in the hedge documentation report. It is expected that these hedges will be extremely efficient in compensating for changes in fair value or cash flows, and are constantly evaluated to check if this is the case during the base periods over which they were contracted.

The Company has fair value hedges and cash flow hedges that satisfy the abovementioned criteria and that are registered in the following way:

Fair value hedge

The gain or loss resulting from the changes in fair value of a hedge instrument (for a derivative hedge instrument) should be recognized in the P&L. The gain or loss resulting from the covered item attributable to the covered risk should adjust the volume booked of the item covered to be recognized in the P&L. The changes in fair value of the hedge instrument and the changes in fair value of the item the object of the hedge attributable to the risk covered are recognized in the item on the line in the financial statements related to the object of the hedge.

A change in fair value of an interest rate derivative designated in a hedge operation is recognized in the financial result. A change in the fair value of the item the object of the hedge related to the risk hedged is registered as an adjustment in accounting value of an item the object of a hedge, and is also recognized in the P&L.

If the item the object of the hedge is written down, the fair value not amortized is immediately recognized in the P&L.

The company has interest rate swaps to protect against exposure to changes in fair value of determined loan obligations. See explanatory note 33 for more details.

Cash flow hedge

The effective part of the gain or loss related to the hedge instrument is recognized directly in net equity in other results, and the ineffective part of the hedge is immediately recognized in the P&L.

When the Company's documented risk management strategy for a hedge specifically excludes a particular component in any gain or loss or respective cash flows related to the hedge instrument from the evaluation of its effectiveness, this component of the gain or loss excluded is immediately recognized in the P&L.

The values accounted for in other items are immediately transferred to the P&L statement when the transaction the object of the hedge affects the result. When the item the object of the hedge is the cost of an asset or non-financial asset, the values accounted for in net equity are transferred to the initial accounting value of the non-financial asset or liability.

If the scheduled transaction or firm commitment is no longer expected, the values previously recognized in net equity are transferred to the P&L. If the hedge instrument expires or is sold, closed or exercised without being substituted or rolled over, or if its classification as a hedge is revoked, the previously recognized gains or losses in the full result remain differed in equity in the reserve for other results until the scheduled transaction or firm commitment affect the result.

The Company uses swap contracts to exchange floating rate for fixed-rate for determined financing flows. See explanatory note 33 for more details.

Classification

Derivative instruments not classified as an effective hedge instrument (used as an economic hedge and thus not using hedge accounting) are classified as short and long-term based on an evaluation of contracted cash flows. The variations in fair value of any of these derivative instruments are recognized immediately in the income statement.

The derivative instruments designated as such and that are effective hedge instruments are classified in a manner consistent with the classification of the corresponding item the object of the hedge.

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

3.11. Adjustament to present value of assets and liabilities

The long-term monetary assets and liabilities are adjusted to their present value, and the short-term, when the effect is considered relevant in terms of the financial statement as a whole. The adjustment to present value is calculated taking into consideration the contractual cash flows and explicit interest rate, and implicit in certain cases, of the respective assets and liabilities. In this way, the interest built into revenues, expenses and associated costs with these assets and liabilities are discounted with the aim of recognizing them in conformity with the accrual regime. This interest is later reallocated to the financial revenues and expenses lines in the P&L, by means of using the effective tax rate method in relation to the contractual cash flows. The implicit interest rates applied were determined based on premises and are considered estimates accounting.

3.12. Share held and treasury

Own equity instruments that are reacquired (shares held in Treasury) are recognized at cost and deducted from shareholders' equity. No profit or loss is recognized in the financial statements in purchases, sales, issue or cancelation of the Company's own equity instruments. Any difference between the book value and counter payment is recognized in other capital reserves.

3.13. Fixed assets

The Company opted not to value its fixed assets according to their fair value using attributed cost, based on the facts that: (i) the cost method, deducting the provision for losses, is the best method to value the Company's fixed assets; (ii) the Company's fixed assets are segregated into well-defined classes related to its distinct operating activities; (iii) the Company has effective controls over its fixed assets that allow it to identify losses and changes in estimates regarding their useful working life.

Locomotives, railcars and track are presented at cost, net of accumulated depreciation and/or losses for reductions in recoverable value (impairment), if the case. The cost referred to includes the replacement cost for some fixed assets and long-term loan construction project costs, when the criteria for recognition were satisfied. When significant amounts of fixed assets are substituted, these are capitalized in the assets respective. In the same way, when an important inspection is made, its cost is recognized at the asset's accounting book value. All the other costs of repairs and maintenance are recognized in the income statement, as and when incurred.

Depreciation is calculated linearly using the straight-line method during the working life of an asset, at rates that take into account the estimated working life of goods, as detailed below:

- Locomotives 25 years
- Railcars 30 years
- Permanent way limited to concession terms (15 to 67 years)

A fixed asset item is written down when sold or when it offers no further future economic benefit in terms of either its use or sale. Any potential resulting gain or loss from the asset (calculated as being the difference between the net sale value and the book value) are included in the income statement in the financial period the asset is written down.

The residual value and useful working life of assets and depreciation methods are revised at the close of each financial period, and adjusted prospectively, as and when the case.

3.14. Lease operation

The characterization of a lease contract is based on substantive aspects related to the use of an asset or specific assets including the right to use a determined asset, on the date the agreement is signed.

Capital leasing contracts transfer to the Company basically all the risks and benefits associated with owning the leased item and are capitalized at the beginning of the lease based on the fair value of the item leased, and if less, by the present value of the minimum lease payments. As and when applicable, the initial direct costs incurred in the transaction are added in. The lease payments are allocated to financial expenses and a reduction in leased liabilities is paid at a constant interest rate on the remaining balance, or the effective interest rate method. The financial charges are recognized in the P&L statement.

The leased goods are depreciated over their useful working life. However, when there is no reasonable certainty that the Company will finally own the item at the end of the agreed lease term, the asset is depreciated over its estimated useful working life or lease period, whichever is less.

Operating lease agreements are recognized as expenses on a systematic base representing the period during which the benefit of the leased asset is obtained, even if these related payments are not calculated in this way.

The values paid in advance are recorded in the assets and allocated in the income statement linearly during the agreement term. The charges incurred during the grace period are recorded in the income and maintained as obligations to pay and drawn down proportionately on payment of the current installments.

3.15. Loan Costs

The cost of loans directly related to the acquisition, construction or production of an asset that necessarily requires a significant length of time to be completed before it can be used or sold are capitalized as part of the corresponding asset cost. All other loan costs are registered as expenses in the period they are incurred. Loan costs include interest and other costs incurred by the entity related to the loan.

3.16. Intangible assets

Intangible assets acquired separately are stated upon initial recognition at cost of acquisition. The cost of intangible assets acquired in a combination of businesses corresponds to the fair value on the acquisition date. After initial recognition, intangible assets are presented at cost, deducting accumulated amortization and impairment, when applicable. Intangible assets generated internally, excluding capitalized development costs, are not capitalized, and the expense is reflected in the income statement during the financial period incurred.

The useful working life of an intangible asset is valued as defined or undefined.

Intangible assets with a defined useful life are amortized over their determined economic life and valued by impairment testing whenever there is any indication of loss in active economic value. The period and method of amortization for an intangible asset with a defined useful life are revised at least at the end of each financial period. Changes in the estimated useful life or expected consumption of the future economic benefits of these assets are accounted for by changes during the period or method of amortization, depending on the case, with these being treated as changes in accounting estimates. The amortization of intangible assets with a defined useful life is recognized in the income statement in the expense category consistent with the use of the intangible asset.

The premiums (goodwill) generated when acquiring subsidiaries that hold concession contracts, and that have economic fundamentals supporting future expected profitability associated with these assets, are considered intangible with a defined useful life and amortized over the remaining concession term, linearly or with a future generation of economic benefit curve (see explanatory note 13). In addition, these are tested annually for impairment.

Intangible assets with an undefined useful life are not amortized, but tested annually for impairment, individually or at the unit's cash generation level. The valuation of an undefined useful life is revised annually to determine if this valuation is still justifiable. If not, a change in the undefined useful life to defined is made prospectively.

Gains and losses resulting from the write down of an intangible asset are measured as the difference between the net value obtained from the sale and the asset's book value, and is recognized in the income statement when the asset is written down.

3.17. Inventories

The inventories of the company represent material of consumer and mantainance. Valued at the average cost of acquisition, not exceeding their market value. Provisions for low-turnover or obsolete inventories are made as and when considered necessary by management.

3.18. Impairment loss for non-financial assets

Management revises the net accounting value of assets annually with the aim of evaluating events or changes in economic, operational or technological circumstances, and that may indicate a deterioration or loss in their recoverable value (impairment). When this is identified, and the net book value exceeds the recoverable value, a provision is made for this deterioration, adjusting the net book value to the recoverable value. These impairment losses, if recognized, are classified in the income statement in the expense categories consistent with the use of the asset affected.

The recoverable value of an asset or determined cash generating unit is defined as being the higher of the value in use and net sale value.

On estimating an asset's value in use, the estimated future cash flows are discounted to their present value, using a discount rate before taxes that reflected the average weighted cost of capital for the industry in which the cash generating unit operates. The net sale value is determined, whenever possible, based on a firm sale contract in a concomitant based transaction between known and interested parties, adjusted for expenses attributable to the sale of the asset, or, when this cannot be obtained, based on the asset's market price, or price in the most recent transaction involving similar assets.

The following criteria are also applied to evaluate the impairment loss for specific assets:

Premium paid for future expected profit (goodwill)

An impairment test for losses due to a reduction in the recoverable value of goodwill is carried out annually (on December 31,) or when the circumstances indicate a loss due a depreciation in the accounting value.

Intangible assets

Intangible assets with an undefined useful life are tested for impairment annually on December 31, individually or at the level of the cash generating unit, as is the case, or when circumstances indicate a loss due to a depreciation in the accounting value.

3.19. Cash and cash equivalents

Cash equivalents are maintained for the purposes of meeting short-term cash commitments, and not for investment or other purposes. The Company considers cash equivalents an immediately convertible financial application of a known sum of cash and subject to an insignificant risk of change in value. As a result, an investment normally qualifies as a cash equivalent when it matures in the short term, for example, three

months or less, from the date of contracting the same. The financial applications included in cash equivalents are classified in the "available for sale" category. The conditions of profitability of these applications are shown in explanatory note 6.

3.20. Advances for future capital increases

The Company registers the values related to advances for future capital increases received from participants in the Stock Option Plan described in explanatory note 26, in a shareholders' equity account, given the control and expectation the Company has to deliberate the conversion of advances for future capital increases.

3.21. Provisions

General

Provisions are recognized when the Company has an existing obligation (legal or not formalized) as a result of a past event, and it is probable economic benefits will be required to liquidate the obligation and a reliable estimate of the value of the same can be made. When the Company expects the value of a provision to be repaid, either in part or in full, for example, due to an insurance policy, the reimbursement is recognized as a separate asset, but only when this is practically certain.

The expense related to any provision is presented in the income statement, net of any reimbursement.

Provisions for tax, civil and labor risks

The Company is a party in various judicial and administrative processes. Provisions are made for all the contingencies related to judicial processes for which an outlay is considered probable to liquidate the contingency/obligation and a reasonable estimate can be arrived at. The evaluation of the probable loss includes the evaluation of all available evidence, the hierarchy of the legal system, available jurisprudence, the most recent decisions in these courts and their relevance in legal rulings, as well as an evaluation by external counsel. The provisions are revised and adjusted to take alterations in circumstances into account, such as the applicable prescription term, the conclusion of fiscal inspections or additional exposure identified based on new issues or decisions in the law courts.

3.22. Pronouncements of the revised IFRS in 2010

On May 2010 the Board of Directors' issued its third set of amendments to its rules, in order to eliminate inconsistencies and clarify questions in writing. There are separate transitional provisions for each standard. The adoption of the amendments described below has brought changes to accounting practices, but did not affect the performance or financial position of the Group.

• IFRS 3 Business Combination: The options available for measurement of minority interests (NCI) were amended. Only items that are NCI 100% of power that give the shareholder a proportionate share of the net assets of the entity in the event of dissolution of the company should be measured at fair value or the proportionate share of the participation instruments´s of the net assets of acquired. All other items should be measured at their fair value at the acquisition date.
Amendments to IFRS 3 are effective for annual periods beginning on or after July 1, 2011. However, the Group has adopted those amendments from January 1, 2011 and changed its accounting practices, since the amendment was issued to eliminate unintended consequences that may result from adoption of IFRS 3.

• IFRS 7 Financial Instruments - Disclosures: The purpose of this amendment is to simplify the disclosure made by reducing the volume of disclosures regarding the guarantees received and improvement in disclosures by requiring disclosure of qualitative information in order to show quantitative information in perspective. The Company requests reflect revised disclosure in Note 14 and 33.

• IAS 1 Presentation of Financial Statements: This amendment clarifies that the entity may present the analysis of each item of other comprehensive income in the statements of changes in equity or in the notes, which is not applied in Brazil. The Company presents the analysis in Note 28.

3.23. IFRS pronouncements not yet effective on December 31, 2011

We list below the standards issued that become not yet effective until the date of issuance of the Company's financial statements. This list of standards and interpretations issued includes those that the Company reasonably expected to have an impact on the disclosures, financial condition or performance through its application at a future date. The Company intends to adopt such rules when they come into force.

• IAS 1 Presentation of Financial Statements – Presentation Items of Other Comprehensive Income.
This amendment shall become effective for annual periods beginning on or after January 1, 2012.

• IAS 27 Consolidated and Separate Financial Statements (revised 2011).
As a result of recent IFRS 10 and 12, which remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. This amendment becomes effective for annual periods beginning on or after January 1, 2013.

• IFRS 7 Financial Instruments: Disclosures - Increased Disclosures Related to Write-Off
This amendment requires additional disclosures about financial assets that were transferred but not written-off in order to enable the user of financial statements understand the relationship with those assets that have not been written-off and their associated liabilities. In addition, the amendment requires disclosures about the continuing involvement in financial assets written off to allow the user to assess the nature of the entity's continuing involvement in those assets written off, as well as the associated risks.
This amendment shall become effective for annual periods beginning on or after July 1, 2011, and in Brazil, only after the approval of the CPC. The amendment in question affects only disclosures and has no impact on performance or financial condition.

• IFRS 9 Financial Instruments - Classification and Measurement
As it was issued, this reflects the first phase of the IASB's work on replacement of IAS 39 and refers to the classification and measurement of financial assets and liabilities as stated in IAS 39. The standard becomes effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will examine hedge accounting and loss in recoverable value of financial assets. This project should be finalized at the end of 2011 or the first half of 2012. Adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets of the Company, but will not bring potentially impacts on the classification and measurement of financial liabilities. The Group will quantify the effect of this amendment together with other phases, when issued, in order to present a comprehensive picture.

• IFRS 11 - Joint Arrangements
This amendment shall become effective for annual periods beginning on or after January 1, 2013.

• IFRS 13 - Fair Value Measurement
This amendment shall become effective for annual periods beginning on or after January 1, 2013.

3.24 Judgements, estimates and significant accounting premises

Judgements

A preparation of the Company’s consolidated financial statements requires management to make judgments, estimates and adopt premises that affect the values presented as revenues, expenses, assets and liabilities, as well as report contingent liabilities, in the database of its financial statements. However, the uncertainty related to these premises and estimates can lead to the need to make significant adjustments to the accounting value of the assets and liabilities affected in future financial periods.

In the process of applying the Company's accounting policies, management makes the following judgments that can have a significant effect of the values recognized on the consolidated financial statements:

Leasing commitments

The Company has leasing agreements for rolling stock (locomotives and railcars) with clients and suppliers. The classification as operational or financials is determined based on an evaluation of the terms and conditions of the contracts. The Company identified the cases in which it assumes all the significant risks and benefits of ownership of the goods referred to, registering these cases as capital leasing.

Estimatives and premises

The main premises related to the sources of uncertainty about future estimates and other important sources of uncertainty in terms of the estimates made on the balance sheet date, involving significant risks of leading to a substantial adjustment in the accounting value of the assets and liabilities in the next fiscal years, are discussed below.

Impairment of non-financial assets

An impairment loss exists when the accounting value of an asset or cash generating unit exceeds its recoverable value, whichever is the highest between the fair value less selling costs and value in use. The calculation of fair value less selling costs is based on available information about similar asset sales transactions or market prices less additional costs for disposing of the asset. The calculation of value in use is based on the discounted cash flow model. The cash flows derived from the budget for the next five years and do not include reorganization activities the Company has not yet committed to, or significant future investments that would improve the asset base of the cash flow generating unit the object of the test. The recoverable value is sensitive to the discount rate used in the discounted cash flow method, as well as the receipt of expected future cash flows and the growth rate used for the purpose of extrapolation. The main premises used to determine the recoverable value of the diverse cash generating units, including sensitivity analysis, are detailed in explanatory note 13.

Share-based transactions

The Company measures the cost of transactions with employees liquidated with shares based on the fair value of the equity instruments on the date the plan is authorized. The estimate of the fair value for the share-based payments requires the determination of a more adequate evaluation model for the concession of equity instruments, which depends on the terms and conditions of the concession. It also requires the determination of more adequate data for the evaluation model, including the option life expectancy, volatility and return in terms of dividends and corresponding premises. The premises and models used to estimate the fair value of share-based payments are found in explanatory note 26.

Taxes

There are uncertainties about the interpretation of complex tax regulations and the value and timing of future taxable results. Given the ample scope of business relationships, as well as the long-term nature and complexity of the existing contractual instruments, differences between the real results and the premises adopted, or future changes in these premises, could require future adjustments in tax revenue and expenses already registered. The Company makes provisions, based on feasible estimates, for any possible consequences of audits by fiscal authorities in the jurisdictions it operates in. The value of these provisions is based on various factors, such as the experience of previous fiscal audits and diverging interpretations of the tax regulations by the responsible tax and fiscal authorities. These differences in interpretation can be found in a wide variety of issues, depending on the conditions existing in the respective domiciles of the Company.

Deferred asset tax is recognized for all fiscal losses not used to the extent that it is likely there will be taxable income available to allow the use of these losses. Significant judgment by management is required to determine the value of the deferred asset tax that can be recognized, based on the probable term and level of future taxable income, together with future planning strategies for fiscal policies.

The Company presents fiscal losses to compensate for a value of R$ 5,153,000 (R$ 5,080,172 in 2010). These losses refer to the subsidiaries that reported historic losses, did not prescribe, and cannot be used for the purposes of compensation for taxable income in another area of the Company, as well as the losses the forecasting of which went beyond a reasonable horizon. The compensation of accumulated fiscal losses is restricted to a 30% limit of the taxable income generated in a determined fiscal year. These subsidiaries do not have temporary taxable differences or fiscal planning that could partially justify the recognition of deferred asset tax.

For more details about deferred taxes, see explanatory note 10.

Fair value of financial instruments

When the fair value of financial assets and liabilities presented in the balance sheet cannot be obtained from market assets, the use of valuation techniques is determined, including the discounted cash flow method. The data for these methods is based on those practiced in the market, whenever possible. However, when this is not feasible, a determined degree of judgment is required to establish the fair value. This judgment includes considerations about the data used such as, for example, liquidity risk, credit risk and volatility. Changes in the premises about these factors can affect the fair value presented for the financial instruments.

Provisions for tax, civil and labor risks

The Company recognizes provisions for civil and labor causes. The evaluation of probability of loss includes the evaluation of available evidence, the hierarchy of the legal system, available jurisprudence, the most recent decisions in these courts and their relevance in legal rulings, as well as an evaluation by external counsel. The provisions are revised and adjusted to take alterations in circumstances into account, such as the applicable prescription term, the conclusion of fiscal inspections or additional exposure identified based on new issues or decisions in the law courts.

4. Business combination

Acquisition of Standard Logística S.A.

On December 20, 2010, as disclosed in the market through material fact notice, ALL created its indirect subsidiary Brado Logística e Participações S.A. (Brado LP) with whom it entered into, in conjunction with its railroad concessionaires, operating transportation, investment and terminal agreements.

On the same date, Brado LP disclosed its intention to enter into a partnership with Standard Logística S.A. (Standard), a reference company in the reefer segment, with a strong know-how in rendering logistics services in the retail market, a segment that is not largely explored in railroad services.

On April 1, 2011, through a Brado LP special and general members' meeting, all Standard shares were merged with Brado LP, having as consideration Brado Holding S.A.'s – parent company of Brado LP - transferring 20% of Brado LP common shares to Standard shareholders, thus effectively acquiring it. On the same date, Standard Logística S.A. changed its legal name to Brado Logística S.A, and net assets acquired through the operation are as follows:

Identifiable net assets acquired 04/01/2011	
Cash and cash equivalents	43,239
Accounts receivable	12,088
Fixed assets	121,321
Other assets	8,036
	184,684
Trade account payable	6,762
Loans and financing	42,927
Advanced from customers	18,412
Other liabilities	22,113
	90,214
Identifiable net assets	**94,470**
Non-controlling shareholders	(18,894)
Gain on advantageous purchase	(33,836)
Identifiable net assets acquired	**41,740**

The following table states the acquisition cost computation determined:

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

Brado LP share fair value on April 1, 2011, 20% of which represents consideration to former Standard shareholders, 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 investments; ii) discount rate of 13.4% p.a.; and 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 presented material misstatements between fair and book values. However, estimates on of fixed assets and identifiable intangibles fair values have not been completed and these considerations have not been included in the acquisition method determination.

Any adjustments identified after combination date will be recognized by the Company over the measurement period, as specified by CPC 15 - Business Combinations.

Costs arising from acquisition operation corresponding to professional and advisors' fees amounting to R$981 were recorded in the Company's P&L, under operating expenses.

Acquisition of the highway transportation unit from Ouro Verde S.A

On July 1, 2011, as disclosed in the market through material fact notice, ALL and Ouro Verde S.A ("OV") created Ritmo Logística S.A ("Ritmo"), so that, after contribution of the related existing road transportation businesses, the interest held by ALL and OV in Ritmo is 65% 35%, respectively.

This transaction is considered a business combination under CPC 15, ALL being considered the acquirer by means of the wholly-owned subsidiary ALL Intermodal S.A, which now holds control over the non-controlling road transportation business with 65% interest. Net assets at fair value contributed and/or committed by the non-controlling shareholder are as follows:

Net assets acquired at fair value:		
Cash and cash equivalents		8,250
Fixed assets		46,346
Total		**54,596**
Interest acquired	65%	**35,488**

***** Considered market values available on specialized sites.

In turn, the non-controlling shareholders received 35% interest in the highway business of ALL on such date, the 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 to 10 years, not considering significant investments; ii) discount rate of 8,4% per year, and growth rate of 2% in perpetuity, denominated in reais, which the Company considered reasonable for the road transportation business. Net present value determined for the business was R$ 95,799 and, as such, the 35% interest held by non-controlling shareholders would correspond to R$ 33,530.

The following table states the acquisition cost computation determined:

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

A preliminary estimate of fair value of identifiable assets acquired presents an added value of R $ 10,683 in fixed assets. However, an analysis of possible fair value of intangible assets is being held, so that this value was not considered in determining the method of acquisition.

Any adjustments identified after the date of the combination will be recognized by the Company during the measurement period, according to the specified CPC 15 - Business Combinations.

The costs of the acquisition transaction, corresponding to the fees of professional consultants the amount of R$562 were recorded in the income of ALL in the item other operating expenses.

5. Argentine subsidiaries - relationship with Grantor

a) Concession agreement renegotiation

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

As from enactment of Law No. 25561, a new concession renegotiation benchmark was created, and on April 10, 2002, a presentation was delivered before Argentine Economy Ministry, through which the process continued.

In 2003, the National Executive Branch issued Decree No. 311, and created a special commission to renegotiate all concession agreements. Such commission is simultaneously overseen by the Ministries of Economy and Federal Planning, Public Investments and Services. Change in Argentine Government management, 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 No. 25561 was extended over and over through December 31, 2011, as set forth in Law No. 26563. After said date, ALL Central and Mesopotámica will be called to review a new model for the agreement, considering aspects such as concession fee (*Canon*) and annual investment plans.

On July 18, 2005, Provisions 18/2005 and 19/2005 of the for Renegotiation and Analysis of Utility Service Agreements, regarding the letter of understanding arising from concession agreement renegotiation for commitments between ALL Central and ALL Mesopotámica and the Argentine Government, was published on the Argentine Government Official Report. On October 20, 2006, ALL Central and ALL Mesopotámica executed new letters of understanding with the Unit for Renegotiation and Analysis of Utility Service Agreements in order to replace the prior letter. The effects and commitments arising from these are reflected in the quarterly information, even considering that the referred letters shall be approved by the President of the Republic of Argentina. The referred to letters basically establish the following:

(i) Annual investment plan

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

(ii) Concession fee (“canon”)

As from January 1, 2006, concession fee (canon) will be considered as the amount corresponding to 3% of total net income of ALL Mesopotámica and ALL Central for the prior year. For the period ended December 31, 2011, these Companies recorded expenses amounting to R$ 871 (R$ 563 as of December 31, 2010) and R$ 3,903 (R$ 2,762 as of December 31, 2010), respectively, against lease agreements and concession payable.

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

(iii) Rights and obligations comprising mutual claims

Renegotiation of concession agreements includes discussing amounts claimed by both 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 mutual claims balances, which totaled P$79,760 thousand and P$14,480 thousand for ALL Central and ALL Mesopotámica, respectively, in favor of the Argentine Government, was set forth, and concessionaries started to assume investment commitments as from January 2006, which cannot be lower than 3.17% and 1.54%, respectively, on net revenues of the previous year, respecting the minimum amounts of P$4,692 thousand and P$852 thousand, respectively. Up to the present, concessionaires have fully complied with minimum investments required in the plan.

b) Approval for transfer of shares

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

6. Cash and cash equivalents

		Company		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash and banks		6,534	4,165	51,730	17,664
Investments available for sale					
CDB	(i)	586,516	377,567	1,548,806	1,326,588
Fixed rate	(ii)	-	110,578	109,675	332,074
Government bonds	(iii)	121,188	97,877	382,247	292,832
Funds	(iv)	515	1,515	7,280	5,402
		708,219	587,537	2,048,008	1,956,896
		714,753	591,702	2,099,738	1,974,560

Short-term investments are as follows:

(i) Investments in Bank Deposit Certificates (CDB) with rates pegged to Interbank Deposit Certificate Index (CDI) variation (average rate of 102% of CDI);

(ii) Investments in fixed-rated CDB;

(iii) Investments in government bonds (average rate equivalent to Selic);

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

7. Trade accounts receivable - consolidated

	12/31/2011	12/31/2010
Trade accounts receivable		
In Brazil	267,969	220,372
In Argentina	40,176	34,604
	308,145	254,976
(-) Allowance for doubtful accounts		
In Brazil	(27,035)	(14,674)
In Argentina	(9,273)	(8,919)
	(36,308)	(23,593)
	271,837	231,383

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

ALL Central has been collecting, at the administrative level, amounts derived from toll revenues receivable from "Unidad Ejecutora del Programa Ferroviário Provincial" ("U.E.P.F.P.") amounting to R$ 2,076 (P$ 4,762). The likelihood of a successful realization of this asset was rated as probable by legal advisors.

At December 31, 2011, breakdown of trade accounts receivable balance by maturity is as follows:

Periods	Amounts falling due with no impairment losses	Overdue amounts, with no impairment losses					Total
		< 30 days	31 - 60 days	61 - 90 days	91 - 180 days	> 181 days	
12/31/2011	160,455	39,167	20,911	37,584	13,720	-	271,837
12/31/2010	188,168	8,716	15,621	7,157	8,578	3,143	231,383

Allowance for doubtful accounts

Provision for credit risks was calculated based on credit risk analysis, which considers historical losses, individual client situation, and situation of the economic group where they operate, as well as credits past due for more than 181 days, irrespective of related-party receivables. The allowance set up is considered sufficient to cover any losses on amounts receivable.

8. Early lease agreement payment - consolidated

	12/31/2011		12/31/2010	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Lease agreements				
ALL Malha Oeste	166	2,209	166	2,388
ALL Malha Paulista	2,025	28,727	2,025	30,920
ALL Malha Sul	2,734	38,737	2,734	41,472
Right-of-way prepayment				
ALL Malha Sul	1,261	18,682	1,261	19,944
	6,186	88,355	6,186	94,724

The amount paid in cash is being amortized pursuant 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 segment 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.

Asset lease agreements are recognized in P&L on a straight-line basis over the agreement term, and do not qualify as financial lease.

9. Taxes recoverable

	12/31/2011		12/31/2010	
	Current assets	Long-term receivables	Current assets	Long-term receivables
Company				
Withholding income tax (IRRF)	55,937	14,572	44,966	9,859
IRPJ and CSLL recoverable - prepayment	7,223	-	5,108	-
Other	713	-	751	-
	63,873	14,572	50,825	9,859
Subsidiaries				
State value-added tax (ICMS)	116,686	70,826	96,898	67,503
Tax on value added - VAT	6,080	15,177	5,007	3,124
Withholding income tax (IRRF)	65,173	5,390	45,983	5,390
IRPJ and CSLL recoverable - prepayment	14,434	3,430	22,962	3,430
COFINS – increased rate	-	-	3,880	-
Federal tax credits recoverable - PIS/COFINS	95,138	147,229	47,141	120,422
Federal value-added tax (IPI)	-	104,908	-	102,757
Other	2,092	1,570	4,272	1,107
	299,603	348,530	226,143	303,733
Consolidated	363,476	363,102	276,968	313,592

Companies ALL Malha Sul and ALL Intermodal maintain IPI credit premiums acquired from third parties and generated in periods prior to October 1990. These credits derive from an ordinary lawsuit with a final decision and were transferred by means of credit assignment. The initial purpose of this acquisition was to offset these credits against other debts from federal taxes. These offsets were disallowed by the tax authorities and were being challenged in court. The taxes were restated and included in the Refis program in 2009.

Credit recorded, amounting to R$104,908 (R$102,757 as of December 31, 2010), is net of provision for present value adjustment, considering current history of realization through Brazilian IRS securities issued

to cover court-ordered debts and the difference between restatement rate of these securities and CDI as of balance sheet date.

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

10. Income taxes - consolidated

Reconciliation of income and social contribution tax expenses at nominal rate to effective rate for the years ended December 31, 2011 and 2010 is as follows:

	Company		Consolidated	
	12/31/11	**12/31/10**	**12/31/11**	**12/31/10**
Income before taxes	244,945	301,788	234,146	208,611
Nominal rate	34%	34%	34%	34%
Taxes at nominal rate	(83,281)	(102,608)	(79,610)	(70,928)
Tax adjustment by:				
Equity pickup and provision for capital deficiency	107,708	108,432	488	666
Difference in rate on companies taxed under the profit computed as a percentage of the Company's gross revenue regime	-	-	3,637	9,133
Taxes established (written off or not established) for the period	(7,409)	(51,830)	42,886	65,600
Amortization of goodwill effect	(14,887)	(10,972)	(702)	(17)
Recording of stock options granted	(2,129)	(1,891)	(8,497)	(7,203)
Effect of decrease rate – SUDAM incentive	-	-	55,758	50,274
Other permanent differences	(2)	(3,040)	3,176	(10,275)
Effective income (expense) taxes	-	(61,909)	17,136	37,250
Current taxes	-	(6,307)	(36,390)	(45,150)
Deferred taxes	-	(55,602)	53,526	82,400

Effects of deferred income and social contribution taxes on comprehensive income	**12/31/2011**	**12/31/2010**
Deferred income and social contribution taxes related to items directly reversed from or posted to equity for the year:		
Mark-to-market investment	1,792	-
Mark-to-market gains (losses) - hedge	-	3,781
Mark-to-market gains (losses) – financial assets available for sale	-	(243)
Mark-to-market effect - hedge	(3,867)	-
	(2,075)	**3,538**

Deferred tax credits on income and social contribution tax losses and temporary differences held by the Company, as well as the portion recorded on the balance sheet as of December 31, 2011, may be broken down as follows:

	Consolidated	
	12/31/2011	**12/31/2010**
Tax losses	880,251	864,433
Amortization of goodwill	102	84
Provision for variable compensation	5,254	13,442
Provision for tax credits	25,016	40,251
Provision for tax issues	15,561	9,585
Provision for labor claims	32,772	48,017
Provision for civil claims	9,617	8,059
Allowance for doubtful accounts	8,791	9,135
Provision for unrealized income	4,037	4,289
Unsettled hedge transactions	(2,954)	2,946
Provisions	13,352	22,564
Effects of RTT Liabilities	(17,719)	
Effects of RTT Assets	67,275	65,632
Total tax credits	**1,041,355**	**1,088,437**
(-) unrecorded credits	531,738	631,045
(=) net credits recorded	**509,617**	**457,392**

Reconciliation of deferred tax assets

Opening balance	457,392	389,405
Adjustment balance of subsidiary	(4,062)	
Balance acquired form subsidiary	2578	
Revenue from/(expenses with) taxes recognized in P&L	53,526	84,394
IRPJ/CSLL realized in Refis	-	(16,407)
Tax (expense) recognized in equity	183	-
Balance at December 31, 2011	**509,617**	**457,392**

Deferred tax credits are expected to be realized as follows:

	Consolidated
2012	45,890
2013	48,785
2014	48,377
2015	42,701
2016	49,891
After 2017	273,974
Total	509,617

Income and social contribution tax losses generated in the Company and its Brazilian subsidiaries do not become time-barred and will be offset against future taxable profit, in accordance with tax legislation criteria.

Indirect subsidiaries ALL Central and ALL Mesopotámica, based on expected future profit generation and in accordance with accounting practices adopted in Brazil, recognized deferred income tax credits amounting to R$ 10,973 as of December 31, 2011 (R$ 11,729 as of December 31, 2010). Tax losses, according to Argentine tax legislation, prescribe in five years, period considered sufficient by management for full recovery of deferred income tax.

In subsidiaries ALL Intermodal, ALL Malha Oeste, ALL S.A. and ALL Malha Sul S.A., tax credits on losses have not been recognized considering the history of tax losses recorded for the past few years.

The Company and its subsidiaries record deferred tax credits on income and social contribution tax losses when CPC 32 conditions are met. For that, the Company considers whether it has recorded profit for three of the past five years, and whether future taxable profit is expected for a period of no longer than ten years. Annually, management conducts a technical feasibility study and submits it to Board of Directors' approval, which presents estimated taxable profit to serve as a basis for the tax credits recorded.

During the year 2011 were paid as income tax and social contribution, the amount of R$ 42,547 (in 2010 R$ 44,274).

11. Private debentures

On June 21, 2010, subsidiary ALL – América Latina Logística Malha Sul S.A. approved private issue of two series of 25,000 subordinated debentures non convertible into book shares (first series), at unit value of R$ 10 per debenture, of which only the first series, amounting to R$ 250,000, was issued.

Debenture balances are recorded in the Company as follows:

						Long-term receivables	
Series	**Issue date**	**Amount**	**Maturity**	**Annual remuneration**	**Effective rate**	**12/31/2011**	**12/31/2010**
ALL Malha Sul	01/06/10	250,000	01/06/13	102% CDI	11.89%	296,819	265,397
						296,819	265,397

12. Investments

a) Interest in subsidiaries and affiliate companies

	Number of shares/units of interest held				Interest %			
	Common shares/units of interest		Preferred shares		Total		Voting	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
ALL Argentina	2,384,134	2,384,134	6,404,530	6,404,530	90.96%	90.96%	90.96%	90.96%
ALL Intermodal	90,320,767	76,472,803	-	-	100.00%	100.00%	100.00%	100.00%
ALL Malha Oeste	459,057,998	459,057,998	19,402,076	19,402,076	100.00%	100.00%	100.00%	100.00%
ALL Malha Sul	119,732,540,853	119,732,540,853	182,160,427,321	182,160,427,321	100.00%	100.00%	100.00%	100.00%
ALL Overseas	12,000	12,000	-	-	100.00%	100.00%	100.00%	100.00%
ALL Participacoes	11,878,448	11,878,448	-	-	100.00%	100.00%	100.00%	100.00%
ALL Rail Tec	420,750	420,750	-	-	51.00%	51.00%	51.00%	51.00%
ALL SISA	10,200	10,200	-	-	51.00%	51.00%	51.00%	51.00%
ALL Rail Management (ex-BLLSPE)	10,001	10,001	-	-	50.01%	50.01%	50.01%	50.01%
Boswells	3,265,000	3,265,000	-	-	100.00%	100.00%	100.00%	100.00%
Santa Fe Vagoes	17,600,000	17,600,000	17,600,000	17,600,000	100.00%	100.00%	100.00%	100.00%
ALL Centro-Oeste	499,999	499,999	-	-	99.99%	99.99%	99.99%	99.99%
ALL Servicos (ex-ALL Tecnologia)	99,999	99,999	-	-	99.99%	99.99%	99.99%	99.99%
ALL Equipamentos	25,244,748	25,244,748	-	-	99.99%	99.99%	99.99%	99.99%
ALL Malha Paulista	1,616,472,395	702,275,954	2,989,050,282	1,298,592,011	100.00%	100.00%	100.00%	100.00%
ALL Malha Norte	690,110,714	690,110,710	11,665,403	10,477,819	99.18%	98.06%	99.90%	90.00%
Brado Holding	500	500	-	-	100.00%	90.00%	100.00%	90.00%
Track Logistica	1,000	1,000	-	-	100.00%	100.00%	100.00%	100.00%

		Subsidiaries / affiliate companies		Equity pickup		Company: Investment value		Company: Goodwill		Dividends
		Equity	P&L for the year	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	Received
Direct subsidiaries										
ALL Argentina	(i)	7,438	(15,061)	(13,699)	(6,935)	17,028	31,919	-	-	-
ALL Centro-Oeste		-	-	-	(247)	-	206	-	-	-
ALL Equipamentos		24,952	(292)	(292)	20,318	24,950	25,242	-	-	-
ALL Intermodal		163,047	(24,849)	(24,849)	(5,944)	163,047	138,793	-	-	-
ALL Malha Norte	(ii)	1,135,910	350,388	345,711	334,478	1,128,188	761,621	2,010,282	2,032,965	-
ALL Malha Oeste		71,430	(38,165)	(38,165)	(16,176)	71,430	100,429	111,334	117,842	-
ALL Malha Paulista		314,284	101,591	101,591	85,963	314,284	107,995	330,433	344,979	-
ALL Malha Sul		340,408	(99,415)	(99,415)	(96,064)	340,408	296,074	-	-	-
ALL Overseas		3,989	(828)	(828)	-	3,989	4,817	-	-	-
ALL Rail Management		20	132	66	187	10	10	-	-	66
ALL Serviços		100	10,268	10,266	3,824	100	100	-	-	11,062
ALL Sisa		6	(1)	-	-	3	3	-	-	-
Boswells		12,263	536	536	(693)	12,263	11,728	-	-	-
Brado Holding		82,380	40,640	40,640	-	82,380	-	-	-	-
Rail Tec		-	-	-	(15)	-	320	-	-	-
Santa Fé Vagões		9,717	(2,696)	(2,696)	(4,147)	9,717	12,412	200	250	-
				318,866	314,549	2,167,797	1,491,669	2,452,249	2,496,036	11,128

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

(i) ALL Argentina has Advance for Future Capital Increase (AFCI) amounting to R$ 113,522 (R$ 109,200 at December 31, 2010) recorded in its Equity by ALL Holding, who fully recognizes AFCI in its investment until it is paid.

(ii) ALL Malha Norte has Advance for Future Capital Increase (AFCI) amounting to R$ 194.153 recorded in its Equity by ALL Holding, who fully recognizes AFCI in its investment until it is paid.

b) Subsidiaries with negative equity

For those subsidiaries stating negative equity, a provision was set up and is stated as non-current liabilities in the balance sheet. It was computed as follows:

	Subsidiaries		Company: Changes in provision for Capital deficiency for the year		Company: Provision for Capital deficiency		Dividends
	Capital deficiency	P&L for the period	12/31/2011	12/31/2010	12/31/2011	12/31/2010	Received
Direct subsidiaries							
ALL Participações	(9,569)	(1,361)	(1,360)	(687)	9,569	7,661	-
ALL Centro Oeste	-	(290)	(290)	-	-	-	-
Rail Tec	(212)	(839)	(427)	-	108	-	162
			(2,077)	(687)	9,677	7,661	162

c) Investments in the consolidated balance sheet

Assessed under the equity method	Investment book value	
	12/31/2011	12/31/2010
Rhall Terminais	2,255	1,994
TGG	7,631	5,489
	9,886	7,483

13. Intangible assets – consolidated

		12/31/2011			12/31/2010	
		Cost	Accumulated amortization	Net	Net	% average annual amortization rates
Goodwill upon investment acquisition						
ALL Argentina	(ii)	-	-	-	14,800	6.81%
ALL Malha Oeste	(i)	125,277	(13,942)	111,335	117,842	3.54%
ALL Malha Paulista	(i)	350,904	(20,471)	330,433	344,979	1.96%
ALL Malha Norte	(i)	2,055,057	(44,776)	2,010,281	2,032,965	0.53%
Santa Fé	(i)	462	(262)	200	250	10.00%
		2,531,700	(79,451)	2,452,249	2,510,836	
Grant right – concession agreements	(iii)					
ALL Malha Oeste		3,118	(1,623)	1,495	1,598	3.33%
ALL Malha Paulista		7,891	(3,432)	4,459	4,721	3.33%
ALL Malha Sul		10,830	(5,385)	5,445	5,805	3.33%
		21,839	(10,440)	11,399	12,124	
Other		95,234	(40,907)	54,327	12,140	13.23%
		2,648,773	(130,798)	2,517,975	2,535,100	

Goodwill recorded in investment in subsidiary is classified as intangible assets in the consolidated.

(i) Goodwill on investment acquisition is based on expected future profitability, and is amortized at the realization curve considering concession effective terms.

(ii) In ALL Argentina, goodwill was based on future profitability upon acquisition of ALL Central and ALL Mesopotámica shares, on May 26, 1999, and is amortized on a straight-line basis over the concession period until December 2010. At June 30, 2011, management reviewed the goodwill recovery estimates and wrote down the balance to P&L.

(iii) It refers to the granting right of concession agreements of subsidiaries ALL Malha Oeste, ALL Malha Paulista and ALL Malha Sul, amortized over the agreement term.

	Balances at December 31, 2010			Changes in 2011			Balances at December 31, 2011		
	Gross cost	Accumulated amortization	Net	Additions that do not affect cash	Write-offs	amortization	Accumulated cost	Accumulated amortization	Net
Goodwill on acquisition of investments	2,546,500	(35,664)	2,510,836	-	(14,800)	(43,787)	2,531,700	(79,451)	2,452,249
Grant right - concession agreements	21,839	(9,715)	12,124	-	-	(725)	21,839	(10,440)	11,399
Others	32,135	(19,995)	12,140	63,111	(12)	(20,912)	95,234	(40,907)	54,327
Total	**2,600,474**	**(65,374)**	**2,535,100**	**63,111**	**(14,812)**	**(65,424)**	**2,648,773**	**(130,798)**	**2,517,975**

Goodwill 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

Recoverable value of Malha Norte was determined in December 2011, by calculating value in use from cash projections arising out of financial budgets approved by senior management for a five-year period extended

for the same period. Discount rate before taxes applied to cash flow projections is 12.2% and cash flow exceeding a ten-year period at a growth rate of 1.0%, which the Company considers conservative in relation to growth projected to Brazil. As a result of this analysis, management identified no need to set up a provision for impairment for this CGU group, to which goodwill amounting to R$ 2,452,049 (R$ 2,495,786 as of December 31, 2010) is allocated.

Main assumptions used in calculations based on value in use

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

Operating Margins

Operating margins are based on average values obtained in the three years the beginning of the budget period. These margins vary over time projection, as planned projects are implemented by the company and develop. In the long term operating margin is projected at around 35% of net revenue.

Discount rates

The discount rates reflect the current market assessment of the specific risks relating to the cash-generating unit. The discount rate was estimated based on the weighted average cost of capital for the segment, and is equivalent to 12.2% pa. Moreover, this rate was adjusted to reflect the market evaluation of any specific risk to the cash-generating unit.

Estimates of growth rates

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

Sensitivity to changes in assumptions
As regards the assessment of the value in use management believes that no reasonably possible change in any of the above main assumptions would cause the carrying value of the unit significantly exceeds its recoverable amount.

Malha Argentina

In December 2010, the Company assessed Malha Argentina recoverable value through a calculation based on value in use from projections of future cash flows in US dollars, considering financial budgets approved by top management, for a five-year period extended of the same period. 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 recoverable value of goodwill balance allocated to ALL Argentina and the remaining balance on this date, in the amount of R$ 12,883, was written off against P&L for the period.

14. Property and equipment - consolidated

	12/31/2011			12/31/2010	% average annual depreciation
	Cost	Accumulated depreciation	Net	Net	
Leasehold improvements					
Locomotives	1,131,281	(330,795)	800,486	647,882	4.00%
Wagons	684,528	(185,112)	499,416	406,792	3.33%
Permanent road	2,141,571	(390,906)	1,750,665	1,430,494	4.42%
Other	261,421	(91,317)	170,104	146,240	5.34%
	4,218,801	(998,130)	3,220,671	2,631,408	
Own property and equipment in use					
Locomotives	579,567	(145,015)	434,552	440,000	4.00%
Wagons	378,580	(103,861)	274,719	251,736	3.33%
Permanent road	1,016,450	(143,917)	872,533	884,057	1.48%
Storeroom for assets in use	50,264	-	50,264	99,569	0.00%
Land	45,704	-	45,704	31,206	0.00%
Buildings	75,453	(27,349)	48,104	38,868	5.20%
Furniture and fixtures	15,605	(11,958)	3,647	3,300	10.00%
Road vehicles	71,835	(8,451)	63,384	18,326	14.54%
IT equipment	94,365	(65,463)	28,902	30,447	19.71%
Telecommunication and signal equipment	59,605	(37,938)	21,667	15,021	9.70%
Equipment for permanent road and railroad transportation maintenance	101,111	(53,192)	47,919	71,547	9.94%
Aircraft	143	(25)	118	10,384	10.00%
Machinery and equipment	26,599	(9,082)	17,517	73	10.00%
Other	180,255	(72,005)	108,250	70,049	10.00%
	2,695,536	(678,256)	2,017,280	1,964,583	
Lease agreements					
Locomotives	271,134	(72,891)	198,243	204,018	9.80%
Wagons	1,030,667	(247,125)	783,542	569,900	10.21%
Trucks	-	-	-	1,798	21.43%
Civil construction	19,503	(4,867)	14,636	16,317	9.09%
Equipment	17,290	(4,703)	12,587	14,316	10.00%
	1,338,594	(329,586)	1,009,008	806,349	
Construction in progress					
Locomotives	53,264	-	53,264	145,225	
Wagons	68,624	-	68,624	134,072	
Permanent road	843,912	-	843,912	191,802	
Road vehicles	-	-	-	51	
Civil construction	29,110	-	29,110	-	
Other	20,012	-	20,012	138,465	
	1,014,922	-	1,014,922	609,615	
	9,267,853	(2,005,972)	7,261,881	6,011,955	

Summary of changes in property and equipment:

	Balances at December 31, 2010			Changes in 2011					Balances at December 31, 2011		
Property and equipment types	**Gross cost**	**Accumulated depreciation**	**Net**	**Acquisitions**	**Additions that do not affect cash**	**Write-offs**	**Transfers**	**Depreciation, net**	**Accumulated cost**	**Accumulated depreciation**	**Net**
Locomotives	1,522,582	(434,700)	1,087,882	-	20,722	-	167,544	(41,110)	1,710,848	(475,810)	1,235,038
Wagons	926,268	(267,740)	658,528	-	20,484	-	116,356	(21,233)	1,063,108	(288,973)	774,135
Permanent way	2,751,124	(436,573)	2,314,551	-	4,896	(7,873)	409,874	(98,250)	3,158,021	(534,823)	2,623,198
Lease agreements	1,094,410	(288,061)	806,349	-	244,184	-	-	(41,525)	1,338,594	(329,586)	1,009,008
Construction in progress	609,615		609,615	921,782	179,361	-	(695,836)	-	1,014,922	-	1,014,922
Other	830,795	(295,765)	535,030	43,065	120,120	(13,682)	2,062	(81,015)	982,360	(376,780)	605,580
Total	**7,734,794**	**(1,722,839)**	**6,011,955**	**964,847**	**589,767**	**(21,555)**	**-**	**(283,133)**	**9,267,853**	**(2,005,972)**	**7,261,881**

For the period ended December 31, 2011, R$ 134,879 (R$ 52,449 as of December 31, 2010) was capitalized as construction in progress, regarding financial charges generated by loans financing such construction. This transaction has no effect on cash flows. Financial cost of capitalizing interest on qualifying property and equipment was 115.9% of CDI p.a.

Finance lease and construction in progress

Property and equipment book value held under finance lease agreements as of December 31, 2011 was R$ 1,338,888 (R$ 1,094,410 at December 31, 2010). Over the period, additions were recorded to property and equipment amounting to R$ 423,545 (R$ 202,255 at December 31, 2010) regarding items under finance lease agreements and construction in progress, which are guaranteed by the asset items themselves, and had 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.

15. Loans and financing

	Annual charges	Effective rate	Maturity	12/31/2011	12/31/2010
Company					
Local currency					
Commercial banks	107% do CDI	12.84%	July 2015	210,524	209,416
BNDES investments	TJLP+1,8%	7.80%	Quarterly/monthly up to June 2017	53,195	62,872
Local currency					
Swap transactions				(10,260)	(6,782)
Total Company				**253,459**	**265,506**
Subsidiaries					
Local currency					
ALL Malha Sul				**1,581,859**	**1,477,480**
CCB	CDI + 1,25%	13.58%	September 2015	330,545	329,173
	CDI + 1,23%	13.56%	October 2014	120,496	106,488
BNDES (investments)	TJLP + 1,4%	7.40%	Quarterly/monthly up to July 2022	407,835	272,127
	TJLP + 2,5%	8.50%	Quarterly/monthly up to June 2017	230,460	257,077
	TJLP + 1,5%	7.50%	Quarterly/monthly up to June 2022	7,351	8,051
	TJLP + 1,8%	7.80%	Quarterly/monthly up to June 2017	116,775	138,007
BNDES (FINAME)	TJLP + 3,75%	9.75%	January 2017	1,014	1,213
NCC	105,9% do CDI	12.90%	July 2015	45,170	56,260
	107,0% do CDI	13.03%	March 2013	205,375	204,683
NCE	11,77% Pré BRL	11.77%	June 2013	82,678	73,920
NCE	12,07% Pré BRL	12.07%	October 2012	34,160	30,481
ALL Intermodal					
Investments BNDES FINAME				-	**15,145**
	TJLP + 2,70%	8.70%	Quarterly/annual up to March 2016	-	15,145
Ritmo Logística					
Investments BNDES FINAME				**1,254**	-
	12,70% / URTJLP	7.80%	Monthly up to November 2016	1,254	-
ALL Malha Paulista					
				350,382	**304,377**
BNDES investments	TJLP + 1,4% a.a.	7.40%	Quarterly/monthly up to June 2022	250,953	172,129
	TJLP + 1,5%	7.50%	Quarterly/monthly up to October 2022	4,620	4,961
	TJLP + 2,5%	8.50%	Quarterly/monthly up to October 2017	94,809	107,024
CG	IGP-M	IGP-M	January 2023	-	20,263

Continued

	Annual charges	Effective rate	Maturity	12/31/2011	12/31/2010
ALL Malha Norte				**813,751**	**831,964**
BNDES investments	TJLP + 1,5% a.a.	7.50%	Quarterly/annual up to September 2016	352,286	460,775
	TJLP + 3%	9.00%	Quarterly/annual up to January 2016	128,554	160,037
	TJLP + 2,71%	8.71%	Quarterly/monthly up to September 2029	251,541	162,474
	TJLP +1,4%	7.40%	Quarterly/monthly up to June 2022	81,370	46,672
	CDI + 1,5%	12.30%	March 2011	-	2,006
ALL Malha Oeste					
BNDES investments				**66,217**	**52,388**
	TJLP + 1.4%	7.40%	Quarterly/monthly up to June 2020	66,217	52,388
Terminal XXXIX					
				7	**1,272**
Investments - BNDES	TJLP + 6%	12.00%	Quarterly/annual up to December 2011	7	1,272
Brado Holding				**51,085**	**-**
Commercial banks	107% of CDI	12.84%	July 2016	31,563	-
BNDES investments	TJLP+1.8%	7.80%	Quarterly/monthly up to June 2021	19,522	-
				2,864,555	**2,682,626**
Foreign currency (exchange rate pegged to US$, with swap to CDI)					
ALL Malha Sul					
Swap transactions				-	605
ALL Malha Norte					
swap transactions				(1,844)	7,537
ALL Malha Paulista					
swap transactions				75	386
				(1,769)	**8,528**
Local currency					
ALL Malha Sul					
swap transactions				12,640	6,638
ALL Malha Oeste					
swap transactions				(1,421)	-
				11,219	**6,638**

Continued

Foreign currency (exchange variation pegged to Argentine Peso - P$)

	Annual charges	Effective rate	Maturity	12/31/11	12/31/10
ALL Argentina				81,284	75,752
Commercial banks	0.165	16.50%	January 2012	9,748	1,394
Mortgage	Dollar-6,3%	Dollar-6,3%	October 2011	-	5,017
Itaú Buenos Aires	0.158	15.80%	January 2012	-	29,632
Pantagonia	0.17	17.00%	July 2012	7,004	6,372
Santander	0.235	23.50%	Dezember 2012	13,248	12,708
Citibank	0.1525	15.25%	January 2012	30,025	15,518
Citibank	0.1725	17.25%	August 2012	3,589	
Citibank	0.1665	16.65%	June 2012	2,195	
HSBC	0.16	16.00%	January 2012	15,475	5,111
Total subsidiaries				**2,955,289**	**2,773,544**
Total consolidated				**3,208,748**	**3,039,050**
Current portion				457,534	385,523
Non-current portion				2,751,214	2,653,527

Breakdown of non-current payable portion by year of maturity:

	12/31/11
2013	782,766
2014	659,147
2015	434,757
2016	216,895
After 2017	657,649
	2,751,214

Acronyms:

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

Loan, financing and debenture balances are stated at net value, i.e., net of initial transaction expenses.

Loans and financing 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.

Financing agreements with BNDES, indented to investments, are guaranteed by bank surety, according to each agreement, with cost between 1.0% and 2.0% p.a. or security interest (assets) and escrow account.

When the Company takes out financing in a foreign currency, swap transactions are also taken out to hedge against Real x US dollar currency risk.

Some agreements include covenants setting financial limits to the Company. These limits are computed on a quarterly basis on quarterly information issue date, using consolidated P&L, and are being met.

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

Year	2011	2012	2013	2014	2015
Net consolidated debt/consolidated EBITDA	3.0	3.0	2.5	2.5	2.5

The covenant regarding EBITDA on Financial Income/Expenses is calculated based on consolidated EBITDA accumulated for the past four quarters, divided by Consolidated Financial Income/Expenses. For financial income/expenses computation purposes, this covenant only considers interest on debentures, loans/financing, hedge transactions and foreign exchange variation of the Company's foreign subsidiary "ALL Argentina". The following amounts correspond to covenant bottom limits for the period:

Year	2011	2012	2013	2014	2015
EBITDA/consolidated financial income/expenses	2.00	2.00	2.00	2.00	2.00

Loan agreement covenants and penalties:

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

As one can observe in the chart below, covenants have been fulfilled by the Company.

	4Q10	1Q11	2Q11	3Q11	4Q11
Net debt / EBITDA	2.09	2.29	2.26	2.32	2.36
EBITDA / Financial income and expenses	3.22	3.10	3.01	3.01	3.20

Not meeting financial limits is considered an early payment of debentures, irrespective of prior notice, question or legal notice.

16. Debentures - consolidated

Issue of Company’s and its subsidiaries’ debentures are as follows:

						12/31/2011		12/31/2010	
Series	**Date dd/mm/yy**	**Amount**	**Maturity dd/mm/yy**	**Annual remuneration**	**Effective rate**	**Current liabilities**	**Long-term payables**	**Current liabilities**	**Long-term payables**
Company									
5th issue	01/09/05	199,050	01/09/14	CDI + 2,40%	14.32%	15,438	51,702	7,333	198,501
6th issue	01/07/06	550,570	01/07/14	CDI + 2,40%	14.32%	79,750	132,036	171,145	406,810
7th issue – (i)	17/11/09	5	02/10/12	IPCA + 3%	9.70%	6	-	-	6
8th issue – 1st (ii)	15/04/11	539,160	15/04/16	CDI + 1,65%	13.49%	13,034	536,621	-	-
8th issue – 2nd (ii)	15/04/11	270,840	15/04/18	IPCA + 8,4%	15.45%	16,196	279,512	-	-
9th issue – 1st (iii)	22/08/11	145,769	15/07/16	CDI + 1,65%	13.49%	6,833	142,918	-	-
9th issue – 2nd (iii)	22/08/11	219,150	15/07/16	CDI + 1,65%	13.49%	8,877	215,008	-	-
						140,134	1,357,797	178,478	605,317
Direct subsidiaries									
ALL Malha Sul									
3rd issue	08/09/08	166,666	31/07/18	108% CDI	12.63%	22,551	159,134	16,420	158,571
						22,551	159,134	16,420	158,571
ALL Malha Norte									
1st issue	01/07/97	100,000	30/06/16	TJLP + 1,5%	7.50%	45,739	186,737	34,221	224,085
2nd issue	10/04/00	60,000	01/05/15	TJLP + 4%	10.00%	11,900	35,701	10,781	43,121
3rd issue	14/01/02	40,000	01/05/15	TJLP + 4%	10.00%	7,629	22,887	6,911	27,644
6th issue	08/09/08	166,666	31/07/18	108% do CDI	12.63%	7,914	163,523	7,192	162,960
Debentures	01/07/97	100,000	30/06/16	% RL		-	89,906	-	80,961
						73,182	498,754	59,105	538,771
ALL Malha Paulista									
1st issue	10/09/08	166,666	31/07/18	108% do CDI	12.63%	7,914	163,523	7,192	162,960
						7,914	163,523	7,192	162,960
Consolidated						243,781	2,179,208	261,195	1,465,619

(i) In the General and Special Shareholders' Meeting held on October 2, 2009, Company's shareholders approved the 7th private issue of 10,750,000 subordinated non-convertible debentures amounting up to R$ 1,300,750 on issue date. Debentures could surely be partially placed should subscribed and paid-up amount reached at least R$ 350,000, in accordance with terms and conditions included in the General and Special Shareholders' Meeting Minutes.

According to the material fact notice issued on November 17, 2009, total 10,682,093 debentures were subscribed and paid up, with proceeds amounting to R$ 1,292,533.

In the Board of Directors' meeting held on November 17, 2009, directors approved Company's capital increase amounting to R$ 1,292,528, by converting 10,682,050 7th issue debentures into shares. Forty-three debentures of this operation were not converted into shares and remain recorded as liabilities.

(ii) In the Board of Directors' meetings held on March 2, 2011 and March 15, 2011, the 8th public issue of 60,000 registered, book-entry debentures nonconvertible into unprivileged shares of the Company's issue was approved, which may increase by up to 35% in case of exceeding demand, reaching 81,000 debentures at unit value of R$ 10. Debentures were issued in accordance with Law No. 6385, of December 7, 1976, as amended, Brazilian Corporation Law, Brazilian Securities and Exchange Commission (CVM) Rule No. 400 and observing the simplified process to list public offers of marketable securities distribution set forth in CVM Rule No. 471, of August 8, 2008 and CVM – AMBIMA agreement.

On April 29, 2011, the Company disclosed that 81,000 debentures were issued, 53,916 in the 1st series and 27,084 in the 2nd series, with proceeds totaling R$ 810,000.

(iii) In the Board of Directors' meetings held on June 28, 2011, the 9th public issue of 41,432 unsecured and unprivileged debentures in two series, with personal guarantee, not convertible into shares, in the total amount of R$ 359,676,286.88, issued solely and exclusively to enable that 5th and 6th issue debentures be exchanged.

In the 1st series, 13,376 debentures were intended to holders of 5th issue debentures, with unit value of R$ 10,741.24 and premium of 2.164743% on the number of debentures of each holder of 5th issue debentures.

In the 2nd series, 28,056 debentures were intended to holders of 6th issue debentures, with unit value of R$ 7,698.94 and premium of 2.090455% on the number of debentures of each holder of 6th issue debentures. The issue is in compliance with Law No. 6404, of December 15, 1976, ("Corporation Law"), as amended by CVM Ruling No. 476, of January 16, 2009.

Rescheduling, covenant and guarantee clauses:

There is no rescheduling planned for any issues.

Covenants of the issues include financial limits detailed in Note 15 "Loans and financing" and are related to the Company's consolidated P&L. Failure to comply with these limits automatically causes early maturity.

Some issues of the Company and its subsidiaries rely on personal security, as observed in Note 20 "Related-party transactions".

17. Lease agreements – consolidated

17.1 Finance lease

The Company and its subsidiaries have lease agreements, particularly wagons and locomotives which, in management's opinion, are considered finance lease.

The Company and its subsidiaries merged to their property and equipment those rights whose subject matter are assets intended to maintain business activities, or exercised for such purpose, including those arising from transactions transferring benefits, risks and control over said asset items to the Company, irrespective of ownership thereof.

Financial charges incurred for the period were recorded as financial expenses. There were no direct initial costs to be capitalized, as well as contingent payments and sub-lease related to the corresponding agreements.

Lease-agreement-related contract balances are as follows:

	12/31/2011		12/31/2010	
Assets	**Current liabilities**	**Non-current liabilities**	**Current liabilities**	**current liabilities**
ALL Malha Sul				
Wagons	67,358	230,619	67,358	336,980
ALL Malha Norte				
Rolling stock	72,584	511,753	72,584	414,899
ALL Malha Paulista				
Rolling stock	95,141	289,189	99,412	104,868
Brado Holding				
Reach Stacker/Equip. IT equipment	776	906	-	-
	235,859	1,032,467	239,354	856,747

Minimum future payments for lease purpose, under the finance lease and lease agreement terms, in addition to present value of minimum lease payments, are as follows:

	Total future payments		
Assets	**Up to 1**	**From 1 to 5**	**Over 5**
ALL Malha Sul			
Wagons	81,741	302,485	20,162
ALL Malha Norte			
Rolling stock	106,866	546,946	239,014
ALL Malha Paulista			
Rolling stock	72,066	330,601	22,804
Brado Holding			
Reach Stacker/Equip. IT equipme	451	1,965	-
	261,124	1,181,997	281,980

	Present value payment		
Assets	**Up to 1**	**From 1 to 5**	**Over 5**
ALL Malha Sul			
Wagons	77,122	219,003	9,546
ALL Malha Norte			
Rolling stock	100,852	375,022	108,798
ALL Malha Paulista			
Rolling stock	67,911	238,413	10,579
Brado Holding			
Reach Stacker/Equip. IT equipme	771	711	-
	246,656	833,149	128,923

Lease agreements have different effective terms, the last of which terminates in July 2021. Amounts are restated on an annual basis at IGPM, plus TJLP variation. In order to stated payments at present value, an average 12.5% CDI rate was considered.

17.2 Operating lease agreement

Operating lease agreement installment payments (rental) are recognized as expenses on a straight-line basis over the corresponding agreement effective term. Such agreements include leased vehicles, software, wagons and property. The Company and its subsidiaries have no sub-lease or contingent payment of the executed agreements.

		Total future minimum payments		
Assets		**Up to 1 year**	**From 1 to 5 years**	**Over 5 years**
Vehicles	(i)	876	-	-
Software	(ii)	3,303	-	-
Real estate	(iii)	645	-	-
		4,824	-	-

(i) Leased vehicle agreements remain effective for two years (beginning April 1, 2010) and may be renewed for the same period, according to parties' interest. Prices are annually restated at IGP-M variation, beginning April 2011.

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

(iii) Leased property agreements remain effective for one year. Prices are annually restated at IGP-M variation.

18. Lease agreements and concessions - consolidated

The Company and its subsidiaries record their lease-agreement-related liabilities on a straight-line basis, in accordance with effective terms thereof. Non-current amounts refer to amounts unpaid due to discussions on agreement conditions and/or portions allocated over the grace period thereof.

Concession payable is equivalent to restated grant amount, net of payments made through the balance sheet date.

	12/31/2011		12/31/2010	
	Current liabilities	**Non-current liabilities**	**Current liabilities**	**Non-current liabilities**
Lease agreements				
ALL Malha Sul	12,616	33,927	12,105	36,237
ALL Argentina	10,768	-	14,972	-
ALL Malha Paulista	-	642,152	-	549,415
ALL Malha Oeste	-	512,306	-	435,403
Concession				
ALL Malha Sul	3,237	19,802	3,954	18,965
ALL Malha Paulista	-	52,007	2,806	44,123
ALL Malha Oeste	-	36,247	1,445	30,666
	26,621	1,296,441	35,282	1,114,809

Lease and concession agreement conditions are as follows:

	Lease and concession agreements						
	Term in years	Agreement value	Amount paid in cash	Balance	Quarterly installments	Payment beginning	Restatement index
Lease agreements							
ALL Malha Oeste	30	56,440	4,969	51,471	112	15/1/1998	IGP-DI + interest 12% p.a.
ALL Malha Paulista	30	230,160	52,793	177,367	112	15/12/2000	IGP-DI + interest 12% p.a.
ALL Malha Sul	30	202,112	82,032	120,080	112	15/1/1999	IGP-DI + interest 12% p.a.
Concessions							
ALL Malha Oeste	30	3,118	409	2,709	112	15/1/1998	IGP-DI + interest 12% p.a.
ALL Malha Paulista	30	12,252	2,917	9,335	112	15/12/2000	IGP-DI + interest 12% p.a.
ALL Malha Sul	30	10,830	4,510	6,320	112	15/1/1999	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 P&L, for the corresponding agreement effective term, plus IGP–DI variation and interest to agreed-upon rates. Installments for the grace period (1997 to 1999) are now paid, with corresponding restatement, for the remaining concession agreement term.

ALL Malha Paulista – On August 29, 2005, a partial spin-off between ALL Malha Paulista and Ferrovia Centro Atlântica S.A. (FCA) was conducted, and FCA assumed responsibility for 35.6% of total concession and lease amounts.

In 2005, subsidiary ALL Malha Paulista suspended lease-agreement payments to RFFSA – in liquidation, legally supported by a preliminary decision to make judicial deposits on behalf 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 payment. For more information, see Note 19.

Considering that ALL Malha Norte relies on 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$ 113,191 as of December 31, 2011 (R$ 111,943 as of December 31, 2010).

In order to comply with the investment agreement with shareholders, entered into on May 5, 2005, demerger of ALL Malha Paulista operations in the Bauru-Mairinque segment was determined, and this operation was then transferred to ALL Malha Oeste as from October 1, 2005, in view of a Memorandum of Understanding dated September 23, 2005.

ANTT approved such demerger through Resolution No. 1010, published in the Federal Official Gazette on July 28, 2005.

ALL Malha Norte – On May 19, 1989, direct subsidiary ALL Malha Norte executed a Concession Agreement with the Federal Government to establish a cargo railroad transportation system, including construction, operation, use and maintenance of the railroad between Cuiabá (Mato Grosso State) and: a) Uberaba/Uberlândia (Minas Gerais State), b) Santa Fé do Sul (São Paulo State), c) Porto Velho (Rondônia State) and d) Santarém (Pará State). Such 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 contract termination.

The Agreement does not provide for payment obligations on the account of the Concession, however, it sets forth certain responsibilities for the Company, such as: a) not making a sub-concession, b) submitting itself to Federal Government permanent inspection, c) complying with standards, technical specifications and local Ministry of Transportation standards, and d) complying with all legal provisions applicable to granted services, particularly those related to environment preservation.

Concession 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) end of agreement effective term; c) expropriation or redemption, by public interest after the Concession, through proper indemnification; d) annulment for Concession or agreement unlawfulness; e) severe and continued infractions made by one of the parties, which cause damage to service quality and efficiency; and f) expropriation by the Federal Government of granted services or a Law that makes the agreement formally or materially impossible. In the event of expropriation, Company's shareholders' indemnification will be calculated based on fair value of concession-related net assets, computes at the time of expropriation.

ALL Malha Oeste - In virtue of a legal discussion, this direct subsidiary has suspended concession and lease payments. Quarterly installments are guaranteed by bank sureties upon maturity.

19. Deposit-refund, restricted amounts and provision for lawsuits - consolidated

			Contingencies			
	Judicial deposits		Probable		Possible and remote	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Labor claims						
In Brasil	217,335	203,049	116,632	143,202	868,236	871,067
In Argentina	-	-	-	-	-	-
Civil, regulatory and environmental claims						
In Brasil	126,958	135,205	28,627	23,776	445,401	516,008
In Argentina	-	-	8,863	5,800	-	-
Tax claims						
In Brasil	9,656	9,761	55,559	30,526	1,500,967	1,006,060
In Argentina	-	-	-	-	-	-
	353,949	348,015	209,681	203,304	2,814,605	2,393,135

	12/31/10	Additions	Payments	Reversals	12/31/11
Labor claims	143,202	107,832	(127,285)	(7,117)	116,632
Civil, regulatory and environmental claims	29,576	9,187	(86)	(1,187)	37,490
Tax claims	30,526	25,841	(234)	(574)	55,559
Total	203,304	142,860	(127,605)	(8,878)	209,681

Subsidiaries are parties to several lawsuits arising from the normal course of their businesses. Company's management believes that the outcome of such claims will have no significant effect different from the provisioned amount, which corresponds to those claims whose likelihood of an unfavorable outcome is rated as probable.

a) Labor claims

Subsidiaries are parties to several labor claims and, as of December 31, 2011, recorded a provision amounting to R$ 116,632 (R$ 143,202 at December 31, 2010), in the consolidated, to cover claims whose likelihood of an unfavorable outcome was rated as probable. Decrease in the provisioned amount in comparison to the prior period is basically due to agreements entered into by the Company.

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

b) Civil, regulatory and environmental claims

Civil claims

Subsidiaries are parties to several civil claims, mostly involving petitions, action for damages in general, such as: collisions in level crossings, rail running over, traffic accident, possessory actions in general, execution suit of extrajudicial bonds and others. Based on the opinion of its legal advisors and court positions, management maintains provisions for claims whose likelihood of an unfavorable outcome has been rated as probable.

Regulatory claims

Among significant claims, both ALL Malha Paulista and ALL Malha Oeste are currently challenging Lease and Concession Agreement economic and financial unbalance in court.

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

ALL Malha Paulista requested for an expert inspection to determine the new appropriate value of lease and concession installments, as well as suspension of payment of installments falling and fell due through the effective expert inspection. In July 2005, the injunction was granted. In September 2005, said injunction was reversed by Rio de Janeiro Federal Regional Court. The proceeding is still pending judgment and awaiting the final conclusion and presentation of the expert report. Management had been depositing in court the amount related to lease installments through September 2007, when the Company obtained a legal authorization to substitute bank surety letters for judicial deposits. .

ALL Malha Oeste is claiming for reestablishment of the economic and financial balance, lost due to cancellation of transportation contracts existing at the time of privatization. The claim is in progress in the 16th Rio de Janeiro Federal Court of Justice. The amount related to ALL Malha Oeste overdue amounts was guaranteed through the acquisition of government bonds (Financial Treasury Bills - LFT), where were recorded under non-current investments. In March 2008, the Company obtained an authorization to substitute bank surety letters for said guarantee and, in May 2008, the Company redeemed such investment.

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

Environmental claims

Such amounts arise from violation notices served by Environmental Sanitation Technology Company – CETESB (São Paulo State), Brazilian Institute of the Environment and Natural Renewable Resources – IBAMA and Local Environmental Departments, mostly due to soil and water contamination from product leakage, and non-compliance with conditions imposed by such operating license. In all cases, measures are being taken to reduce existing liabilities, as well as to remedy and prevent damage to the environment. The provision for environmental area is recorded with civil provision for concessionaires.

c) Tax claims

Key tax-related discussions involve “Export ICMS” (state value-added tax levied on transportation of goods to be exported), different ICMS rated on interstate transportation, Social Contribution Tax on Gross Revenue for Social Integration Program (PIS) / Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) on mutual traffic operations, and Corporate Income Tax (IRPJ)/Social Contribution Tax on Net Profit (CSLL) on financial transactions carried out in Austria and Spain.

No provision was set up for tax claims whose likelihood of an unfavorable outcome had been rated as possible or remote. For those considered as probable, a provision was set up amounting to R$ 55,559 (R$ 30,526 as of December 31, 2010).

Export ICMS – São Paulo Finance Department issued tax notices against ALL Malha Sul, whose current value amounts to approximately R$63,785, due to non-payment of ICMS related to railroad transportation services rendered for goods to be exported, and use of ICMS credits supposedly not authorized by legislation. In the second quarter of 2010, a first favorable decision was awarded by São Paulo Tax Court, in order to annul payment of ICMS levied on export operations. In the fourth quarter of 2010, two of the discussions shifted from administrative to judicial level, with the presentation of fiscal Motions to Stay Fiscal that preceded the offer of a surety letter to serve as a guarantee for the court.

ALL Malha Oeste was served a tax notice referring to the same matter, amounting approximately to R$ 25,773. All tax notices are being challenged at the administrative level in São Paulo State. It is worth pointing out that the Higher Court of Justice (STJ) have already established that ICMS tax should not be levied on transportation of goods to be exported, considering a provision in article 155 of Brazilian Federal Constitution.

ALL Malha Norte filed an Action for Annulment of tax debt, taking into consideration that the company was served a tax notice for non-payment of ICMS on transportation services for goods to be exported, and the amount involved is R$ 14,817. In the last quarter of 2010, Mato Grosso State Court confirmed the first level decision fully annulling the tax notice, and this was awarded a final decision in December 2010 in favor of ALL Malha Norte. The High Court Judges understand that ICMS is not due on transportation of goods to be exported after delivery at ports, which reduced contingency by R$ 14,817.

In July 2011, Mato Grosso State issued a new tax notice against ALL Malha Norte, originally amounting to R$ 120,687, referring to transportation of goods to be exported, for the 2006 period. ALL Malha Norte filed a contestation to the new claim, for it understands that such operations are supported by ICMS taxation on transportation of goods to be exported, set forth in article 155 of Brazilian Federal Constitution. In August 2011, ALL Malha Norte was informed of the decision handed down at the first stage of tax appeals, reducing the notice to R$ 29,404. ALL Malha Norte filed an appeal to the administrative appellate level, which is pending judgment.

ICMS – on property and equipment credit – In April 2005, ALL Malha Sul was awarded a favorable decision at Rio Grande do Sul State Court of Justice regarding a tax notice served by Rio Grande do Sul State Department to the Company for the use of ICMS tax credit on acquisition of assets and equipment intended to property and equipment renovation and recovery. Based on said decision, Rio Grande do Sul State filed a Special Appeal with Brazilian Supreme Court, which is now pending judgment. Tax notices in court amount to approximately R$ 20,017, of which ALL has already paid to Rio Grande do Sul State public treasury R$ 11,192 and has suspended payment of the remaining R$ 8,825 as a result of the aforementioned favorable decision of Rio Grande do Sul Court of Justice, which has already been confirmed by Higher Courts. In addition, Supplementary Law No. 87/96 authorized full use of tax credits arising from acquisition of permanent asset items.

PIS/COFINS – Mutual traffic – ALL Malha Paulista was served a tax notice for non-payment of PIS and COFINS regarding revenues from mutual traffic and right of way, and is challenging the restated amount of R$ 52,552, for the period from 1999 to 2006 (cumulative PIS and COFINS). The Company understands that the likelihood of an unfavorable outcome is remote, since amounts challenged have already been paid by concessionaires in charge of transportation upon shipment. Decisions awarded to the date have already reduced notices by approximately R$ 17,000.

IRPJ/CSLL, PIS and COFINS - ALL Malha Sul was served a tax notice amounting to R$ 620,383 for excluding interest on investments made in Austria and Spain, and for loan expenses considered non-deductible. Tax authorities have also issued PIS and COFINS tax notices on swap transactions taken out to guarantee loans in foreign debt. The Company understands that the likelihood of an unfavorable outcome is

remote, since investments made in countries with which Brazil has an agreement determining non-taxation of such operations, and PIS and COFINS taxation on hedge transactions was ruled out by Decree No. 5442/2005. In March 2011, ALL Malha Sul became aware of the first-level administrative decision (Brazilian Revenue Office), which reduced tax notice to R$335,913. ALL Malha Sul filed a voluntary appeal with CARF, which is pending judgment.

Municipal Real Property Tax (IPTU) - ALL Malha Sul and ALL Malha Paulista have approximately R$ 5,094 relating to IPTU taxation on Federal Government-owned properties, which, due to the concession granted, are held thereby 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 Company has already several favorable decisions. In the first quarter, favorable decisions were obtained in relation to notices served to São Vicente and Colina cities, reducing liabilities by approximately R$ 8,500.

Service Tax (ISS) – Portofer was served three tax notices amounting to approximately R$ 3,043, which were issued by Santos City who considered the legal figure of Portofer (special purpose entity aiming to apportion expenses among concessionaires) and served a tax notice to the Company as though it was a local service provider. The Company considers the likelihood of an unfavorable outcome as remote for the matter has already been awarded a favorable decision by São Paulo Court of Justice, in similar cases to Guarujá City, determining that tax notices be annulled, since Portofer is a non-profit, but only apportion expenses.

IRPJ/CSLL – In November 2010, ALL Intermodal was served a tax notice by Brazilian IRS originally amounting to R$ 52,772 regarding IRPJ and CSLL. These amounts were obtained from disallowance of expenses as a result of payment 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 Brazilian IRS. The Company considered risk of this tax notice as remote, since 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 notice originally amounting to R$ 35,610, regarding non-payment of social security contributions on labor indemnification amounts. The Company filed an administrative contestation, for it alleges that there is a legal provision supporting non-payment of the referred to amounts, given their nature and ad hoc payment. The proceeding is pending judgment with the São Paulo Tax Appeals Division (DRF).

IRPJ/CSLL – ALL S.A – Tax notice served by the Brazilian IRS in the total amount of R$ 327,186, referring to the following alleged violations: disallowance of goodwill from operations based on future profitability, disallowance of financial expenses and capital gain from disposal of interest in companies of the same economic group, in view of partial recognition of the goodwill amount. All S.A. presented defense in September 2011. In the first instance judgment in the Curitiba Tax Appeals Division (DRF), partially upheld the appeal lodged by the company, reducing the value of self to R $ 272,271. The Company filed a Voluntary Appeal to convert part of the decision which kept part of the credit.

Social security contributions – Stock Options – Tax notice served by the Brazilian IRS in the amount of R$ 35,802 referring to alleged social security contributions on the Company's Stock Option Plans, considered as compensation by the IRS. The Company presented defense claiming that the Stock Option Plans are merely of a commercial nature. The opposition is pending judgment with the Curitiba Tax Appeals Division (DRF).

20. Related-party transactions

Entities considered related parties are reported in Note 3.

	Company							
	Long-term receivables		Non-current liabilities		Revenues		Expenses/costs	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Subsidiaries								
ALL Argentina	78,683	43,941	5,597	5,299	-	-	-	-
ALL Armazéns Gerais	-	257	11,249	14,546	-	-	-	1,072
ALL Centro-Oeste	-	-	-	359	-	-	-	-
ALL Equipamentos	58	-	-	-	-	-	-	-
ALL Intermodal	-	-	-	4	-	-	-	-
ALL Malha Norte	11,904	-	-	5,994	14,829	-	-	-
ALL Malha Oeste	-	-	146	357	-	-	-	-
ALL Malha Paulista	-	-	-	4	50,512	16,711	-	37,703
ALL Malha Sul	-	-	12	67	-	8,893	-	-
ALL Overseas	196	175	-	-	-	-	-	-
ALL Participações	-	-	11	6	-	-	-	-
ALL Rail Tec	4,099	-	-	-	-	-	-	-
ALL Rail Management	60	-	-	-	-	-	-	-
ALL Serviços	1097	-	-	-	-	-	960	-
Santa Fé	4,216	1,953	-	-	-	-	-	-
Affiliates								
PGT	-	-	77	77	-	-	-	-
Portofer	-	-	-	-	-	-	-	-
	100,313	46,326	17,092	26,713	65,341	25,604	960	38,775

Related-party transaction terms and conditions

Related-party transactions are carried out solely under agreed-upon commutative conditions and with proper payments.

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

Outstanding balances at the end year end are free from interest, and some transactions have no maturity date. Transactions mature within the financial year, always in cash, or by matching accounts.

There is no insurance coverage for related-party transactions.

For the period ended December 31, 2011, there was no contingency with accounts receivable related to related-party debts. Such assessment is made every financial year, by examining related-party financial positions and the market where each of them operates. The Company set up no allowance for doubtful accounts on existing balances.

Agreements with related parties are as follows:

Related party	Relation with issuer	Transaction date	Agreement subject matter	Amount involved – in thousands of reais	Balance at December 31, 2011	Effective through dd/mm/yy	Termination
Company with subsidiaries							
América Latina Logística Argentina S.A.	Subsidiary	26/09/83	Mutual traffic operations	-	73,086	Indefinite	Contract delinquency
América Latina Logística Central S.A.	Indirect subsidiary	2010 sundry	Foreign loan agreements	24,504	25,449	2012 sundry	Total or partial delinquency
América Latina Logística Mesopotâmica S.A.	Indirect subsidiary	2010 sundry	Foreign loan agreements	8,862	8,531	2012 sundry	Total or partial delinquency
América Latina Logística Central S.A.	Indirect subsidiary	2011 sundry	Foreign loan agreements	27,946	30,482	2013 sundry	Total or partial delinquency
América Latina Logística Mesopotâmica S.A.	Indirect subsidiary	2011 sundry	Foreign loan agreements	5,001	5,355	2013 sundry	Total or partial delinquency
América Latina Logística Mesopotâmica S.A.	Indirect subsidiary	40177	Foreign loan agreements	1,475	1,545	06/02/12	Total or partial delinquency
América Latina Logística Malha Norte S.A	Subsidiary	01/10/11	Leased locomotives	61,387	58,330	01/10/16	Non-compliance with contract, bankruptcy, wind-up or court recovery
América Latina Logística Malha Paulista S.A	Subsidiary	01/03/08	Leased wagons	61,440	14,334	01/03/13	Non-compliance with contract, bankruptcy, wind-up or court recovery
ALL - América Latina Logística Rail Tec	Subsidiary	11/01/11	Intercompany loan agreement	3,500	4,216	11/06/12	Total or partial delinquency
ALL América Latina Logística Serviços Ltda.	Subsidiary	16/09/11	Administrative service agreement	-	1,097	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, changes in equity control of parties.
Among Subsidiaries:							
América Latina Logística Malha Paulista S.A e América Latina Malha Sul S.A,	Subsidiary	01/01/09	Share of assets and use of railroad infrastructure, right of way and mutual traffic	-	-	28/02/27	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
América Latina Logística Malha Paulista S.A e América Latina Logística Malha Oeste S.A.	Subsidiary	01/01/09	Share of assets and use of railroad infrastructure, right of way and mutual traffic	-	-	30/06/26	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
América Latina Logística Malha Norte S.A e América Latina Logística Malha Paulista S.A.	Subsidiary	01/01/09	Share of assets and use of railroad infrastructure, right of way and mutual traffic	-	-	31/12/28	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
América Latina Logística Malha Sul S.A e América Latina Logística Malha Oeste S.A.	Subsidiary	01/01/09	Share of assets and use of railroad infrastructure, right of way and mutual traffic	-	-	28/02/27	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Equipamentos S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Intermodal S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e Portofer Transporte Ferroviário Ltda.	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Malha Norte S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Malha Sul S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Malha Oeste S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Malha Paulista S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
ALL América Latina Logística Serviços Ltda. e ALL - América Latina Logística Malha Oeste S.A	Subsidiary	16/09/11	Administrative service agreement	-	-	16/09/16	Non-compliance with contract, bankruptcy, wind-up, court recovery, court and/or administrative order and changes in equity control of parties.
Brado Logistica e Participações S.A. e demais	Subsidiary	20/12/10	Railroad transportation service and railroad investment	-	-	Concession agreement effective term	Non-compliance with contract, bankruptcy, wind-up or court recovery; Total or partial delinquency
Brado Logistica e Participações S.A. e demais	Subsidiary	20/12/10	Assignment of terminals to container services	-	-	Concession agreement effective term	Non-compliance with contract, bankruptcy, wind-up or court recovery; Total or partial delinquency
Ritmo Logística S.A. e demais	Subsidiary	01/07/11	Operating Road transport services contract and other agreements	-	-	Concession agreement effective term	Non-compliance with contract, bankruptcy, wind-up or court recovery; Total or partial delinquency

In addition, subsidiary ALL Malha Norte maintains with BNDES Participações S.A., a shareholder of ALL Holding, a debenture transaction, bearing market interest, amounting to R$ 322,382 as of December 31, 2011, maturing through June 2016.

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

	Secured				
	ALL S.A.	ALL Malha Sul	ALL Malha Paulista	ALL Malha Norte	Total
Securing companies					
ALL S.A. (Company)					
Debentures	-	175,143	175,143	175,143	525,429
BNDES	-	237,850	101,559	502,353	841,762
CCB	-	822,040	-	-	822,040
Other	-	-	-	-	-
		1,235,033	276,702	677,496	2,189,231
ALL Malha Sul					
Debentures	1,516,851	-	-	-	1,516,851
ALL Malha Norte					
Debentures	1,232,064	-	-	-	1,232,064
ALL Malha Paulista					
Debentures	1,232,064	-	-	-	1,232,064
ALL Malha Oeste					
Debentures	1,232,064	-	-	-	1,232,064
ALL Intermodal					
Debentures	284,788	-	-	-	284,788
CCB	-	332,740	-	-	332,740
	284,788	332,740	-	-	617,528
Total	5,497,831	1,567,773	276,702	677,496	8,019,802

Transaction with others Related-party

Management payment´s

In General Board Meeting minutes´s held on April 29, 2011, has set the total annual payment for members of the Tax Board the value of R$ 648, and how the overall sum for the annual payment of the management, the value to R$ 25,000, these fees are valid until the next Annual General Board Meeting.

The table below shows the composition of payments:

	2011	2010
Payments	22,741	25,952
Share-based payment (i)	18,762	14,454

(i) The conditions are described in note 26.

For the payments of management are not guarantees given or received.

On the amount of outstanding balances, the Company was not any provision for doubtful accounts.

The Company adopts corporate governance practices recommended and/or required by applicable legislation, including those set forth in the Regulation for Differentiated Practices of Corporate Governance

– New Market (Novo Mercado), created by Brazilian Mercantile & Futures Exchange (BM&FBOVESPA S.A).

The decision on all Company's transactions is submitted to the Board of Directors, Officers and Supervisory Board, according to the competences described in its Articles of Incorporation. Accordingly, all transactions, particularly related-party transactions, have been properly submitted to those Company's boards in charge of decision-taking to which they were subject, in accordance with prevailing rules. Furthermore, pursuant to Law No. 6404/76, any member of the Company's Board of Directors is not allowed to vote in any board meeting, or to perform in any transaction or business in which they have conflict of interest with the Company.

21. Provision for unrealized income

At December 31, 2001, the Company sold to its subsidiary ALL Malha Sul the right to use the segments from Presidente Epitácio to Rubião Junior and Pinhalzinho / Apiaí to Iperó, for the market value of R$ 22,387, supported by an appraisal report prepared by an independent appraising company as of the same date. At December 31, 2001, the Company set up a provision for unrealized income amounting to R$ 19,312 for this transaction, stated under long-term payables. At December 31, 2011, R$ 7,438 (R$ 6,695 through December 31, 2010) was realized.

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

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

		12/31/2011		12/31/2010	
		Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
ALL S.A. (Company)	(i)	29,967	75,794	29,968	73,374
ALL Malha Norte	(ii)	121,644	346,443	121,643	393,026
		151,611	422,237	151,611	466,400

Balance is composed of two CRI operations:

(i) CRI I: On February 29, 2008, the Company entered into a concession agreement of credits arising from leasing Terminal Intermodal de Tatuí. CIBRASEC, on its turn, issued Real Estate Receivables Certificates (CRI) which are remunerated at the rate of 12.38% p.a., from issue date to 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. Financial charges of this transaction are monthly allocated to P&L.

(ii) CRI II: On November 28, 2008, ALL Malha Norte executed with CIBRASEC an agreement granting it credits arising from leasing Terminal de Alto Araguaia (Mato Grosso State). CIBRASEC, on its turn, issued Real Estate Receivables Certificates (CRI) which are remunerated based on CDI + 2.6% p.a., from issue date to 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. Financial charges of this transaction are monthly allocated to P&L.

23.Deferred income - consolidated

		12/31/2011		12/31/2010	
		Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Subsidiaries					
ALL Intermodal	(i)	34	447	34	471
ALL Malha Norte	(ii)	1,528	11,306	1,528	12,834
ALL Malha Paulista	(iii)	858	13,354	858	14,212
ALL Malha Sul	(iii)	191	2,585	191	2,777
		2,611	27,692	2,611	30,294

(i) This refers to deferred income arising from capital payment by means of free land granted (through 2025) 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 sale of 28 locomotives, with subsequent execution of 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 P&L on a straight-line basis over the remaining right concession period.

24. Taxes and social security contributions in installments - consolidated

	12/31/2011		12/31/2010	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Law No. 11941/09	33,202	176,948	14,256	181,766
Senai	-	-	146	-
Sesi	-	-	184	-
Education allowance	343	-	231	-
ISS	810	1,025	1,776	2,000
Social security contribution tax (INSS)	884	-	1,092	-
ICMS / VAT	-	4,806	-	4,806
	35,239	182,779	17,685	188,572

In order to reduce their exposure to tax risks, the Company and its subsidiaries enrolled with the Program for Debt Payment in Installments of the Brazilian Finance Attorney-General's Office and Brazilian IRS, created through Law No. 11941/09, in the 4th quarter of 2009, which was approved in June 2011.

The Company states that it has been regularly paying the corresponding installments.

25. Equity

a) Capital

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

	12/31/2011	12/31/2010
Common	687,664,312	689,122,312

The Company is authorized to increase capital, irrespective of any statutory reform, up to the limit of 820,000,000 common shares.

In Special and General Shareholders' Meeting held on September 9, 2010, the Company's shareholders, authorized by ANTT through Resolution No. 3563, of August 12, 2010, approved the Company's classification in the special segment on BM&F Bovespa, called New Market (*Novo Mercado*). As a result of this decision and rules established for the Company's New Market classification, capital comprised only common shares, at the ratio of one (1) preferred share to one (1) common share, including those preferred shares in share deposit certificates issued by the Company – Units, which were then cancelled. After shares were converted, a five (5) to one (1) common share conversion was also deliberated. Company's capital then comprised 687,502,312 common shares.

Company's capital increase by R$ 24,170, through issue of 1,620,000 common shares, was approved in Board of Directors' meeting held on December 22, 2010.

On August 4, 2011, the capital increase approved on December 22, 2010 was adjusted at the Board of Directors' meeting. The adjustment refers to paid-in capital 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. The adjustment refers to paid-in shres from R$ 1,620,000 shares to R$ 162,000.

b) Treasury shares

As described in the prior item, shares included in Units were converted into common shares.

Until December 31, 2011, 110,574 shares were used (1,753,788 at December 31, 2010) to settle share options exercised for the period. Transfers were recorded at the weighted average cost of treasury shares (R$ 16.76).

In 2011, the Company conducted buyback of 6,518,910 shares at the total cost of R$ 56,138.

At December 31, 2011, the Company held 6,979,474 common shares in treasury, the average cost of R$ 9.15.

c) Dividend distribution and interest on equity capital

Shareholders are entitled to minimum mandatory divided of 25% on net income adjusted under the terms of article 202, Law No. 6404/76, amended and revoked by Law No. 11638, of December 28, 2007, and Law No. 11941, of May 27, 2009.

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

The amount of Dividends on December, 31 2011 and December, 31 2010 was calculated on the following basis:

Dividends - Calculation:

	12/31/2011	12/31/2010
Net Income for the Year	244,945	239,879
Legal Reserve (5%)	(12,247)	(11,994)
Amount	232,698	227,885
Accrued Dividends (25%)	58,174	56,971
Dividends	**58,174**	**56,971**
Dividend and interest on equity capital		

	12/31/2011	12/31/2010
Quantity of shares	687,664	689,122
Dividends per share	0.08460	0.08267

d) Income reserve

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

Reserve for investments is set up based on statutory provisions, which are supported by the Company's investment plan by means of uses and sources subject to the Board of Directors and pursuant to article 194 of Law No. 6404/76, which determines that such reserve shall not exceed subscribed capital, at an amount not less than twenty-five percent (25%) and not exceeding (75%) of net income for the year, adjusted under article 202 of Law No. 6404/76, with a view to financing the expansion of the Company's and its subsidiaries' activities, including through subscription of capital increases or development of new ventures.

e) Advances for future capital increase

Amounts received as advances for future capital increase, arising from contributions to the Stock Option Plan, described in Note 26, are stated under Equity.

f) Tax incentives – SUDAM

On September 26, 2007, ALL - Malha Norte filed with the Supervisory Office for Development of the Amazon (SUDAM) a lawsuit claiming the right to reduce IRPJ and non-refundable surcharges computed on exploration income, 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 No. 4212 of April 26, 2002.

The benefit was granted by Brazilian IRS through Executive Declaratory Act No. 504, of November 28, 2008, after SUDAM issued certificate of income tax reduction No. 135/2008, whereby ALL Malha Norte was granted the tax benefit of 75% reduction for IRPJ and non-refundable surcharges on the exploration income for a 10-year term, as of 2008 and expiring in 2017.

The legal grounds for benefit recognition was created by Provisional Executive Order No. 2199-14, in its article 1 of August 24, 2001 and wording set forth in Law No. 11196, of November 21, 2005. The effect of the 75% reduction for IRPJ and non-refundable surcharges calculated up to December 31, 2011 on profit from tax incentive activities amounted to R$ 55,880 (R$50,274 as of December 31, 2010), recorded as a IRPJ and CSLL expense reduction for subsidiary ALL Malha Norte, according to CPC 07 issued by

Brazilian Financial Accounting Standards Board (CPC) and approved by CVM Resolution No. 555, of November 12, 2008.

Tax incentive is related to the Company's purpose to increase and maintain investments in the Legal Amazon region, by fostering the development of that region, increasing employment, income and production levels, and contributing to increase in the collection of local, state and federal taxes.

Should the beneficiary company fail to comply with project objectives and its provisions, which may characterize misuse of funds, SUDAM decision-taking board will cancel approved incentives, and the beneficiary company will have to pay the operating Bank those amounts received, restated at the same index used for federal taxes, as of receipt date, plus 10% fine and monthly interest in arrears of 1%, less, in case of investment in debentures, installments already amortized (Law No. 8167/91, article 12, paragraph 1, items I and II, the latter including the wording set forth by Provisional Executive Order No. 1740-31, of May 6, 1999).

The Company states that conditions related to incentives have been duly met and there are no other contingencies related so such incentive.

26. Share-based payment

Expenses recorded with services received from employees for the periods, arising from share-based payment transactions to be settled upon delivery of equity instruments, amounted to R$ 25,051 as of December 31, 2011 (R$ 22,247 as of December 31, 2010).

Stock option plan:

In Special and General Shareholders' meeting held on April 1, 1999, shareholders approved the Company's Stock Option Plan("Plan"), targeted at Company's management, employees and service providers ("Beneficiaries"). The Plan establishes general parameters among which we point out:

The Plan is managed by the Board of Directors or, at its discretion, by a Committee made up for this purpose. Plan managers are responsible for periodically creating stock option plans, and establish, among qualified individuals, those to whom options will be granted and specific applicable rules, considering general Plan rules ("Program").

The volume of stock options is limited to 5% of Company's shares existing on each Program approval date.

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 of "2006 Program").

In "Agreement A", beneficiary must pay 10% of share amount, upon agreement execution, as a condition for the stock option plan, to acquire the right to make yearly contributions for the acquisition of 18% of total shares, so that, at by the end of the 5th year, the beneficiary will have incorporated to their assets the right to make contributions for acquisition of 100% shares. Contribution amount (option price) is restated at IGP-M variation.

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

(i) acquisition of the right to make contributions for share acquisition changes from 10% on grant date and 18% in subsequent years, as in Agreement A, to 10% on grant date, 5% in the first year, 10% in the second, 15% in the third, 25% in the fourth and 35% in the fifth and last year. In case the beneficiary of Agreement B is wrongfully dismissed from the Company, the Committee may, at its discretion, change the acquisition schedule of the right to make contributions for share acquisition to 18% per year, such as the schedule of Agreement A.

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

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

The following chart states the number (No.) and weighted average exercise price (MPPE) of stock options and corresponding changes for the period:

	2011		**2010**	
	No.	MPPE	No.	MPPE
Initial balance	10,126,175	12.55	11,946,564	11.10
New grants				
Lost	(1,704,677)	15.73	(186,600)	12.75
Exercised [1]	(110,574)	9.09	(1,633,789)	11.05
Final balance	**8,310,924**	12.73	**10,126,175**	12.55

[1] Weighted average price of shares on such options exercise date was R$ 13.99 as of December 31, 2011 (R$ 16.30 at December 31, 2010).

On August 3, 2009, the Stock Option Plan Committee canceled 2007 and 2008 Programs, and exchanged options unexercised by plan beneficiaries for a new 2009 Program, at the ratio of 9 to 5. Thus, for each 9 options included in canceled tranches (2007 and 2008 Programs), affected beneficiaries received 5 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.

The weighted average of remaining stock option contractual term was 5.8 years as of December 31, 2011. Minimum and maximum option exercise price as of December 31, 2011 was R$15.82 and R$ 4.85, respectively.

The Company posts contributions to its books, based on individual controls of each beneficiary, as an advance for future capital increase, under equity. Upon approval in General Shareholders' meeting, such amount is recorded as capital. For the specific case of contributions made in the region of 30% for option acquisitions, the Company records capital increase as from the second base date, in compliance with Law No. 6404/76.

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

	2009
Expected volatility (%)	36.4%
Interest rate free from risk (%)	6% + IGPM
Expected option life (years)	5.5
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 standard exercise. Expected volatility reflects the assumption that past five-year volatility history prior to grant date indicates a future trend, which may be different from the actual result.

Restricted Share Option Program

In meeting held on September 1, 2010, Stock Option Plan Management approved the Restricted Share Option program. This program consists in granting options, equivalent to 3,000,000 shares, to a certain group o employees and managers of the Company, on a non-transferable basis, whose exercise is cumulatively conditional to maintaining their employment relationship with the Company through December 31, 2012, to their meeting individual operating goals and to the Company's succeeding in meeting its EBITDA goals.

Options are not entitled to dividends prior to their exercise. They can be exercised six months after vesting period, which ends on December 31, 2012. Exercise price is R$ 0.01 per share. As exercise price tends to zero, option fair value is equivalent to share market value on program grant date (R$ 16.50).

There were no additional changes over the year in relation to the restricted share option program.

27. Financial income and expenses, net

	Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Interest on indebtedness/debentures/sureties	(219,740)	(122,058)	(737,491)	(634,219)
Fines/Interest – Tax/Suppliers/Wagons	2,678	(21,129)	(151,268)	(159,013)
Interest on lease and concession agreements	(7)	-	(244,238)	(207,979)
Customers/PVA/Other	(5,432)	(675)	(15,338)	(30,775)
Total financial expenses	(222,501)	(143,862)	(1,148,335)	(1,031,986)
Revenue from investments	89,515	71,683	230,931	214,897
Remuneration on debentures	36,135	36,153	-	-
PVA/Other	(222)	253	2,550	3,838
Total financial income	125,428	108,089	233,481	218,735
Financial income and expenses, net	(97,073)	(35,773)	(914,854)	(813,251)

28. Statement of comprehensive income

Pursuant to CPC 26 – Presentation of Financial Statements, the Company's changes in comprehensive income for the periods ended December 31, 2011 and 2010 are as follows:

	Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Net income for the year	244,945	239,879	244,945	239,879
Foreign exchange on investments abroad	(1,738)	8,309	(1,738)	8,309
Investments marked to market	5,005	(4,299)	5,005	(4,299)
Mark-to-market effects on hedge instruments	(13,851)	(5,138)	(13,851)	(5,138)
Total comprehensive income	**234,361**	**238,751**	**234,361**	**238,751**
Attributable:				
Company's shareholders	234,361	238,751	243,198	244,733
Non-controlling interest	-	-	(6,337)	(5,982)
	234,361	**238,751**	**236,861**	**238,751**

29. Earnings per share

The following chart establishes earnings-per-share calculation (in thousands, except earnings per share):

	Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Basic earnings per share				
Numerator				
Net income for the year attributed to Company's shareholders	244,945	239,879	244,945	239,879
Denominator (in thousands of shares)				
Weighted average number of common shares	686,540	676,843	686,540	676,843
Basic earnings				
Per common share	0.3568	0.3544	0.3568	0.3544
Diluted earnings per share				
Numerator				
Net income for the year attributed to Company's shareholders	244,945	239,879	244,945	239,879
Denominator (in thousands of shares)				
Weighted average number of common shares	686,540	676,843	686,540	676,843
Dilutive effect				
Share options	13,050	13,126	13,050	13,126
Weighted average number of common shares adjusted by dilutive effect	699,590	689,969	699,590	689,969
Diluted earnings:				
Per common share	0.3501	0.3476	0.3501	0.3476

30. Information per reporting segment

Information per business segment, for the periods ended December 31, 2011 and 2010, is as follows:

Financial income/expenses by Business Unit

Description	Agricultural commodities		Manufactured products		Road services		Argentina		Brado		Ritmo		Total	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Gross revenue	1,840,305	1,619,909	640,289	601,558	51,993	50,890	136,389	121,652	117,712	106,478	61,475	73,812	2,848,163	2,574,299
Net revenue	1,610,829	1,426,958	522,834	499,842	45,866	44,443	132,750	118,512	96,423	94,254	53,097	63,619	2,461,800	2,247,628
Cost of services rendered	(799,338)	(692,342)	(282,819)	(272,321)	(41,420)	(40,726)	(114,941)	(103,478)	(74,676)	(74,959)	(46,231)	(58,671)	(1,359,425)	(1,242,496)
Gross profit	811,491	734,616	240,015	227,522	4,446	3,718	17,809	15,034	21,747	19,294	6,866	4,947	1,102,375	1,005,132
EBIT	744,347	654,018	216,423	197,244	2,765	1,183	(8,155)	944	13,931	5,588	3,957	2,511	973,269	861,488

** Results of 2010 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in that period.*
*** In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

The Company is organized in business units, based on major market industries where it operates. Company's transactions are divided into four business units, three of which are for Brazilian transactions and one accounting for Argentine transactions. In Brazil, the three business units are:

(i) agricultural commodities – which comprise 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 transportation of steel products, wood, paper, pulp, food, containers, fuels, vegetal oil, products for civil construction, among others.

(iii) highway transportation unit includes products such as high maltose, gases and auto parts in effect until June 30, 2011. On July 1 start operations in the indirect subsidiary Ritmo Logística S.A.

Segment performance is assessed based on operating margin, which, as stated in the chart above, is different from that stated in the consolidated quarterly information.

Company's financing and investments (including financial income and expenses) and income taxes are managed at consolidated level, and are not allocated to operating segments.

31.Other revenues/expenses and adjustments

Other operating income

	Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Disposal of fixed assets	1,629	1,065	25,032	13,357
Disposal of unusable	-	12,446	-	5,663
Tax recovered	-	-	2,129	-
Other	-	-	97	1,699
Total	**1,629**	**13,511**	**27,258**	**20,719**

31.2. Other operating expenses

	Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Customs fees	34	15	888	1,482
Fuels not consumed in the operation	9	-	1,075	846
Deductible donations	-	47	659	1,161
Write-off of fixed assets	5,371	-	21,555	-
Other	-	-	811	575
Total	**5,414**	**62**	**24,988**	**4,064**

31.3. Depreciation, amortization, maintenance, fuels, lease and concession included in the consolidated income statement

	Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Fuel	9	-	472,499	519,409
Third-party services	1,245	2,009	145,497	116,934
Intangible assets amortization and depreciation	47,771	35,139	453,199	381,504

31.4. Net revenue

	Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Gross revenue	135,191	62,161	3,675,757	3,154,241
(-) Deductions (taxes, discounts and cancellations)	(12,863)	(5,674)	(502,542)	(400,710)
Net revenue	**122,328**	**56,487**	**3,173,215**	**2,753,531**

32. Insurance - consolidated

At December 31, 2011, insurance coverage established by Company's management to cover any contingent events and civil liability is as follows:

Line of business	Coverage by event	Insured amount	Insurance period dd/mm/yyyy
Operating railroad risks	Assets – material damage and loss of profit	R$ 60,000	01/08/2011 to
Civil liability – railroad operations	Operations, pollution, employer, vehicles (contingencies) and port activities	R$ 10,000	30/04/2011 to
Railroad cargo insurance	Civil liability of the railroad cargo carrier (RCTF-C); railroad risk (RF) – by boarding	R$ 2,200	30/06/2011 to
Civil liability - trucs	Damages to third parties on foreign routes	R$ 120	31/03/2011 to
Insurance for road freight	Civil liability of the road freight carrier (RCTR-C) accidents and (RCF-DC) theft; international road transportation	RCTR-C R$ 2.200 RCT-VI R$ 2.200 RCFD-C R$ 2.200	30/06/2011 to 30/06/2012

Not included in scope of work of our auditors review the adequacy of insurance coverage and its adequacy was assessed and evaluated by management.

33. Financial instruments

At December 31, 2011, the Company and its subsidiaries held the following financial instruments:

	Book value		Fair value	
	12/31/11	**12/31/10**	**12/31/11**	**12/31/10**
Financial assets				
Trade accounts receivable	271,837	231,383	271,837	231,383
Intercompany loan receivable	1,639	1,344	1,639	1,344
Advances and other accounts receivable	80,913	95,200	80,913	95,200
Deposit-refund and restricted amounts	353,949	348,015	353,949	348,015
Cash and cash equivalents	2,099,738	1,974,560	2,099,738	1,974,560
TOTAL	**2,808,076**	**2,650,502**	**2,808,076**	**2,650,502**
Financial liabilities				
Debentures	2,422,989	1,726,814	2,422,989	1,726,814
Intercompany loan payable	2,370	3,304	2,370	3,304
Advances from customers	96,277	69,452	96,277	69,452
Finance lease agreements	1,268,326	1,096,101	1,268,326	1,096,101
Loans and financing	3,208,748	3,039,050	3,212,245	3,038,195
Advances on real estate credit	573,848	618,011	573,848	618,011
Trade accounts payable	462,896	345,352	462,896	345,352
Total	**8,035,454**	**6,898,084**	**8,038,951**	**6,897,229**

Fair value of financial assets and liabilities is included in the value for which such instrument could be exchanged in a current transaction between parties willing to negotiate, and not in enforced sale or settlement. The following methods and assumptions were used in the fair value estimate.

- Cash and cash equivalents, trade accounts receivable, trade accounts payable and other current liabilities are close to their corresponding book value, mainly due to short-term maturity of such instruments.

- Fair value of securities and debentures subject to negotiation is based on prices quoted as of quarterly information date. Instrument fair value not subject to negotiation, bank loans and other financial debt, finance lease agreements, as well as other non-current financial liabilities, is equivalent to their book value, which corresponds to settlement cost thereof.

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

- The Company takes out derivative financial instruments from several counterparties, particularly financial institutions with an investment level classification. Derivatives assessed through techniques with data observable in the market mainly refer to interest rate swaps and forward foreign exchange agreements. Assessment techniques used more frequently include swap and forward contract pricing models, with present value calculations. Models include several data, including counterparty credit quality, forward and in-cash 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 its trade accounts receivable or credit with financial institutions generated from investments. Procedures adopted to minimize commercial risks include selecting customers, through proper credit risk analysis, setting sales limits and short-term maturity of securities. An allowance for doubtful accounts has been set up for full estimated losses therewith. As regards short-term investments, the Company and its subsidiaries make it a practice to invest only in low credit-risk financial institutions, according to the risk classification set by first-tier rating agencies. Management sets a maximum limit for the investment, according to Equity and risk classification of each institution.

b) Interest rate risk

The Company has certain liabilities on which floating interest rates are levied, which generates exposure to floating market interest rate risk.

In order to avoid mismatching of financial assets and liabilities rates, fixed Interbank Deposit Certificate Index (DI) swap agreements, so as to set fixed interest rates for part of liabilities previously pegged to CDI. Part of net exposure to CDI was hedged, i.e., debt balance exceeding cash invested at CDI. The 3rd issue of Malha Sul debentures, CCB maturing in 2014, exposure until January 2013 of CCB and NCC of Malha Sul and exposure until January 2013 of the 9th issue of debentures of ALL Holding are now restated at fixed interest rates. These swaps ensure that the indexes between assets and liabilities remain equal, thus mitigating the interest rate effect on Company's P&L. These instruments are recorded as hedge.

An interest rate risk sensitivity analysis is presented below, stating estimated effects of changes in scenarios in P&L for the following twelve months, for swaps and corresponding hedged items. Management considered CDI projected for 2011 as the probable scenario, according to bank projections:

Interest rate appreciation risk

Operation	Risk	Notional value	Fair value in 12/31/11	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Debentures 3rd issue	CDI	166,666	8,720	18,915	23,644	28,373
Long position swap – counterparty HSBC	CDI	(166,666)	(8,720)	(18,915)	(23,644)	(28,373)
NCC	CDI	211,119	695	22,033	27,541	33,050
Long position swap – counterparty HSBC	CDI	(211,119)	(695)	(22,033)	(27,541)	(33,050)
CCB	CDI	90,489	10,192	13,724	16,784	19,843
Long position swap – counterparty Santander	CDI	(90,489)	(10,192)	(13,718)	(16,776)	(19,834)
CCB	CDI	340,736	641	37,849	46,272	54,694
Long position swap – counterparty Santander	CDI	(340,736)	(641)	(37,847)	(46,269)	(54,691)
Debentures 9th issue	CDI	367,590	1,039	45,092	54,790	64,489
Long position swap – counterparty Morgan Stanley	CDI	(367,590)	(1,039)	(45,092)	(54,790)	(64,489)
References						
Average CDI (p.a.)				10.00%	12.50%	15.00%

Probable scenario for the following 12 months, based on bank macroeconomic projections.

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

c) Currency risk

This arises from the likelihood of losses due to fluctuations in exchange rates increasing liabilities related to loans, trade accounts payable or supply agreements in foreign currency, as well as fluctuations reducing investment or other asset balances.

The Company makes it a practice to use derivative instruments solely to mitigate effects related to foreign exchange losses in Real in its time purchases in foreign currency. Therefore, the Company takes out "dollar-real" swaps in the same amount and with the same maturity date as those hedged transactions. The Company regularly monitors its currency risk exposure so as to ensure that P&L of hedge transactions annuls currency effect on its cash flows.

See below the currency risk sensitivity analysis, stating estimated effects of changes in scenarios in P&L for the following twelve months. Management considered foreign exchange rates projected for 2011 as the probable scenario, according to macroeconomic projections:

Foreign currency appreciation risk

Operation	Risk	Notional value	Fair value in 09/30/11	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES						
Foreign currency appreciation risk – Effect on investments:						
Investments	USD	12,595	22,544	(504)	5,006	10,517
Net effect on investments		**12,595**	**22,544**	**(504)**	**5,006**	**10,517**
Foreign currency appreciation risk – Effect on suppliers/imports:						
Non-current trade accounts payable	USD	(52,820)	(6,176)	3,963	(39,384)	(82,732)
Long position swap by counterparty:						
Counterparty Santander	USD	10,104	1,441	(758)	7,534	15,826
Counterparty HSBC	USD	24,504	2,247	(1,839)	18,271	38,381
Counterparty Itaú	USD	10,517	1,098	(789)	7,842	16,473
Counterparty Bradesco	USD	7,831	1,390	(588)	5,839	12,265
Net effect on suppliers / imports		**136**	-	**(11)**	**102**	**213**
References						
Dollar USD/R$				1.75	2.19	2.63

Probable scenario for the following 12 months, based on bank macroeconomic projections.

d) Net debt financial charge deterioration risk

This risk arises from the likelihood of the Company's incurring losses due to changes in interest rates and other indexes of its loans and financing which increase its financial expenses or reduce its financial income arising from its investments. In the 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 swap transactions, as mentioned in item "b" of the Interest Rate Risk chart. The Company continues to monitor these indexes so as to assess any needs to take out derivatives and mitigate the risk of changes in such rates.

See the following financial charge deterioration sensitivity analysis, stating estimated effects of changes in scenarios in P&L for the following twelve months, considering rates projected for 2011 as the probable scenario. As alternative scenarios, increase in rates was simulated, considering that the Company has a net debt position:

Net debt financial charge deterioration risk

Operation	Risk	Probable scenario	+25%	+50%
FINANCIAL ASSETS AND LIABILITIES				
CASH AND CASH EQUIVALENTS				
Investments indexed at CDI	CDI	199,552	249,440	299,329
Fixed income investments	PRE	15,091	15,091	15,091
LOANS AND FINANCING				
FINANCING indexed at TJLP	TJLP	163,899	195,238	226,576
FINANCING indexed at CDI	CDI	199,246	241,899	284,552
FINANCING – fixed / floating through swap, as in item b	FIXED/FLOATING	80,611	80,611	80,611
SHORT POSITION - Swaps USD X %CDI	CDI	(3,963)	39,384	82,732
DEBENTURES indexed at CDI	CDI	154,003	187,567	221,132
DEBENTURES fixed / floating through swap, as in item b	FIXED	71,119	71,119	71,119
IPCA	IPCA	42,398	46,751	51,104
ADVANCES on real estate credits indexed at CDI	CDI	70,691	85,281	99,870
Taxes in installments	CDI	(21,241)	(26,551)	(31,862)
Average CDI (p.a.)		10.00%	12.50%	15.00%
TJLP		6.00%	7.50%	9.00%
IPCA		5.40%	6.75%	8.10%

Probable scenario for the following 12 months, based on bank macroeconomic projections.

e) CVM Ruling No. 475

Consolidated position of derivative financial instruments is as follows:

Fair value of transactions with derivative instruments by maturity

DESCRIPTION	REFERENCE VALUE (NOTIONAL)		FAIR VALUE		ACCUMULATED EFFECT (CURRENT PERIOD)	
	12/31/11	12/31/10	12/31/11	12/31/10	AMOUNT RECEIVABLE /RECEIVED	AMOUNT PAYABLE/PAID
SWAP CONTRACTS:						
NET POSITION						
CURRENCY RISK	USD	USD	R$	R$	R$	R$
MATURITY USD x %CDI:						
1T11	-	39,036	-	(6,422)	-	-
3T11	-	14,545	-	(2,107)	-	-
4T11	-	-	-	-	-	-
1T12	41,369	-	1,844	-	1,844	-
1T12	10,504	-	(75)	-	-	(75)
INTEREST RATE RISK	R$	R$	R$	R$	R$	R$
FIXED X FLOATING RATES – MATURITY:						
3T12*	-	66,667	-	669	-	-
4T12*	-	30,000	-	(137)	-	-
1T13*	1,014,445	-	(2,847)	-	-	(2,847)
2T13*	107,409	70,000	1,421	(856)	1,421	-
4T14*	75,000	75,000	(10,960)	(5,645)	-	(10,960)
1T18*	150,000	150,000	10,471	6,782	10,471	-
3T18*	166,666	166,666	(10,248)	(4,840)	-	(10,248)
TOTAL			**(10,394)**	**(12,556)**	**13,736**	**(24,130)**

** Derivative transaction characterized as hedge (hedge documentation)*

The USD x % CDI chart swap transactions above are carried out at an average 110% CDI short position cost and a short position cost pegged to foreign exchange variation, plus average spread of 1%.

Fair value of derivatives is recorded in (Current and Non-current) Loans and Financing, under Liabilities, against: i) P&L, should derivatives have no hedge documentation, and ii) Equity adjustments (Equity), should derivatives have hedge documentation. In the second case, fair value effect is recorded as Loans and Financing, under Current Liabilities. All derivatives used have a hedged item (hedged assets); therefore, at maturity, negative and positive effects of such transactions are offset against opposite effect in the asset or liability items whose risks are mitigated.

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

Fair value of derivative was estimated based on exchange curves and current BM&F interest rates as of December 31, 2011, for future value projection, as well as DI future rate of BM&F to carry these flows to present value. There is no margin deposit or guarantees of any type or amount for any of the derivatives at issue.

The effect on Company's P&L as of December 30, 2011 for hedging derivative financial instruments is a credit balance of R$ 1,290 (as of December 31, 2010, debt of R$ 13,478). Gains and losses from swaps related to hedge structure recorded in equity amount to debt balance of R$ 15,221 at December 31, 2011 (R$ 1,368 debt as of December 31, 2010).

34. Private pension plan

Direct subsidiary ALL Malha Oeste sponsors a Benefit Plan with a Multi-sponsored Entity, HSBC Fundo de Pensão. This plan has prevailing characteristics in the defined contribution modality during reserve accumulation period. The only defined benefit plan, in the accumulation period, is a benefit equivalent to six salaries, at maximum, paid in the event of death, disability and retirement process, and is calculated according to formulae and conditions established in the plan's regulation.

Contributions are made, on average, considering 67% for the sponsor and 33% for active plan participants. Contributions related to minimum benefit are fully made by the sponsor, as defined in an actuarial technical note, and are restated 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 concluded as of December 31, 2011. The base date used in the assessment was October 2011.

	12/31/2011	12/31/2010
Participants	44	47
Net assets	9,345	9,043
Sponsor's contributions (% payroll)	0.16%	0.16%
Participation payroll	821	772

The plan also has a defined benefit portion in the concession phase, whose actuarial liability refers to monthly life annuities granted to its participants. Present value of the actuarial liability of Sponsored Participants, calculated based on mortality table AT-83 and on a financial discount rate of 10.54% p.a., amounts to R$ 6,135 as of October 31, 2011, and is fully covered by the Plan's Net Assets.

In addition to total financial coverage of actuarial liabilities, the plan has a surplus whereby a Pension Fund amounting to R$ 3,260, at December 31, 2011, was made. Such fund was made up of remaining balances of sponsor's contributions, arising from separated participants who partially redeemed their benefit, and who are no longer eligible for any plan benefits.

35. Relevant Fact

On December 19, 2011, the Company disclosed a material fact on the creation of Vetria Mineração ("Vetria"), an association between ALL, Triunfo and Vetorial Mineração to develop an integrated solution for extraction, logistics and marketing of iron from the Maciço do Urucum, in Corumbá-MS.

The new company will have an integrated system with its own mine in Corumba, railway logistics through long-term operating agreements with ALL and terminal for the exclusive use of mixed use in Santos.

The effectiveness of the Association is subject to satisfaction of certain conditions precedent which include:

• Obtaining the necessary financial resources for investments, including an equity fund;
• Approval by the Conselho de Defesa Nacional (CDN) for the transfer of shares of Vetorial to Vetria;
• Certification of mineral reserves (JORC methodology);
• Obtaining the necessary environmental permits from government authorities;
• Approval by the Agência Nacional de Transportes Terrestres (ANTT) of the operating agreements between ALL and Vetria; and
• Obtaining authorization by the Agência Nacional de Transportes Aquaviários (ANTAQ) for deployment and operation of port.

This transaction will create accounting effects according to the CPC15 - Business Combinations only on the date of its effectiveness witch will be after complying with all precedent conditions described above.

* * *



AMÉRICA LATINA LOGÍSTICA
We are always on the move.

ALL REPORTS 4Q11 AND 2011 RESULTS

Curitiba, Brazil, March 6, 2012 – América Latina Logistica S.A. – ALL (BM&FBovespa: ALLL3; OTCQX: ALLAY), the Latin America's largest independent logistics company, announces its results for the fourth quarter and full year 2011 (4Q11 and 2011). The Company offers a full range of logistics services, including domestic and international rail and trucking transportation, distribution, warehousing, container customized transportation combined with fractioned distribution and intermodal door-to-door transportation. ALL Holding comprises three main businesses: (i) ALL Rail Operations, (ii) Brado Logística and (iii) Ritmo Logística. ALL Rail operations are composed of 6 rail concessions in Brazil and Argentina, totaling 21,300 km of rail tracks, 1,095 locomotives and 31,650 rail cars, through which the Company transports agricultural commodities and industrial products. The rail network serves an area that accounts for approximately 65% of Mercosur's GDP, where seven of the most active ports in Brazil and Argentina are located, through which approximately 78% of all South America's grain exports are shipped annually. Brado Logistica operates 6 logistics bases and 5 intermodal terminals and intends to develop the intermodal logistics of containers, focused on rail transportation, storage, operation of terminals and retro areas of ports, handling and other logistics services. Ritmo Logística is a highway services provider which operates 700 vehicles and is focused on Dedicated Highway Services and Intermodal Highway Services.

Unless otherwise stated, all comparisons made in this report refer to the same period of 2010, and the financial and operational information are presented in nominal Brazilian reais pursuant to Brazilian Corporate Law. Unless otherwise stated, the results for 2010 and 2011 contemplate the changes in Brazilian Accounting Standards (Law 11,638), and 2010 results may differ from numbers previously released. In the discussions of ALL results by each business, with the creation of Brado Logística and Ritmo Logística on April 1st and on July 1st, respectively, and to make the results of 4Q10 comparable, unless otherwise stated, results of ALL Rail Operations, Brado and Ritmo in 4Q10 are presented in a pro forma basis, as if Brado and Ritmo had already been created in that period. Moreover, the results of 2010 of ALL Rail Operations, Brado and Ritmo are also presented in a pro forma basis, as if Brado and Ritmo had already been created in 2Q10 and 3Q10, respectively. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo. (for more details in pro forma calculation see page 4 of this Release)

Conference Calls:

English
March 7, 2012
Wednesday
9:30 a.m. US EST

Portuguese
March 7, 2012
Wednesday
8:00 a.m. US EST

Meeting with Analysts and Investors:

March 13, 2012
Tuesday
11:00 a.m. (Brasília)

Intercontinental Hotel
Alamenda Santos, 1123
São Paulo – SP

OPERATING AND FINANCIAL HIGHLIGHTS

- ✓ **ALL Rail Operations' volume in Brazil increased 7.7% in 4Q11, from 10,362 million RTK in 4Q10 to 11,155 million RTK.** In 2011, volumes in Brazil grew 8.2%, reaching 42,969 million RTK, below our 10% long term volume growth guidance. The year was marked by material improvements in our rolling stock productivity, as we added fleet marginally. We were able to increase volumes above our long term guidance in agricultural commodities, however, we had a weaker than expected performance in industrial segment, as volume increased only 2.5%**.**
- ✓ **ALL's consolidated EBITDA increased 14.1% in 4Q11, from R$240.2 million in 4Q10 to R$274.1 million,** mainly driven by higher volumes, yields and margins in ALL Rail operations in Brazil and the startup of operations of Brado Logística and Ritmo Logística during the year. In 2011, EBITDA grew 11.6%, from R$1,338.4 million in 2010 to R$1,494.1 million.
- ✓ **Consolidated net income marginally increased in 2011, from R$239.9 million to R$244.9 million,** despite the increase in interest expenses and interest rates in Brazil when compared to 2010, as average Brazilian Interbank Interest Rate increased 19%, from 9,8% in 2010 to 11,6% in 2011. Cash flow also improved, driven by EBITDA growth and better performance in terms of working capital. In 4Q11, net income increased from a loss of R$38.5 million in 4Q10 to a loss of R$32.5 million, reflecting higher operational results.
- ✓ **In December we announced the creation of Vetria Mineração.** The new company was created through a partnership between ALL, Triunfo and Vetorial Mineração, and aims to develop an integrated solution for the extraction, logistics and commercialization of iron ore from the Urucum Massif, located in the region of Corumbá-MS. Vetria will have an integrated system with its own mine in Corumbá, railway logistics through a long-term operational agreement with ALL and a private port terminal in Santos, aiming the production and trade of iron ore.
- ✓ **We expect that 2012 will be another year of volume growth through productivity gains,** as we will add rolling stock marginally. We should conclude the construction of our new rail line to Rondonópolis by the end of year, creating conditions to ALL become cash flow positive in 2013. In terms of market, we will face a tougher scenario for agricultural commodities in the south, when compared to 2011, as the crop was affected by droughts. However, in Mato Grosso State total grain production is expected to increase. In the industrial segment, production in Brazil should recover after a weak 2011.

Table 1 - Financial Highlights (R$ million)	4Q11	4Q10	% Change	2011	2010	% Change
ALL Holding Consolidated						
Gross Sales	857.0	699.6	22.5%	3,675.8	3,154.2	16.5%
Net Sales	736.5	609.3	20.9%	3,173.2	2,753.5	15.2%
EBITDA	274.1	240.2	14.1%	1,494.1	1,338.4	11.6%
EBITDA Margin [2]	37.2%	39.4%	-2.2%	47.1%	48.6%	-1.5%
Net Income	(32.5)	(38.5)	-15.5%	244.9	239.9	2.1%
EPS (R$/ Share)	na	na	na	0.36	0.35	0.5%
Consolidated Balance Sheet Indicators						
Total Assets	14,142.1	12,519.8	13.0%	14,142.1	12,519.8	13.0%
Shareholders Equity	4,087.6	3,839.7	6.5%	4,087.6	3,839.7	6.5%
EBITDA (Trailling 12 months)	1,494.1	1,338.4	11.6%	1,494.1	1,338.4	11.6%
Net Debt	3,532.0	2,791.3	26.5%	3,532.0	2,791.3	26.5%
Net Debt / (Trailling 12 months EBITDA)	2.4	2.1	13.3%	2.4	2.1	13.3%
Net Debt/ Equity	0.9	0.7	18.9%	0.9	0.7	18.9%

Table 2 - Pro Forma Financial Highlights* (R$ million)	4Q11	4Q10[1]	% Change	2011	2010[1]	% Change
ALL Rail Operations - Brazil						
Gross Sales	675.2	613.7	10.0%	3,207.8	2,886.0	11.1%
Net Sales	575.0	528.8	8.7%	2,754.6	2,500.1	10.2%
EBITDA	253.8	229.2	10.8%	1,425.7	1,300.8	9.6%
EBITDA Margin [2]	44.1%	43.3%	0.8%	51.8%	52.0%	-0.3%
Net Income	(44.1)	(52.0)	-15.2%	251.7	239.1	5.2%
ALL Rail Operations - Argentina						
Gross Sales	49.7	42.2	17.9%	186.1	163.8	13.6%
Net Sales	48.2	41.1	17.3%	181.0	159.7	13.4%
EBITDA	4.5	3.7	20.8%	24.1	21.0	14.8%
EBITDA Margin [2]	9.3%	9.0%	0.3%	13.3%	13.2%	0.2%
Net Income	13.8	9.2	50.1%	(15.1)	(7.6)	97.4%
ALL Rail Operations[3]						
Gross Sales	724.9	655.8	10.5%	3,393.9	3,049.8	11.3%
Net Sales	623.3	570.0	9.4%	2,935.6	2,659.7	10.4%
EBITDA	258.3	232.9	10.9%	1,449.8	1,321.8	9.7%
EBITDA Margin [2]	41.4%	40.9%	0.6%	49.4%	49.7%	-0.3%
Net Income	(30.3)	(42.8)	-29.2%	236.6	231.5	2.2%
Brado						
Gross Sales	65.8	59.8	10.0%	183.5	166.3	10.3%
Net Sales	56.6	53.2	6.4%	153.0	147.4	3.8%
EBITDA	9.0	7.0	28.9%	29.9	20.8	44.0%
EBITDA Margin [2]	16.0%	13.2%	2.8%	19.5%	14.1%	5.5%
Net Income	1.5	2.4	-35.7%	8.5	7.4	14.9%
Ritmo						
Gross Sales	72.7	68.5	6.2%	134.2	142.3	-5.7%
Net Sales	62.5	59.5	5.0%	115.6	123.2	-6.1%
EBITDA	6.7	6.5	3.3%	14.4	14.9	-3.1%
EBITDA Margin [2]	10.7%	10.9%	-0.2%	12.5%	12.1%	0.4%
Net Income	(3.8)	(0.2)	2312.5%	(0.2)	0.5	na
ALL Holding Consolidated						
Gross Sales	863.4	784.1	10.1%	3,711.6	3,358.4	10.5%
Net Sales	742.4	682.7	8.7%	3,204.2	2,930.3	9.3%
EBITDA	274.1	246.4	11.2%	1,494.1	1,357.5	10.1%
EBITDA Margin [2]	36.9%	36.1%	0.8%	46.6%	46.3%	0.3%
Net Income	(32.5)	(40.6)	-19.8%	244.9	239.4	2.3%
EPS (R$/ Share)	na	na	na	0.36	0.35	0.7%

[1] Results of 4Q10 and 2010 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in that period

[2] For EBITDA margin change means percentage points gained/lost

[3] Includes results of ALL Rail Operations in Brazil and Argentina

** In this table, as well as in the discussion of the results by business, to make the results of 4Q10 comparable, unless otherwise stated, results of ALL Rail Operations, Brado, Ritmo and consolidated in 4Q10 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in that period. The same is valid for the results of 2010. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo. (For more details in pro forma calculation see page 4 of this release)*

Earnings per share calculation based on number of existing shares as of December 31st of 2010 and 2011

Comments from Paulo Basilio, CEO

The year of 2011 was marked by important advances related to the long term fundamentals of our rail business and by the consolidation of our strategy of creating new business from our existing rail infrastructure.

In our rail business, we (i) improved the productivity of our rolling stock fleet in Brazil, as we grew volumes 8.2% with only marginal additions in terms of railcars and locomotives, (ii) gained market share materially, especially in agricultural segment and (iii) kept decreasing organic growth Capex levels as percentage of gross revenues, reaching 19.3% as compared to 21.4% in 2010. In industrial segment, we set a long term agreement with Eldorado, in the pulp and paper segment, which represents alone a 7% growth in total industrial volumes and should become operational at the end of 2012.

Our strategic projects developed well, consolidating our new business strategy. In 2Q, Brado Logística concluded its merger with Standard Logística and initiated its operations. ALL holds a stake of 80% in Brado Logistica, a company which provides intermodal logistics to the container segment in a very cost effective model, consolidating the cargo in intermodal terminals and shipping it by railroad. In 3Q, we have created Ritmo Logística, a company formed by the merger of ALL Highway Services Business Unit and Ouro Verde highway operations, which focus on providing Dedicated Highway Services and Intermodal Highway Transportation. ALL holds a stake of 65% in Ritmo Logística. In December, we announced Vetria Mineração, a company created through a partnership between ALL, Triunfo and Vetorial Mineração, which aims to develop an integrated solution for the extraction, logistics and commercialization of iron ore from the Urucum Massif, located in the region of Corumbá-MS. Vetria will have an integrated system with its own mine in the city of Corumbá, railway logistics through a long-term operational agreement with ALL and a private port terminal in Santos. ALL holds a stake of 50% in Vetria.

Moreover, we did a successful anticipation of the debt rollover needs we would have in 2013-2014. We issued a 5-7 years debentures amounting R$1,170 million. In October, Fitch Ratings upgraded from ‘A-’ to ‘A’ the national long term rating of ALL as a result of cash flow improvements and consistent track record of volume growth.

In terms of results, we end 2011 with growth of 11.6% in EBITDA, 16.5% in revenues and 7.7% in consolidated rail volumes. Net income increased marginally, from R$239.9 million in 2010 to R$244.9 million, despite the increase in interest expenses and interest rates in the period, as average Brazilian Interbank Interest Rate increased 19.0%, from 9.8% in 2010 to 11.6% in 2011.

ALL Rail Operations volume in Brazil increased 8.2%, from 39,716 million RTK in 2010 to 42,969 million RTK, slightly below our 10% long term volume growth guidance. Agricultural commodities volumes grew 10.4%, pushed by market share gains in a stable grain export market as compared to 2010. In industrial segment, we had a weaker than expected performance and volume grew marginally 2.5%. We were not able to add volumes through new projects in the amount needed to offset the industrial activity slow down during the year. In the industrial segment, volume grows through new projects or further expansions of existing projects. Therefore, the growth rate depends on the maturity of our projects pipeline. Its dynamics is different from that in agricultural segment, where the volume growth rate tends to be more stable, following capacity additions.

ALL Rail Operations gross revenues increased 11.3%, reaching R$3,393.9 million in 2011. In Brazil, gross revenues grew 11.1% to R$3,207.8 million, with an average yield increase of 2.9% as compared to 2010, driven by a mix of inflation pass through and stable diesel prices in the period. EBITDA rose 9.6%, from R$1,300.8 million in 2010 to R$1,425.7 million in 2011. In our operations in Argentina, gross revenues increased 13.6% reaching R$186.1 million, pushed by a 2.6% increase in volumes and a 10.8% increase in yields, resulting in an EBITDA of R$24.1 million, 14.8% higher than 2010. In 4Q, ALL Rail Operations volumes increased 7.6%, gross revenues reached R$724.9 million, 10.5% higher than 2010 and EBITDA rose 10.9% to R$258.3 million.

In Brado Logística, accumulated EBITDA, since 2Q11, grew 44.0%, from R$20.8 million to R$29.9 million pushed by margin increases and intermodal volumes. In 4Q EBITDA reached R$9.0 million, a 28.9% increase when compared to a R$7.0 million pro forma EBITDA in 4Q10.

Ritmo’s accumulated EBITDA, since 3Q11, reached R$14.4 million, 3.1% lower than 2010 pro forma numbers, due to the discontinuation of an Ouro Verde’s petrochemical operation in 4Q10. EBITDA in 4Q11 marginally increased 3.3%, to R$6.7 million, as compared to a pro forma EBITDA in 4Q10 of R$6.5 million.

In preparation for 2012, our CAPEX plan is well under way. Our investments in permanent way, terminal infrastructure and technology put the Company prepared for the beginning of the harvest season. Our productivity projects are in place and we expect that 2012 will be another year of volume growth through productivity gains, as we will add rolling stock marginally. We should conclude the construction of our new rail line to Rondonópolis by the end of year, creating conditions to ALL become cash flow positive in 2013. In terms of market, we will face a tougher scenario for agricultural commodities in the south, when compared to 2011, as the crop was affected by droughts. However, in Mato Grosso State total grain production is expected to increase. In the industrial segment, production in Brazil should recover after a weak 2011.

OPERATING PERFORMANCE BY COMPANY AND BUSINESS SEGMENT

In this section, where we discuss the results by each company´s business, unless otherwise stated and to make the results of 4Q10 comparable, the 4Q10 numbers are *pro forma*. This adjustment should be made by the following reasons:

(i) On April 1st, we created Brado Logística, through a merger with Standard Logística. In order to evaluate Brado´s performance we have to compare 4Q11 Brado´s results with a 4Q10 results which considers that Brado already existed in that period. In order to do that, we must (a) carve out the part of the results of ALL which is now part of Brado and (b) add Standard 4Q10 results;

(ii) On July 1st, we created Ritmo Logística, through a merger with Ouro Verde. In order to evaluate Ritmo´s performance we have to compare 4Q11 Ritmo´s results with 4Q10 results which considers that Ritmo already existed in that period. In order to do that, we must (a) carve out ALL Highway Based Services Unit results which started to be part of Ritmo and (b) add Ouro Verde 4Q10 results. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results was accounted in Ouro Verde, and was then transferred to Ritmo;

Therefore, *pro forma* results for 4Q10 differ from 4Q10 released results because they are calculated as if Brado and Ritmo had already been created in that period. Consolidated *pro forma* results in 4Q10 are the simple sum of ALL Rail Operations in Argentina and the pro forma results of ALL Brazil Rail Operations, Brado and Ritmo.

Moreover, in order to be comparable, pro forma 2010 results are calculated as if Brado had already been created since 2Q10 and as if Ritmo had already been created since 3Q10. In this section, when we refer to 2010 results, unless otherwise stated, we are referring to 2010 pro forma results.

EGMENT

ALL HOLDING CONSOLIDATED RESULTS

ALL Holding consolidated gross revenues increased 10.1%, from R$784.1 million in 4Q10 to R$863.4 million in 4Q11, mainly due to a 7.6% rail volume growth, a 2.7% consolidated rail yield increase and higher volumes in Brado and Ritmo. Consolidated EBITDA grew 11.2%, from R$246.4 million in 4Q10 to R$274.1 million, mainly driven by (i) higher volumes and yields in Brazil Rail Operations, (ii) an increase of 28.9% in Brado's EBITDA and (iii) a 3.3% increase in Ritmo's EBITDA. EBITDA margin increased by 0.8 percentage points, from 36.1% in 4Q10 to 36.9% in 4Q11.

Consolidated rail volumes increased, from 11,175 million RTK in 4Q10 to 12,027 million RTK, due to a 7.7% growth in Brazil and an increase of 7.2% in Argentina. The volume growth is explained by:

(i) Improvements in our rolling stock productivity, which increases total transportation capacity in our rail network;

(ii) Market share gains in agricultural commodities, as grain exports slightly increased 1% in the ports we serve in 4Q11, when compared to 4Q10, driven by an increase of 17.5% in grains exports and partially offset by an 18.1% reduction in sugar exports;

(iii) A marginal increase of 0.9% in Industrial volumes, driven by the 6.3% growth in intermodal flows, pushed by food products (51.9% growth) and containers (14.7% growth), partially offset by a 3.2% decrease in pure rail volumes, pushed by construction (21.1% decrease);

(iv) A good quarter in Argentina, where volumes increased 7.2% in 4Q11 to 872 million RTK, and we were able to pass through inflation over freight prices.

Table 3 - EBITDA (R$ million)	4Q11	4Q10	Change	% Change	2011	2010	Change	% Change
ALL Consolidated	274.1	246.4	27.7	11.2%	1,494.1	1,357.5	136.7	10.1%
ALL Brazil	253.8	229.2	24.6	10.8%	1,425.7	1,300.8	124.9	9.6%
Agricultural Commodities	198.4	175.3	23.1	13.2%	1,100.0	986.1	114.0	11.6%
Industrial Products	55.4	53.9	1.5	2.8%	318.5	308.4	10.2	3.3%
Highway Based Services*	na	na	na	na	7.2	6.4	0.8	12.4%
ALL Argentina	4.5	3.7	0.8	20.8%	24.1	21.0	3.1	14.8%
Brado	9.0	7.0	2.0	28.9%	29.9	20.8	9.1	44.0%
Ritmo	6.7	6.5	0.2	3.3%	14.4	14.9	(0.5)	-3.1%

**The values refers to 1H11 and 1H10, as Ritmo was not created yet.*

Table 4 - EBITDA Margin %	4Q11	4Q10	Change *	2011	2010	Change *
ALL Consolidated	36.9%	36.1%	0.8%	46.6%	46.3%	0.3%
ALL Brazil	44.1%	43.3%	0.8%	51.8%	52.0%	-0.3%
Agricultural Commodities	44.8%	44.0%	0.8%	53.6%	54.0%	-0.4%
Industrial Products	41.8%	41.4%	0.5%	48.6%	48.9%	-0.3%
Highway Based Services**	na	na	na	15.6%	14.3%	1.3%
ALL Argentina	9.3%	9.0%	0.3%	13.3%	13.2%	0.2%
Brado	16.0%	13.2%	2.8%	19.5%	14.1%	5.5%
Ritmo	10.7%	10.9%	-0.2%	12.5%	12.1%	0.4%

**Indicates percentage points gained / lost*

***The values refers to 1H11 and 1H10, as Ritmo was not created yet.*

In 2011, volumes increased 7.7% when compared to 2010 and average rail yield increased 3.4% driven by a mix of inflation pass through and stable diesel prices. Gross Revenues went up 10.5% from R$3,358.4 million in 2010 to R$3,711.6 million in 2011, and EBITDA increased 10.1%, from R$1,357.5 million in 2010 to R$1,494.1 million in 2011.

PERFORMANCE BY COMPANY AND BUSINESS SEGMENT

ALL RAIL OPERATIONS

Brazil - Agricultural Commodities

Agricultural commodities volumes increased 10.2% in 4Q11, from 7,478 million RTK in 4Q10 to 8,244 million RTK, driven by (i) productivity improvements, (ii) market share gains in the sugar segment and (iii) a favorable soybean and soymeal export market. Agricultural commodities exports slightly increased 1% in the ports we serve in 4Q11, when compared to 4Q10, driven by an increase of 17.5% in grains exports and partially offset by an 18.1% reduction in sugar exports.

Table 5 - Agricultural Commodities Products (million RTK)	4Q11	4Q10	% Change	2011	2010	% Change
Soy	3,074.0	288.6	965.3%	11,430.3	8,955.7	27.6%
Soy Meal	1,104.5	752.6	46.8%	4,446.9	3,970.0	12.0%
Fertilizers	591.4	559.9	5.6%	2,296.3	2,218.3	3.5%
Sugar	1,559.4	1,382.1	12.8%	5,743.5	4,502.0	27.6%
Corn	1,765.4	3,994.9	-55.8%	6,453.4	7,583.3	-14.9%
Wheat	124.8	381.2	-67.3%	757.5	790.1	-4.1%
Rice	24.5	118.3	-79.3%	268.2	407.8	-34.2%
Others	0.0	0.0	na	15.9	13.5	17.5%
Total	**8,244.0**	**7,477.6**	**10.2%**	**31,412.1**	**28,440.7**	**10.4%**

Total market share at the ports we serve increased from 73% in 4Q10 to 79% in 4Q11. In Port of Santos, our market share leaped from 72% in 4Q10 to 86% in 4Q11, due to a decrease in sugar exports in the period.

Agricultural Commodities gross revenues increased 12.5%, from R$457.2 million in 4Q10 to R$514.5 million in 4Q11, and gross yield, measured in R$/'000 RTK, went up 2.1%, to R$62.4. EBITDA increased 13.2%, from R$175.3 million in 4Q10 to R$198.4 million in 4Q11.

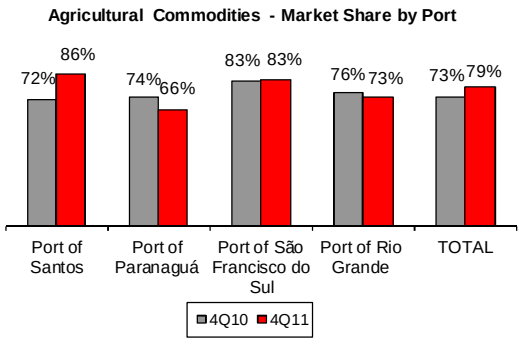


Table 6 - Agricultural Commodities (million RTK)	4Q11	4Q10	% Change*	2011	2010	% Change*
Volume (million RTK)	8,244	7,478	10.2%	31,412	28,441	10.4%
Gross Revenues	514.5	457.2	12.5%	2,354.8	2,077.1	13.4%
Gross Yield (R$/'000 RTK)	62.4	61.1	2.1%	75.0	73.0	2.6%
Net Revenues	442.6	398.5	11.1%	2,053.5	1,825.5	12.5%
EBITDA	198.4	175.3	13.2%	1,100.0	986.1	11.6%
EBITDA Margin	**44.8%**	**44.0%**	**0.8%**	**53.6%**	**54.0%**	**-0.4%**

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

In 2011, volumes grew 10.4% driven by market share gains despite the delay in the beginning of crop harvesting and a stable grain commercialization in the year, when compared to 2010, as commodities exports in Brazil slighted increased 0.8%, considering soy complex, corn and sugar. Gross revenues increased 13.4%, reaching R$2,354.8 million, and gross yield increased 2.6%, to R$75.0 per '000 RTK, reflecting a mix of inflation pass through and stable diesel prices. EBITDA increased 11.6%, from R$986.1 million in 2010 to R$1,100.0 million and EBITDA margin decreased 0.4 percentage points, to 53.6%.

Brazil - Industrial Products

Industrial volumes increased 0.9% in 4Q11, from 2,884 million RTK in 4Q10 to 2,911 million RTK, driven by the 6.3% growth in intermodal flows, partially offset by a 3.2% decrease in pure rail flows. In 2011, volumes increased 2.5%, from 11,275 million RTK in 2010 to 11,557 million RTK, as we were not able to add volumes through new projects in the amount needed to compensate the industrial activity slow down during the year. In the industrial segment, volume grows through new projects or further expansions of existing projects. Therefore, the growth rate depends on the maturity of our projects pipeline. Its dynamics is different from that in the agricultural segment, where volume growth rate tends to be more stable, following capacity additions.

Table 7 - Intermodal Industrial Products (million RTK)	4Q11	4Q10	% Change	2011	2010	% Change
Steel Products	505.4	476.6	6.1%	1,858.8	1,770.9	5.0%
Wood Products	238.2	289.8	-17.8%	1,152.9	1,106.2	4.2%
Food Products	205.9	135.6	51.9%	763.8	690.3	10.7%
Containers	309.6	269.9	14.7%	1,134.7	1,050.9	8.0%
Others	80.4	88.2	-8.8%	312.2	360.3	-13.3%
Total	**1,339.5**	**1,260.0**	**6.3%**	**5,222.5**	**4,978.6**	**4.9%**

In intermodal flows, volume increased 6.3% in 4Q11, mainly driven by food products (51.9% growth) which had a favorable export market for bagged sugar and higher rice volumes between Rio Grande do Sul and São Paulo, and containers (14.7% growth) due to Brado's volumes. The volume growth was partially offset by a 17.8% decrease in wood products. In intermodal products business unit, we still have small market share and, in the long term, we expect to see intermodal flows accounting for a larger portion of total industrial flows.

In 2011, intermodal flows volume grew 4.9%, driven by market share gains despite (i) the lower industrial activity in the sector and (ii) a strong reduction in iron ore barge transportation between Brazil and Argentina due to the shallow depth draft of Paraguay River in 1Q11 (in this kind of operation, barges are fed by railroads, from mines located in the city of Corumba).

Table 8 - Pure Rail Industrial Products (million RTK)	4Q11	4Q10	% Change	2011	2010	% Change
Fuel Products	1,256.6	1,227.1	2.4%	4,840.4	4,549.4	6.4%
Vegetal Oil	15.7	17.9	-12.4%	107.5	242.1	-55.6%
Construction	299.2	379.0	-21.1%	1,386.4	1,504.9	-7.9%
Total	**1,571.5**	**1,624.0**	**-3.2%**	**6,334.4**	**6,296.3**	**0.6%**

Pure rail industrial products volumes decreased 3.2% in 4Q11 as compared to last year mainly driven by a 21.1% volume decrease in construction, partially offset by a 2.4% volume increase in fuel products. The reduction in construction volumes reflects the lower industrial activity levels in the construction basic materials market (mainly cement and bricks) in 2011. The high market share we have in this segment leave us subject to market's performance.

Table 9 - Industrial Products (million RTK)	4Q11	4Q10	% Change*	2011	2010	% Change*
Volume (million RTK)	2,911	2,884	0.9%	11,557	11,275	2.5%
Gross Revenues	160.7	156.5	2.7%	801.0	758.1	5.7%
Gross Yield (R$ / '000 RTK)	55.2	54.3	1.7%	69.3	67.2	3.1%
Net Revenues	132.4	130.3	1.6%	655.2	630.2	4.0%
EBITDA	55.4	53.9	2.8%	318.5	308.4	3.3%
EBITDA Margin	**41.8%**	**41.4%**	**0.5%**	**48.6%**	**48.9%**	**-0.3%**

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

Industrial products' gross revenues increased 2.7% in 4Q11, from R$156.5 million in 4Q10 to R$160.7 million, with an average yield growth of 1.7%, due to a mix of inflation pass through and stable diesel prices. EBITDA increased 2.8%, from R$53.9 million in 4Q10 to R$55.4 million. In 2011, gross revenues increased 5.7% to R$801.0 million and EBITDA increased 3.3%, to R$318.5 million.

Argentina Operations

In Argentina, EBITDA increased 22.1%, from P$8.7 million in 4Q10 to P$10.6 million in 4Q11, manly driven by a 19.2% gross revenues increase and a stable EBITDA margin. Volumes increased 7.2% in 4Q11, from 814 million RTK to 872 million RTK, and yields grew 11.2% due to the inflation pass through. In 2011, EBITDA increased from P$46.7 million in 2010 to P$59.5 million in 2011, with a marginal increase of 0.2% in EBITDA margin, to 13.3%.

Denominated in Reais, Argentina's gross revenues rose 17.9% in 4Q11, from R$42.2 million in 4Q10 to R$49.7 million, and EBITDA increased 20.8%, from R$3.7 million in 4Q10 to R$4.5 million in 4Q11. In 2011, EBITDA increased 14.8%, from R$21.0 million in 2010 to R$24.1 million.

BRADO LOGÍSTICA

Brado Logística is a company created by ALL in association with Standard Logística which aims to develop the intermodal logistic of containers, focusing on rail transportation, storage, operation of terminals and retro areas of ports, handling and other logistics services. The container segment is fragmented and requires customized services. Brado will provide the service level required by the retail market and intends to change the container logistics in Brazil, consolidating the cargo in intermodal terminals and shipping by railroad, in a very cost effective model. ALL holds an 80% stake in Brado's capital stock and the former shareholders of Standard own 20%.

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

Brado's EBITDA increased 28.9% in 4Q11 to R$9.0 million, as compared to a R$7.0 million pro forma EBITDA in 4Q10. The EBITDA growth was driven by an increase in intermodal volumes and better yields and margins. In 2011, Brado's accumulated EBITDA (since 2Q11) grew 44.0%, from R$20.8 million to R$29.9 million.

Moreover, Brado's investment plan is under schedule, as the company received all the additional fleet of 145 spinning railcars and 2 locomotives.

Table 10 - Brado Logística	4Q11	4Q10	% Change*	2011	2010	% Change*
Gross Revenues	65.8	59.8	10.0%	183.5	166.3	10.3%
Net Revenues	56.6	53.2	6.4%	153.0	147.4	3.8%
EBITDA	9.0	7.0	28.9%	29.9	20.8	44.0%
EBITDA Margin	**16.0%**	**13.2%**	**2.8%**	**19.5%**	**14.1%**	**5.5%**

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

RITMO LOGíSTICA

Ritmo Logística is a company created by ALL in association with Ouro Verde on July 1st, formed by the merger of ALL Highway Services Business Unit and Ouro Verde highway operations. ALL holds a stake of 65% of the company and Ouro Verde 35%.

ALL's highway services business unit was focused on dedicated and customized operations ("Dedicated Highway Services") for major clients and accounted for 3% and 1% of the company's consolidated gross revenue and

EBITDA, respectively, with a different management strategy from that of its core business of rail logistics. In addition, there is a huge highway market of more than 40 million tons that has its origin or destination in ALL's railway ("Intermodal Highway"), a market that is currently underexplored by the Company.

Ritmo has its own management focused on the Dedicated Highway Services and is therefore well-positioned to develop the Intermodal Highway with a low-capital-intensive model through the use of third-party and outsourced trucking fleet. By incorporating the assets and highway operations of ALL and Ouro Verde, along with the latter's 38 years of experience in highway logistics, excellent market reputation and professional management, Ritmo begins its operations with strong knowhow and market scale.

In 4Q11, Ritmo's EBITDA marginally increased 3.3%, to R$6.7 million, as compared to a pro forma EBITDA in 4Q10 of R$6.5 million. The EBITDA growth was driven by volumes increase in dedicated services business unit. In 2011, Ritmo's accumulated EBITDA (since 3Q11) decreased 3.1%, from R$14.9 million to R$14.4 million, due to the discontinuation of an Ouro Verde's petrochemical operation in 4Q10

Ritmo is now fully prepared to grow in the intermodal segment as the company is already setting contracts to capture a material volume in the crop of 2012.

Table 11 - Ritmo Logística	4Q11	4Q10	% Change*	2011	2010	% Change*
Gross Revenues	72.7	68.5	6.2%	134.2	142.3	-5.7%
Net Revenues	62.5	59.5	5.0%	115.6	123.2	-6.1%
EBITDA	6.7	6.5	3.3%	14.4	14.9	-3.1%
EBITDA Margin	**10.7%**	**10.9%**	**-0.2%**	**12.5%**	**12.1%**	**0.4%**

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

CONSOLIDATED RESULTS
For Fourth Quarter 2011 Compared to Fourth Quarter 2010

ALL RAIL OPERATIONS

The tables and discussions bellow, unless otherwise stated, are based on ALL's Rail Operations and do not include Brado Logística and Ritmo Logística. Therefore, the numbers presented below reflects ALL's Consolidated Statements excluding Brado Logística and Ritmo Logística. With the creation of Brado Logística on April 1st and Ritmo Logística on July 1st and to make the results of 4Q10 comparable, unless stated otherwise, results of ALL Rail Operations in 4Q10 are presented on a pro forma basis, as if Brado and Ritmo had already been created in that period.

Table 12 - Operational Indicators	Brazil			Argentina		
	4Q11	4Q10	% Change	4Q11	4Q10	% Change
Volumes						
RTK (million)	11,155	10,362	7.7%	872	814	7.2%
GTK (million)	17,568	16,873	4.1%	1,697	1,609	5.4%
Diesel Consumption						
Rail (liters per 000 GTK)	4.96	5.00	-0.9%	3.57	3.50	2.1%

ALL Rail Operations Gross Revenue from Services

ALL Rail Operations gross revenues went up 10.5%, from R$655.8 million in 4Q10 to R$724.9 million in 4Q11, due to a 10.0% increase in Brazilian operations' gross revenues, from R$613.7 million to R$675.2 million, and a 17.9% rise in Argentina operations' gross revenues, from R$42.2 million to R$49.7 million.

Table 13 - Gross Revenues (R$ million)	4Q11	4Q10	Change	% Change
ALL Rail Operations	724.9	655.8	69.1	10.5%
ALL Brazil	675.2	613.7	61.6	10.0%
Agricultural Commodities	514.5	457.2	57.4	12.5%
Industrial Products	160.7	156.5	4.2	2.7%
ALL Argentina	49.7	42.2	7.5	17.9%

Brazilian Rail Operations gross revenues grew R$61.6 million in 4Q11, when compared to the same period of last year, reflecting a 7.7% expansion in transported volumes and a 2.2% increment in average yield, from R$59.2 per

thousand RTK in 4Q10 to R$60.5 per thousand RTK in 4Q11. Average yield increased below inflation, as diesel prices remained stable.

Agricultural commodities' gross revenues rose R$57.4 million, or 12.5%, as gross yield went up 2.1%, from R$61.1 in 4Q10 to R$62.4 in 4Q11, and transported volumes increased 10.2%, from 7,478 million RTK in 4Q10 to 8,244 million RTK in 4Q11. In industrial products, gross revenues rose R$4.2 million, or 2.7%, with a 0.9% augment in transported volumes and a 1.7% growth in average yield, to R$55.2 per thousand RTK.

In Argentina, gross revenues increased 19.2% in Pesos as a result of an 11.2% increase in average yield, from P$121.2 per thousand RTK in 4Q10 to P$134.8 per thousand RTK in 4Q11. In Reais, gross revenues went up 17.9% in 4Q11, from R$42.2 million in 4Q10 to R$49.7 million.

ALL Rail Operations Cost of Sales

ALL Rail Operations costs of sales increased from R$350.0 million in 4Q10 to R$393.8 million in 4Q11, or 12.5%, due to a 11.6% increase in Brazilian operations' cost of sales, from R$313.9 million in 4Q10 to R$350.2 million in 4Q11, and an expansion of 20.8% in Argentine operations' cost of sales from R$36.1 million to R$43.6 million.

Table 14 - Cost of Sales	Brazil			Argentina			ALL Rail Operations		
(R$ million)	4Q11	4Q10	% Change	4Q11	4Q10	% Change	4Q11	4Q10	% Change
Fuel Expenses	(119.3)	(113.4)	5.2%	(7.6)	(7.1)	7.3%	(126.9)	(120.5)	5.3%
Outsourced and Contracted Trucking Expenses	(7.0)	(7.1)	-1.6%	(2.2)	(2.2)	-0.8%	(9.2)	(9.3)	-1.5%
Labor Expenses	(48.0)	(45.6)	5.3%	(25.3)	(19.1)	32.0%	(73.3)	(64.8)	13.2%
Maintenance Expenses	(27.2)	(26.2)	4.0%	(2.6)	(2.5)	5.3%	(29.8)	(28.7)	4.1%
Depreciation and Amortization Expenses	(93.5)	(76.2)	22.7%	(4.3)	(2.5)	72.0%	(97.8)	(78.7)	24.3%
Other Costs	(43.2)	(40.8)	5.8%	(1.6)	(2.7)	-39.2%	(44.8)	(43.5)	3.0%
Railcar Rentals	(12.0)	(4.6)	162.2%	0.0	0.0	na	(12.0)	(4.6)	162.2%
Total Cost of Sales	**(350.2)**	**(313.9)**	**11.6%**	**(43.6)**	**(36.1)**	**20.8%**	**(393.8)**	**(350.0)**	**12.5%**

Brazilian operations' cost of sales rise in 4Q11, compared to the same period of 2010, was mainly driven by (i) the 7.7% increase in transported volumes, (ii) a 22.7% growth in depreciation and amortization expenses, reflecting expansion Capex in our network and (iii) the 162.2% increase in railcar rentals, mainly driven by Rumo Project.

In Argentina, the rise in the cost of sales in the period, denominated in Reais, mainly reflects the 7.2% volume growth and the inflation pressure in the country.

ALL Rail Operations Gross Profit

ALL Rail Operations gross profit rose 4.3% or R$9.5 million, from R$220.0 million in 4Q10 to R$229.5 million in 4Q11. The increase was due to a 9.4% expansion in net revenues, pushed by an 8.7% increase in Brazil and a 17.3% growth in Argentina, partially offset by a 12.5% increase in cost of sales.

ALL Rail Operations Operating Income and Expenses

Operating expenses in ALL Rail Operation decreased 17.9%, to R$46.7 million, mainly driven by a reduction of 22.9% in Brazil, from R$52.9 million to R$40.8 million, and an increase of 48.3% in Argentina, passing from R$4.0 million to R$5.9 million.

ALL Rail Operations Net Financial Expenses

ALL Rail Operations net financial expenses increased 0.6%, from R$243.7 million in 4Q10 compared to R$245.3 million in 4Q11, mainly caused by higher interest rates in Brazil, as average Brazilian Interbank Interest Rate increased from 10.64% in 4Q10 to 11.29% in 4Q11.

ALL Rail Operations Other Costs and Expenses

ALL Rail Operations other costs and expenses - which include equity earnings and gains on investments and adjustments related to minority stakes – decreased from a cost of R$8.8 million in 4Q10 to a cost of R$8.2 million in 4Q11.

Table 15 - Other Costs	Brazil			Argentina			ALL Rail Operations		
(R$ million)	4Q11	4Q10	% Change	4Q11	4Q10	% Change	4Q11	4Q10	% Change
Equity Earnings and Gain on Investments	(13.5)	(6.9)	94.3%	0.0	(0.3)	-100.0%	(13.5)	(7.2)	86.2%
Minority Stakes	2.4	(1.7)	na	2.9	0.2	1822.6%	5.3	(1.6)	na

ALL Rail Operations Net Income

As an effect of the results discussed above, ALL Rail Operations net income improved from a loss of R$42.8 million in 4Q10 to a loss of R$30.3 million in 4Q11.

ALL Rail Operations CAPEX

ALL Rail Operations investments increased from R$182.6 million in 4Q10 to R$207.2 million in 4Q11, or 13.5% reflecting higher investments in Brazil, from R$174.7 million in 4Q10 to R$199.5 million in 4Q11, and partially offset by a decrease in Argentina, from R$7.9 million in 4Q10 to R$7.7 million in 4Q11.

Brazilian operations expansion CAPEX went up 18.4% in 4Q11 when compared to 4Q10, and maintenance investments increased 7.6% within the same period. Among the expansion investments of ALL Rail Operations in Brazil, it is worth mentioning: (i) Rondonópolis Project in the amount of R$44.4 million and (ii) investments in our rail infrastructure of R$64.7 million. These investments, combined with terminal infrastructure and technology, put the company prepared for the beginning of the harvest season in 2012.

Table 16 - Investments	Brazil			Argentina			ALL Rail Operations		
(R$ million)	4Q11	4Q10	% Change	4Q11	4Q10	% Change	4Q11	4Q10	% Change
Maintenance	74.3	69.0	7.6%	2.1	2.0	3.8%	76.4	71.0	7.5%
Expansion	125.2	105.7	18.4%	5.7	5.9	-4.0%	130.9	111.6	17.3%
Total Investments	**199.5**	**174.7**	**14.2%**	**7.7**	**7.9**	**-2.0%**	**207.2**	**182.6**	**13.5%**

ALL Rail Operations Cash Flow

ALL Rail Operations cash flow from operating activities increased from an inflow of R$139.2 million in 4Q10 to an inflow of R$212.6 million in 4Q11, reflecting the EBITDA growth and improvements in working capital needs. Cash outflow from investments increased from an outflow of R$182.6 million in 4Q10 to an outflow of R$207.2 million, due to higher expansion CAPEX in Brazil. Cash flow from financing activities changed from an inflow of R$123.3 million in 4Q10 to an outflow of R$78.2 million in 4Q11. The overall cash variation worsened from a positive variation of R$79.8 million in 4Q10 to a negative variation of R$72.8 million in 4Q11.

Table 17 - Cash Flow	Brazil			Argentina			ALL Rail Operations		
(R$ million)	4Q11	4Q10	% Change	4Q11	4Q10	% Change	4Q11	4Q10	% Change
Operating Activities	187.4	139.2	34.6%	25.2	0.0	na	212.6	139.2	52.8%
Investing Activities	(199.5)	(174.7)	14.2%	(7.7)	(7.9)	-2.0%	(207.2)	(182.6)	13.5%
Financing Activities	(63.5)	123.3	na	(14.7)	0.0	na	(78.2)	123.3	na
Increase in Cash	**(75.6)**	**87.7**	**na**	**2.8**	**(7.9)**	**na**	**(72.8)**	**79.8**	**na**

ALL HOLDING CONSOLIDATED STATEMENT

The tables and discussions below, unless otherwise stated, are based on ALL's Consolidated Statements and include Brado Logística and Ritmo Logística. With the creation of Brado Logística on April 1st and Ritmo Logística on July 1st, and to make the results of 4Q10 comparable, unless stated otherwise, results of ALL Rail Operations in 4Q10 are presented in a pro forma basis, as if Brado and Ritmo had already been created in that period. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.

ALL Holding Consolidated Results

Table 18 - ALL Holding Consolidated Results (R$ million)	4Q11	4Q10**	% Change*
Gross Sales	**863.4**	**784.1**	**10.1%**
ALL Rail Operations	724.9	655.8	10.5%
Brado Logística	65.8	59.8	10.0%
Ritmo Logística	72.7	68.5	6.2%
Net Sales	**742.4**	**682.7**	**8.7%**
ALL Rail Operations	623.3	570.0	9.4%
Brado Logística	56.6	53.2	6.4%
Ritmo Logística	62.5	59.5	5.0%
EBITDA	**274.1**	**246.4**	**11.2%**
ALL Rail Operations	258.3	232.9	10.9%
Brado Logística	9.0	7.0	28.9%
Ritmo Logística	6.7	6.5	3.3%
EBITDA Margin	**36.9%**	**36.1%**	**0.8%**
ALL Rail Operations	41.4%	40.9%	0.6%
Brado Logística	16.0%	13.2%	2.8%
Ritmo Logística	10.7%	10.9%	-0.2%
Net Income	**(32.5)**	**(40.6)**	**-19.8%**
ALL Rail Operations	(30.3)	(42.8)	-29.2%
Brado Logística	1.5	2.4	-35.7%
Ritmo Logística	(3.8)	(0.2)	na
EPS (R$/ Share)	**na**	**na**	**na**

** For EBITDA Margin indicates percentage points gained / lost.*
*** Results of 4Q10 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in those periods. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

ALL Holding Consolidated Cash Flow

Table 19 - ALL Holding Consolidated Cash Flow (R$ million)	4Q11	4Q10	% Change
Opening Balance of Cash	**2,204.3**	**1,894.7**	**16.3%**
ALL Rail Operations	2,161.0	1,894.7	14.1%
Brado Logística	43.2	0.0	na
Ritmo Logística	0.0	0.0	na
Operating Activities	**212.6**	**139.2**	**52.8%**
ALL Rail Operations	212.6	139.2	52.8%
Brado Logística	25.8	0.0	na
Ritmo Logística	(25.7)	0.0	na
Investing Activities	**(278.5)**	**(182.6)**	**52.5%**
ALL Rail Operations	(207.2)	(182.6)	13.5%
Brado Logística	(68.9)	0.0	na
Ritmo Logística	(2.4)	0.0	na
Financing Activities	**(38.7)**	**123.3**	**na**
ALL Rail Operations	(78.2)	123.3	na
Brado Logística	6.4	0.0	na
Ritmo Logística	33.2	0.0	na
Change in Cash	**(104.5)**	**79.8**	**na**
ALL Rail Operations	(72.8)	79.8	na
Brado Logística	(36.8)	0.0	na
Ritmo Logística	5.1	0.0	na
Closing Balance of Cash	**2,099.7**	**1,974.6**	**6.3%**
ALL Rail Operations	2,088.2	1,974.6	5.8%
Brado Logística	6.5	0.0	na
Ritmo Logística	5.1	0.0	na

ALL Holding Consolidated Balance Sheet and Capital Structure

Table 20 - ALL Holding Consolidated Balance Sheet Indicators (R$ million)	4Q11	4Q10*	% Change
Total Assets	**14,142.1**	**12,519.8**	**13.0%**
ALL Rail Operations	13,815.2	12,519.8	10.3%
Brado Logística	226.3	0.0	na
Ritmo Logística	100.6	0.0	na
Shareholders Equity	**4,087.6**	**3,839.7**	**6.5%**
ALL Rail Operations	3,897.6	3,839.7	1.5%
Brado Logística	103.0	0.0	na
Ritmo Logística	87.0	0.0	na
EBITDA (Trailling 12 months)	**1,494.1**	**1,338.4**	**11.6%**
ALL Rail Operations	1,449.8	1,338.4	8.3%
Brado Logística	29.9	0.0	na
Ritmo Logística	14.4	0.0	na
Net Debt	**3,532.0**	**2,791.3**	**26.5%**
ALL Rail Operations	3,491.2	2,791.3	25.1%
Brado Logística	44.6	0.0	na
Ritmo Logística	(3.8)	0.0	na
Net Debt / (Trailling 12 months EBITDA)	**2.4**	**2.1**	**13.3%**
ALL Rail Operations	2.4	2.1	15.5%
Brado Logística	1.5	na	na
Ritmo Logística	(0.3)	na	na
Net Debt / Equity	**0.9**	**0.7**	**18.9%**
ALL Rail Operations	0.9	0.7	23.2%
Brado Logística	0.4	na	na
Ritmo Logística	(0.0)	na	na

** Numbers are presented as previously released in 4Q10.*

ALL Holding net debt reached R$3,532.0 million in 4Q11 compared to R$3,374.5 million in 3Q11. Net debt ratio rose to 2.4x in 4Q11, and net debt equity ratio rose to 0.9x.

CONSOLIDATED RESULTS
For the Year of 2011 Compared to the Year of 2010

ALL RAIL OPERATIONS

The tables and discussions below, unless otherwise stated, are based on ALL's rail operations and do not include Brado Logística and Ritmo Logística. Therefore, the numbers presented below reflects ALL's Consolidated Statements excluding Brado Logística and Ritmo Logística. To reflect Brado's and Ritmo's results since 2Q11 and 3Q11 respectively, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro forma results of 4Q10 and 4Q11.

Table 21 - Operational Indicators	Brazil			Argentina		
	2011	2010	% Change	2011	2010	% Change
Volumes						
RTK (million)	42,969	39,716	8.2%	3,511	3,424	2.6%
GTK (million)	71,562	67,267	6.4%	6,791	6,681	1.6%
Diesel Consumption						
Rail (liters per 000 GTK)	5.24	5.23	0.1%	3.61	3.59	0.7%

ALL Rail Operations Gross Revenues from Services

ALL Rail Operations gross revenues increased 11.3%, from R$3,049.8 million in 2010 to R$3,393.9 million in 2011, due to an 11.1% rise in Brazilian operations' gross revenues, from R$2,886.0 million to R$3,207.8 million, and a 13.6% increase in Argentine operations' gross revenues, from R$163.8 million to R$186.1 million.

Table 22 - Gross Revenues (R$ million)	2011	2010	Change	% Change
ALL Rail Operations	3,393.9	3,049.8	344.1	11.3%
ALL Brazil	3,207.8	2,886.0	321.8	11.1%
Agricultural Commodities	2,354.8	2,077.1	277.8	13.4%
Industrial Products	801.0	758.1	42.9	5.7%
Highway Based Services*	52.0	50.9	1.1	2.2%
ALL Argentina	186.1	163.8	22.3	13.6%

**The values refers to 1H11 and 1H10, as Ritmo was not created yet*

Brazilian Rail operations' gross revenues grew 11.1% mainly driven by (i) an 8.2% rise in volumes (ii) and a 2.9% increment in yields, which increased below inflation, as diesel prices remained stable.

Agricultural commodities' gross revenues increased 13.4% in 2011, pushed by an increase of 10.4% in transported volumes and a yield growth of 2.6% in the period. In industrial products, gross revenues grew 5.7%, due to a 2.5% augment in transported volumes and a 3.1% growth in average yield.

In Argentina, gross revenues went up 26.1% in Pesos, to P$459.0 million in 2011, reflecting a 2.6% increase in volumes and a 22.9% increase in gross yield. In Reais, ALL Argentina gross revenues rose 13.6% in 2011, to R$186.1 million.

ALL Rail Operations Cost of Sales

ALL Rail Operations costs of sales increased from R$1,458.8 million in 2010 to R$1,632.3 million in the 2011, or 11.9%, compounded by an augment of 11.7% in Brazilian operations' cost of sales, from R$1,319.3 million in 2010 to R$1,473.8 million, and a 13.6% increase in Argentine operations' cost of sales to R$158.6 million.

Table 23 - Cost of Sales	Brazil			Argentina			ALL Rail Operations		
(R$ million)	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change
Fuel Expenses	(502.4)	(477.9)	5.1%	(28.7)	(27.8)	3.0%	(531.1)	(505.7)	5.0%
Outsourced and Contracted Trucking Expenses	(83.2)	(67.3)	23.6%	(9.4)	(11.0)	-14.3%	(92.6)	(78.3)	18.3%
Labor Expenses	(213.6)	(200.2)	6.7%	(80.6)	(66.7)	20.8%	(294.2)	(266.9)	10.2%
Maintenance Expenses	(100.7)	(94.6)	6.5%	(13.4)	(10.6)	25.9%	(114.1)	(105.2)	8.4%
Depreciation and Amortization Expenses	(378.6)	(327.1)	15.8%	(15.8)	(12.4)	27.6%	(394.5)	(339.5)	16.2%
Other Costs	(143.3)	(129.2)	10.9%	(10.8)	(11.1)	-2.9%	(154.1)	(140.3)	9.8%
Railcar Rentals	(51.8)	(22.9)	126.4%	0.0	0.0	na	(51.8)	(22.9)	126.4%
Total Cost of Sales	**(1,473.8)**	**(1,319.3)**	11.7%	**(158.6)**	**(139.6)**	13.6%	**(1,632.3)**	**(1,458.8)**	11.9%

Brazilian operations' cost of sales expansion in 2011 compared to 2010, was mainly driven by (i) the 8.2% increase in transported volumes, (ii) the 15.8% growth in depreciation and amortization expenses, reflecting expansion capex in our network, (iii) the 6.7% increase in labor expenses and (iv) the 126.4% increase in railcar rentals expenses due to Rumo project.

In Argentina, the rise in the cost of sales in the period, denominated in Reais, mainly reflects the 2.6% increase in transported volume and the inflation pressure in the country, partially offset by the Peso depreciation against the Real.

ALL Rail Operations Gross Profit

ALL Rail Operations gross profit went up 8.5% or R$102.3 million, from R$1,200.9 million in 2010 to R$1,303.2 million in 2011, due to a 10.4% increase in net revenues offset by an 11.9% rise in the cost of sales.

ALL Rail Operations Operating Income and Expenses

Operating expenses in ALL Rail Operations marginally decreased from R$160.5 million in 2010 to R$159.4 million in 2011, due to a decrease of 1.5% in Brazil, from R$143.4 million to R$141.2 million, partially offset by a 6.2% increase in Argentina, from R$17.1 million to R$18.2 million.

ALL Rail Operations Net Financial Expenses

ALL Rail Operations net financial expenses increased 12.1%, from R$813.3 million in 2010 to R$911.5 million in 2011, mainly driven by a higher interest rates in Brazil, as average Brazilian Interbank Interest Rate increased from 9.75% in 2010 to 11.60% in 2011. Brazilian operations' net financial expenses grew 12.8%, from R$802.4 million in 2010 to R$905.1 million in 2011, and Argentine operations' net financial expenses decreased from R$10.9 million to R$6.4 million in the period.

ALL Rail Operations Other Costs and Expenses

ALL Rail Operations other costs and expenses - which includes equity earnings and gains on investments and adjustments related to minority stakes – improved from a loss of R$37.1 million in 2010 to a loss of R$18.4 million in 2011, driven by an improvement in these costs in Brazilian operations, which changed from a loss of R$36.6 million in 2010 to a loss of R$7.0 million in 2011, reflecting a gain with the creation of Brado in April, once we incorporated 80% of Standard Logística accounts without any cash payment.

Table 24 - Other Costs	Brazil			Argentina			ALL Rail Operations		
(R$ million)	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change
Equity Earnings and Gain on Investments	(5.5)	(29.8)	-81.5%	(13.7)	(1.3)	987.8%	(19.2)	(31.1)	-38.2%
Minority Stakes	(1.5)	(6.8)	-77.3%	2.3	0.8	188.1%	0.8	(6.0)	na
Other Costs	**(7.0)**	**(36.6)**	**-80.8%**	**(11.4)**	**(0.5)**	**2427.3%**	**(18.4)**	**(37.1)**	**-50.3%**

ALL Rail Operations Net Income

As a result of above facts, our net income reached R$236.6 million in 2011, compared to a net income of R$231.5 million in 2010.

ALL Rail Operations CAPEX

ALL Rail Operations investments increased from R$868.4 million in 2010 to R$872.1 million in 2011, or 0.4% reflecting higher investments in Brazil, from R$833.0 million in 2010 to R$839.1 million in 2011, and a decrease in Argentina's CAPEX, from R$35.4 million in 2010 to R$33.0 million in 2011.

Brazilian operations expansion CAPEX decreased 2.5% in 2011 when compared to 2010, and maintenance investments went up 6.6% within the same period. Among the main expansion investments of ALL Rail Operations in Brazil, it is worth mentioning: (i) Rondonópolis Project in the amount of R$215.7 million and (ii) investments in our rail infrastructure of R$230.1 million.

In Argentina, expansion CAPEX went down 14.3% and maintenance CAPEX increased 8.6% in 2011, consolidating a 7.0% decrease in total investments denominated in Reais in the country.

Table 25 - Investments	Brazil			Argentina			ALL Rail Operations		
(R$ million)	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change
Maintenance	316.3	296.9	6.6%	12.3	11.3	8.6%	328.6	308.2	6.6%
Expansion	522.8	536.1	-2.5%	20.7	24.1	-14.3%	543.4	560.2	-3.0%
Total Investments	**839.1**	**833.0**	**0.7%**	**33.0**	**35.4**	**-7.0%**	**872.1**	**868.4**	**0.4%**

ALL Rail Operations Cash Flow

ALL Rail Operations cash flow from operating activities improved from an inflow of R$457.2 million in 2010 to an inflow of R$706.1 million in 2011, driven by improvements in operational performance and working capital needs. Cash outflow from investments increased from an outflow of R$868.4 million to an outflow of R$872.1 million due to higher investments in the period. Cash flow from financing activities changed from an outflow of R$188.0 million in 2010, to an inflow of R$279.6 million in 2011, mainly driven by the issue of debenture in 2Q11 which amounted R$810 million. The overall cash variation improved from a negative variation of R$599.2 in 2010 to a positive variation of R$113.6 million in 2011.

Table 26 - Cash Flow	Brazil			Argentina			ALL Rail Operations		
(R$ million)	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change
Operating Activities	653.8	420.9	55.3%	52.4	36.3	44.2%	706.1	457.2	54.4%
Investing Activities	(839.1)	(833.0)	0.7%	(33.0)	(35.4)	-7.0%	(872.1)	(868.4)	0.4%
Financing Activities	291.0	(183.2)	na	(11.5)	(4.8)	139.3%	279.6	(188.0)	na

ALL HOLDING CONSOLIDATED STATEMENT

The tables and discussions below, unless otherwise stated, are based on ALL's Rail Operations and do not include Brado Logística and Ritmo Logística. Therefore, the numbers presented below reflects ALL's Consolidated Statements excluding Brado Logística and Ritmo Logística. To reflect Brado's and Ritmo's results since 2Q11 and 3Q11 respectively, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro forma results of 4Q10 and 4Q11.

ALL Holding Consolidated Results

Table 27 - ALL Holding Consolidated Results (R$ million)	2011	2010**	% Change*
Gross Sales	**3,711.6**	**3,358.4**	**10.5%**
ALL Rail Operations	3,393.9	3,049.8	11.3%
Brado Logística	183.5	166.3	10.3%
Ritmo Logística	134.2	142.3	-5.7%
Net Sales	**3,204.2**	**2,930.3**	**9.3%**
ALL Rail Operations	2,935.6	2,659.7	10.4%
Brado Logística	153.0	147.4	3.8%
Ritmo Logística	115.6	123.2	-6.1%
EBITDA	**1,494.1**	**1,357.5**	**10.1%**
ALL Rail Operations	1,449.8	1,321.8	9.7%
Brado Logística	29.9	20.8	44.0%
Ritmo Logística	14.4	14.9	-3.1%
EBITDA Margin	**46.6%**	**46.3%**	**0.3%**
ALL Rail Operations	49.4%	49.7%	-0.3%
Brado Logística	19.5%	14.1%	5.5%
Ritmo Logística	12.5%	12.1%	0.4%
Net Income	**244.9**	**239.4**	**2.3%**
ALL Rail Operations	236.6	231.5	2.2%
Brado Logística	8.5	7.4	14.9%
Ritmo Logística	(0.2)	0.5	-137.0%
EPS (R$/ Share)	**0.36**	**0.35**	**0.7%**

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

*** To reflect Brado's and Ritmo´s results since 2Q11, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro-forma results of 4Q10 and 4Q11. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

ALL Holding Consolidated Cash Flow

Table 28 - ALL Holding Consolidated Cash Flow (R$ million)	2011	2010	% Change
Opening Balance of Cash	**2,017.8**	**2,573.7**	**-21.6%**
ALL Rail Operations	1,974.6	2,573.7	-23.3%
Brado Logística	43.2	0.0	na
Ritmo Logística	0.0	0.0	na
Operating Activities	**706.1**	**457.2**	**54.4%**
ALL Rail Operations	706.1	457.2	54.4%
Brado Logística	25.8	0.0	na
Ritmo Logística	(25.7)	0.0	na
Investing Activities	**(943.3)**	**(868.4)**	**8.6%**
ALL Rail Operations	(872.1)	(868.4)	0.4%
Brado Logística	(68.9)	0.0	na
Ritmo Logística	(2.4)	0.0	na
Financing Activities	**319.1**	**(188.0)**	**na**
ALL Rail Operations	279.6	(188.0)	na
Brado Logística	6.4	0.0	na
Ritmo Logística	33.2	0.0	na
Change in Cash	**81.9**	**(599.2)**	**na**
ALL Rail Operations	113.6	(599.2)	na
Brado Logística	(36.8)	0.0	na
Ritmo Logística	5.1	0.0	na
Closing Balance of Cash	**2,099.7**	**1,974.6**	**6.3%**
ALL Rail Operations	2,088.2	1,974.6	5.8%
Brado Logística	6.5	0.0	na
Ritmo Logística	5.1	0.0	na

ALL Holding Consolidated Balance Sheet and Capital Structure

Table 29 - ALL Holding Consolidated Balance Sheet Indicators (R$ million)	2011	2010*	% Change
Total Assets	**14,142.1**	**12,519.8**	**13.0%**
ALL Rail Operations	13,815.2	12,519.8	10.3%
Brado Logística	226.3	0.0	na
Ritmo Logística	100.6	0.0	na
Shareholders Equity	**4,087.6**	**3,839.7**	**6.5%**
ALL Rail Operations	3,897.6	3,839.7	1.5%
Brado Logística	103.0	0.0	na
Ritmo Logística	87.0	0.0	na
EBITDA (Trailling 12 months)	**1,494.1**	**1,338.4**	**11.6%**
ALL Rail Operations	1,449.8	1,338.4	8.3%
Brado Logística	29.9	0.0	na
Ritmo Logística	14.4	0.0	na
Net Debt	**3,532.0**	**2,791.3**	**26.5%**
ALL Rail Operations	3,491.2	2,791.3	25.1%
Brado Logística	44.6	0.0	na
Ritmo Logística	(3.8)	0.0	na
Net Debt / (Trailling 12 months EBITDA)	**2.4**	**2.1**	**13.3%**
ALL Rail Operations	2.4	2.1	15.5%
Brado Logística	1.5	na	na
Ritmo Logística	(0.3)	na	na
Net Debt/ Equity	**0.9**	**0.7**	**18.9%**
ALL Rail Operations	0.9	0.7	23.2%
Brado Logística	0.4	na	na
Ritmo Logística	(0.0)	na	na

** Numbers are presented as previously released in 2010*

ALL Holding net debt reached R$3,532.0 million in 2011 compared to R$2,791.3 million in 2010. Net debt ratio grew to 2.4x in 2011, and net debt equity ratio rose to 0.9x.

EVENTS TO DISCUSS 4Q11 RESULTS

4Q11 Results Conference Calls:

|ENGLISH|
March 7, 2012 – Wednesday
9:30 a.m. US EST (11:30 a.m. Brazil)
Phone: +1 (847) 585-4405
Code: 31578041

Replay: +1 (630) 652-3042
Code: 31578041#

|PORTUGUESE|
March 7, 2012 – Wednesday
8:00 a.m. US EST (10:00 a.m. Brazil)
Phone: +55 (11) 4688-6361
Code: ALL

Replay: +55 (11) 4688-6312
Code: 5649662

4Q11 Results Investors Meeting:

March 13, 2012 – Tuesday
11:00 a.m. Brazil (followed by lunch)

Intercontinental Hotel
Alameda Santos, 1123
São Paulo - SP

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

For additional information, please access the Company's website – www.all-logistica.com/ir, or contact our Investor Relations Area:

Rodrigo Campos
Alexandre Rubio
Carlos Eduardo Baron
Leandro Santana
João Paulo Hermes

Phone: +55 (41) 2141-7459
ir@all-Logistica.com

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

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

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

Table 30 - Financial Results	Brazil			Argentina			ALL Rail Operations		
(R$ million)	4Q11	4Q10	% Change	4Q11	4Q10	% Change	4Q11	4Q10	% Change
Gross revenues	**675.2**	**613.7**	**10.0%**	**49.7**	**42.2**	**17.9%**	**724.9**	**655.8**	**10.5%**
Deduction from gross revenues	(100.2)	(84.8)	18.1%	(1.5)	(1.1)	41.1%	(101.7)	(85.9)	18.4%
Net revenues	**575.0**	**528.8**	**8.7%**	**48.2**	**41.1**	**17.3%**	**623.3**	**570.0**	**9.4%**
Cost of sales	**(350.2)**	**(313.9)**	**11.6%**	**(43.6)**	**(36.1)**	**20.8%**	**(393.8)**	**(350.0)**	**12.5%**
Fuel	(119.3)	(113.4)	5.2%	(7.6)	(7.1)	7.3%	(126.9)	(120.5)	5.3%
Outsourced and contracted fleet	(7.0)	(7.1)	-1.6%	(2.2)	(2.2)	-0.8%	(9.2)	(9.3)	-1.5%
Labor	(48.0)	(45.6)	5.3%	(25.3)	(19.1)	32.0%	(73.3)	(64.8)	13.2%
Maintenance	(27.2)	(26.2)	4.0%	(2.6)	(2.5)	5.3%	(29.8)	(28.7)	4.1%
Depreciation and Amortization	(93.5)	(76.2)	22.7%	(4.3)	(2.5)	72.0%	(97.8)	(78.7)	24.3%
Other	(43.2)	(40.8)	5.8%	(1.6)	(2.7)	-39.2%	(44.8)	(43.5)	3.0%
Railcar Rental	(12.0)	(4.6)	162.2%	0.0	0.0	na	(12.0)	(4.6)	162.2%
Gross profit	**224.9**	**214.9**	**4.6%**	**4.6**	**5.0**	**-8.1%**	**229.5**	**220.0**	**4.3%**
Operating income (expenses)	(40.8)	(52.9)	-22.9%	(5.9)	(4.0)	48.3%	(46.7)	(56.9)	-17.9%
Selling, General and Administrative	(37.7)	(46.4)	-18.8%	(4.5)	(4.0)	13.8%	(42.2)	(50.4)	-16.2%
Other	(3.1)	(6.5)	-51.9%	(1.4)	0.0	na	(4.5)	(6.5)	-30.8%
Equity earnings and gain (loss) on investments	**(13.5)**	**(6.9)**	**94.3%**	**0.0**	**(0.3)**	**-100.0%**	**(13.5)**	**(7.2)**	**86.2%**
Operating profit (loss) before net financial expenses	**170.6**	**155.1**	**10.0%**	**(1.3)**	**0.8**	**na**	**169.3**	**155.8**	**8.6%**
Net financial expenses	(256.9)	(251.6)	2.1%	11.6	7.9	47.0%	(245.3)	(243.7)	0.6%
Operating profit (loss)	**(86.3)**	**(96.5)**	**-10.6%**	**10.3**	**8.6**	**19.3%**	**(76.0)**	**(87.9)**	**-13.5%**
Minority Stakes/Others	2.4	(1.7)	na	2.9	0.2	1822.6%	5.3	(1.6)	na
Income tax benefit (expense)	39.8	46.2	-13.9%	0.6	0.4	50.2%	40.4	46.6	-13.4%
Net income (loss)	**(44.1)**	**(52.0)**	**-15.2%**	**13.8**	**9.2**	**50.1%**	**(30.3)**	**(42.8)**	**-29.2%**

** Results of 4Q10 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in those periods.*

Table 31 - Financial Results	ALL Rail Operations			Brado			Ritmo			ALL Holding		
(R$ million)	4Q11	4Q10	% Change	4Q11	4Q10	% Change	4Q11	4Q10	% Variação	4Q11	4Q10	% Change
Gross revenues	**724.9**	**655.8**	**10.5%**	**65.8**	**59.8**	**10.0%**	**72.7**	**68.5**	**6.2%**	**863.4**	**784.1**	**10.1%**
Deduction from gross revenues	(101.7)	(85.9)	18.4%	(9.2)	(6.6)	38.3%	(10.2)	(8.9)	14.2%	(121.0)	(101.4)	19.3%
Net revenues	**623.3**	**570.0**	**9.4%**	**56.6**	**53.2**	**6.4%**	**62.5**	**59.5**	**5.0%**	**742.4**	**682.7**	**8.7%**
Cost of sales	**(393.8)**	**(350.0)**	**12.5%**	**(45.6)**	**(46.2)**	**-1.3%**	**(55.4)**	**(55.0)**	**0.8%**	**(494.8)**	**(451.1)**	**9.7%**
Fuel	(126.9)	(120.5)	5.3%	0.0	0.0	na	0.0	0.0	na	(126.9)	(120.5)	5.3%
Outsourced and contracted fleet	(9.2)	(9.3)	-1.5%	0.0	0.0	na	0.0	0.0	na	(9.2)	(9.3)	-1.5%
Labor	(73.3)	(64.8)	13.2%	0.0	0.0	na	0.0	0.0	na	(73.3)	(64.8)	13.2%
Maintenance	(29.8)	(28.7)	4.1%	0.0	0.0	na	0.0	0.0	na	(29.8)	(28.7)	4.1%
Depreciation and Amortization	(97.8)	(78.7)	24.3%	(5.3)	(3.6)	46.4%	(2.5)	(4.1)	-39.9%	(105.5)	(86.4)	22.1%
Other	(44.8)	(43.5)	3.0%	(40.3)	(42.6)	-5.3%	(52.9)	(50.9)	4.0%	(138.1)	(137.0)	0.8%
Railcar Rental	(12.0)	(4.6)	162.2%	0.0	0.0	na	0.0	0.0	na	(12.0)	(4.6)	162.2%
Gross profit	**229.5**	**220.0**	**4.3%**	**11.0**	**7.0**	**57.2%**	**7.1**	**4.5**	**56.7%**	**247.6**	**231.5**	**7.0%**
Operating income (expenses)	(46.7)	(56.9)	-17.9%	(7.3)	0.7	na	(2.9)	(2.2)	33.5%	(56.9)	(58.4)	-2.5%
Selling, General and Administrative	(42.2)	(50.4)	-16.2%	(7.3)	(4.5)	61.5%	(3.1)	(2.2)	41.8%	(52.6)	(57.0)	-7.9%
Other	(4.5)	(6.5)	-30.8%	0.0	5.2	-99.9%	0.2	0.0	na	(4.3)	(1.3)	226.8%
Equity earnings and gain (loss) on investments	**(13.5)**	**(7.2)**	**86.2%**	**0.0**	**0.0**	**na**	**0.0**	**0.0**	**na**	**(13.5)**	**(7.2)**	**86.2%**
Operating profit (loss) before net financial expenses	**169.3**	**155.8**	**8.6%**	**3.8**	**7.7**	**-51.3%**	**4.2**	**2.4**	**77.8%**	**177.3**	**165.9**	**6.8%**
Net financial expenses	(245.3)	(243.7)	0.6%	(1.7)	(0.0)	6185.4%	0.2	(1.7)	na	(246.8)	(245.4)	0.6%
Operating profit (loss)	**(76.0)**	**(87.9)**	**-13.5%**	**2.0**	**7.7**	**-73.7%**	**4.4**	**0.7**	**513.6%**	**(69.5)**	**(79.5)**	**-12.5%**
Minority Stakes/Others	5.3	(1.6)	na	0.0	(1.9)	-100.0%	(10.1)	(0.3)	3836.1%	(4.8)	(3.7)	32.0%
Income tax benefit (expense)	40.4	46.6	-13.4%	(0.5)	(3.4)	-86.1%	1.9	(0.6)	na	41.8	42.6	-1.7%
Net income (loss)	**(30.3)**	**(42.8)**	**-29.2%**	**1.5**	**2.4**	**-35.7%**	**(3.8)**	**(0.2)**	**2312.5%**	**(32.5)**	**(40.6)**	**-19.8%**

** Results of 4Q10 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in those periods. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

Table 32 - Financial Results	Brazil			Argentina			ALL Rail Operations		
(R$ million)	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change
Gross revenues	**3,207.8**	**2,886.0**	**11.1%**	**186.1**	**163.8**	**13.6%**	**3,393.9**	**3,049.8**	**11.3%**
Deduction from gross revenues	(453.2)	(385.9)	17.4%	(5.1)	(4.2)	22.1%	(458.4)	(390.1)	17.5%
Net revenues	**2,754.6**	**2,500.1**	**10.2%**	**181.0**	**159.6**	**13.4%**	**2,935.6**	**2,659.7**	**10.4%**
Cost of sales	**(1,473.8)**	**(1,319.3)**	**11.7%**	**(158.6)**	**(139.6)**	**13.6%**	**(1,632.3)**	**(1,458.8)**	**11.9%**
Fuel	(502.4)	(477.9)	5.1%	(28.7)	(27.8)	3.0%	(531.1)	(505.7)	5.0%
Outsourced and contracted fleet	(83.2)	(67.3)	23.6%	(9.4)	(11.0)	-14.3%	(92.6)	(78.3)	18.3%
Labor	(213.6)	(200.2)	6.7%	(80.6)	(66.7)	20.8%	(294.2)	(266.9)	10.2%
Maintenance	(100.7)	(94.6)	6.5%	(13.4)	(10.6)	25.9%	(114.1)	(105.2)	8.4%
Depreciation and Amortization	(378.6)	(327.1)	15.8%	(15.8)	(12.4)	27.6%	(394.5)	(339.5)	16.2%
Other	(143.3)	(129.2)	10.9%	(10.8)	(11.1)	-2.9%	(154.1)	(140.3)	9.8%
Railcar Rental	(51.8)	(22.9)	126.4%	0.0	0.0	na	(51.8)	(22.9)	126.4%
Gross profit	**1,280.8**	**1,180.8**	**8.5%**	**22.4**	**20.1**	**11.8%**	**1,303.2**	**1,200.9**	**8.5%**
Operating income (expenses)	(141.2)	(143.4)	-1.5%	(18.2)	(17.1)	6.2%	(159.4)	(160.5)	-0.7%
Selling, General and Administrative	(139.8)	(143.4)	-2.5%	(15.1)	(17.1)	-11.7%	(154.9)	(160.5)	-3.5%
Other	(1.4)	(0.0)	na	(3.1)	0.0	na	(4.5)	(0.0)	na
Equity earnings and gain (loss) on investments	**(5.5)**	**(29.8)**	**-81.5%**	**(13.7)**	**(1.3)**	**987.8%**	**(19.2)**	**(31.1)**	**-38.2%**
Operating profit (loss) before net financial expenses	**1,134.1**	**1,007.5**	**12.6%**	**(9.4)**	**1.7**	**na**	**1,124.7**	**1,009.2**	**11.4%**
Net financial expenses	(905.1)	(802.4)	12.8%	(6.4)	(10.9)	-41.4%	(911.5)	(813.3)	12.1%
Operating profit (loss)	**229.0**	**205.1**	**11.6%**	**(15.8)**	**(9.2)**	**72.4%**	**213.2**	**196.0**	**8.8%**
Minority Stakes/Others	(1.5)	(6.8)	-77.3%	2.3	0.8	188.1%	0.8	(6.0)	na
Income tax benefit (expense)	24.2	40.8	-40.7%	(1.6)	0.7	na	22.6	41.6	-45.5%
Net income (loss)	**251.7**	**239.1**	**5.2%**	**(15.1)**	**(7.6)**	**97.4%**	**236.6**	**231.5**	**2.2%**

** To reflect Brado's and Ritmo´s results since 2Q11, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro-forma results of 4Q10 and 4Q11.*

Table 33 - Financial Results (R$ million)	ALL Rail Operations			Brado			Ritmo			ALL Holding		
	2011	2010	% Change	2011	2010	% Change	2011	2010	% Variação	2011	2010	% Change
Gross revenues	**3,393.9**	**3,049.8**	**11.3%**	**183.5**	**166.3**	**10.3%**	**134.2**	**142.3**	**-5.7%**	**3,711.6**	**3,358.4**	**10.5%**
Deduction from gross revenues	(458.4)	(390.1)	17.5%	(30.5)	(18.9)	61.5%	(18.6)	(19.1)	-2.9%	(507.4)	(428.1)	18.5%
Net revenues	**2,935.6**	**2,659.7**	**10.4%**	**153.0**	**147.4**	**3.8%**	**115.6**	**123.2**	**-6.1%**	**3,204.2**	**2,930.3**	**9.3%**
Cost of sales	**(1,632.3)**	**(1,458.8)**	**11.9%**	**(120.3)**	**(119.6)**	**0.5%**	**(101.6)**	**(113.7)**	**-10.6%**	**(1,854.2)**	**(1,692.1)**	**9.6%**
Fuel	(531.1)	(505.7)	5.0%	0.0	0.0	na	0.0	0.0	na	(531.1)	(505.7)	5.0%
Outsourced and contracted fleet	(92.6)	(78.3)	18.3%	0.0	0.0	na	0.0	0.0	na	(92.6)	(78.3)	18.3%
Labor	(294.2)	(266.9)	10.2%	0.0	0.0	na	0.0	0.0	na	(294.2)	(266.9)	10.2%
Maintenance	(114.1)	(105.2)	8.4%	0.0	0.0	na	0.0	0.0	na	(114.1)	(105.2)	8.4%
Depreciation and Amortization	(394.5)	(339.5)	16.2%	(9.9)	(10.3)	-3.6%	(5.3)	(8.5)	-37.7%	(409.7)	(358.3)	14.3%
Other	(154.1)	(140.3)	9.8%	(110.3)	(109.3)	0.9%	(96.4)	(105.2)	-8.4%	(360.8)	(354.8)	1.7%
Railcar Rental	(51.8)	(22.9)	126.4%	0.0	0.0	na	0.0	0.0	na	(51.8)	(22.9)	126.4%
Gross profit	**1,303.2**	**1,200.9**	**8.5%**	**32.8**	**27.8**	**17.8%**	**14.0**	**9.5**	**47.4%**	**1,350.0**	**1,238.2**	**9.0%**
Operating income (expenses)	(159.4)	(160.5)	-0.7%	(15.1)	(13.0)	15.9%	(5.8)	(4.6)	26.0%	(180.2)	(178.1)	1.2%
Selling, General and Administrative	(154.9)	(160.5)	-3.5%	(15.1)	(7.0)	115.0%	(6.0)	(4.6)	29.9%	(176.0)	(172.2)	2.2%
Other	(4.5)	(0.0)	na	0.0	(6.0)	na	0.2	0.0	na	(4.3)	(6.0)	-28.8%
Equity earnings and gain (loss) on investments	**(19.2)**	**(31.1)**	**-38.2%**	**0.0**	**0.0**	**na**	**0.0**	**0.0**	**na**	**(19.2)**	**(31.1)**	**-38.2%**
Operating profit (loss) before net financial expenses	**1,124.7**	**1,009.2**	**11.4%**	**17.7**	**14.8**	**19.6%**	**8.2**	**4.9**	**67.4%**	**1,150.5**	**1,028.9**	**11.8%**
Net financial expenses	(911.5)	(813.3)	12.1%	(3.6)	(0.2)	1373.1%	0.2	(3.2)	na	(914.9)	(816.7)	12.0%
Operating profit (loss)	**213.2**	**196.0**	**8.8%**	**14.1**	**14.5**	**-3.2%**	**8.4**	**1.7**	**388.8%**	**235.7**	**212.2**	**11.1%**
Minority Stakes/Others	0.8	(6.0)	na	0.0	(1.9)	-100.0%	(8.7)	(0.3)	3267.8%	(7.9)	(8.1)	-2.8%
Income tax benefit (expense)	22.6	41.6	-45.5%	(5.6)	(5.3)	5.4%	0.1	(1.0)	na	17.1	35.3	-51.4%
Net income (loss)	**236.6**	**231.5**	**2.2%**	**8.5**	**7.4**	**14.9%**	**(0.2)**	**0.5**	**na**	**244.9**	**239.4**	**2.3%**

** To reflect Brado's and Ritmo´s results since 2Q11, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro-forma results of 4Q10 and 4Q11. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

Table 34 - Financial Results per Business unit*	Agricultural Commodities		Industrial Products		ALL Argentina		ALL Rail Operations		Brado		Ritmo		ALL Holding	
(R$ million)	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10	4Q11	4Q10
Gross revenues	514.5	457.2	160.7	156.5	49.7	42.2	724.9	655.8	65.8	59.8	72.7	68.5	863.4	784.1
Net Revenues	442.6	398.5	132.4	130.3	48.2	41.1	623.3	570.0	56.6	53.2	62.5	59.5	742.4	682.7
Cost of sales	(266.6)	(234.3)	(83.6)	(79.6)	(43.6)	(36.1)	(393.8)	(350.0)	(45.6)	(46.2)	(55.4)	(55.0)	(494.8)	(451.1)
Gross profit	176.1	164.2	48.8	50.7	4.6	5.0	229.5	220.0	11.0	7.0	7.1	4.5	247.6	231.5
EBIT	137.8	122.1	32.8	32.9	(1.3)	0.8	169.3	155.8	3.8	7.7	4.2	2.4	177.3	165.9
EBITDA	**198.4**	**175.3**	**55.4**	**53.9**	**4.5**	**3.7**	**258.3**	**232.9**	**9.0**	**7.0**	**6.7**	**6.5**	**274.1**	**246.4**
% Net Revenues														
Net Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	-60.2%	-58.8%	-63.2%	-61.1%	-90.4%	-87.7%	-63.2%	-61.4%	-80.5%	-86.8%	-88.6%	-92.4%	-66.6%	-66.1%
Gross profit	39.8%	41.2%	36.8%	38.9%	9.6%	12.3%	36.8%	38.6%	19.5%	13.2%	11.4%	7.6%	33.4%	33.9%
EBIT	31.1%	30.7%	24.8%	25.3%	-2.7%	1.8%	27.2%	27.3%	6.6%	14.5%	6.8%	4.0%	23.9%	24.3%
EBITDA	**44.8%**	**44.0%**	**41.8%**	**41.4%**	**9.3%**	**9.0%**	**41.4%**	**40.9%**	**16.0%**	**13.2%**	**10.7%**	**10.9%**	**36.9%**	**36.1%**
Volume														
RTK million	8,244	7,478	2,911	2,884	872	814	12,027	11,175					12,027	11,175
R$ / Volume Unit	**R$ / thousand RTK**		**R$ / thousand RTK**		**R$ / thousand RTK**		**R$ / thousand RTK**							
Net Revenues	53.7	53.3	45.5	45.2	55.3	50.5	51.8	51.0						
Cost of sales	(32.3)	(31.3)	(28.7)	(27.6)	(50.0)	(44.3)	(32.7)	(31.3)						
Gross profit	21.4	22.0	16.8	17.6	5.3	6.2	19.1	19.7						
EBIT	16.7	16.3	11.3	11.4	(1.5)	0.9	14.1	13.9						
EBITDA	**24.1**	**23.4**	**19.0**	**18.7**	**5.1**	**4.5**	**21.5**	**20.8**						

** Results of 4Q10 are presented in a pro-forma basis, as if Brado and Ritmo had already been created in those periods. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo*

Table 35 - Financial Results per Business unit*	Agricultural Commodities		Industrial Products		Highway Based Services**		ALL Argentina		ALL Rail Operations		Brado		Ritmo		ALL Holding	
(R$ million)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Gross revenues	2,354.8	2,077.1	801.0	758.1	52.0	50.9	186.1	163.8	3,393.9	3,049.8	183.5	166.3	134.2	142.3	3,711.6	3,358.4
Net Revenues	2,053.5	1,825.5	655.2	630.2	45.9	44.4	181.0	159.6	2,935.6	2,659.7	153.0	147.4	115.6	123.2	3,204.2	2,930.3
Cost of sales	(1,065.9)	(926.6)	(366.4)	(351.9)	(41.4)	(40.7)	(158.6)	(139.6)	(1,632.3)	(1,458.8)	(120.3)	(119.6)	(101.6)	(113.7)	(1,854.2)	(1,692.1)
Gross profit	987.6	898.8	288.8	278.2	4.4	3.7	22.4	20.1	1,303.3	1,200.9	32.8	27.8	14.0	9.5	1,350.0	1,238.2
EBIT	882.2	776.2	249.2	230.2	2.8	1.2	(9.4)	1.7	1,124.7	1,009.2	17.7	14.8	8.2	4.9	1,150.5	1,028.9
EBITDA	**1,100.0**	**986.1**	**318.5**	**308.4**	**7.2**	**6.4**	**24.1**	**21.0**	**1,449.8**	**1,321.8**	**29.9**	**20.8**	**14.4**	**14.9**	**1,494.1**	**1,357.5**
% Net Revenues																
Net Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	-51.9%	-50.8%	-55.9%	-55.8%	-90.3%	-91.6%	-87.6%	-87.4%	-55.6%	-54.8%	-78.6%	-81.1%	-87.9%	-92.3%	-57.9%	-57.7%
Gross profit	48.1%	49.2%	44.1%	44.2%	9.7%	8.4%	12.4%	12.6%	44.4%	45.2%	21.4%	18.9%	12.1%	7.7%	42.1%	42.3%
EBIT	43.0%	42.5%	38.0%	36.5%	6.0%	2.7%	-5.2%	1.1%	38.3%	37.9%	11.6%	10.0%	7.1%	4.0%	35.9%	35.1%
EBITDA	**53.6%**	**54.0%**	**48.6%**	**48.9%**	**15.6%**	**14.3%**	**13.3%**	**13.2%**	**49.4%**	**49.7%**	**19.5%**	**14.1%**	**12.5%**	**12.1%**	**46.6%**	**46.3%**
Volume																
RTK million	31,412	28,441	11,557	11,275			3,511	3,424	46,480	43,139					46,480	43,139
R$ / Volume Unit	**R$ / thousand RTK**		**R$ / thousand RTK**				**R$ / thousand RTK**		**R$ / thousand RTK**							
Net Revenues	65.4	64.2	56.7	55.9			51.5	46.6	63.2	61.7						
Cost of sales	(33.9)	(32.6)	(31.7)	(31.2)			(45.2)	(40.8)	(35.1)	(33.8)						
Gross profit	31.4	31.6	25.0	24.7			6.4	5.9	28.0	27.8						
EBIT	28.1	27.3	21.6	20.4			(2.7)	0.5	24.2	23.4						
EBITDA	**35.0**	**34.7**	**27.6**	**27.4**			**6.9**	**6.1**	**31.2**	**30.6**						

** To reflect Brado's and Ritmo´s results since 2Q11, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro-forma results of 4Q10 and 4Q11. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

***The values refers to 1H11 and 1H10, as Ritmo was not created yet.*

Table 36 - EBITDA Reconciliation*	4Q11						4Q10					
(R$ million)	Brazil	Argentina	ALL Rail Operations	Brado	Ritmo	ALL Holding	Brazil	Argentina	ALL Rail Operations	Brado	Ritmo	ALL Holding
Operating Profit before net financial expenses	**170.6**	**(1.3)**	**169.3**	**3.8**	**4.2**	**177.3**	**155.1**	**0.8**	**155.8**	**7.7**	**2.4**	**165.9**
Depreciation e amortization	106.4	4.3	110.7	5.3	2.5	**118.4**	87.5	2.9	90.4	3.6	4.1	**98.1**
Lease of Concession Agreements (IS-CASH)	(31.8)	0.0	(31.8)	0.0	0.0	**(31.8)**	(25.7)	0.0	(25.7)	0.0	0.0	**(25.7)**
Stock Options (1)	6.3	0.0	6.3	0.0	0.0	**6.3**	8.8	0.0	8.8	0.0	0.0	**8.8**
Accidents / compensations (2)	0.0	0.0	0.0	0.0	0.0	**0.0**	1.5	0.0	1.5	0.0	0.0	**1.5**
Non-recurring items (3)	2.5	1.5	3.9	0.0	0.0	**3.9**	2.0	0.1	2.1	(4.3)	0.0	**(2.2)**
EBITDA	**253.8**	**4.5**	**258.3**	**9.0**	**6.7**	**274.1**	**229.2**	**3.7**	**232.9**	**7.0**	**6.5**	**246.4**

Table 37 - EBITDA Reconciliation*	2011						2010					
(R$ million)	Brazil	Argentina	ALL Rail Operations	Brado	Ritmo	ALL Holding	Brazil	Argentina	ALL Rail Operations	Brado	Ritmo	ALL Holding
Operating Profit before net financial expenses	**1,134.1**	**(9.4)**	**1,124.7**	**17.7**	**8.2**	**1,150.5**	**1,007.5**	**1.7**	**1,009.2**	**14.8**	**4.9**	**1,028.9**
Depreciation e amortization	419.0	31.1	450.1	9.9	5.3	**465.3**	362.9	14.4	377.3	10.3	8.5	**396.0**
Lease of Concession Agreements (IS-CASH)	(125.4)	0.0	(125.4)	0.0	0.0	**(125.4)**	(100.3)	0.0	(100.3)	0.0	0.0	**(100.3)**
Stock Options (1)	25.1	0.0	25.1	0.0	0.0	**25.1**	22.2	0.0	22.2	0.0	0.0	**22.2**
Accidents / compensations (2)	0.1	0.0	0.1	0.0	0.0	**0.1**	2.4	1.3	3.7	0.0	0.0	**3.7**
Non-recurring items (3)	(27.2)	2.4	(24.7)	2.3	0.9	**(21.5)**	6.1	3.6	9.8	(4.3)	1.5	**7.0**
EBITDA	**1,425.7**	**24.1**	**1,449.8**	**29.9**	**14.4**	**1,494.1**	**1,300.8**	**21.0**	**1,321.8**	**20.8**	**14.9**	**1,357.5**

(1) Stock Options in Brazil: R$6.3 million in 4Q11 and R$8.8 million in 2011.

(2) Accidents/compensation: amounts relating to compensation for accidents that occurred in previous periods.

(3) Non recurring events: In 4Q10 Brado Logistica numbers are related to depreciation gains due to changes in accounting standards. In 2011 values in Brazil refers to equity earnings and goodwill amortization, mainly pushed by the Brado creation in 2Q, once we incorporated 80% of Standard Logistica accounts without any cash payments.

** Results of 4Q10 and 2010 are presented in a pro-forma basis, as if Brado had already been created in that period. To reflect Brado's and Ritmo´s results since 2Q11, the results of 2010 and 2011 are the simple sum of the results reported by ALL in 9M10 and 9M11, respectively, and the pro-forma results of 4Q10 and 4Q11. In 2011 Ritmo's numbers are also presented in a pro forma basis, as part of its results were accounted in Ouro Verde, and were then transferred to Ritmo.*

Table 38 - ALL Rail Operation Cash Flow* (R$ million)	4Q11	4Q10	Change	2011	2010	Change
Net Income (in cash basis)	**87.2**	**85.6**	**1.7**	**759.9**	**742.4**	**17.5**
Net Income	(30.3)	(34.5)	4.2	236.6	239.9	(3.3)
Depreciation and amortization	112.0	89.6	22.4	440.6	379.5	61.1
Lease and Concession	44.6	45.2	(0.6)	173.0	104.3	68.6
Stock Options	6.3	8.8	(2.5)	25.0	22.2	2.8
Interest Expenses (IS-CASH)	(10.2)	31.7	(41.9)	(61.8)	78.9	(140.7)
Deferred Taxes	(35.1)	(55.2)	20.1	(53.5)	(82.4)	28.9
Working Capital	**133.5**	**(4.4)**	**137.9**	**96.3**	**(273.1)**	**369.4**
Clients	86.1	23.8	62.3	26.8	(45.0)	71.7
Inventory	(18.0)	(14.9)	(3.1)	(16.5)	(24.8)	8.4
Suppliers	64.3	(16.9)	81.1	86.4	(206.9)	293.4
Labor	1.2	3.5	(2.4)	(0.4)	3.7	(4.1)
Other Accounts Variation	**(8.1)**	**58.0**	**(66.2)**	**(150.1)**	**(12.1)**	**(138.0)**
Operating Activities	**212.6**	**139.2**	**73.4**	**706.1**	**457.2**	**248.9**
Capex	(162.9)	(128.0)	(34.8)	(656.3)	(653.5)	(2.8)
Rondonópolis	(44.4)	(54.6)	10.2	(215.7)	(214.9)	(0.9)
Investing Activities	**(207.2)**	**(182.6)**	**(24.6)**	**(872.1)**	**(868.4)**	**(3.7)**
Free Cash Flow	**5.4**	**(43.5)**	**48.8**	**(165.9)**	**(411.2)**	**245.2**
Capital increase / Share buyback	(10.9)	7.2	(18.2)	(101.2)	25.1	(126.3)
Dividends and Interest on own capital	0.4	0.2	0.2	(56.4)	(6.7)	(49.7)
New loans	93.5	214.0	(120.5)	1,666.9	435.6	1,231.4
Debt Payments / Prepayments	(161.2)	(98.2)	(63.0)	(1,229.7)	(642.0)	(587.7)
Financing Activities	**(78.2)**	**123.3**	**(201.5)**	**279.6**	**(188.0)**	**467.6**
Change in Cash	**(72.8)**	**79.8**	**(152.7)**	**113.6**	**(599.2)**	**712.8**
Opening Balance of Cash	**2,161.0**	**1,894.7**	**266.3**	**1,974.6**	**2,573.7**	**(599.2)**
Closing Balance of Cash	**2,088.2**	**1,974.6**	**113.6**	**2,088.2**	**1,974.6**	**113.6**

** Excludes results of Brado Logística and Pátio Logística*

Table 39 - ALL Holding Consolidated Balance Sheet

(R$ million)	4Q11	3Q11		4Q11	3Q11
Current Assets	**2,962.0**	**3,170.2**	**Current Liabilities**	**1,941.1**	**1,747.6**
Cash, banks and financial investments	2,099.7	2,200.3	Loans and financing	457.5	412.3
Trade accounts receivable	271.8	342.7	Debentures	243.8	202.4
Inventories	124.3	105.4	Suppliers	462.9	393.4
Lease of Concession Agreements	6.2	6.2	Taxes, charges and contributions	78.4	106.5
Taxes Recoverable	363.5	319.7	Lease and concession payable	26.6	28.3
Prepaid expenses	75.6	113.8	Dividends and Interest on own capital	60.1	1.5
Other receivables	20.8	82.1	Salaries and payroll charges	97.1	90.5
			Advances from customers	96.3	39.7
			Commercial Leasings	235.9	266.1
			Other payables	182.6	206.9
Long-Term Assets	**1,390.4**	**1,344.6**	**Long-Term Liabilities**	**8,113.4**	**8,139.4**
Lease of Concession Agreements	88.4	89.9	Loans and financing	2,751.2	2,776.5
Judicial deposits	353.9	359.5	Debentures	2,179.2	2,183.6
Taxes recoverable	872.7	825.2	Provision for contigencies	209.7	214.4
Other receivable	67.9	62.3	Lease and concession payable	1,296.4	1,250.2
Prepaid expenses	7.4	0.1	Commercial Leasings	1,032.5	1,059.6
Long term investments	0.0	7.7	Real estate credit advances	422.2	425.8
			Other payables	222.2	229.4
Permanent Assets	**9,789.7**	**9,547.2**	**Shareholders' equity**	**4,087.6**	**4,175.1**
Investments	9.9	10.0	Capital stock	3,433.9	3,433.9
Intangible	2,518.0	2,532.6	Surplus reserves	593.1	679.5
Property, plant and equipment	7,261.9	7,004.6	Equity Adjustments	(6.7)	(4.0)
			Minority Stakes	67.3	65.6
Total Assets	**14,142.1**	**14,062.1**	**Total Liabilities and shareholders' equity**	**14,142.1**	**14,062.1**